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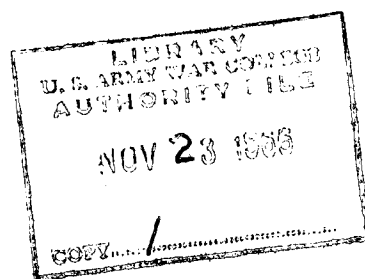
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DEPARTMENT OF THE ARMY FIELD MANUAL

INTERNATIONAL LOGISTICS MANAGEMENT



**HEADQUARTERS, DEPARTMENT OF THE ARMY
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FIELD MANUAL

No. 38-8

HEADQUARTERS
DEPARTMENT OF THE ARMY
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INTERNATIONAL LOGISTICS MANAGEMENT

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PART ONE

INTRODUCTION TO INTERNATIONAL LOGISTICS (IL)

CHAPTER 1

GENERAL

1-1. Purpose

a. This manual addresses the subject of international logistics and the respective programs through which international logistics support is provided to friendly foreign nations. The manual is designed and published to serve as a reference document on the U.S. Army support to be furnished to friendly foreign nations through International Logistics Programs (ILPs). It presents the rationale, organization, policies and execution techniques for the administration and management of International Logistics Programs. The manual is intended to be used as a reference publication by U.S. service schools and agencies concerned with the planning, execution and review of the Army's role in providing defense materiel to friendly foreign countries. In addition, the manual is intended to provide guidance to individuals having responsibility for the management and conduct of operations in support of International Logistics Programs.

b. The manual is neither regulatory nor directive in nature. Personnel engaged in the management and execution of the respective International Logistics Programs will continue to be governed by the provisions of prevailing Department of Defense and Department of the Army regulations, policies, and directives. The material contained herein is applicable to both nuclear and nonnuclear warfare except as otherwise noted.

c. The users of this publication are encouraged to submit recommended changes and

comments to improve the publication. Comments should be keyed to the specific page, paragraph, and line of the text in which the change is recommended. Reasons should be provided for each comment to insure understanding and complete evaluation. Comments should be forwarded to the Commandant, U.S. Army Logistics Management Center, ATTN: AMXMC-L-D, Fort Lee, Virginia 23801.

1-2. Scope

a. This manual includes a discussion of the background of the United States' role in providing materiel to friendly foreign countries and a discussion of the significant events leading to the International Logistics Programs presently in existence. The primary emphasis is on the Army's participation in development of the various International Logistics Programs and the execution of these programs by the Army.

b. The subject matter of the manual is presented in four parts:

- (1) *Part One—Introduction to the International Logistics Programs.* This part contains a brief coverage of the development of the International Logistics Programs as they have evolved from national policies.
- (2) *Part Two—Organization for International Logistics Programs.* This part presents the respective roles of governmental legislative and executive

agencies and offices involved directly in the plans, controls, administration, and execution of International Logistics Programs. It depicts the organizational structure for these programs as they are executed by the U.S. Army.

- (3) *Part Three—Policies for Program Development and Program Execution.* This includes a discussion of the concepts, policies and doctrine applicable to International Logistics Program development and execution. The defense materiel aspects of the Foreign Assistance budget are discussed. The sequence of significant steps leading to program development of the various International Logistics Programs and their respective influences on the Army Materiel Program are included.

- (4) *Part Four—Execution of International Logistics Programs.* The scope of this part extends from the Army's receipt of approved program data documents through the delivery of materiel and services to the recipient countries. Billing and reimbursement procedures applicable to each of the types of International Logistics Programs are discussed. This part also includes procedures for the supply of items from the Defense Supply Agency and the General Services Administration in support of International Logistics Programs. The execution of the programs within The Office of The Adjutant General and the Office of the Surgeon General is discussed briefly. This part concludes with a summary of International Logistics Programs in peace and in war.

c. In actual practice, many of the actions in planning, advising, changing, requesting and billing is accomplished through the medium of Electronic Accounting Machine (EAM) card communication. Some of the transmission and retransmission of the data is accomplished through the means of rapid communication devices and other transmission is accomplished by

mail or messenger. No attempt is made in this manual to identify the specifics of these cards and their formats as employed in the planning and conduct of international logistics support. A listing of the primary Department of Defense and Department of Army publications governing the International Logistics Programs is included as the appendix. The reader is referred to this listing for supplementary information.

1-3. Definitions

Terms and definitions are contained in AR 320-5.

1-4. Historical Development of International Logistics Programs

a. In its recent history the United States has engaged in a variety of international assistance programs. Some of these were designed to provide economic assistance. Other related programs were directed toward assistance in the form of military materiel and training. Though approximately \$50 billion in supplies and services were provided through the lend-lease authorities of World War II, the current International Logistics Programs represent a gradual evolvement from international assistance programs of the post-World War II period. In the years immediately following World War II, extensive economic and humanitarian assistance was provided to wartorn countries through the United Nations Relief and Rehabilitation Administration (UNRRA) and the European Recovery Program (ERP), commonly known as the Marshall Plan. In addition, assistance in the form of military equipment and training missions was provided to Greece and Turkey to prevent communist encroachments in those countries. This assistance was furnished under the National Security Act of 1947. This Act is generally accepted as the United States' initial commitment to the principle of collective security and this legislation is recognized as the genesis of the existing foreign assistance programs.

b. The decade immediately following World War II was a period of significant development in the foreign assistance area. It saw the

gradual evolvement of policies to cope with economic and security situations which were new to U.S. history. When the requirement for military assistance developed, it was evident that the terms of lend-lease-type aid were not appropriate. Because of the unprecedented and complicated nature of foreign assistance requirements a number of major innovations and adjustments became necessary in the organizational structure and procedures of the government. Notwithstanding the changing nature of the assistance programs as military assistance became progressively more vital to the deterrence of the threat of communist expansion, there were a number of significant and lasting developments in the program administration:

- (1) *Presidential Role*—The essence of the organizational pattern for the implementation of foreign assistance programs has been a concentration of authority and responsibility in the President.
- (2) *Department of State Primacy*—From the inception of the foreign assistance programs following World War II, the Department of State has served as the primary agency for administering the foreign assistance programs. Though the Office of the Secretary of Defense traditionally has retained the operational responsibility for military assistance, the concurrence of the Department of State is required prior to the accomplishment of proposed military assistance to a country. In view of the distinct needs for interrelating military assistance programs with political and economic considerations, the Secretary of State coordinates the various forms of foreign assistance and determines the value of the country programs for military assistance.
- (3) *Military Assistance and the National Security*. Military assistance is accepted as a major element in promoting and maintaining the national security of the United States and the security of the recipient nation.
- (4) *Traditional Role of Grant Aid*. At the close of WW II the United States was in the greatest stage of mobilization in its history. Fully equipped combat and combat support troops were in every corner of the world. Military equipment of practically every type and description became excess to the needs of a country rapidly demobilizing its armed forces and seemingly surplus in a world torn with six years of hardship, deprivation and conflict. Consequently, when the requirement arose to assist Greece and Turkey with military supplies and equipment, adequate stores of excess materiel were available for ready shipment and, in view of the economic conditions of the recipient nations it was reasonable to expect that such materiel should be provided on a nonreimbursable basis. The same conditions existed when, in 1949 under the Mutual Defense Assistance Program, the NATO countries and other nations of the emerging free world, were furnished military supplies. Thus from the inception of the post-war military assistance programs, and for many years after, the great preponderance of the materiel provided was furnished as grant aid. Because of the early association of grant aid and military assistance, the two have been often considered as synonymous. Properly, military supplies and equipment furnished without reimbursement under the authority

of existing foreign assistance legislation is Military Assistance Grant Aid.

- (5) *Emerging Foreign Military Sales Program*—Notwithstanding the extensive and continued military assistance provided under grant aid programs, several factors began to influence the amount and nature of the materiel available to these programs:

- (a) The large excesses of WW II materiel, which had helped stem the rising tide of communism in the early post-war period, were largely depleted;
- (b) The tremendous economic recovery of the western European nations had placed many of them in position which did not require grant-type support. Quality of materiel, rather than the quantity, became the prime consideration for these nations. By 1956 military assistance grant aid to European countries consisted largely of training, replacement parts and maintenance services. The European NATO countries were providing approximately 85 percent of the cost of common defense in western Europe, and;
- (c) Trends in the U.S. balance-of-payments became the object of continued attention.

- (6) *Shifting Regional Pattern of Military Assistance Grant Aid*. The early concentration of economic and military aid to European countries had proved to play a vital role in reconstituting their economic and political stability and in deterring the threat of communist overt aggression. However, with the decreasing requirements for military assistance grant aid to western European countries, there was a relative increase in the amount of military assistance required in other countries. Nations of the Near East and Southeast Asia required military assistance grant aid in order to fortify

the free world defenses at points of stress around the globe.

- (7) *Requirements for Long-Term Plans for Military Assistance*. Accompanying the developments in the geographic patterns of assistance to other countries, the available materiel, and the terms under which it was to be provided, there was an increasing recognition of the need for long-term assistance plans. Effective administration and control of the programs could be accomplished only through a system which projected the materiel and service requirements over a period of years. The concept of transition from grant programs to sales-type programs had been proven in western Europe and despite the concentrated efforts to ultimately terminate grant aid, the program could serve as a forerunner of a sound Foreign Military Sales Program. In 1960 a concept of "long term" military assistance plans was employed. These consisted of five-year projections of time-phased schedules of action by areas and countries. The prime intent was to assure that military assistance conformed to a consistent purpose and directly promoted the military and foreign policy objectives of the United States.

c. The efforts and expenditures of the United States in providing economic and military assistance to other nations have been major factors in the defense of the free world. The assistance has contributed in varying degrees to the following achievements:

- (1) The prevention of communist takeover in Italy, Greece, and Turkey.
- (2) The retention of Iran in the folds of the Free World and the prevention of Russia from assuming control over the Middle Eastern oilfields.
- (3) Interference with communist efforts to

take over Korea, Taiwan, South Vietnam, and Laos.

(4) The establishment by the United

States of air and naval bases in Portugal, Spain, England, Italy, Germany, and Turkey.

CHAPTER 2

CURRENT INTERNATIONAL LOGISTICS PROGRAMS

Section I. THE FOREIGN ASSISTANCE ACT

2-1. General

a. The Foreign Assistance Act of 1961, as amended, provides the legislative framework for the existing international assistance programs. It confirms and has given new impetus to the principles which had evolved from earlier legislation. In essence, the Foreign Assistance Act of 1961 as amended consists of several separate but interrelated parts:

- (1) *Part I.* Provides the authorization for programs of economic assistance to other nations;
- (2) *Part II.* Authorizes military assistance to friendly countries and international organizations; and,
- (3) *Part III.* Contains a variety of general administrative and miscellaneous provisions relative to the foreign assistance program.

b. The legislation for military assistance provides the legal basis for agreements between the United States and friendly foreign countries. International agreements may consist of either a treaty between two or more nations; or an Executive Agreement between a designated representative of the President and the Foreign Minister of the country concerned. The treaties are of a more formal nature and require ratification by Congress. However, each represents a contract between parties involved, comprises a matter of record of the agreement and specifies in detail, the particular terms, duration and provisions of the agreement. The Mutual Defense obligations of the United States are worldwide. In 1947, the United States joined the Latin American republics in signing the Rio Treaty for mutual defense of the western Hemisphere. The North Atlantic Treaty Orga-

nization came into being in 1949. The United States, Australia, and New Zealand signed the ANZUS Treaty in 1951 and in 1954 these three nations together with Great Britain, France, the Philippines, Thailand and Pakistan signed the Southeast Asia Treaty (SEATO) for mutual defense in Southeast Asia. The United States also signed mutual defense treaties with Japan, the Philippines, the Republic of Korea and the Republic of China. Figure 2-1 portrays the worldwide participation of the United States in mutual defense arrangements.

2-2. Military Assistance and International Logistics

a. The Foreign Assistance Act of 1961 as amended, includes the elements of both economic assistance and military assistance. The inter-relationship of these two and their respective contributions to the development and strength of the free world nations is well recognized. However, this field manual is directed toward Part II, the Military Assistance portion, of the Act. It is this particular portion, as amended, that establishes the basic policies and provides the authorities, measures, and restrictions for our present programs to furnish defense materiel and services to friendly foreign nations and international organizations. Within the Department of Defense and the Department of the Army, the providing of such logistics support under the provisions of the Foreign Assistance Act of 1961 is called International Logistics Support. The term is most comprehensive and encompasses support in the form of design and development, acquisition, storage, transportation, distribution, maintenance, evacuation and disposition of materiel. It includes the provision of such logistics sup-

NORTH ATLANTIC TREATY (15 NATIONS)

United States	Luxembourg
Canada	Portugal
Iceland	France
Norway	Italy
United Kingdom	Greece
Netherlands	Turkey
Denmark	Federal Republic
Belgium	of Germany

RIO TREATY (19 NATIONS)

United States	Colombia
Mexico	Venezuela
Dominican	Ecuador
Republic	Peru
Honduras	Brazil
Guatemala	Bolivia
El Salvador	Paraguay
Nicaragua	Chile
Costa Rica	Argentina
Panama	Uruguay

ANZUS (3 NATIONS)

United States
New Zealand
Australia

PHILIPPINE TREATY (BILATERAL)

United States
Philippines

JAPANESE TREATY (BILATERAL)

United States
Japan

REPUBLIC OF KOREA (SOUTH KOREA) TREATY (BILATERAL)

United States
Republic of Korea

SOUTHEAST ASIA TREATY (8 NATIONS)

United States	Australia
United Kingdom	Philippines
France	Thailand
New Zealand	Pakistan

REPUBLIC OF CHINA (TAIWAN) TREATY (BILATERAL)

United States
Republic of China (Taiwan)

CENTRAL TREATY ORGANIZATION (4 NATIONS)

United Kingdom	Pakistan
Turkey	Iran

Figure 2-1. Synopsis of United States Mutual Defense arrangements.

port and services that might be rendered or received on either a reimbursable or non-reimbursable basis.

b. A variety of means are employed in planning, developing and administering international logistics support to eligible countries. Current legislation continues to grant to the

President the general authority for providing military assistance. It authorizes him to acquire defense articles and services from any source and to provide this support by grant, loan, exchange, sale, lease or any other means. The actual providing of defense materiel and services is administered under one of the basic International Logistics Programs.

Section II. INTERNATIONAL LOGISTICS MATERIEL AND MATERIEL SUPPORT PROGRAMS

2-3. Military Assistance Grant Aid Program

a. Throughout the post-World War II years, the prevailing national security legislation has had some provision for grant aid support. The present Foreign Assistance Act reiterates the need for continued measures of support to promote peace and security. It authorizes the furnishing of military assistance to friendly foreign countries and international organizations upon request.

b. The conditions of eligibility for such military assistance are quite specific. The President determines which countries should be considered for military assistance and he is required to reduce and terminate military assistance grant aid to any country when the economy of that country becomes sufficient to support its own forces. The conditions of eligibility for military assistance grant aid include agreement by the recipient nation as to the use of materiel provided, its security during use, observation by U.S. representatives and ultimate disposition of the materiel when it is no longer required.

c. The planning for military assistance grant aid is long range in nature and, in general, is patterned on the strategic military planning procedures for U.S. forces. Under this concept, the military assistance plans, based upon Department of Defense planning guidance, are prepared for specific countries on a 5-year scheduled basis. The plans are continually revised to keep pace with program changes and once each year, the plan is extended one additional year to thus perpetuate the 5-year concept. Though the planning and programing procedures are prepared on a long range basis,

the Congressional appropriation of funds to execute the program is accomplished only for the budget year of the program. The preparation of programs and budgets is a rather complex process and is discussed in greater detail in chapter 8.

d. Within the Military Assistance Grant Aid Program participating (recipient) countries are categorized according to the nature of the objectives of the military assistance being provided. Presently the following program categories are used:

- (1) *Forward Defense Programs* provide assistance to those countries exposed to a direct threat of communist aggression because of their geographical proximity to the Sino-Soviet Bloc but which do not have resources to provide for their own defensive security.
- (2) *Alliance for Progress Security Programs* have as their fundamental objective the establishment of a Latin American military leadership dedicated to democratic constitutional order; maintaining internal security; contributing to collective defense; and promoting social and economic development. These are the programs for maintenance of internal security and the civic action programs. Though contained within the scope of the Military Assistance Program, civic action programs are directed toward projects such as public works, agriculture, transportation, communications, health and sanitation. Civic

action programs involve the use of foreign military and paramilitary forces and the programs are designed to encourage and support the use of these forces in activities which contribute to social, economic and defense development.

- (3) *Military Base Programs* provide military assistance to countries in which the United States has access to military bases and installations essential to the optimum deployment of the U.S. military strength in support of our planned strategy.
- (4) *Grant Aid Phase-Out Programs* are those which provide for fulfillment of prior year commitments to the economically recovered nations.
- (5) *Free-World Orientation Programs* provide modest amounts of military assistance to a number of under-developed and emerging nations where it is important to the security interests of the United States and the common defense of the free world to encourage resistance to the extension of communist influence; and, to contribute to the social and economic development and internal security.
- (6) *U.S. Force Support and Military Assistance Program Administration* is essentially an "all other" category. It includes a share of the costs involved in support of the North Atlantic Treaty Organization Infrastructure and International Military Headquarters. Also included in this category are the Department of Defense costs involved in administering and managing the program in CONUS and the over-sea areas.

e. Since its inception, the Military Assistance Grant Aid Program has made a significant contribution to the defense of the free world. The total value of equipment furnished under the grant aid programs since World War II approximates \$31 billion. Approximately one-half of this was Army-furnished materiel and

quantities of it are still in the hands of countries friendly to the United States. The magnitude of grant aid materiel which has been furnished and the recognition of a continuing requirement for providing materiel and support services on a grant basis, combine to make the Military Assistance Grant Aid Program a vital part in the execution of our foreign policy and national security.

2-4. The Foreign Military Sales Program

a. Under the authority of the sales provisions of the current foreign assistance legislation, the Department of Defense engages in the sale of defense articles or defense services with many foreign nations and a number of international organizations. As in the case of military assistance grant aid, a country's eligibility to participate in the program is determined by the President. Consistent with overall security objectives, maximum effort is made to promote the program of selling U.S. produced military equipment and providing services on a reimbursable basis to friendly foreign nations. This effort is in direct conjunction with the corresponding effort of reducing and ultimately terminating grant aid to any country having sufficient wealth to equip and maintain its own military forces. Thus the Foreign Military Sales Program is a means of supplementing, augmenting and eventually replacing grant aid assistance to the degree possible.

b. The program is directed toward making available to friendly foreign nations those defense articles and services not generally available for purchase by foreign nations through U.S. commercial sources. A basic tenet of the Department of Defense in the sale of defense articles and services to friendly foreign countries is to avoid competition with commercial enterprise. To this end, the sale of items directly from commercial sources is not limited to commercial items. Sales of unclassified articles of a military nature or manufactured according to military specifications may be made directly to a foreign government. If a foreign government seeks to purchase items from any Department of Defense activity and there is doubt as to whether the items are available

from commercial sources in the United States, the military department concerned may suggest the names of possible commercial sources to the foreign government to assist in making the determination. If the articles under consideration can best be provided through Department of Defense sources, they may be furnished by withdrawal from existing stocks or by initiating procurement action to obtain the required items for a purchasing country. Prior to entering into a contract for procurement, the foreign country must have provided a "dependable undertaking." This term means a firm commitment by the purchasing country that it will pay the full cost of new production or the performance of defense services. Under a dependable undertaking, the purchaser agrees to make funds available in such amounts and at such times as may be required to meet the payments required by the contract. The purchaser further agrees to assume any damages or costs that may accrue from cancellation of the contract.

c. Funds annually appropriated for military assistance or otherwise available for military assistance may be used to finance sales to countries deemed eligible. Credit is provided to authorized countries on credit terms stipulating repayment with interest. When military assistance funds used to extend such credit are repaid, they are credited to the existing military assistance appropriation and are available for the purpose of furnishing further cash or credit terms. In addition to the arrangements for credit from military assistance, the Department of Defense may arrange for credit with the Export-Import Bank or private banks.

d. The Foreign Military Sales Program provides obvious economic advantages to the United States. Among these advantages is a reduction in the adverse balance of payments. From a defense viewpoint, military sales strengthen the defense forces of the free world by providing modern equipment to meet established force and equipment goals. The preponderance of the equipment made available through the sales program is the same equipment as that used by U.S. forces. Thus a degree of standardization of equipment is achieved and through it, the entree to various international cooperative logistic programs is provided.

e. Despite the emphasis accorded the Foreign Military Sales Programs the completion of a sale is not an end in itself. Though military sales are made to some countries with which the United States does not have collective security agreements, the conditions of such sales are examined well beforehand. Sales are permitted to these countries only when the President receives satisfactory commitments that purchased equipment is required for, and will be used, solely to maintain internal security for legitimate self defense or to permit them to participate in regional or collective security arrangements that are consistent with the United Nations Charter. As a further measure to avoid U.S. defense materiel from being used for purposes contrary to the national security objectives, foreign countries purchasing defense articles must agree that such articles will not be resold or exported without the consent of the proper U.S. representative.

f. Since World War II, approximately \$3.5 billion worth of military equipment has been delivered to friendly foreign nations under the direct sales and credit assistance provisions of the Military Assistance Sales Program. Approximately 45 percent of this materiel was furnished by the U.S. Army. The value of the new sales orders received by the Army during the past several years have been continually increasing and for FY 65 amounted to approximately \$413 million.

2-5. Cooperative Logistics Support

a. Cooperative logistics support is a broad generic term. It pertains to that portion of international logistics involving arrangements made at the national level between the United States and friendly foreign nations for participation in the Department of Defense logistics system. Cooperative logistics support involves the purchase or sale of military items and/or logistic services over a specified period of time and includes an agreement as to the financial terms for payment. Through the provisions for cooperative logistics support, the foreign country becomes a direct and continuing participant in the United States logistics system. The scope of possible agreements within cooperative logis-

tics includes research and development projects, supply of secondary items and repair parts, common use of storage space, the sharing of training facilities, depot maintenance services, modification of equipment, and co-production. Thus, the range of logistical support and services available on a cooperative basis is extremely broad and, in fact, may consist of any logistical service as mutually agreed upon. This manual treats in detail only those cooperative logistics support programs which entail the providing of supply support and maintenance services from U.S. logistical resources. A brief description of typical materiel development and co-production programs is contained in paragraphs 2-8 and 2-9.

b. Cooperative Logistics Support Arrangements consist normally of Procedural Arrangements and Implementing Procedures. The former are agreements between the U.S. Department of Defense and a foreign government concerning the form and extent and the related terms and conditions of the logistic support to be provided. Implementing procedures supplement the procedural arrangements and delineate the administrative and technical procedures to be employed in execution of the arrangement. Offices of the Assistant Secretary of Defense have primary responsibility for preparation of the procedural arrangements. The Military Departments are responsible for preparation of the implementing procedures and for providing the support as specified.

2-6. Supply Support Arrangements

a. The Supply Support Arrangement (SSA) is one of the major forms of support in the cooperative logistics support area. Negotiations leading to a supply support arrangement with a foreign country may evolve from any of a variety of circumstances, such as the need for follow-on logistics support of end items previously purchased through military sales; a country becomes capable of paying for support of end items which were furnished under an earlier Military Assistance Grant Aid program; logistics support is required for end items produced in the foreign country as a result of a U.S./allied coproduction arrangement; and

other comparable situations. Under the provisions of a SSA, the participating country is provided continued logistics support to include secondary items and repair parts required in the maintenance of all mutually agreed upon end items of U.S. origin or design. The supply of end items under a SSA is limited to those items specified in a mutually agreed upon maintenance float. Also included in the support arrangement are provisions for supply of modification kits developed for application to those end items, secondary items and repair parts in national stockages of the United States and the participating country. The SSA provides for the storage, modification and maintenance-in-storage of materiel prior to issue to the participating country. These are the minimum elements contained within the SSA. The particular SSA negotiated with a participating country may provide for other related logistical services as mutually agreed upon.

b. The Supply Support Arrangements are designed primarily for support of those weapons systems and end items common to U.S. forces and the forces of participating countries. This uniformity provides the basis for continued and effective support of the participating country's forces. Under a SSA the foreign country becomes a direct participant in the U.S. logistics system. The participating country deposits, with the Treasurer of the United States, sufficient funds to reimburse the U.S. Army for the cost of materiel to be held for the country in the Army supply system plus appropriate service charges. Thus, a participating country purchases an equity in the logistic resources of the United States and in consideration of this equity, the U.S. government is committed, commensurate with the terms and conditions of the agreement, to furnish the specified supplies and services. All costs incurred by the United States incident to the SSA are charged to the recipient government. A systems usage charge is also included in the bill for the cost of the materiel. This charge is designed to offset a portion of the U.S. Army expenses incurred in providing such support as engineering services, inventory management, quality control and other overhead costs.

c. The key features of a supply support arrangement are its provisions for continued supply support, as opposed to the one-time sales nature of the direct military sale; and for the fact that the participating country becomes a direct "customer" of the logistic system. The supply support arrangement results in a number of distinct and mutual advantages:

- (1) Costs of items may be reduced through larger volume procurements;
- (2) The continuing nature of the supply support arrangement permits employment of routine procedures;
- (3) The participating country's deposit of funds to sustain future issues permits a projection of requirements to meet anticipated materiel needs;
- (4) Requisitions of the participating country are placed directly on the supply system and receive the same processing as those of U.S. forces;
- (5) Reduction or elimination of spasmodic requests for large quantities of items for subsequent storage in the participating country;
- (6) Improvement of the participating country's logistic posture and a consequent improvement in materiel readiness; and,
- (7) Increased degree of equipment standardization facilitates support through U.S. supply system.

2-7. Maintenance Support and Services Arrangements

a. These arrangements are another form of cooperative logistics support. As its name implies, this is a contractual agreement between the United States and another country and it provides for maintenance of specified end items and their components. Because of the extensive skills and facilities necessary in the maintenance of many items of defense materiel, U.S. maintenance support and services have been made available to friendly foreign nations. Such arrangements for maintenance support and related services may be negotiated for items of equipment which are common to U.S. forces and

which the foreign nation acquired through Military Assistance Grant Aid, Foreign Military Sales or through one of the cooperative logistics programs. The nature of the support provided under an agreement may include technical specifications, repair parts, technical publications, tools, test and related equipment. Specific services available may include technical assistance, calibration, modification and repair or overhaul of equipment. The level of maintenance normally provided under this form of cooperative logistics depot maintenance. However, if the particular circumstances warrant, support arrangements may be developed to provide organizational and field maintenance services through U.S. forces and facilities. The apparent intent of maintenance support and services arrangements is to provide friendly foreign countries that degree of technical support and services necessary to sustain a proper materiel readiness posture. It avoids the necessity of duplicating, within a friendly foreign country, those facilities for rehabilitation of equipment.

b. A Maintenance Support and Services Arrangement may be a separate contract negotiated with a country for the support of U.S. equipment presently in the foreign country or it may be made part of an existing cooperative logistic support program, such as the supply support arrangement. As in the supply support arrangement, the support costs are completely reimbursable. The particular terms and conditions of payment are specified in the formal agreement. The prevailing charges include materiel costs involved in reconditioning the item, direct labor costs, supervisory costs, a surcharge for the operation of the logistic system, and a proportionate share of general and administrative expenses incident to the actual maintenance support or services provided. Procedural arrangements and Implementing Procedures are also employed in the negotiation of the agreement. Within the mutually acceptable terms of the agreements, estimated costs of the maintenance support and services to be furnished are prepared. These costs are usually projected for each calendar year. The recipient country deposits funds with the Treasurer of the United States in an amount sufficient to

finance the expected costs of the maintenance support and services. As the maintenance assistance is rendered, the charges are accumu-

lated and reported and the Department of the Army is reimbursed in accordance with terms of the agreement.

Section III. PROGRAMS FOR MUTUAL DEVELOPMENT AND PRODUCTION OF MATERIEL

2-8. Programs for Mutual Development of Materiel

a. As evidenced in the brief review of the developments in International Logistics Programs, there is a wide recognition of the mutual benefits derived from the world's free nations cooperating in all phases of the logistics spectrum. Cooperation in defense research and development between the United States and friendly foreign nations is no exception. The tremendous advances in technology since World War II and the evolution of modern weapons of increasing cost and complexity have made the effective utilization of the aggregate of available technical resources a matter of concern to each nation. Such combined efforts can assist materially in achieving certain objectives of international logistics materiel development programs:

- (1) Increased effectiveness of the scientific and technical resources of the United States and the friendly foreign nations through elimination of unnecessary duplication of effort and facilities;
- (2) Maximum practicable degree of standardization so as to facilitate the common utilization of equipment and support facilities;
- (3) Closer mutual security ties among nations of the free world;
- (4) Maximum exchange of scientific and technical information; and,
- (5) Making the best equipment available to the United States and its allies in the most timely manner.

b. The programs through which these objectives are attained are varied. In addition to collaboration in direct research and development efforts, they include provisions for interchange of data, standardization agreements and international commerce arrangements. The

Department of the Army is engaged in the following cooperative scientific and materiel development programs:

- (1) *Mutual Weapons Development Program (MWDP)*. This program was established by the Mutual Security Act of 1953 and was designed to increase the defensive capabilities of friendly foreign countries through accelerating the research and development of advanced types of weapons and military equipment. The program was based upon bilateral agreements with friendly European countries and with various countries of the United Kingdom. It provided for joint support of selected projects on approximately an equal financial basis. The MWDP was originally directed toward the development of materiel which was especially suited to the respective needs of a country. However, the U.S. financial assistance and technical assistance which was formerly provided to technologically advanced nations has been reduced significantly and this program is in process of phasing out. Approximately \$250 million has been spent by the United States in furthering about two hundred Mutual Weapons Development Program projects. The program was successful to the point that it assisted materially in reestablishing a technical base in European countries and, in fact, developed products which were competitive with U.S. manufactured items in the international market.
- (2) *Cooperative Research and Development Program*.
 - (a) This is a relatively new program. As indicated above, the financial as-

sistance given under the former Mutual Weapons Development projects is no longer considered essential. However, the continuing importance of research and development to mutual defense makes the effective utilization of all available technical resources a matter of concern to each nation. Toward this end, the United States has entered a new phase of cooperative research and development, wherein the conduct and cost of research and development of selected items or areas may be shared with allies. Emphasis of this program is on the consideration that the benefit of a particular development project accrue as much to the United States as to the other nation. The kind and extent of cooperation extended by this country is determined by the relative contribution of that project to the overall best interests of the United States.

- (b) Bilateral cooperative research and development program basic agreements are established with selected allies under memoranda of understanding negotiated and signed at Department of Defense level. They set forth the specific objectives and procedures for cooperative effort and conditions for establishing specific projects. Separate agreements within the framework of the memoranda of understanding are established for each cooperative research and development project, to include detailed development plans and schedules, each nation's responsibilities for design, test and evaluation, and financial arrangements. These projects may be of bilateral or multilateral scope.
- (3) *Mutual Weapons Development Data Exchange Program and Defense Development Exchange Program.* Data exchange agreements established under these programs are a series of

bilateral and multilateral agreements leading to the exchange of certain technical and scientific military information of mutual interest to the United States and other countries. The former program was originally developed under the Mutual Weapons Development Program and is applicable to European countries. The latter are a separate series of agreements with friendly nations of the Far East. Under the provisions of the Mutual Weapons Development Data Exchange Agreements and the Defense Development Exchange Program Agreements, scientists and engineers of the United States and selected foreign countries exchange, on a continuing basis, research and development data relative to a specific subject and at a specified security level. Normally, the individual agreements establish expeditious means for exchange of ideas and data and in addition provide for visits by technical personnel of one country to their counterparts in another country.

(4) *International Standardization Programs.*

(a) General.

1. International standardization and collaboration are pursued in non-materiel fields (Army concepts, and doctrine for combat and logistics); materiel fields (materiel matters and related technical procedures and techniques); and, research and development fields.
2. The U.S. Armed Forces participate in the following international standardization programs for the purpose of insuring the highest possible degree of interoperability among the military services of signatory nations and of obtaining the greatest possible economy in the use of combined resources and effort:
 - (a) The American-British-Canadian - Australian (ABCA) Standardization Program.

- (b) The North Atlantic Treaty Organization (SEATO) Standardization Program.
 - (c) The South East Asia Treaty Organization (SEATO) Standardization Program.
 - (d) The Central Treaty Organization (CENTO) Standardization Program.
 - (e) The Inter-American Defense Board (IADB) Standardization.
 - (f) Air Standardization Coordinating Committee (ASCC) (ABCA Program).
 - (g) American - British - Canadian Naval Tripartite Standardization Program.
 - (h) The Technical Cooperative Program (TTCP) (American-British-Canadian-Australian).
3. These standardization programs are monitored by the Joint Chiefs of Staff and the work of carrying the programs is decentralized to the military services. Within the framework of the standardization programs, various agreements result. These agreements establish design and production engineering limitations, tables of equivalents, and provide for interchangeability or standardization of specific items of equipment for use by participating armies in meeting an operational requirement.
- (b) The American - British - Canadian - Australian (ABCA) Standardization Program was established in 1947. World War II had demonstrated the need for common doctrine and procedures, together with maximum interchangeability of materiel in combined operation. Australia joined the program in 1965. Its objectives are to insure that there are no operational, material, or technical obstacles to full coop-

eration and collaboration among the ABCA armies and to obtain the greatest possible economy in the use combined resources and efforts of these armies. Participating Armies recognize that "standardization" does not necessarily imply nor require adoption of common or identical materiel or methods. It is accepted in broad sense to cover all action directed toward meeting the aim of this agreement.

1. The Air Standardization Coordinating Committee Program is under the management of the ABCA Structure. This program was initiated in 1947, with the objectives of insuring that in the conduct of combined air operations there will be a minimum of operational and technical obstacles to full cooperation; to provide for essential cross-servicing facilities; to render logistical support to aircraft of each country; and, to promote economy in the use of natural resources.
2. The Technical Cooperation Program (TTCP) was established in 1957, and is monitored under the ABCA Program. The overall objective of the TTCP is the coordination of effort and the full interchange of technical and scientific information, personnel, and material in the field of research and development, to obtain the greatest economy in the use of the combined resources and effort of the ABCA countries.
- (c) The North Atlantic Treaty Organization (NATO) Standardization Program was initiated 1949 and grew out of a realization of the necessity to overcome the obstacles to military cooperation between heterogeneous forces. The objective of this program is to enable the Armed Forces of the member nations to plan for and to execute joint and combined military operations with

the greatest degree of interoperability. The standardization policy recognizes that complete standardization of all items of equipment throughout the NATO countries is not practical in that some forces need equipment designed to operate only in a particular type terrain and climate.

(5) *United States-Canadian Defense Development Sharing Program.*

(a) A formal basis for a high degree of cooperation in the field of industrial mobilization between the United States and Canada was established in the Hyde Park Agreement of 1941. In 1950 this field of common effort was expanded to include all phases of common defense with particular emphasis on the coordination of production and resources. The present program is an extension of the objectives of the American-British-Canadian-Australian Army Standardization Program and the Cooperative Research and Development Program. Because of the mutual interest of the United States and Canada in the defense of North America and due to the close geographic proximity of the two nations, the program for the sharing and interchange of development and production experience is very active and well defined.

(b) The Department of the Army is responsible for Army implementation and monitorship of the United States-Canadian Sharing Program. The program provides for direct U. S. military department participation in nomination of projects for joint development, proposals for joint funding arrangements, and project selection, monitorship and evaluation. Similarly, the Canadian Department of Defence Production negotiates directly with U.S. military departments in developmental

matters. Normally, to be eligible as a development sharing project, the proposal must represent an approved and defined requirement of the U.S. Army and must be funded by the Army for at least 25 percent of the project cost. In addition, the item must represent a high dollar value production potential and must be in a field in which Canada has or can establish development capability.

(6) *Strategic Trade and Export Control Program.*

(a) The wide range of International Logistics Programs through which the United States provides defense materiel and services to friendly foreign nations requires a system to assure legitimate, prudent and expeditious transfer. The Strategic Trade and Export Control Program is designed to encourage and facilitate the interchange, exchange and shipment of materiel, services and pertinent technical data related to International Logistics agreements. The trade control program also is designed to restrict the movement of such materiel and informational assistance from the free world to the Sino-Soviet Bloc or to any nation or group of nations threatening the national security of the United States. The program involves materiel, services and data of a military nature as well as those of a commercial nature. The Department of State exercises overall monitorship of traffic in defense materiel and services through the International Traffic in Arms Regulation of the Department of State. The defense materiel and services included in this authority consist of arms, ammunition and implements of war and are referred to commonly as munitions. The functions affected by the regulation include manufactur-

ing license, technical assistance agreements, materiel, technical data and patent applications for foreign filing.

- (b) An export license system is used as a munitions export control device. There is a U.S. Munitions List prepared by the Department of State. The list identifies the specific entities to be regulated under the export license control system. Each military department exercises control over respective service related commodities. The program has particular application in the export control of defense articles proposed for export by U.S. firms in response to military sales inquiries received from foreign governments. Within the U.S. Army, export license applications for munitions list items are categorized as one of the following:
1. *Technical Information Exports.* Petitions to effect visual, oral or documentary disclosure to foreign nations;
 2. *License Agreement Cases.* Petitions to enter into contracts with foreign entities for rendering manufacturing or technical assistance;
 3. *Patent Exports.* Petitions to file abroad patent applications on file in the U.S. Patent Office;
 4. *Hardware Exports.* Petitions to export equipment or materiel to foreign countries.

2-9. Coproduction Program

a. Supplementing the arrangements for mutual cooperation in research and development are coproduction programs. Under these programs an end item of United States or Joint U.S./foreign nation design is selected for production in a friendly foreign country. Certain parts required in the assembly of the end item are provided on a reimbursable basis by the United States Production specifications, techniques and technical assistance of the United States may be made available to the producing

country. A bilateral agreement is negotiated to specify the terms and conditions of the arrangement. As in the case of direct military sales and the supply support arrangements, the coproduction programs perpetuate utilization of items common to U.S. forces and assist in achieving a more favorable international balance of payments.

b. The first coproduction program was officially launched in late 1962 by a Memorandum of Understanding between the Ministry of Defense of the Government of Italy and the Department of Defense of the United States. This agreement, in essence, provided for the production in Italy of Armored Personnel Carriers, M113, an item originally of U.S. design and U.S. manufacture and in common use by U.S. forces. The agreement provided for a high degree of industry-to-industry cooperation and U.S. government monitorship to insure that the vehicles to be produced in Italy would be of appropriate quality and would provide optimum interchangeability of parts with those carriers produced in the United States. In addition, the agreement provides for a portion of the parts for production and for support to be manufactured and furnished by U.S. sources. The initial production vehicles employed only American-made parts and gradually the introduction of Italian-made parts began. The agreement called for ultimate employment, on a dollar value basis, of approximately 50 percent of Italian-made parts.

c. A basic coproduction agreement with a country can prove to be the basis for the direct sale of additional items or for additional coproduction agreements. Because of the versatility and adaptability of certain equipments, such as the M113, the coproducing government may elect to take advantage of the extra or auxiliary accessory features of the basic item and thus expand its potential use. As an example, during Italy's production of the basic M113, additional negotiations resulted in the sale of 50-caliber machine guns and mounts to improve the versatility of the vehicle for use by the Italian forces.

d. The coproduction program on the M113

) was established on a project manager basis to insure smooth transition of the program to the advantage of both governments. Despite the differences in language, measurement systems and geographic separation of the United States and Italy, the coproduction principle has proved to be sound. For those countries which have an industrial base and which wish to offset a portion of the costs involved in purchasing end items from the United States, the coproduction arrangement offers decided advantages :

- (1) Contributes significantly to force modernization ;
- (2) Provides technical assistance to include the production and support phases ;
- (3) Permits sharing in industrial base facilities of U.S. industry ;
- (4) Permits minimal impact on status of gold flow ; and,
- (5) Perpetuates use of standardized equipment.

PART TWO

ORGANIZATION AND RESPONSIBILITIES FOR INTERNATIONAL LOGISTICS PROGRAMS

CHAPTER 3

THE GOVERNMENT BRANCHES

3-1. Role of the Chief Executive

a. The Constitution of the United States establishes the President as the single chief executive and the chief arbiter in matters of foreign policy. Though the Constitution requires Senatorial approval of treaties, the President has authority to make executive agreements with other nations. The various mutual defense assistance agreements, which establish the international environment between the United States and the prospective recipient countries for the Military Assistance Grant Aid, Foreign Military Sales and various forms of cooperative logistics, are an extension of this Presidential authority to enter into executive agreements.

b. The Constitution calls for an Annual State of the Union Message to be presented by the President. As director of foreign affairs, a portion of this address is devoted to this vital subject. Normally, the message represents a collection of proposals which constitute the essence of the legislative session. In addition, the Chief Executive may recommend new, or changes to existing, legislation to Congress in any of his messages.

c. In the basic foreign assistance legislation and its amendments the Congress holds the President responsible as the ultimate coordinating authority for development, implementation and execution of the foreign assistance program. By executive order, the President delegates to the Secretary of Defense those military assistance functions not reserved to the

President. As discussed in the historical portion under part one, the Department of State maintains a primary role in coordination of military, economic and technical aid programs. The President monitors closely the respective portions of the foreign assistance programs by the Secretary of State and the Secretary of Defense. Typical areas of decision which must be resolved in the process of program development are—

- (1) Countries or regions to receive assistance;
- (2) Magnitude of aid, within limits set by law;
- (3) Type of equipment, materiel or supplies to be provided; and,
- (4) Type of financing to be employed such as grant aid, long term payment, and direct sale.

d. Based upon the authority vested in the President by the foreign assistance legislation, he directs preparation of the military assistance budget which is included as a separate entity in the total Department of Defense Program and Budget Structure. The Bureau of the Budget, an integral part of the Executive Office of the President, performs the actual coordination and preparation of the budget and in addition, recommends budget policies and guides and plans improvements in the budgeting process. In the President's Budget Message to Congress, he discusses the military assistance program and presents the Budget of the United

States which is commonly referred to as the President's Budget. Following the Congressional Appropriation Acts, the President, through the Bureau of the Budget, apportions appropriated funds to reimburse the military departments for services provided under the military assistance programs.

3-2. Role of the Legislative Branch

a. The Congress of the United States, as provided for in the Constitution, is vested with all legislative powers. In the area of foreign assistance Congressional interest and influence is exerted in a variety of ways:

- (1) Development, consideration and action on legislation to establish or amend basic foreign assistance acts;
- (2) Senatorial action on the ratification of treaties;
- (3) Enactment of appropriation acts; and,

- (4) Passage of Joint Resolutions in the form of a Continuing Resolution Authority (CRA) to permit the incurrence of obligations to carry on essential military assistance program activities until appropriation action is complete.

b. The work of preparing and considering legislation is performed largely by committees in each House of Congress. These may be standing committees or committees formed for a specific task. In the House of Representatives the Foreign Affairs Committee traditionally serves as the primary body for review and monitorship of the developing foreign aid programs. In the Senate, the Foreign Relations Committee has the predominant responsibility. In addition, there may be joint committees composed of members of both Houses to study specific aspects of the foreign assistance program.

CHAPTER 4

DEPARTMENT OF DEFENSE ORGANIZATION

4-1. Department of Defense and Department of State Relationships

a. The Secretary of Defense is the head of the Department of Defense and as such is the principal assistant to the President in all matters of national security to include the mutual defense aspects. The executive order which delegates military assistance functions to the Secretary of Defense encompasses all international logistics programs. Similarly, the parental role of the Secretary of State in the overall monitorship of foreign assistance programs extends to all International Logistics Programs. Thus, because of the total defense implications of these assistance programs and because of the requirements for close coordination at Department of Defense and Department of State levels, the management system for International Logistics Programs represents a highly centralized effort. The necessity of a close working relationship between the two departments may best be epitomized by the "civic actions" programs in which the military forces in less developed countries are encouraged to contribute to economic and social development. Civic action projects are designed to benefit the local population at all levels. They are particularly effective in such fields as education, training, public works, agriculture, transportation, communications, health, sanitation and others which would also serve to improve the standing of the military forces with the population. In these programs, military and economic aid are frequently combined in joint support of a particular project. The indigenous armed forces provide the supervision and labor; Department of Defense provides the equipment and logistic support, and the State Department's Agency for International Development, normally provides the necessary direction and control of the program.

In some civic action programs, U.S. forces work directly with forces of the host country. As an example, in Thailand an extensive road construction project from the Bangkok area to Kabinburi is a formidable example of civic action by the U.S. Army. This project, as all civic action projects, requires the coordinated effort of the U.S. Department of State and the Department of Defense in planning and execution of the project.

b. Within the Department of State, there is an Inspector General, Foreign Assistance. He is appointed by the President upon the advice and consent of the Senate. He reports directly to the Secretary of State on matters relating to the effectiveness of United States foreign assistance activities to include economic and military assistance programs. The Inspector General Foreign Assistance performs an internal audit service for the Secretary of State and advises on the extent to which military assistance programs are in consonance with the foreign policy of the United States.

c. Among those offices within the Department of Defense which become involved directly in the planning, organizing, directing, coordinating and controlling the international logistic effort are the Assistant Secretary of Defense (International Security Affairs), Assistant Secretary of Defense (Installations and Logistics), Assistant Secretary of Defense (Comptroller), Assistant Secretary of Defense (Research and Engineering), and the Joint Chiefs of Staff. Figure 4-1 depicts the relative interrelationship of these offices to the State Department, Agency for International Development, the unified commands and to the military departments.

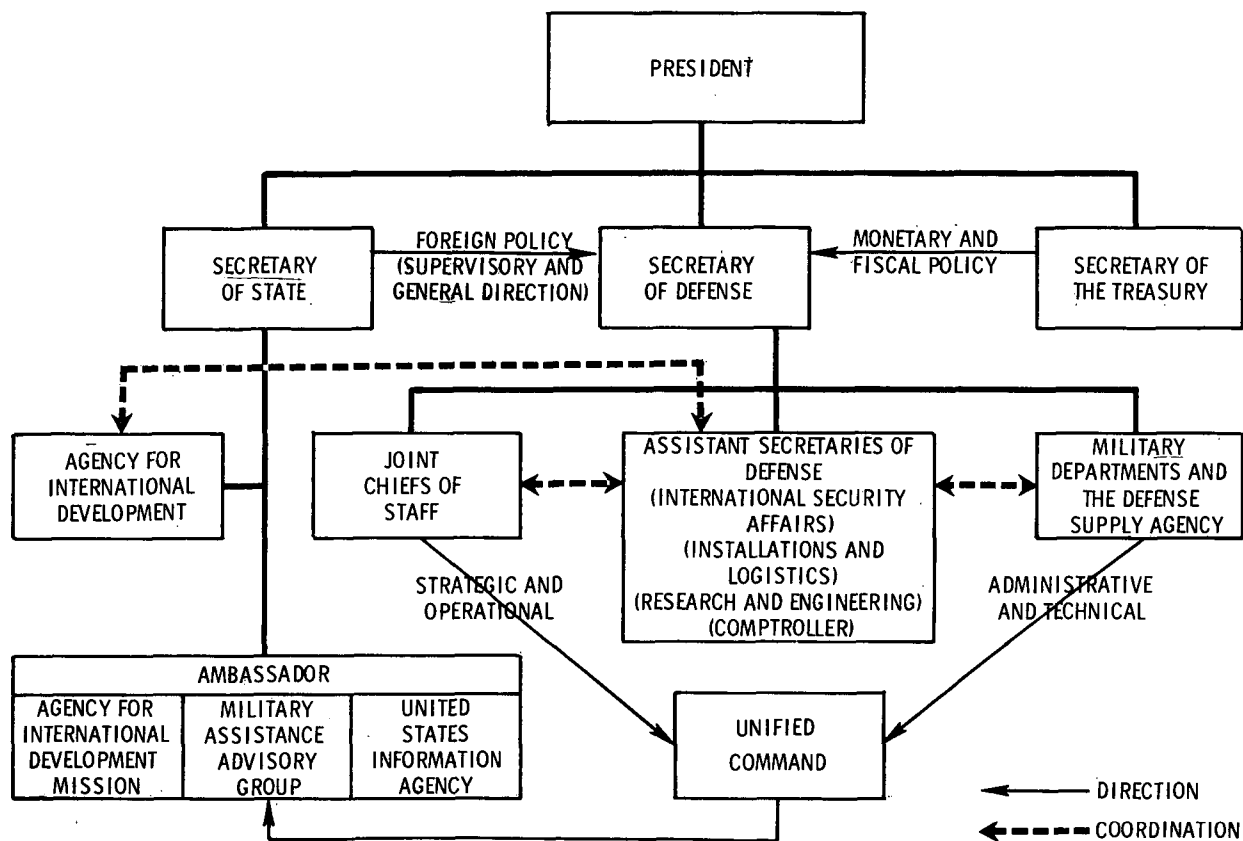


Figure 4-1. International Logistics Executive Branch Organization.

4-2. Assistant Secretaries of Defense

a. The Assistant Secretary of Defense (International Security Affairs).

(1) The Assistant Secretary of Defense (ISA) is the principal staff assistant to the Secretary of Defense in the functional field of international security and, as such, is responsible for all military assistance activities of the Department of Defense. In addition to coordinating and supervising relations of all Department of Defense organizations with other governmental agencies in the field of international logistics, he has primary responsibility for logistics negotiations with foreign governments and international organizations. It is this office which develops the Department of Defense positions for international logistics

agreements and arrangements and which provides policy guidance for all military assistance activities. This office also establishes and maintains communication with friendly foreign governments to the end that foreign purchases from U.S. government or industry are maximized subject to considerations of over-all national policy. The possible areas in which negotiations may be conducted include new or expanded Foreign Military Sales Programs, Cooperative Logistics Support Arrangements and Maintenance Support and Services Arrangements. The scope of the ASD(ISA) activity ranges from the development of the plans for negotiations with foreign Ministries of Defense to the preparation of Procedural Arrangements for

implementation of the particular program. Within the Assistant Secretary of Defense (ISA) Office, the military sales and the cooperative logistics efforts are performed by the Deputy Assistant Secretary, International Logistics Negotiations.

- (2) Notwithstanding the important and expanding role of the Assistant Secretary of Defense (ISA) as the originating source of guidance, direction and participation in the military sales and cooperative-type assistance programs, this office is also the focal point within the Department of Defense for management of the Military Assistance Grant Aid Program. This Program is administered within the Office of the Assistant Secretary of Defense (ISA) by the Office, Director of Military Assistance (ODMA). The ODMA performs the functions of planning, programming, budgeting and implementation of the Military Assistance Grant Aid Program. These functions include the development, preparation, refinement and control of plans and programs, establishing a monetary value to the program and presenting and defending that portion of the President's Budget covering the Military Assistance Grant Aid Program. In his role of administering this program, the Director of Military Assistance coordinates, prepares, publishes and distributes the necessary guidance to the unified commands. This guidance is published in the Military Assistance Manual which contains policies, program objectives, dollar guidelines and procedural instructions.

b. Assistant Secretary of Defense (Installations and Logistics) (I&L).

- (1) With the exception of Research and Development activities, the Assistant Secretary of Defense (I&L) is the principal staff assistant to the Secretary of Defense on all supply and logistics matters affecting the Department

of Defense. The responsibilities of the Assistant Secretary of Defense (I&L) extend to international logistic support of friendly foreign forces as well as support of U.S. forces. These responsibilities include the functions of inventory controls, storage and movement of defense materiel, supplies, tools and equipment. The Assistant Secretary of Defense (I&L) office is charged with the development of policy in the logistics area and with the general monitorship of the logistic planning and programming and surveillance of the effectiveness of logistic systems and performance.

- (2) The nature and variety of international logistics programs require a close and effective working relationship between the offices of the Assistant Secretary of Defense (ISA) and Assistant Secretary of Defense (I&L). The former establishes the design and extent of the programs and the latter provides the logistic policies, means and procedures for effecting the programs. The Assistant Secretary of Defense (I&L) provides technical advice and related logistical guidance to the Assistant Secretary of Defense (ISA) in preparation for negotiations with friendly foreign nations and further assists during the negotiation phase by advising and providing guidance as to the specifics of support. Thus, the Assistant Secretary of Defense (ISA) and Assistant Secretary of Defense (I&L) cooperate in determining the procedural arrangements applicable to a cooperative-type logistics arrangement.
- (3) The Assistant Secretary of Defense (I&L) also maintains regular rapport with the military departments as the sources of technical and supply data for use in the negotiation phase. In addition, he provides guidance to the military departments in the correlation of potential International Logistics Program requirements with the

preparation of the military department's plans, programs and budgets for procurement, retention, overhaul programs and production base requirements. Thus, the Assistant Secretary of Defense (I&L) serves as an important link between Department of Defense developments in International Logistics Programs and the execution of these programs by the logistics elements of the military departments. He has direct responsibilities in meeting the logistic support requirements of U.S. forces and in providing support to friendly foreign nations through International Logistics Programs. In fulfilling these responsibilities, the Assistant Secretary of Defense (I&L) monitors the system of priorities and allocates logistic resources to insure appropriate urgencies are accorded competing friendly foreign and U.S. demands for materiel.

c. Assistant Secretary of Defense (Comptroller).

- (1) The Assistant Secretary of Defense (Comptroller) supervises and directs the preparation of the Department of Defense budget estimates. He is also the principal advisor to the Secretary of Defense in budgeting and fiscal matters and, as such, he recommends policies and procedures involving accounting, auditing, statistical reporting, the Five-Year Defense Program and the International Balance of Payments Program.
- (2) In military assistance activities, the ASD (Comptroller) works in close conjunction with the Assistant Secretary of Defense (ISA) and Assistant Secretary of Defense (I&L). This close working relationship is of particular import in the areas of pricing policies and the development of terms and conditions to be employed in the transfer and reimbursement of materiel and services through International Logistics Programs. The materiel and serv-

ices include those as part of the cost-sharing in multi-country production, procurement and other forms of cooperative logistics arrangements. The ASD (Comptroller) also assists the ASD (ISA) in providing financial guidance in discussions preliminary to or as part of international logistics negotiations.

4-3. Director of Defense Research and Engineering

The Director of Defense Research and Engineering is the principal advisor to the Secretary of Defense on scientific and technical matters; basic and applied research; research, development, test and evaluation of weapons, weapons systems and defense materiel; and design and engineering for suitability, producibility, reliability, maintainability and materials conservation. He supervises all research and engineering in the Department of Defense. In matters of international logistics, he is responsible for development of policies, negotiation of policy agreements and the supervision of implementation of programs for strengthening cooperation with friendly foreign nations in research and development. The Director of Research and Engineering acts as a focal point within the Department of Defense for assuring a coordinated utilization of U.S. government, commercial industry and friendly foreign government research and development facilities in the furtherance of U.S. national policy and security.

4-4. Joint Chiefs of Staff

a. As the principal military advisors to the Secretary of Defense and the President, the Joint Chiefs of Staff have a direct interest and influence in international logistics. The Joint Chiefs of Staff exercise strategic and operational direction of the unified commands and, as such, are responsible for the preparation of strategic plans for direction of the military forces. Joint logistic plans are prepared by the Joint Staff of the Joint Chiefs of Staff and logistic responsibilities are assigned to the military departments in accordance with approved plans.

b. Because of the mutual security implica-

tions in the command and operations of the unified commands, the Joint Chiefs of Staff exercise an active role in International Logistics Programs. For specific countries and geographic areas, the Joint Chiefs of Staff recommend military objectives, force objectives, conditions of readiness and logistic support priorities. The Joint Chiefs of Staff are charged with responsibility for continuous review to assure that International Logistics Programs are in consonance with global security plans and that military assistance resources are employed most effectively in promoting strategic concepts. The office of the Joint Chiefs of Staff serves in the vital role of providing, to the Secretary of Defense and the President, international logistics information, advice and recommendations based on the accumulation and evaluation of worldwide logistics data. The functions of the Joint Staff include assistance in the development and coordination of the policies, directives, memoranda of understanding and supporting documents relative to the planning, conduct and implementation of Procedural Arrangements.

4-5. Defense Supply Agency

a. The Defense Supply Agency is under the direction, authority and control of the Secretary of Defense. The agency is responsible for providing support of common supplies and services to the military departments and other Department of Defense components. Selected Federal Supply Classification Groups and Classes are assigned to the Defense Supply Agency for integrated materiel management. The commodity areas for which the DSA has logistic responsibility include petroleum, construction, clothing, textiles, electronics, industrial and general supplies. The military departments and other Department of Defense components place their requirements for items within these commodity areas directly on Defense Supply Centers of the Defense Supply Agency. The Defense Supply Centers are organized to perform inventory management of all items within an assigned commodity area. All supply management functions such as requisition processing, inventory accountability, financial accounting, reporting, billing and collecting are performed at these

centers. The Defense Supply Agency has "wholesale" logistical and financial responsibilities for approximately 1.4 million line items valued at approximately \$2.0 billion.

b. Although the Defense Supply Agency performs complete and integrated materiel management of items in the assigned groups and classes of supply, such assignment does not relieve the military service of all logistic functions. Conversely, the requirements for extensive operating relationships between the using service and the supplying agency are accentuated. In the support of International Logistics Programs, the military departments act as the respective Continental United States (CONUS) agent for those common items of supply managed by the Defense Supply Agency. Thus, in the planning and execution of support of these programs, the U.S. Army activities involved in support of Army materiel provide the necessary funding, fund allocation and financial inventory accounting to permit support or procurement by the Defense Supply Agency.

4-6. Role of the Defense Logistics Services Center

a. In addition to its inventory management functions the Defense Supply Agency also administers and supervises the Defense Surplus Personal Property Disposal Program, the Federal Catalog Program and the Defense Materiel Utilization Program. These programs are conducted by the Defense Logistics Services Center which is a major field activity of the Defense Supply Agency.

b. The foreign assistance legislation provides for the return to the United States of defense articles originally furnished under the Military Assistance Grant Aid Program, when such articles are no longer needed for the purposes for which they were furnished. These articles become eligible for redistribution and utilization by other countries or by U.S. forces. Disposition of these excesses is usually accomplished within military department channels in coordination with the Military Assistance Advisory Group (MAAG) and the unified command.

c. In addition, any materiel deemed to be excess to the actual and foreseeable require-

ments of U.S. forces may become available for sale to friendly foreign countries as surplus. The Defense Logistics Services Center occupies an important role in the sale of such DOD excess personal property to eligible foreign governments, international organizations, and agencies of the U.S. Government including unified commands and MAAG's.

d. The Defense Logistics Services Center develops and recommends to DSA and to DOD

new or revised policies for the disposal of worldwide surplus and foreign excess U.S. personal property including its redistribution, transfer, sale, donation, abandonment and demilitarization as appropriate. Through the preparation and distribution of listings of excess personal property the Defense Logistics Services Center engages in price negotiation with potential buyers of DOD excess, and arranges for collection of payments and transfer of equipment.

CHAPTER 5

DEPARTMENT OF THE ARMY

Section I. HEADQUARTERS, DEPARTMENT OF THE ARMY

5-1. General

a. In matters of international logistics the Department of the Army, like the other military departments, participates in the development, negotiations and execution of agreements with foreign governments. In addition, each of the military departments provides the means and the act of execution of the International Logistics Programs. Army representatives work directly with representatives of the Assistant Secretary of Defense (Installations and Logistics), Assistant Secretary of Defense (International Security Affairs), and the Director of Defense Research and Engineering in the development of plans, policies and programs for International Logistics Programs.

b. In exercising its primary responsibilities for the management of the Military Assistance Grant Aid Program and for negotiations leading to sale of defense materiel and services, the ASD(ISA) relies heavily upon the support of the military departments. This support may consist of providing advice, recommendations and essential elements of supply information upon which international logistic plans and programs may be based. In essence, the military departments thus serve to supplement the efforts of the offices of the Assistant Secretaries of Defense, the Joint Chiefs of Staff and the unified commands. The military departments provide guidance and information for use in the planning and in the conduct of those International Logistic Program negotiations which will ultimately affect that military department. Each military department and the Defense Supply Agency act as the responsible source of technical data regarding price, source, avail-

ability and lead time of items of materiel which are the logistic responsibility of that department or agency.

c. The degree of direct participation of the military departments in the preparation of International Logistics Programs varies with the particular nature and circumstances of the program being developed. The development of representative programs is discussed in subsequent chapters of this manual. In substance, program development requires the joint coordination of the Offices of the Assistant Secretaries of Defense, the Office of the Joint Chiefs of Staff, the unified commands and the military departments. Subsequent to the acts of program preparation and approval, the military departments perform as the prime executors of the International Logistics Programs. Each is responsible for the necessary organization and the assignment of functions and responsibilities to assure attainment of these objectives requires an integration of international logistics considerations into the military departments' planning, programing and budgeting activities, as appropriate. It is only through this amalgamation of U.S. force requirements and requirements to support established International Logistics Programs that a realistic reflection of total needs to support U.S. military commitments can be achieved.

5-2. Office of the Secretary of the Army

a. The Secretary of the Army is responsible for the conduct of all affairs of the U.S. Army and is subject to the direction and control of the Secretary of Defense and of the President. In matters of international logistics, his primary responsibilities are to—

- (1) Foster and provide participation in

development of doctrine and concepts mutually advantageous to friendly foreign nations and to the Department of the Army and the United States;

- (2) Prosecute negotiations and develop implementing procedures relative to international logistics agreements; and,
- (3) Execute approved and funded international logistics programs under the policy guidance of the Secretary of Defense and the Joint Chiefs of Staff.

b. The three Assistant Secretaries of the Army are an integral part of the Office of the Secretary of the Army. With somewhat comparable roles to those of their counterparts in the Office of the Secretary of Defense, each of the Assistant Secretaries of the Army for Installations and Logistics, Financial Management and Research and Development has distinct interests and responsibilities for the conduct of international logistics operations within the Army:

- (1) Exclusive of the financial management aspects the Assistant Secretary of the Army (Installations and Logistics) acts for the Secretary of the Army in all matters pertaining to materiel management. Thus the Assistant Secretary of the Army (I&L) is responsible for monitoring and directing requirements determination, procurement, production, distribution, maintenance and disposal of materiel as these functions pertain to the support of U.S. forces and to the support of International Logistics Programs.

- (2) The Assistant Secretary of the Army (Financial Management) directs and supervises all financial management activities within the Army. Included are responsibilities for budgeting and funding; development and evaluation of programing systems and accounting systems; auditing; and, statistical reporting. Each of the International Logistics Programs has within its basis for existence an important contribution to national security and also

has provisions, as appropriate, for budgeting, funding, obligation of funds, expenditure and reimbursement. The Assistant Secretary of the Army (Financial Management) directs and supervises the Office of the Comptroller of the Army at the general staff level.

- (3) The Assistant Secretary of the Army (Research and Development) acts for the Secretary of the Army in the areas of research, development, test and evaluation (RDT&E). The responsibilities of this office extend to basic and applied research and include the preparation of budget and funding programs to pursue research, development, test and evaluation conducted by U.S. Army activities. The responsibilities also include RDT&E actions conducted for the U.S. Army under the provisions of cooperative logistics agreements with friendly foreign nations.

c. The Office of the Secretary of the Army, through the media of the three Assistant Secretaries provides to the Army the primary direction and emphasis necessary to execute the policies of the Department of Defense and national policies in international logistics matters. The Secretary of the Army has the ultimate responsibility in the Army for the review of the programs to determine their adherence to established policies and their relative contribution to national security objectives.

5-3. Army General Staff Offices

a. Under direction of the Chief of Staff the Army General Staff renders advice and assistance to the Secretary of the Army, the Under Secretary and to the Assistant Secretaries in developing and providing broad basic policies, plans, and programs for the guidance of the Department of the Army. The Army General Staff also assists the Secretary of the Army in the preparation and issuance of directives and programs to implement such plans and policies. As a natural follow-on action, the General Staff supervises the implementation and execution

of these directives and programs. The responsibilities of the respective offices of the General Staff in matters of international logistics are comparable to their staff responsibilities of planning, coordinating and supervising all Army activities in support of U.S. forces.

b. The Deputy Chief of Staff for Logistics (DCSLOG) exercises overall staff supervision in directing and coordinating Army participation in the logistics aspects of international logistics programs. Within the Office of the Deputy Chief of Staff for Logistics, the Director of International Logistics has the specific mission of providing, for the DCSLOG, Department of Army, guidance and assistance relative to the planning and execution of international logistic programs. Included in this mission is the development, coordination and promulgation of logistic plans, policies and programs for international logistic affairs within the Department of Army. Also included is the responsibility for providing assistance to representatives of the Department of Defense, the Joint Chiefs of Staff, unified commands and the Military Assistance Advisory Groups in development, implementation and execution of international logistic programs.

c. The Office of the Director for International Logistics, ODCSLOG, is composed of the Office of the Director and three divisions as follows: Military Assistance Grant Aid Division; Military Sales Division; and Cooperative Logistics Division.

- (1) The Military Assistance Grant Aid Division, exercises for the DCSLOG, general staff supervision over the execution of the grant aid program. The division works directly with other agencies of the Army staff, the U.S. Army Materiel Command, the Joint Chiefs of Staff and other components at the Department of Defense level including the unified commands and the MAAGs in the planning, coordination, preparation, and execution of current and future grant aid programs.
- (2) Military Sales Division exercises for the DCSLOG general staff supervision over the execution of military sales

made directly to friendly foreign nations. In consonance with the basic policies of the Department of Defense to promote the sale of Army materiel, this division furnishes guidance to implement and achieve within the Army, the objectives of the sales program. In addition, this division supports the Offices of the Assistant Secretaries of Defense by providing Army representation in negotiations leading to the sale of U.S. equipment. As appropriate, representatives of this division conduct negotiations directly with representatives of foreign governments in the promotion of military sales activities.

- (3) The Cooperative Logistics Division provides for the DCSLOG the means of extending and expanding cooperative logistics support arrangements and maintenance support arrangements within the complex of free world nations. This division is responsible for providing assistance to other components of the Department of Defense in negotiations leading to cooperative arrangements and for participating as appropriate in such negotiations.

d. The Chief of Research and Development, under the functional supervision of the Assistant Secretary of the Army (Research and Development), has Army General staff responsibility for research and development activities in the Army. The functions of research, development, test and evaluation by Army activities are of direct interest to all members of the Army General Staff. Progress in these areas reflects the technological state-of-the-art and consequently affects all aspects of Army logistics and strategies. Similarly, developments resulting from such international logistics programs as the Mutual Weapons Development Program, Cooperative Research and Development Agreements, Standardization Programs, and the United States/Canadian Defense Development Sharing Program may have vital impact upon plans for equipping, deploying, and supporting of U.S. Forces. The Army's

Chief of Research and Development provides the point of contact for negotiating arrangements pertaining to research and development, exchange of research and development information and all program development activities associated with research and development within the Army.

e. The Assistant Chief of Staff for Force Development has Army General Staff responsibility for the development of Active Army force development plans and detailed Army force structures. The responsibilities of this office extend from existing force plans and structures to mobilization and demobilization planning. The allocation of personnel spaces and materiel resources in the implementation of force development plans within approved United States requirements directly affect international logistics operations. Participants in the Foreign Military Sales Program and approved Supply Support Arrangements could conceivably find themselves competing with U.S. forces for those materiel resources which at a given point in time are in short supply. The Assistant Chief of Staff for Force Development provides the point of contact at General Staff level to assist in determining requirements which friendly foreign countries may have for U.S. military weapons and weapons systems. Thus, this office establishes the system of priorities for procurement, overhaul and issue of selected items to U.S. forces and in consideration of foreign nations requirements for these items, advises the Army staff on the impact of international logistics programs on U.S. Army programs. In addition, the Office, Assistant Chief of Staff for Force Development has primary staff responsibility for the overall international military standardization program in the Department of the Army.

f. The Deputy Chief of Staff for Military Operations has general staff responsibility for the development of requirements for and the utilization of Army forces. Considering the mutual security aspects of force utilization, the Assistant Chief of Staff for Military Operations is responsible for development of the Department of Army positions on military assistance policy and planning as they affect U.S. strategy and national policy; and, the need for

and the utilization of U.S. Army forces. The Division of Foreign Military Training, which is a subordinate office of the Deputy Chief of Staff for Military Operations, is responsible for the development of policies and procedures relative to training assistance furnished to both Military Assistance Grant Aid and Foreign Military Sales countries. This office also develops training cost and availability data for use in development of the Military Assistance Program, reviews proposed programs and monitors training provided foreign nationals in support of military assistance.

g. The Comptroller of the Army under the direction and supervision of the Assistant Secretary of the Army (Financial Management) has Army general staff responsibility for all financial management matters within the Army. He is responsible to the Army Chief of Staff. The Comptroller of the Army exercises general staff supervision over the Chief of Finance and the Chief, United States Army Audit Agency. The Comptroller of the Army has programs including budgeting, funding, accounting, management analysis and reporting. To meet these responsibilities, the Comptroller of the Army establishes the plans, policies and procedures to enable the Army to accomplish these financial management responsibilities for international logistics activities. Within the Office of the Comptroller of the Army, there is an Assistant Comptroller, Foreign Financial Affairs. He advises the Comptroller of the Army on matters pertaining to foreign and related financial affairs (excluding civil affairs) affecting Department of the Army activities in overseas areas. He also represents the comptroller and the Department of the Army in transactions with other military departments, Office of the Secretary of Defense, other government agencies and foreign governments on international matters affecting Department of the Army. The Assistant Comptroller for Foreign Financial Affairs serves as the focal point, within the Office of the Comptroller, for all international logistic matters affecting the Army and is responsible for coordinating and promulgating related financial actions. With specific reference to support of the Military Assistance Grant Aid

Programs the Office, Director of the Army Budget prepares budget directives, and it also reviews, revises and defends budget estimates and operating budgets prepared by Army elements for presentation to higher authorities of the Army and the Office of the Secretary of Defense. Subsequently, the Director of the Army Budget is responsible for the adminis-

tration of all Military Assistance Grant Aid Program funds that are transferred and allocated to Department of the Army. The Director of Accounting prepares and promulgates Army Regulations for the fiscal reporting and accounting relative to Grant Aid funds and Foreign Military Sales.

Section II. ARMY MATERIEL COMMAND

5-4. General.

a. The mission of the U.S. Army Materiel Command is to develop and provide materiel and related services to the Army, to Army elements of unified and specified commands and to other United States Forces and friendly foreign nations as directed. As a major field command of the Department of the Army, the Army Materiel Command performs a variety of materiel and service functions within the Army wholesale logistics complex. These functions include research and development; maintenance, production and product engineering; testing and evaluation; procurement and production; integrated materiel inventory management; new equipment training; technical intelligence; receipt, storage and distribution; and, demilitarization and disposal. In addition, the U.S. Army Materiel Command provides the allied technical and professional guidance and assistance to support these materiel and service functions. The responsibilities of the Commanding General, U.S. Army Materiel Command, in the support of International Logistics Programs are comparable to those wholesale logistics support responsibilities for U.S. force structures. These responsibilities extend through all types of international logistics and civic action programs and include all types of Army materiel and services with the exception of cooperative logistic support arrangements for medical supplies and services. The Army Materiel Command is the Army's prime executive agency for achieving the international logistics objectives and for fulfilling the specific logistics requirements established by Headquarters, Department of the Army and Offices of the Secretary of Defense.

b. The staff relationships of the U.S. Army Materiel Command with higher and collateral echelons in matters of international logistics are designed to facilitate the U.S. Army role in preparation and implementation of approved programs. The Commanding General, USAMC, is furnished guidance and direction in international logistics through the formal media of regulations and authorities; policy, planning and programing documents; approved programs; and resource allocations. Supplementing these formal devices for program development and management, continual and informal rapport is maintained between the staff offices of Headquarters, USAMC, and Headquarters Department of the Army and the major commands. Additionally, in matters involving procurement policy and contracting which are within the responsibility of the Assistant Secretary of the Army (Installations and Logistics), the CG, USAMC, is under the direct supervision of and is authorized to communicate directly with that Assistant Secretary. Figure 5-1 illustrates the USAMC command and staff relationships.

5-5. Directorate of International Logistics

a. The implementation and execution of international logistics programs within the Army Materiel Command requires an organizational structure in the Headquarters to assure effective rapport with Department of Army and Department of Defense level activities; staff elements and commodity commands of the Army Materiel Command; Army elements of the unified commands; and, foreign nations and international organizations participating in international logistics programs. The Directorate

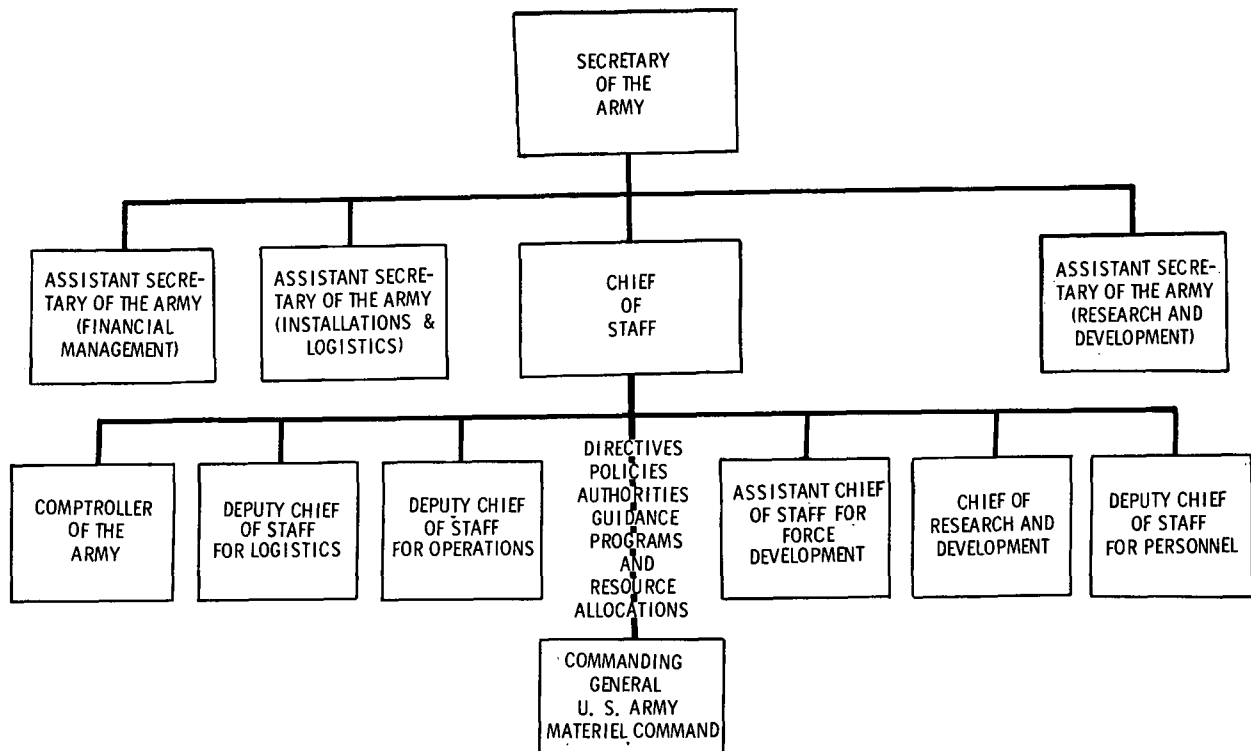


Figure 5-1. Command and Staff relationships of the U.S. Army Materiel Command.

of International Logistics serves as the focal point within the Army Materiel Command for all international logistics matters.

b. The Director of International Logistics, USAMC, has responsibility for planning, directing and supervising the accomplishment of International Logistics Programs. He establishes the Army Materiel Command's goals in connection with the implementation of International Logistics Programs; supervises and directs activities for the achievement of these goals and provides guidance to Army activities worldwide which are engaged in pursuit of these goals. He has primary responsibility for development, staffing, and dissemination of guidance and procedural instructions applicable to the execution of these programs. Working in close conjunction with elements of Headquarters, Department of the Army, and Officers of the Assistant Secretaries of Defense, the Di-

rector is responsible for providing data, information and advice in the preparation of programs and budgets for international logistics. Representatives of the Directorate participate in the conduct of negotiations pursuant to providing Army materiel and services through any of the International Logistics Programs.

c. The Office of the Directorate of International Logistics is organized as illustrated on figure 5-2. The functions of the respective offices are as follows:

- (1) *M113 Coproduction Project Office.* The functions of this office are directed primarily toward assuring the orderly completion of the production of the Armored Personnel Carrier, M113, in Italy. This office also has the mission of controlling other USAMC Coproduction projects in the development stages and monitoring the execution

of all approved coproduction projects to assure government objectives are achieved.

- (2) *Cooperative Logistics Office.* This office has the mission of directing and coordinating USAMC participation in the development and execution of supply support arrangements with eligible friendly countries. Representatives of this office assist offices of the Assistant Secretary of Defense (International Security Affairs) and representatives at Department of the Army by participating in development of government to government and service to service arrangements.
- (3) *Plans and Procedures Office.* This office develops, coordinates and assists in the development of plans, management techniques, regulatory directives and systematized presentation of management data relative to the improvement of the USAMC portions of the International Logistics Programs. In addition, the Chief of this office is assigned responsibilities for monitoring of major management projects for the Director of International Logistics.
- (4) *International Development Division.* The mission of this division includes responsibilities for the direction and coordination of the U.S. Army Materiel Command's role in all international research, development and standardization programs. The requirements for achieving an effective relationship between international logistics programs and the requirements for export controls are fulfilled in this office. The Strategic Trade and Export Control Coordinator performs as the initial point of contact for U.S. and foreign firms and foreign governments relative to established criteria and procedures for the export of technical data, hardware, patent applications and license agreements.

In addition, there is a Data Exchange Branch and a Standardization Branch which accomplish, for USAMC, the development and coordination of actions within the various programs in these respective areas.

- (5) *Grant Aid Division.* This division provides the staff supervision and direction for the accomplishment of the USAMC responsibilities of the Military Assistance Grant Aid and Civilian Aid Programs. Representatives of this division provide the day-to-day contacts with appropriate offices of the Assistant Secretary of Defense, Department of Army, the Unified Commands, Military Assistance Advisory Groups and representatives of foreign governments and international organizations in the planning, development and management of the Grant Aid Program. As the primary USAMC staff office for execution of this program, the Grant Aid Division provides guidance to USAMC directorates and offices, USAMC field agencies and the National Inventory Control Points. In addition, the division maintains continuous surveillance over the effectiveness and timeliness of performance under the Grant Aid Program and controls the execution of the program to assure accomplishment of Grant Aid Program objectives. This control extends to expediting execution of the program by coordinating the assignment of necessary priorities and release of materiel from reserve accounts as required.
- (6) *Military Sales Division.* The Military Sales Division serves as the USAMC point of contact with Department of Defense, Department of Army, unified commands, Military Assistance Groups and representatives of foreign governments and international organizations for the Foreign Military Sales Program. As the primary recipient office of requests from foreign governments for price and availability

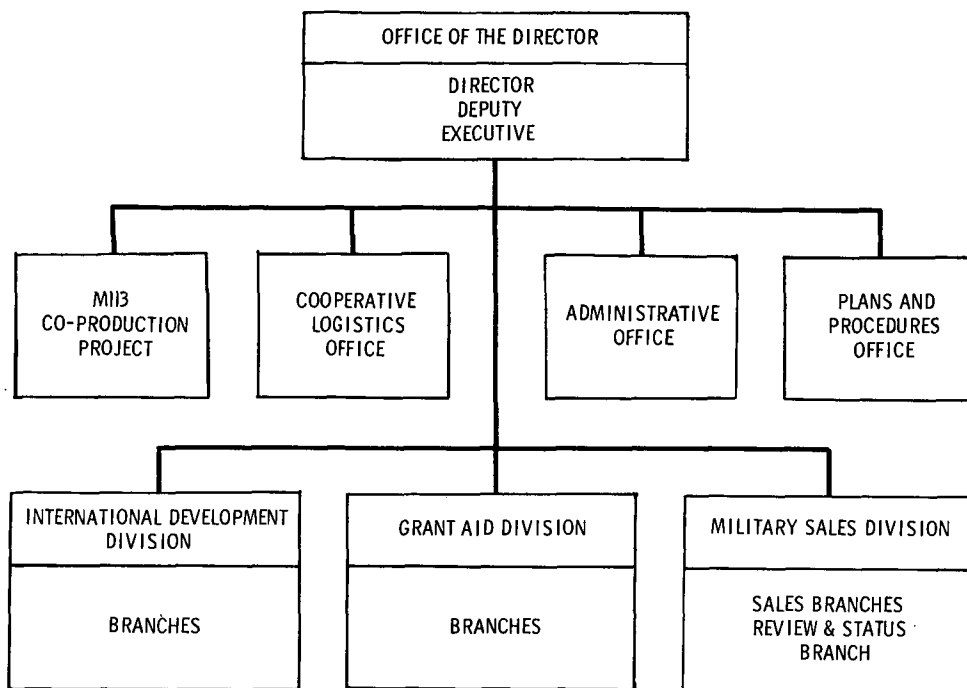


Figure 5-2. Directorate of International Logistics, USAMC.

information regarding sale of Army materiel, representatives of this division assure the necessary coordination of timely responses and monitor the status and progress in the execution process. The Review and Status Branch of this division accomplishes the overall staff supervision of the USAMC implementation of the Foreign Military Sales Program objectives as established by higher authority. In addition, this branch designs and accomplishes the reporting processes relative to the conduct of military sales activities within the command.

5-6. The International Logistics Center

a. The International Logistics Center (ILC) is located at New Cumberland Army Depot. The center is a field activity under the operational control of the Director of International Logistics, U.S. Army Materiel Command (USAMC). It is the central activity within the Continental

United States (CONUS) for all operational matters regarding the implementation and execution of International Logistics Programs by the USAMC. The functions of the International Logistics Center include—

- (1) Receipt and processing of all requisitions for International Logistics Program participants with the exception of those friendly foreign nations participating in supply support arrangements and receiving support direct from U.S. force facilities in the overseas areas;
- (2) Maintenance of requisition status files and monitorship of supply response to requisitions submitted for Military Assistance Grant Aid, Foreign Military Sales and Supply Support Arrangement requirements;
- (3) Exercise of program fund control over follow-on repair parts and concurrent repair parts requested by grant aid recipients; and,

- (4) Development and continuance of liaison with higher headquarters, the Unified Commands, the Army Component Commands overseas, Military Assistance Advisory Groups and representatives of foreign governments and CONUS supply agencies for purposes of effecting timely support to the International Logistics Program customer.

b. The International Logistics Center (ILC) provides the vital organizational and functional link between the International Logistics Program recipient and the wholesale logistics complex of the USAMC. The efforts of the ILC assures the required measure of control for all requisitions prepared in support of the international logistics customer. The dominant role of the center in the preparation and submission of requisitions to the CONUS supply agencies facilitates the integration of the respective International Logistics Program requirements with those of U.S. forces. Thus, through this activity the execution of the programs for the support of friendly foreign forces is centrally monitored and the necessary elements of supply and financial data may be accumulated and prepared for analysis and review by the responsible division of the USAMC Directorates for International Logistics, the Headquarters Department of the Army and the Offices of the Assistant Secretary of Defense.

5-7. Commodity Commands and National Inventory Control Points.

a. The Commodity Commands are major subordinate commands of USAMC. Each of the five commodity commands has responsibilities for the conduct and management of basic and applied research with respect to assigned materiel. This research activity is the beginning of the integrated commodity commands. Also included in the scope of commodity commands are—

- (1) Design and development.
- (2) Product, production and maintenance engineering.

- (3) Procurement, production and industrial mobilization planning.
- (4) Cataloging and standardization.
- (5) Wholesale inventory management, stock control and supply control.
- (6) New equipment training, development of related military occupational specialty information, design of pertinent training devices, and technical assistance to users.

b. To fulfill the Commodity Command's responsibilities for the integrated management of assigned materiel, a system of National Inventory Control Points (NICP) is employed. Some of the commodity commands manage all assigned materiel through a single NICP organization. Other commodity commands require several NICP's to manage the variety of materiel within the commodity area. As an example, the Mobility Command supervises three NICP's. Each of the NICP's manages its inventories on a "centralized accounting" system. Both financial and quantity accounting is accomplished at the NICP level and, these records represent the national availability record for the particular item involved. The Army depot role may thus be recognized as being limited to receipt, storage, maintenance and issue of supplies.

c. Within each of the commodity commands there is an organization charged with specific international logistics responsibilities. The particular staffing and organizational placement of the International Logistics "Office" is determined by the respective commodity command. However, the basic mission of these offices is relatively uniform. They must plan, administer and coordinate international logistic activities within the respective commodity command or National Inventory Control Point.

5-8 Role of Other U.S. Army Materiel Command Staff Offices in Support of International Logistics Programs.

Though the Director of the International Logistics Directorate is responsible for planning, directing and supervising the accomplishment of these programs, successful program execution is dependent upon the combined efforts of

the total staff and the major subordinate commands. In many instances, phases of the international logistics execution process are completely integrated with the execution of programs in support of U.S. force structure. In other instances certain of the staff actions are clearly relatable to international logistics support. The following staff officials of Headquarters USAMC perform functions in support of the U.S. troops and International Logistics Programs:

a. Director of Operational Readiness Office. This office performs as the USAMC Materiel Readiness Office. It is responsible for the coordination and evaluation of matters affecting AMC support of field forces of the United States and the forces of friendly foreign countries. It maintains cognizance of the requirements of these forces and of the requirements in support of the USAMC complex. The Director of the Operational Readiness Office is responsible for the development of contingency, emergency and mobilization plans. In addition, he maintains compatibility between USAMC program objectives and Department of the Army war planning objectives. The Director is further responsible for supervision of USAMC customer assistance and customer liaison activities.

b. Director of Quality Assurance. Develops and promulgates USAMC policies concerning total quality assurance to achieve an integrated control and assessment of product quality. The quality assurance system includes the functions of metrology, calibration, reliability, product testing, quality control and product inspection. This office monitors the systems for receipt of information relative to the reporting and correction of unsatisfactory equipment and improper shipments.

c. Comptroller and Director of Programs. Responsible for the integration and management of budgeting, programing and funding within USAMC.

d. Director of Research and Development. Under the overall technical guidance and monitorship of the Chief of Research and Development, Department of the Army and the Assistant Secretary of the Army (Research and Development) the Director of R&D manages and

controls execution of the research, development, test and evaluation (RDT&E) program as conducted within the USAMC. As a part of his responsibilities, he directs the USAMC Technical Committee and provides staff supervision over all those USAMC activities pertaining to type classifications.

e. Director of Procurement and Production. Employing the procurement policy and contracting guidance provided USAMC by the Assistant Secretary of the Army (Installations and Logistics) and higher authority, this director develops, issues and supervises procurement policies and procedures and is responsible for directing the command's procurement and production activities. He exercises operational control over the USAMC procurement agencies and detachments and the U.S. Army Production Equipment Agency.

f. Director of Major Items. The Director of Major Items is responsible for assuring proper priority application of available resources to achieve overall balance and the best possible major item readiness posture of the Army. To accomplish this, he is made responsible for the direction and coordination of all activities pertaining to requirements determination, procurement direction, distribution management, rebuild direction and disposal direction of all major items of materiel within the USAMC scope of responsibility. The Director of Major Items plans, formulates and supervises the execution of the USAMC major item program which incorporates recognized requirements for support of International Logistics Programs. These are included as an integral part of the major item program. In addition, this office serves as a coordinating and contributing staff office for the program and budget management of major items to be provided to international logistics customers through issues from existing stocks, depot maintenance or new procurement.

g. Director of Personnel and Training. Directs the military and civilian personnel and training program for USAMC. This director is responsible for the direction and control of the USAMC training programs employed in support of the Army wholesale logistics sys-

tem. Under the Department of Army policy guidance provided by the Office of Foreign Military training, Office of the Deputy Chief of Staff for Military Operations, the Director of Personnel and Training exercises staff supervision over the USAMC portion of the training of military and civilian representatives of friendly foreign nations in matters pertaining to the wholesale logistics functions. Such training may be conducted as part of the Military Assistance Grant Aid Program or it may be conducted on a reimbursable or partially reimbursable basis.

h. Director of Supply. The mission of this director is to direct and control USAMC integrated materiel inventory management operations for secondary items and repair parts; provide budget support for PEMA program repair parts; direct and control USAMC cataloging, stock control, requisition processing, storage, packaging, distribution, stock movements and related logistics support activities in support of U.S. Army, international logistics, and other services as required.

i. Director of Maintenance. Directs and controls USAMC materiel maintenance activities

to include supervision of maintenance readiness programs; supervision of all USAMC maintenance readiness programs; supervision of all USAMC maintenance engineering and equipment manual activities; and, staff supervision of the USAMC depot maintenance functions. In addition, the policies, criteria and procedures for providing technical assistance to U.S. forces and to international logistics customers are developed within this directorate.

j. Director of Transportation. Serves as the principal staff officers for planning and executing the transportation portion of the USAMC mission. This directorate provides transportability and transportation engineering guidance to engineering, development, procurement and supply elements of the command; provides advice and assistance on unitization, containerization, and transportation safety; and provides transportation input to emergency, contingency, and mobilization plans and special projects.

k. Chief, Security Office. Directs the security program for USAMC. This office is responsible for establishing security policy and procedures, under the Department of Army Disclosure Policy, for the release of classified information to foreign governments.

CHAPTER 6

UNIFIED COMMANDS, COMPONENT COMMANDS AND MILITARY ASSISTANCE ADVISORY GROUPS (MAAG's)

Section I. UNIFIED COMMANDS

6-1. General

a. A unified command is composed of two or more service component commands and the commander of the unified command is responsible for the coordination of all U.S. military functions in the designated area. He exercises operational command authority over assigned forces through the component force commanders and the component force commands which they may be authorized to form. The commanders of the unified commands are responsible to the President, through the Secretary of Defense, for the accomplishment of their respective missions and they operate under the strategic and operational direction of the Joint Chiefs of Staff. These commanders are vitally concerned with the planning, programing, review and control of International Logistics Programs.

b. Presently, four unified commands have responsibilities in the field of international logistics. These commands are identified in figure 6-1. Also shown in this figure is the respective military department having responsibility for administrative and logistical support of the unified command headquarters and the geographic area for which the command has responsibility. The commanders of these unified commands and, under their direction, the Military Assistance Advisory Groups in their respective areas prepare plans and programs which represent the beginnings of the Military Assistance Grant Aid Program. Based on policy, strategic planning data and procedural guidance furnished through the Joint Chiefs of Staff, the commander of the unified command

prepares and executes plans involving U.S. forces. His active role and interests in international logistics activities permits an integration of these plans with U.S. force capabilities plans. In addition, the unified command's role in the Grant Aid Program preparation permits an intermediate review and coordination of the Department of State and the Department of Defense efforts in programing assistance to a friendly foreign nation. This coordination is effected through the political advisor who is a representative of the Department of State and who is on duty with a unified command. Within the command, he is assigned normally to the personal staff of the unified command commander. He functions as a liaison officer between the State Department and the military commander. He provides information and advice to the entire staff on international affairs of particular concern to the command.

c. The commander of the unified command also has distinct interests and responsibilities in foreign Military Sales, Supply Support Arrangements and Maintenance Support Arrangements within his command. He is responsible for assessing the capabilities of friendly foreign countries within the area of the command, to determine the degree to which these countries may provide common materiel items, services and facilities to U.S. forces and to allied forces. In addition, representatives of the unified commands advise as to the desirability and timeliness of logistic support arrangements with foreign countries. Subsequently, they participate with Department of Defense representatives in development and implementation

TITLE	RESPONSIBLE MIL DEPT	GEOGRAPHIC AREA
U. S. EUROPEAN COMMAND	ARMY	CANADA, TURKEY AND THE COUNTRIES COMPRISING EUROPE AND NORTH AFRICA
U. S. PACIFIC COMMAND	NAVY	COUNTRIES OF THE FAR EAST, PACIFIC AND SOUTH EAST ASIA
U. S. SOUTHERN COMMAND	ARMY	COMPRISES ALL LATIN AMERICA AND THE ISLANDS OF THE WEST INDIES
U. S. STRIKE COMMAND-MIDDLE EAST, AFRICA, AND SOUTHERN ASIA	AIR FORCE	COMPRISES ALL THE COUNTRIES OF AFRICA, EXCEPT MOROCCO, TUNISIA, ALGERIA AND LIBYA, WHICH ARE THE RESPONSIBILITY OF CINCEUR; ALSO COMPRISES COUNTRIES OF THE MIDDLE EAST (EXCEPT TURKEY) AND SOUTHERN ASIA TO INCLUDE CEYLON, AFGHANISTAN, NEPAL, PAKISTAN AND INDIA

Figure 6-1. Unified Command responsibilities for International Logistics Programs.

of international logistics programs appropriate to the strategic plans of the command and the political and economic interests of the United States. On approval of the Joint Chiefs of Staff, the commanders of unified commands assign a numerical designator (force/activity designator) for use by friendly foreign countries in the submission of requisitions to the U.S. logistics system.

Throughout the execution phase of international logistics programs in their respective areas, the commanders of the unified commands monitor the tasks assigned to the service component commands in support of these programs. They assess continually, the capability of the United States and allied countries to carry out the cold, limited and general war plans related to approved mutual defense arrangements and other plans related to the security of the United States.

6-2. Representative Organizations for ILP's

a. The particular organizational structure

of a unified command is the responsibility of the commander and it is established in consideration of the specific tasks and objectives of the command. To perform a command's responsibilities in international logistics, the organizational structure may reflect a separate joint staff office. An example of this type organization is illustrated in figure 6-2. Normally, within this type of organization, the operational matters, such as the development of Military Assistance Program guidance and the review of programs prepared by Military Assistance Program countries of the command are conducted by representatives of the Military Assistance Office. Other international logistics matters such as preparation and implementation of logistic plans, development of Military Assistance Training Programs, and conduct of negotiations for Foreign Military Sales and Supply Support Arrangements, may be the responsibility of other Joint Staff offices of the

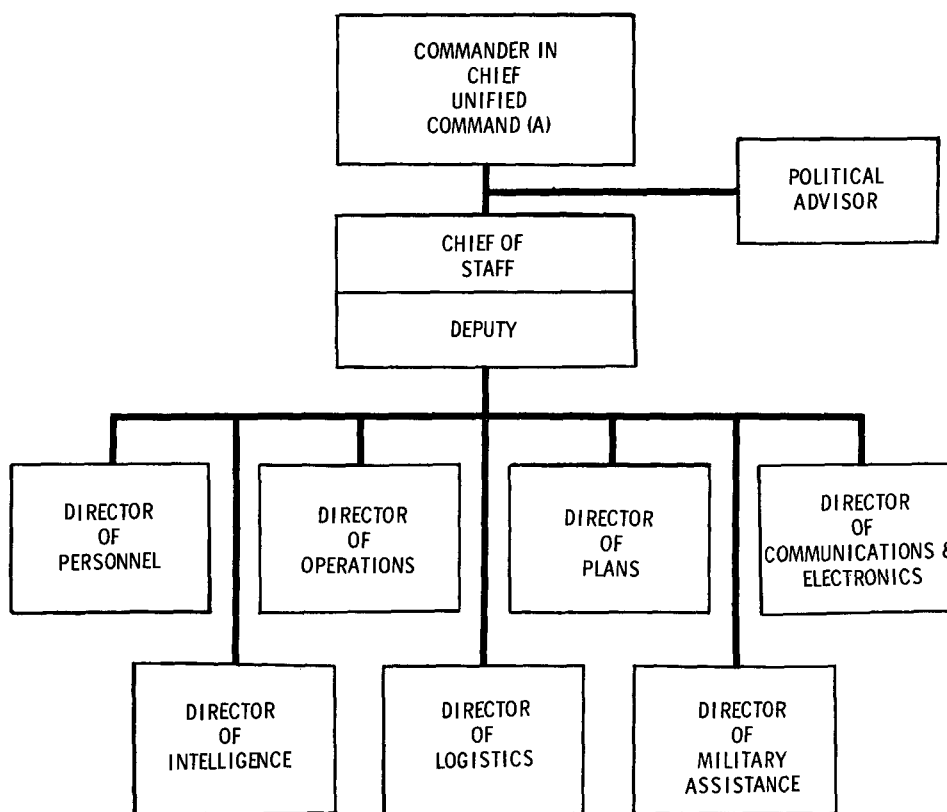


Figure 6-2. Representative Organizational Structure of Unified Command "A"

command and normally are processed in conjunction with related U.S. force activities.

b. Another representative organizational structure of a unified command is illustrated in figure 6-3. In this type organization, the Deputy Chief of Staff for Military Assistance, Logistics and Administration retains overall staff responsibility for these functions. All matters relative to international logistics activities thus become the responsibility of the appropriate Assistant Chief of Staff who has related responsibility for support of U.S. forces.

6-3. International Organizations

a. By 1958, the North Atlantic Treaty Organization (NATO) consisted of 15 countries. It soon became evident that effective supply and maintenance support for certain commonly held items of materiel, which were principally obtained under the Military Assistance Grant Aid Program, could best be provided through

a centralized and independent support facility. The NATO Maintenance Supply Services Agency (NMSSA) was thus formed to provide a central management organization which was to obtain on a consolidated basis the maintenance parts and services needed by the individual countries. NMSSA is a chartered organization and is governed by a board of directors consisting of representatives of each participating country. A representative of the U.S. European Command represents the United States. The board is responsible to the North Atlantic Council, and provides general policy directives governing the Agency. The NATO Supply Center (NSC) is the depot activity for the agency. In effecting its primary mission of maximizing the effectiveness of logistic support to the NATO armed forces, the NATO Maintenance Supply Services Agency performs a number of logistic functions:

- (1) *Supply Management.* Collection and analysis of repair part asset data and

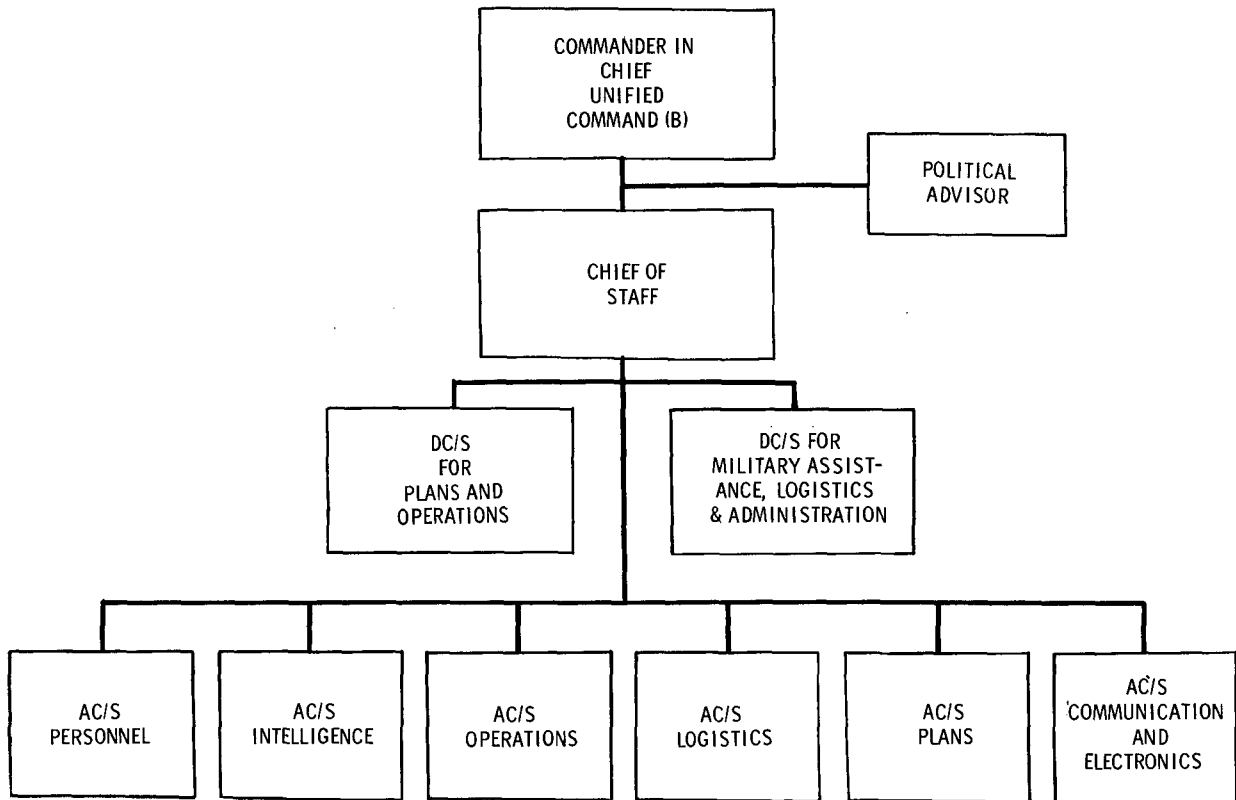


Figure 6-3. Representative Organizational Structure of Unified Command "B".

demand/consumption data; projection of future requirements; selection and management of those items that are so costly and so seldom required that individual national stocks are uneconomical; and redistribution of repair parts excess to a country's needs.

- (2) *Maintenance Management.* Projection of maintenance and overhaul requirements based on analysis of reparable materiel; and to establish joint maintenance and overhaul arrangements with participating government maintenance facilities or commercial contract facilities.
- (3) *Procurement.* Development of procurement and production sources as necessary to perform procurement of needed goods and services; and to promote the solution of foreign currency problems of the nations affected.
- (4) *Technical Assistance.* Arrange for

exchange of technical information among countries; and provide or arrange for logistics and technical training of country representatives as necessary.

b. The Agency employs a Management Fund System by which suitable surcharges are included in the prices of repair parts and services provided by the Agency to the "customer" countries. These surcharges are based upon the administrative and operating costs involved in providing the goods and services. In effect, NMSSA acts as a broker for the customer country and either provides for needed items and services or takes action to have them provided. Though NMSSA has provided support as described for a wide range of military equipment, the primary efforts of NMSSA now are devoted to support of selected missiles used by NATO countries and to overhaul of selected aircraft components.

Section II. COMPONENT COMMANDS OF THE UNIFIED COMMANDS

6-4. General

a. The unified commands are under the strategic and operational direction of the Secretary of Defense through the Joint Chiefs of Staff. In turn, the Commander of the Unified Command exercises operational command authority over the respective component commands of the unified command. However, in *other than* strategic and operational guidance, the chain of command runs from the President to the Secretary of Defense to the Secretary of the Military Department. Each military department is then responsible for maintaining forces for assignment to unified commands and is further responsible for the administrative and logistic support of these forces wherever they may be employed. Though the commander of the unified command does exercise directive authority in the field of logistics, normally the actual conduct of logistics support is accomplished through the component commands.

b. By virtue of the component commands' responsibilities in providing logistic support to their forces, the headquarters of the component command is the logical source of technical and supply intelligence for use by the unified command. In response to the specific objectives and policy and operational guidance provided by the unified command the commanders of the respective component commands participate in development and execution of programs for both U.S. forces and for friendly foreign nations in the area of the command. The information and data provided may pertain to equipment densities, plans for introduction of new equipment, redistribution of existing equipment and logistics support developments. Such information may be reflected in the planning and program guidance to the MAAG's for use in preparation of Military Assistance Grant Aid Programs. Similarly, representatives of the component commands work closely with the staff offices of the unified command in review of individual country Grant Aid Programs and throughout the execution phase of the program.

c. Representatives of the component com-

mands also participate actively in providing information, data and advice for use in conduct of negotiations leading to Foreign Military Sales, Supply Support Arrangements and Maintenance Support and Service Arrangements. The form of this participation may be that of a coordinated action with representatives of the unified command, Secretary of Defense, and Headquarters, Department of the Army or the form may be that of providing the necessary input of information to these representatives to assure a successful negotiation.

d. In the course of negotiations leading to Foreign Military Sales and Supply/Maintenance Support Arrangements, equipment demonstrations are often conducted for the benefit of representatives of friendly foreign nations. The respective component command commander normally is responsible for the budgeting and coordination of demonstrations employing materiel for which his military service has logistics responsibility. In addition, materiel and personnel used in conduct of the demonstrations are provided from within the component command.

e. Like the organization of the unified command, the organizational structure of a component command to perform its international logistic responsibilities depends on the particular nature and magnitude of these programs. The following paragraph discusses roles and organizations of representative U.S. Army component commands in fulfilling their respective ILP missions.

6-5. Representative Roles of the Component Commands in Support of International Logistics Programs

a. *U.S. Army, Europe (USAREUR)*. The tremendous economic recovery of western European countries has made possible extensive Foreign Military Sales and applications of Supply Support Arrangements. Certain of the European countries have engaged in Supply Support Arrangements with the United States and in some instances, this support is provided through the established U.S. Army logistics

system and facilities in Europe for support of U.S. troops. The advantages of such an arrangement are obvious. There are the advantages of improved support effectiveness and support at much lower costs than would be possible if the country were required to establish its own unilateral logistics system. SSA's with countries contiguous to the existing U.S. logistical pipeline can have a pronounced impact on the supporting command. The U.S. Army, Europe, serves as the primary source of supply for those items for which logistics support from Europe is specified in the Supply Support Arrangement. Thus the stock control and depot facilities of USAREUR represent the office of record for all support items requisitioned by the participating country and supplied to it. The maintenance of pertinent records and documentation relative to supply support furnished are the responsibility of the CINCUSAREUR. In addition, the preparation of reports of deliveries made and services performed and billings therefor are prepared for submission to Finance and Accounts Office, U.S. Army, for reimbursement of costs incurred. The demands on the resources of a major command required in directly sustaining Supply Support Arrangements may warrant additional authorizations and increased fund ceilings. USAREUR's significant volume of direct support to adjacent foreign nations has warranted such increases.

b. U.S. Army, Pacific (USARPAC). The outbreak of the Korean conflict in 1950 signaled the need for increased military assistance to the countries of Asia and the Pacific. To meet the rapidly expanding needs for materiel in these areas, an extensive program was instigated to recover available excess materiel. This consisted of an accumulation of equipment and supplies which had been declared excess at the end of World War II. This materiel required reconditioning and after this was completed many of the items were used in providing military assistance grant aid to countries in the PACOM area. In addition, through an extensive off-shore procurement program in Japan, the United States provided a series of tactical military transport vehicles as part of the expanded military assistance activity to countries in the PACOM area. The net effect of the utili-

zation of World War II excesses and the off-shore procurement program has been a concentration in the Pacific area of equipment which, by U.S. type classification categories, is less than standard issue. Another characteristic of the logistic support to friendly foreign countries in the Pacific area is the predominance of grant aid. Notwithstanding the remarkable economic development of some Pacific nations, the magnitude and significance of grant aid support has necessitated the establishment in U.S. Army, Pacific (USARPAC) of a separate facility for the inventory control of a broad range of selected Army equipment located in PACOM countries. This facility, the U.S. Army Logistical Center, Japan, has been designated as the inventory control point and the distribution depot for such materiel. The Commanding General, U.S. Army, Pacific, operating under the policy guidance of the Commander in Chief, Pacific Command is designated as the Department of the Army agent in the Pacific area for fulfilling the Army's responsibilities as they relate to the mission of the Logistical Center, Japan. Actual supervision of the U.S. Army Logistical Center, Japan, is the responsibility of the Commanding General, U.S. Army, Japan. This is one of the major commands of USARPAC and it is the headquarters which coordinates, reviews and submits to CINCUSARPAC, the annual program for the Logistical Center, Japan.

c. U.S. Army Forces Strike Command (USARSTRIKE). Unlike the Army component commands of U.S. Army Europe and U.S. Army Pacific, the U.S. Army Forces Strike Command, is not a separate command entirely to itself. As the ground component of the United States Strike Command, USARSTRIKE Forces are furnished by and remain an integral part of U.S. Continental Army Command (USCONARC). USARSTRIKE Forces consist of selected units of the total combat and support resources of USCONARC. These forces may be assembled, tailored and deployed for operation as a separate command or for reinforcement of overseas unified commands whenever needed. Thus, though an Army component command of a unified command, USARSTRIKE has no operational or staff responsibilities in day-to-day

international logistic affairs. The Commander of the Unified Command, Headquarters Strike Command, is also Commander in Chief, Middle East, Africa and Southern Asia (CINCOME-

AFSA). As such he remains as the primary administrator and executor of international logistics programs in his geographic areas of responsibility.

Section III. MILITARY ASSISTANCE ADVISORY GROUPS

6-6. General

a. The expression "Military Assistance Advisory Group (MAAG)" is used generally in this manual to mean whatever U.S. military agency in a particular country is responsible for Military Assistance Programs administration. Normally, this is a Military Assistance Advisory Group, per se; sometimes it may be a mission, a joint U.S. military advisory group, or a defense attaché. The designation of such military groups as Military Assistance Advisory Group, as compared with Joint U.S. Military Advisory Group (JUSMAG) or Joint U.S. Military Mission for Assistance (JUSMA) has no organizational significance. In earlier mutual defense legislation acts, the U.S. Military Aid organizations were designated as "joint" groups to signify multi-service (Army-Navy-Air Force) responsibilities. In some instances, the titles of these "joint" groups have not been changed.

b. Normally, there is a Military Assistance Advisory Group (MAAG) or a mission which performs the duties of the MAAG in every country for which there is a Military Assistance Program. The MAAG's are established upon request after an agreement between the host country and the United States has been signed. This bilateral agreement normally establishes the MAAG and provides the framework under which it will operate. This in-country agency, responsible not only through the unified command to the Department of Defense but also through the Chief of the U.S. Diplomatic Mission to the Secretary of State, is the base upon which the whole military assistance organizational super-structure is built.

c. The Chief of the MAAG is a member of the "United States Country Team." This is an informal title used to describe the in-country grouping of U.S. government agencies which

administer various assistance programs in a particular country. Thus, the "country team" refers, in general, to the cooperative effort of the various agencies concerned with the political, economic and military aspects of the assistance or cooperative logistics support programs. The highest ranking representative of the United States within the country is responsible for "team" coordination. Usually the head of the "team" is the Ambassador to the host country and as the representative of the President, the other members of the country team are subject to his authority. Thus, the MAAG channel of authority usually is from the MAGG Chief to the Ambassador. However, on purely routine military matters, channels from the MAAG to the commander of the unified command are used. Figure 6-4 depicts the relationships of respective agencies of the country team.

d. As the head of a "joint" or "unified" organization, the Chief of the MAAG is chosen from one of the services. The chiefs of the respective military service sections administer their respective portions of military assistance.

6-7. Roles and Organization

a. Depending upon the particular provisions of the bilateral agreement, the MAAG in a host country may perform field training functions, logistical functions or a combination of these. The traditional and primary functions of the Chiefs of the MAAG's are summarized as follows:

- (1) Represent the Department of Defense with the host government on military assistance matters;
- (2) Develop Military Assistance Plans in cooperation with the country team and submit plans and programs to the unified command concerned;
- (3) Make recommendations on military as-

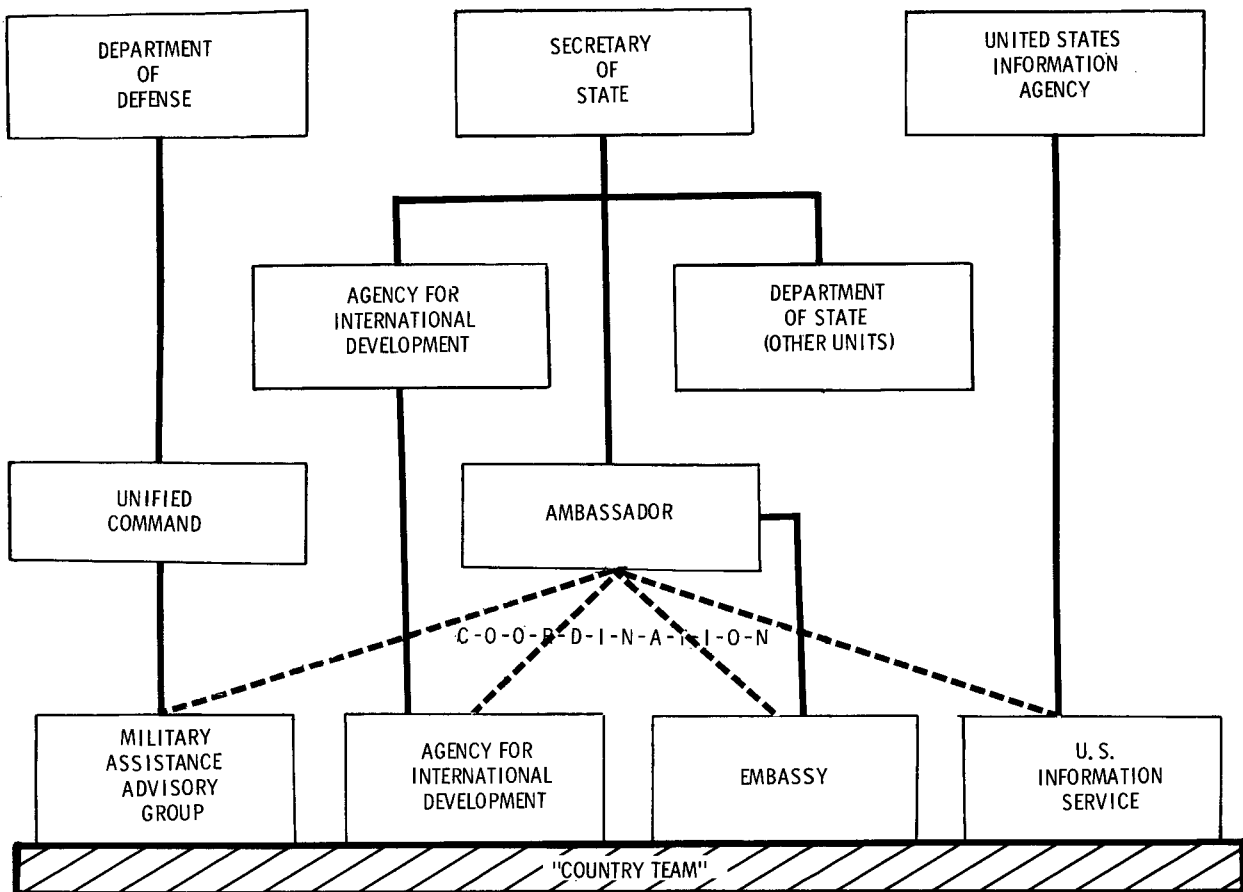


Figure 6-4. The Country Team Concept.

sistance to the commander of the unified command and observe and report on end use of equipment;

- (4) Provide advice, technical assistance and special program liaison to the host country; and
- (5) Arrange for the receipt and transfer of military assistance materiel and services to the host government.

b. With the economic recovery and phase-out of military assistance grant aid to many of the countries, the role of the MAAG has taken on new and even greater significance. By virtue of the relationship of mutual trust and confidence established in providing assistance under grant aid programs, the MAAG's are recognized as being in a particularly favorable position to assist these nations in effecting sound

procurements and logistic support arrangements. To promote an aggressive and effective role of the MAAG's in promoting such arrangements, direct communication is authorized between the U.S. Army service sections of the MAAG's, the Department of the Army and the USAMC, on technical and administrative matters. Specific international logistics responsibilities, as directed by the unified command, may be assigned to the Chiefs of the MAAG's. These responsibilities may include the following:

- (1) Provide advice on host country logistic resources that could be shared with United States or other allied country forces;
- (2) Provide information on available production capability for key weapons and items for possible use to meet

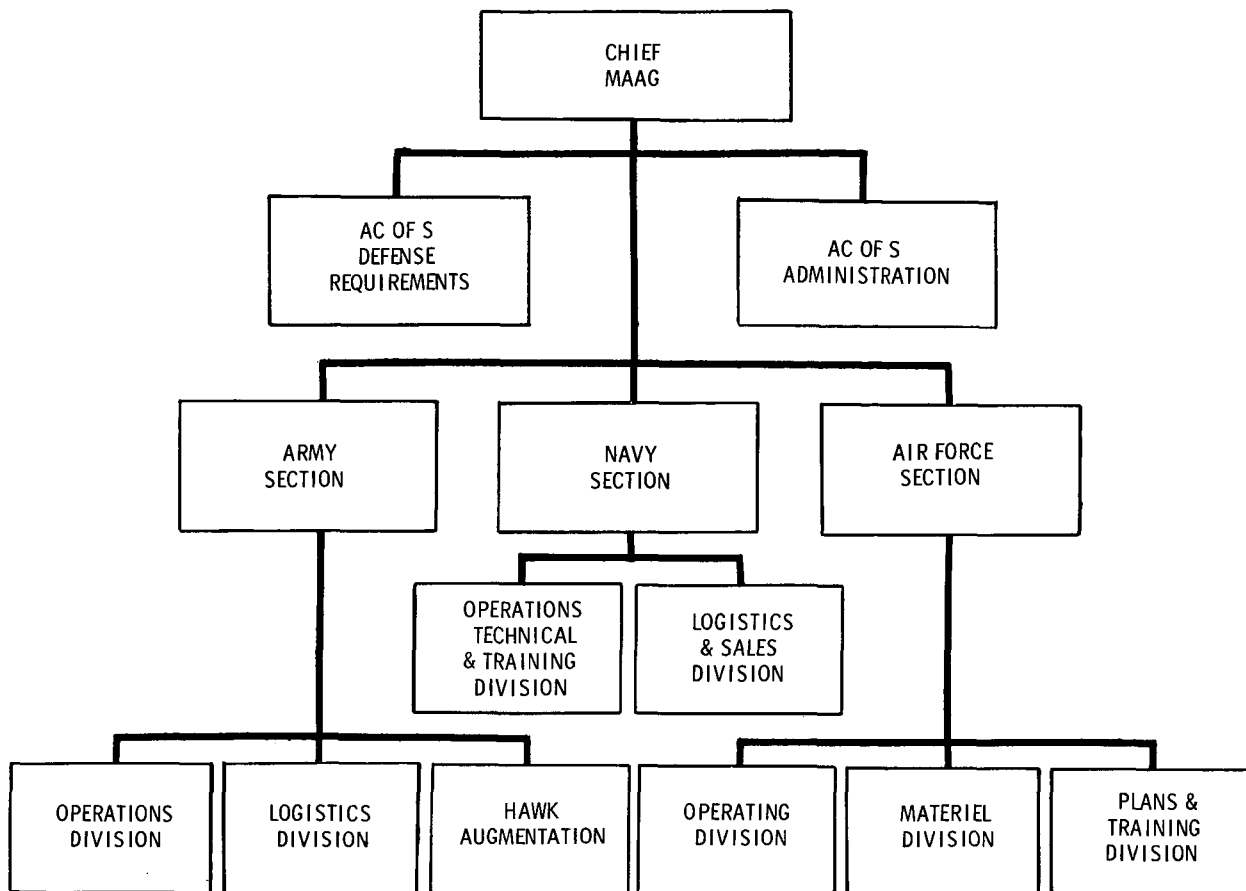


Figure 6-5. Organization of Headquarters, MAAG—X.

- needs of United States and other allies;
 - (3) Collect, correlate and report status of and requirements for selected key weapons systems, materiel and their support in the armed forces of the host country and the host country's plans for remedying shortages and deficiencies;
 - (4) Collect, correlate and report data on common materiel items and services that host country could provide to U.S. and allied forces, and conversely, that the United States could provide to the host country;
 - (5) Observe and report on the logistics readiness of host country forces and the measures and plans to improve logistic readiness of its forces;
 - (6) Encourage the development of country supported programs consistent with U.S. objectives;
 - (7) Provide the focal point within the country for cooperative logistic support arrangements as directed;
 - (8) In cooperation with other DOD components, seek ways to improve the efficiency and effectiveness of logistic functions through arrangements with foreign governments;
 - (9) Participate in implementation of international logistics arrangements; and
 - (10) Conduct negotiations on specific logistic and export sales matters.
- c. It is a basic policy of the United States that the expenses of administering and operating the Military Assistance Program will be

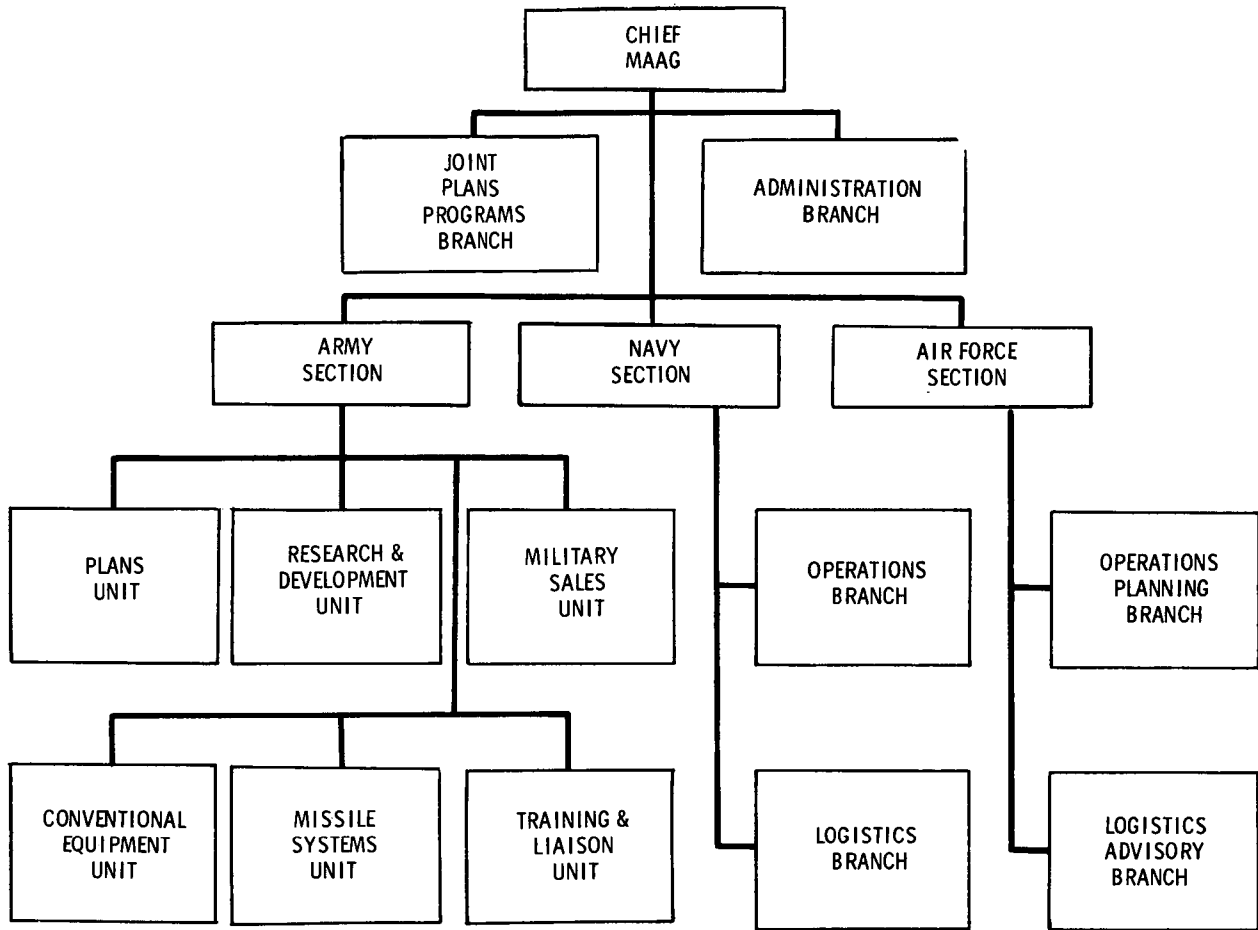


Figure 6-6. Organization of Headquarters, MAAG—Y.

financed to the maximum extent feasible by the country concerned. This financing may be accomplished through contributions of currencies or assistance-in-kind, such as buildings and facilities occupied by the MAAG's, utilities, supplies, equipment and transportation services. The obvious intent is to provide the MAAG services to the country on a reimbursable basis. The Chief of the MAAG, in coordination with other members of the country team, is responsible for a review of contributed currencies and assistance-in-kind to assure that efforts are being made to gain maximum contributions from host countries. Each MAAG and thence the unified command, develops budget estimates for its administrative and support requirements. The terms of reference, which provide a MAAG with the guidance governing their or-

ganization and operation in terms of mission, responsibilities and functions, are developed by the commander of the unified command. Proposed terms of reference and manpower requirements of MAAG's in their areas of control are submitted by the commanders of the unified commands to the Office of the Joint Chiefs of Staff.

d. The organizational structure of a MAAG usually will reflect a distinct section for each service component in the group. Other than this rather common characteristic, the organization varies considerably. It may be affected by the missions of the MAAG, its size, objectives and certainly, by the desires of the MAAG Chief. For comparative purposes, figures 6-5 and 6-6 are offered to depict the organizations of two sample MAAG's. The figures illustrate

the manner in which the various service sections may be tailored to meet the particular mission responsibilities. For example, figure 6-5 indicates that though the Navy Section has a major technical and training function, the Army Section does not have similar responsibilities of the same magnitude. Conversely, the support of the HAWK Missile System appears to be of sufficient significance that a separate

office in the Army Section is warranted. Figure 6-6 depicts the composition of the Army Section of a MAAG which has a broad scope of responsibilities in international logistics, including Cooperative Research and Development, Military Sales, Training and Liaison and separate organizational units for conventional equipment and for missile systems.

PART III

POLICIES FOR PROGRAM DEVELOPMENT AND PROGRAM EXECUTION

CHAPTER 7

CONCEPTS OF PROGRAM DEVELOPMENT AND EXECUTION

Section I. BACKGROUND OF PROGRAM DEVELOPMENT

7-1. General

a. The decision to provide military aid to a foreign country is made at the Presidential level. The expression of the degree of support and the method of providing that support is represented in the "program" for that country. In the case of Military Assistance Grant Aid, the country program is planned for a specified period of the future. It is rigidly controlled and the responsibilities for its plans, controls and execution are clearly defined. The objectives of this program are reviewed continuously and revised whenever necessary to conform to the ever-changing international environment. The basic "grant" nature of this program is such that Congress and the President have the constitutional obligation to assure that the program represents an economically sound and effective device for mutual security. Consequently, as evidenced in the preceding discussions of organizations, missions and functions, the administration, development and control of Military Assistance Grant Aid Programs is concentrated in the organizational chain extending from the MAAG, to the unified command, through the Office of the Joint Chiefs of Staff to the Offices of the Secretary of Defense. The military departments perform in supporting roles and as the prime executors of approved programs.

b. The existing Foreign Assistance legislation further holds the President responsible for the regular reduction and timely termination of

grants of military equipment and supplies to any country having sufficient economic wealth to support its own military establishment. As this economic position of a country develops, the opportunity for negotiating military sales and/or supply support arrangements must be explored. This transition from a grant program to a reimbursable program offers significant advantages to both the United States and the participating country. Though still a presidential determination as to whether or not military assistance will be continued, the actual administration and conduct of a Foreign Military Sales Program or a Supply Support Arrangement with a country is relatively free of the rigid Congressional controls apparent in the Military Assistance Grant Aid Program. Thus it may be seen that the procedures for management of the various programs vary widely.

c. Despite the varying procedures employed in management and execution of the International Logistics Programs, in many instances the same materiel is provided under the Grant Aid program as that provided through the Foreign Military Sales Program and Supply Support Arrangements. When military assistance was provided to Greece and Turkey under the Mutual Security Act of 1947, there were great quantities of World War II U.S. excess materiel which could be used to fortify the military strength of those countries. This condition of available excesses prevailed for a number of years. Notwithstanding the exten-

sive procurements of new materiel to support the Korean War effort, the materiel provided through the Military Assistance Grant Aid program continued to consist of World War II equipment. Much of this equipment became available for Military Assistance use by virtue of its being released from U.S. forces as the newer equipment was received. However, the character of the present International Logistic Programs has changed drastically in terms of materiel assets available, the economics involved and the basic objectives of the programs. There are no longer huge stock piles of excess assets available for distribution through a liberal grant aid program. Much of the equipment now necessary for support of friendly foreign nations, regardless of the program through which it will be provided, is the same materiel as that employed by U.S. forces. In addition, the economic status of many of these countries is such that they are interested in procuring only the materiel of most recent design and production. The net effect of these forces is that a form of "competition" exists for much of the materiel available and being made available through the U.S. Army's logistics system. A larger part of future deliveries through international logistics programs can be expected to come from new production and less from any existing inventories.

d. In consideration of the Communist threat to the nations of the free world and in view of the economic and materiel factors influencing the character of military assistance to these nations, the following broad objectives of International Logistics Programs have been developed:

- (1) Enhance the readiness posture of allied forces through improved logistical support. This objective is directed toward the improvement of those methods and procedures incident to attainment and sustainment of conditions of allied materiel readiness which will permit that nation to fulfill its role in internal, regional or collective defense organizations. The improvement encompasses conditions within the country's management of its logistical affairs as well as the

improvement of logistical support to the country. It includes aggressive action on the part of the MAAG's and country representatives to develop effective inventory management practices. It also includes those improvements in the U.S. logistics system necessary to assist the allied nations in achieving the desired conditions of readiness. As part of its role in directing and coordinating the Army's implementation and execution of international logistics programs, the Department of Army, Deputy Chief of Staff for Logistics has established an International Logistics Improvement Program. This is a continuing program designed to isolate and correct shortcomings in the U.S. Army logistical system in its support of friendly foreign nations. Major areas of attention in this improvement program are negotiation, planning, execution and reporting.

- (2) Effect maximum standardization of equipment in the hands of allies so that this equipment can be logistically supported through the U.S. Supply System. Though the advantages of equipment standardization are readily acknowledged, the achievement of this goal is difficult and costly. The Foreign Military Sales Program and follow-on support provided through a Supply Support Arrangement combine to offer a most effective materiel standardization program. Accompanying any significant degree of major item standardization among United States and allied forces are the attendant opportunities for support through the use of common facilities, supply procedures and techniques, training programs and support data. In addition to these logistics support opportunities, there are the opportunities for application of common doctrines in deployment and maneuver. It is thus, through the common utilization

of end items by United States forces and friendly foreign nations, that the real benefits of international logistics can be attained.

- (3) Obtain a more favorable balance of payments by providing U.S. logistics support to allied forces on a reimbursable basis. The world-wide obligation of the United States in assisting friendly foreign governments through economic and Military Assistance Grant Aid Programs has contributed to a continuing deficit in the international balance of payments. Conversely, collections or advances received by the U.S. Treasury from foreign governments to reimburse the Department of Defense for sales of materiel and services are construed as "entering" the international balance of payments and, in effect, constitute a "receipt" by the United States. This objective recognizes the principle that a sound economy is essential to an effective defense system. Through judicious and aggressive actions on the part of all Department of Defense components, significant strides have been made in stemming an unfavorable balance of payments. The overall effect of international logistics programs has improved the balance of payments and, additionally, is helping to alleviate the total gold flow problem.

7-2. Congressional, Presidential and Secretary of Defense Policies

a. The Foreign Assistance Act provides the basic policy for program development and execution of international logistics programs. The Act is explicit in its enunciation of the policy that the military assistance support provided by the United States is based upon the principle of effective self-help and mutual aid. It further clearly directs the President to establish procedures for the programing and budgeting so that programs for military assistance come into direct competition for financial support

with other activities and programs of the Department of Defense. Additional Congressional policies evident in the Foreign Assistance Act and directly affecting program development and execution are—

(1) *Military Assistance Grant Aid.*

- (a) Continued and encouraged civic action programs in less developed friendly countries to the extent feasible and consistent with prescribed purpose;
- (b) Recipient country must provide appropriate security protection for items furnished;
- (c) Observation and review of materiel by U.S. representatives must be permitted and information as to use of materiel must be furnished as necessary;
- (d) Articles no longer needed for the purpose for which furnished are to be returned to the U.S. government for appropriate disposition;
- (e) Grants of military equipment to a country are to be terminated when that country develops sufficient wealth to support its own military forces without undue burden to its economy; and
- (f) Unless approved by the Secretary of State, a defense article having a value in excess of \$100,000 can be provided only after certification by the chief of the respective MAAG that the recipient country can utilize effectively the item to be provided.

(2) *Military Assistance Sales.*

- (a) Defense articles may be furnished to any eligible friendly foreign country on a basis of payment-in-advance or through a variety of credit arrangements to include loans from private banks or the Export-Import Bank;
- (b) Military Assistance Program appropriated funds may also be used to initially finance certain credit

sales. Reimbursements from these sales become available solely for the purpose of furnishing further military assistance on cash or credit terms; and

- (c) The President may under certain circumstances provide a 100 percent loan guaranty to private banking facilities and manufacturers, as well as the Export-Import Bank. This allows bank facilities and manufacturers to extend credit for military sales to developing countries. In these instances, at least 25 percent of the loan guaranty must be recorded as an obligation against any military assistance funds available for credit sales.

b. As evident in a comparison of the above cited policy provisions of the basic legislation establishing international logistics programs, reimbursable programs are the preferred method of providing military assistance. It is clearly the desire of the Congress that every means be exploited in an effort to assist friendly foreign countries in equipping and maintaining their own forces as necessary to meet the obligations of internal, regional and collective self-defense. Within the framework of these broad policies, the President, the Secretary of State, the Secretary of Defense and the Chiefs of military services establish the policies and develop the necessary directives for execution within the intent of the Foreign Assistance Act. The military assistance policies of the President are expressed in executive orders and numerous directives and memoranda to his cabinet and principal assistants. These policies may best be illustrated in a review of a recent message to the House of Representatives Committee on Foreign Affairs. In this message, the President included certain recommendations relative to foreign assistance. These were expressed as five fundamental concepts for a successful program:

- (1) A realistic request for funds. In requesting authorizations to support the various programs in foreign assist-

ance, it was recommended that for military assistance, the Congress provide a continuing authorization, subject to an annual review of each year's proposals by the authorizing committees in both Houses of Congress. Thus, in effect, the President in recognition of the long term requirements for military assistance, proposed a departure from the traditional annual appropriation and one-year availability processes.

- (2) Concentration of funds in those nations where they will produce the best results and speed the transition from U.S. assistance to self-support wherever possible. In furtherance of the intent of the Foreign Assistance Act, the President here requested funds for seven fewer countries than in the previous year and proposed a concentration of military assistance in eleven of the remaining countries. All of these countries are located along the periphery of the Sino-Soviet bloc from Greece and Turkey through Thailand and Vietnam to the Republic of China and Korea.
- (3) The promotion of economic development abroad through the use of private initiative in the United States and in the developing countries. As an example, the President cited an Executive Service Corps composed of American businessmen who furnish, on request, technical and managerial advice to businessmen in developing countries. There presently is an Advisory Committee on Private Enterprise in Foreign Aid established by the Foreign Assistance Act of 1963. The purpose of this committee is to study and make recommendations regarding the development and utilization of private enterprise in developing countries.
- (4) Continue to seek greater international participation in aid. An international

sharing of the aid effort, which might be accomplished through easy term loans by other free world industrial countries to other developing countries, is recognized as a means of reducing the amounts required for our own bilateral aid programs. This international participation in aid is commonly termed "Third Country Aid" and may also take the form of providing materiel and support services as well as financial loans.

- (5) Steady increase in efficiency in assistance operations, The President, commenting on this subject, revalidated the basic organization for foreign assistance operations, i.e., economic assistance operations are centered in the Agency for International Development; military assistance operations are centered in the Department of Defense. Both economic aid programs and military assistance programs are subject to the firm foreign policy guidance of the Secretary of State.

c. The policies promulgated by the Secretary of Defense in regard to military assistance are an extension of the presidential policies. The Department of Defense policies establish the specific design, intent and controls of the International Logistics Programs to be employed. These policies establish the framework within which the Department of Army engages in program development and within which the programs are executed. The following Department of Defense policies are recognized here as major controlling factors in international logistics activities:

- (1) In development of the Military Assistance Grant Aid Program, recipient countries may be consulted in planning and programing military assistance. However, no promises or commitments involving future performance or future expenditure of U.S. funds may be made or implied without prior approval of the Secretary of Defense.

- (2) The Military Assistance Manual, which is prepared by the Director of Military Assistance, prescribes the guidelines and the processes by which the unified commands and the MAAGs prepare plans and programs for Military Assistance Grant Aid.
- (3) Procurement and production for the Military Assistance Grant Aid Program are considered service-financed procurement. Military assistance requirements are consolidated with the requirements of other elements of the Department of Defense, in accordance with normal procurement procedures and responsibilities, and are initially financed from the same accounts. In general, the military departments are not authorized to procure in anticipation of military assistance demands for major items. With regard to support of equipment, the military departments are authorized to include anticipated military assistance grant aid demands for common repair parts in the development and execution of procurement programs within the limits of authorized mobilization reserve acquisition objectives.
- (4) The Uniform Materiel Movement Issue Priority System (UMMIPS) is applicable in providing supply support to international logistics programs. This permits the application of the Military Standard Requisitioning and Issue Procedure (MILSTRIP) to the execution of the military assistance programs. Requisitioning and distribution is accomplished in accordance with the UMMIPS and the specific priorities established in AR 11-12.
- (5) Consistent with overall security objectives, maximum effort will be made to promote the program of selling United States-produced military equipment and services to friendly nations.

- (6) In cooperative logistic support and maintenance support arrangements, the recipient government is charged all costs appropriately allocable to the logistic support program. Thus, accessorial and other applicable charges, as appropriate, are developed for use in planning and execution of such arrangements.
- (7) Cooperative Logistic Support Arrangements and Maintenance Support Arrangements are designed primarily for the support of equipment and weapons systems common to the United States and to friendly foreign forces. However, it may be necessary to assist a foreign government in developing support systems for materiel not in the active inventory of U.S. forces. In these instances, the support

assistance must be determined on a case-by-case basis. Thus, support of equipment not common to U.S. forces is considered as an exception to the general rule.

- (8) Negotiations involving the grant or sale of U.S. defense materiel and weapons systems should include full consideration of their operational use and should include provisions for concurrent and follow-on logistics support. In general, materiel which cannot be supported logistically is not to be furnished. In addition, items which are obsolete by U.S. standards may be provided only if they meet the operational requirements, if they are acceptable to the recipient country; and if necessary support can be assured by either the United States or the recipient country.

Section II. MATERIEL SUPPORT CONSIDERATIONS

7-3. Modernization of Materiel

a. In paragraph 7-1 it was recognized that one of the broad objectives of international logistics programs was "to effect maximum standardization of equipment in the hands of allies so that this equipment can be logistically supported through the U.S. supply system." The ultimate achievement of this goal would be a situation in which the United States and all the friendly foreign nations employed identical equipment. This situation is impracticable in view of the overall costs involved. The reduced U.S. funding levels within the Military Assistance Grant Aid Program, rising materiel costs and international balance of payments considerations all tend to impede large scale modernization of the materiel furnished friendly foreign nations. In addition, technological improvements are accepted as commonplace and it would be virtually impossible to produce and distribute modern and identical equipment to all nations of the free world.

b. An end item of equipment progresses through a "life cycle" which includes inception

of the item, research and development, production, use and finally, disposal. Within the "use" stage of this life cycle, many items progress through a phase in which they may be used exclusively by U.S. forces and countries selected for military sales. As newer items are developed and made available, the original items progress to another phase. Figure 7-1 depicts in simplified fashion the phases through which many end items and weapons systems evolve. In actual practice, of course, the phases are not so clearly defined and, in fact, some items may be in the introductory phase and simultaneously phasing out of the logistic system. The object of the chart is to illustrate that many items must of necessity, be allocated on the basis of their availability and in consideration of prevailing strategic and economic influences.

c. In consideration of the difficulties in making available to all friendly foreign nations the most modern equipment, a variety of methods are employed in improving the materiel posture in these countries. Thus, "modernization" is

	ISSUE TO U. S. FORCES	SALES TO COUNTRIES	FURNISH TO HIGH PRIORITY GRANT AID PROG	ISSUE TO LOW PRIORITY U. S. FORCES	FURNISH TO GRANT AID PROGRAM	AVAILABLE FOR OVERHAUL AND SALE OR GRANT	AVAILABLE "AS IS" - SALE OR GRANT
INTRODUCTORY PHASE (STD. A)	X	X					
IN-SERVICE PHASE (STD. A-B)	X	X	X	X	X		
PHASE - OUT (CONTINGENCY AND TRAINING TYPE)				X	X	X	X

Figure 7-1. Utilization of Materiel.

not a precise term but a relative term which, from the allied country's point of view, represents receipt of equipment "more modern" than their existing equipment. As an example, the type classification system for Army materiel (AR 700-20) represents the modernization gauge for U.S. equipment and its application to U.S. Forces. Thus, a given item may be type classified as a Contingency and Training Item for U.S. forces, but when made available to Country X, the effect could conceivably represent a modernization of that country's inventory.

d. In some instances, equipment in the hands of U.S. forces has been made available to countries on an "as is" basis and at a mutually agreeable price. In addition, certain of the grant aid countries have developed extensive maintenance facilities and technical capabilities. Many of these facilities and skills were acquired under earlier military assistance or economic aid programs and now permit receipt of equipment in a used condition. The in-country maintenance facilities may be used to rehabilitate and support the equipment at considerable savings in direct costs to the Military Assistance Program. Furthermore, the opportunities for support of this more modern equipment may far exceed the possibilities for support of existing in-country equipment. The receipt and rehabilitation of such "as is" equipment may permit a more rapid modernization

than could be possible through the regular Military Assistance Grant Aid programing and execution of the overhaul by U.S. facilities. However, the furnishing of "as is" equipment through either grant aid for the Foreign Military Sales Program requires a cautious and deliberate approach. A country-by-country analysis is essential to determine the capability of a potential recipient country to receive such equipment and the capability of the combined United States and foreign country facilities to logistically support the equipment in its proposed new surroundings.

e. In consideration of the established fund levels which control the dollar amount of military assistance to a grant aid country another approach to modernization is for the country to assume a greater share of the mutual defense costs. In some instances, certain support costs such as commercial consumables and costs of follow-on repair parts have been transferred to the grant aid country's budget. This may permit a proportionate amount to be directed toward furnishing more modern end items.

f. Another alternative in actions to modernize equipment in the hands of friendly foreign countries is the development and production of equipment designed specifically for the use of selected grant aid countries. The off-shore procurement of a large number of Japanese produced commercial versions of the United States-

produced tactical vehicles is one such example. This program was initiated with the intent of providing a standardized series of new vehicles which could be produced and supported through off-shore procurement at a reduced cost to the Military Assistance Program. Approximately 80,000 vehicle units were produced under the program. However, the program was terminated in view of the adverse balance of payments situation caused by large scale off-shore procurement of end items. In lieu of this program, a series of United States-produced vehicles, known as the M600-series, were developed for use by selected military assistance program countries. Essentially, the M600-series vehicles are commercial counter parts of U.S. technical transport vehicles. They are designed to provide to allied nations a means of modernizing their existing vehicle inventories and simultaneously hold country programs within established fund levels.

g. There is a distinct relationship between the type classification of an item and the authority to retain and procure repair parts for its support while employed by U.S. forces. The following depicts the relative authorities for procurement and support of end items in the U.S. inventory:

- (1) *Standard A.* End items, necessary repair parts, special test equipment and tools may be procured.
- (2) *Standard B.* Procurement of end items is not authorized without program approval by the Deputy Chief of Staff for Logistics (DCSLOG), Department of the Army.
- (3) *Contingency and Training.* Approval of the DCSLOG is required prior to procurement of either end items or repair parts. In addition, depot maintenance of these items requires DCSLOG approval. End items on hand are maintained only to the extent permitted by repair parts and components on hand or available through cannibalization. There are certain exceptions for the support of items used for training purposes.

- (4) *Obsolete.* No procurement of end items or supporting repair parts is authorized.

h. The obvious intent of the support restrictions applicable to an end item as it progresses through various reclassifications is to permit an orderly removal of obsolescent equipment from the U.S. logistic system. The restrictions preclude the procurement and stockage of support parts for end items approaching the "obsolete" category. However, many items in the hands of friendly foreign countries are "less than standard" when compared to the U.S. type classification categories. There are provisions for the support of these items. Regardless of type classification, repair parts, tools, dies, specifications, test and support equipment, equipment manuals, repair parts lists and inspection equipment is retained or procured as necessary for support of end items included in approved International Logistics Programs. Authorities for the support of "less than Standard" equipment in the hands of allied countries are discussed in paragraph 9-5.

7-4. Type Classification and Maintenance Supportability

a. An important element in effecting an orderly equipment modernization program within Military Assistance Grant Aid countries is that of keeping the unified commands and the Military Assistance Advisory Groups informed as to the supportability of existing materiel. Thus in the preparation, review and updating of Military Assistance Programs and plans for future years, the phase out of certain items of equipment can be projected. Concurrently, new or more modern items can be included in the program with the attendant advantages of improved supportability and increased combat effectiveness.

b. The Major Item Type Classification and Maintenance Supportability List is prepared by Headquarters, U.S. Army Materiel Command. This publication is intended for use in planning the phase out of non-supportable equipment and for the introduction of equipment for which continued support is anticipated. The listing

indicates the relative classification of the end item through use of a modernization code, such as A—preferred, B—acceptable, and C—marginally acceptable. The degree to which the item can be supported is expressed by a numeric code indicating the number of years that replacement parts should be readily available from Army sources. If the unified command and the MAAG concerned should desire to maintain major items beyond the Army maintenance supportability time frame, the Military Assistance Programs for the respective countries must be revised, as appropriate, to permit orderly and economical procurement by the supplying agency.

7-5. Retention and Transfer Program

a. The commodity managers at the National Inventory Control Points (NICPs) have worldwide cognizance and directive responsibility over the functions of cataloging, requirements computation, procurement, distribution, maintenance and disposal for certain designated items. Because the Military Assistance Program for a country is projected for a number of years into the future, the commodity manager is in a position to recognize and recommend certain items for retention for the Military Assistance Program. Such items, as authorized, may be "earmarked" and segregated in a "Hold for Military Assistance Program (MAP)" account at the NICP. Thus, as U.S. Army end items of materiel become excess to the approved U.S. force requirements or excess to funded military assistance programs, the excesses may be retained in this account. In addition, secondary items and repair parts required in support of these end items are also transferred to the holding account. Materiel made available to the Military Assistance Program in this fashion may be transferred on a nonreimbursable basis except for the costs involved in rehabilitating the equipment. Storage costs are chargeable to the MAP when the materiel has been transferred to a MAP-owned account against an established Grant Aid Program. Storage costs are not charged to the MAP when materiel is held in an Army owner-

ship account for anticipated MAP requirements.

b. The retention and transfer policy as described above is directed toward providing the maximum amount of available material at the lowest possible price in meeting military assistance requirements. To accomplish these broad objectives, the commodity manager reviews and projects requirements for items which can be expected to be included in subsequent year programs prepared by the unified command. In addition, through forecasts of military assistance sales, the commodity managers review existing and projected items which may be available to meet these requirements. The key to an effective retention and transfer program is the system for reporting designated items as these items become excess to the requirements of the allied country, the unified command and the various CONUS elements.

7-6. Third Country Aid

a. In efforts to seek greater international participation in providing assistance to under developed nations of the free world, economically strong countries are encouraged to assume part of the military assistance support of selected grant aid countries. Through this, the costs of the U.S. Military Assistance Grant Aid Program may be reduced and the same mutual defense posture may be retained. The assistance provided may consist of such items as major items of equipment, supporting repair parts, training and technical assistance. In addition to these forms of assistance which take place in a recipient country, there are possibilities for other forms of assistance which may be provided from within the host country itself. As an example, third country aid could conceivably be furnished through the use of storage facilities or through the use of production and overhaul facilities in a neighboring donor country.

b. In view of the economic recovery of many of the industrial nations, some of these countries have provided aid to lesser developed countries. In some instances, this aid has been in the form of U.S. produced equipment which

was originally furnished to the donor nation through an earlier U.S. military assistance program. Notwithstanding the intent of this assistance and the fact that such assistance may improve temporarily the defense posture of the recipient country, the indiscriminate influx of old equipment into the lesser developed nations can result in follow-on support problems and a reduced overall readiness condition. However, if properly coordinated, the concept of third country aid can have considerable potential in improving allied readiness and in reducing the degree of dependence for logistical support on the United States. The elements of the country team, by virtue of their day to day relationships with country representatives,

remain as the most practicable means of monitoring programs of third country military aid. Specifically, representatives of the Military Assistance Advisory Groups must be relied on to assess developments of this nature and to recommend to the unified commands increased opportunities for third country aid and to evaluate the effects of third country aid on the country's military assistance program. Third country aid is a specific item for consideration in the preparation of a country's military assistance plans. The type and extent of assistance provided to a third country or received from a third country are reflected throughout the ensuing programing and execution phases.

CHAPTER 8

PROGRAMS AND BUDGETS

Section I. DEVELOPMENT OF MILITARY ASSISTANCE GRANT AID PLANS AND PROGRAMS

8-1. General.

a. The Military Assistance Grant Aid programing and budgeting processes are a portion of the results of a series of national security plans which encompass both U.S. military and military assistance matters. The decision to provide military assistance to selected countries is made at Presidential level and is based normally on recommendations of the National Security Council. The Basic National Security Policy (BNSP) is the document which provides broad policy guidance to all agencies of the government contributing to national defense. The BNSP contains a broad outline of the aims of the national strategy and a detailed discussion of the military political, economic and domestic elements to support the overall strategy. It also includes information relative to the military logistics base which is defined as "the total of all resources available or which can be made available to the military effort to meet foreseeable wartime needs."

b. The Joint Chiefs of Staff, having responsibility for strategic employment and utilization of U.S. military forces, prepare strategic plans in consonance with the national objectives. The planning performed at the Joint Chiefs of Staff level results in annual development and dissemination of three major planning documents covering a span of fourteen years into the future. These are—

- (1) The Joint Strategic Capabilities Plan (JSCP)—A short range plan which considers the present capabilities of current forces and resources.

Note. The period of the current fiscal year

through the succeeding five fiscal years is bridged by the application of the Department of Defense Five-Year Defense Program which is discussed in *d* below.

- (2) The Joint Strategic Objectives Plan (JSOP)—A medium-range plan which covers an eight-year time span beginning with the target fiscal year. It translates national objectives and policies into military objectives, strategy and undertakings and provides guidance on the size and composition of forces and the use of resources. These factors are of particular significance in planning the nature and extent of International Logistics Programs.
- (3) The Joint Long Range Strategic Study covers a period 10 to 14 years in the future and it examines, in broad terms, the world situations affecting U.S. security. It develops the conceptual review of the JCS in utilization of military power in support of national goals.

c. The Department of Army strategic planning effort is based upon the plans developed by the Joint Chiefs of Staff. Army strategy planning consists primarily of the development and maintenance of three plans, each of which cover the same frame—a twenty year period extending from the immediate through the mid and long range planning phases. These plans are the Basic Army Strategic Estimate (BASE), the Army Strategic Plan (ASP), and the Army Force Development Plan (AFDP).

Together they provide the basis for the development of Army strategy, determination of forces and requirements for materiel. The Army plans, and the corresponding plans of the other military departments, represent an important link between planning and the programming and budgeting processes. Based upon the planning efforts of the military departments, the Department of Defense Five-Year Defense Program is developed. Within the framework of this program, the Department of Army Five-Year Defense Program is derived.

d. The Department of Defense Five-Year Defense Program relates missions and tasks to resources for a five-year period and permits planning and control of major programs at the highest level within Department of Defense. In general, it identifies total costs associated with a specific mission and has a complete interrelationship with the budget. The annual budget is a one-year segment of the program. The Department of Defense program structure is organized along missions, force, and military task lines. Figure 8-1 depicts the major elements contained in the DOD program structure. Program IX identifies Military Assistance as an integral part of the Department of Defense Five-Year Defense Program. Thus, it is apparent that the programs for Military Assistance Grant Aid are derived from the military requirements necessary to meet long term U.S. foreign policy and strategic objectives. As in all planning actions relative to U.S. force affairs, the planning actions for military assistance are reviewed continuously and revised as necessary to conform to the ever-changing international environment.

e. The preparation, revision and submission of specific military assistance plans are the responsibility of each of the commanders in chief of the unified commands having a military assistance role. Unified command military assistance plans consist of a regional section and a separate section for each country and activity for which the Department of Defense establishes dollar guidelines. The military assistance plans prepared by the unified commands represent a continuing and systematic process for development, review, evaluation and change to the

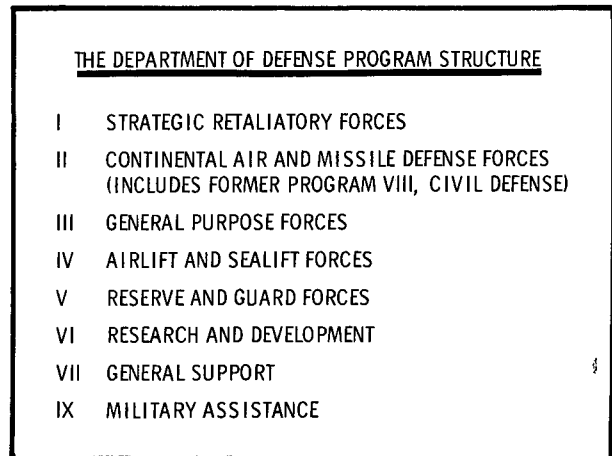


Figure 8-1. The Department of Defense Program Structure.

military assistance schema. Unless otherwise specified, the planning period includes the current U.S. fiscal year and five future fiscal years. As an example, a plan submitted in July 1966 covers the period FY 1967 through FY 1972. The planning documents contain interrelated information pertaining to forces and to the United States and country resources required and available during the course of the plan. The Five Year Military Assistance Plan for a unified command thus represents a projection of the materiel and support requirements which are beyond the capability of the recipient country to finance but which are within the established dollar guidelines. To assure the coordination of military and economic programs, each country Five-Year Plan developed by the Military Assistance Advisory Groups is approved by the head of the country team prior to submission to the unified command. After approval by the unified command, a Record Control Number (RCN) is assigned for each new program line. This RCN becomes the keystone to continuous identification, or audit trail, through all phases of subsequent military assistance programming and execution actions. The unified command and the respective country Five-Year Plans are submitted by the commander of each unified command to the Department of Defense. The plans are reviewed by representatives of both Department of Defense and Department of State. The Military Assis-

tance Plan is then returned to the appropriate unified command and becomes the basic document and foundation of the program. The Five-Year Plan is updated periodically and once annually, the commander of the unified command submits a military assistance plan for an additional fiscal year, five years hence, and thus the Five-Year Plan is perpetuated so as to maintain five planning year programs on record. The first fiscal year within the five year plan is identified as the Budget Year Program.

8-2. Military Assistance Planning and Program Guidance

a. The Assistant Secretary of Defense (International Security Affairs) administers the Military Assistance Grant Aid Program through the Office, Director of Military Assistance (ODMA). The Military Assistance Manual, Part I (Objectives) and Part II (Procedures) serve as the primary ODMA vehicles for use by the Unified Commands in attaining the national security objectives through the proper planning of military assistance grant aid. The parts of the manual are published separately and are published in loose-leaf form as follows:

- (1) *Part I, Objectives (Classified "SECRET")*. This part is a joint document prepared by the DOD and the State Department and its Agency for International Development. It provides—
 - (a) Policy guidance and objectives on a world-wide, regional and country basis;
 - (b) Dollar guidelines, and;
 - (c) Planning guidance relating to assistance which may be provided through the Agency for International Development.
- (2) *Part II, Procedures (Classified "OFFICIAL USE ONLY")*. This part establishes the procedures which permit Department of Defense to obtain information for policy decisions, budget preparation and program execution subsequent to appropriations by Congress.

b. In addition to the primary sources of information as indicated above, the Joint Chiefs of Staff provide to the commanders of the unified commands, Free World Force Objectives and Force Guidelines.

c. The Office, Director of Military Assistance prepares and publishes the Military Assistance Articles and Services List (MASL) which contains information regarding resources available to the Military Assistance Program. These resources may consist of major items of equipment, repair parts applicable to support of major items, training, construction and rehabilitation of equipment and facilities. The MASL is prepared in conjunction with the supplying agencies of the military departments. Within the Army, data to be included in the MASL is prepared and furnished by the commodity oriented Major Subordinate Commands of the Army Materiel Command. The MASL provides information regarding estimated price, supply source, leadtime and projected availability of defense articles and services. In addition, it contains information relative to processing codes and instructions as well as information regarding certain items not currently available through the Military Assistance Program. In essence, the MASL is the catalog for use in preparation and revision of the respective country and unified command plans and programs for military assistance. It is used in close conjunction with the Type Classification and Maintenance Supportability List (para 7-4) in planning the introduction or phase out of specific items in a country's program. The MASL contains two types of line items for programing—major items and dollar lines. Major items lines are specific individual items identified with a unit of issue other than dollars, such as, a tank or an aircraft. Conversely, dollar lines are homogenous groupings of related items, such as automotive supplies, which generally represent a high density of specific individual items or spare parts with relatively low unit prices. All entries in the MASL are oriented toward the Federal Supply Classification System through use of Federal Stock Numbers, as appropriate for major items, or through use of respective Federal

<u>MILITARY ASSISTANCE GRANT AID MAJOR PROGRAMS</u>	
<u>PROGRAM NUMBER</u>	<u>MILITARY ASSISTANCE MAJOR PROGRAM AREAS</u>
II	AIR AND MISSILE DEFENSE FORCES
III	GENERAL PURPOSE FORCES
IV	AIRLIFT AND SEALIFT FORCES
V	RESERVE FORCES
VI	RESEARCH AND DEVELOPMENT
VII	GENERAL SUPPORT

Figure 8-2. Military Assistance Grant Aid Major Program Areas.

<u>MILITARY ASSISTANCE PROGRAM ELEMENT CODE</u>	
<u>CODE LEVELS</u>	<u>AGGREGATION LEVELS</u>
<u>1</u> <u>2</u> <u>3</u> <u>4</u>	
3	GENERAL PURPOSE FORCES
A	ARMY COMBAT FORCES
Q	ENGINEER CONSTRUCTION UNITS
φ	UNIT OR ACTIVITY
<u>EXPLANATION:</u>	
LEVEL <u>1</u> - A NUMERAL WHICH IDENTIFIES THE MAP MAJOR PROGRAM.	
LEVEL <u>2</u> - THE MAJOR OR FIRST ORDER OF AGGREGATION WITHIN THE PROGRAM, e.g., SURFACE-TO-AIR MISSILE FORCES, ARMY COMBAT FORCES, ETC.	
LEVEL <u>3</u> - A SUBDIVISION WITHIN THE MAJOR AGGREGATION, e.g., NIKE UNITS, INFANTRY UNITS, ETC.	
LEVEL <u>4</u> - MAY BE USED TO DESIGNATE A SPECIFIC FORCE UNIT OR ACTIVITY, e.g., 1ST RANGER CO.	

Figure 8-3. Military Assistance Program Element Code.

Stock Groups and Classes for dollar line entries.

d. The Military Assistance major program and program element structure is patterned after that prescribed for U.S. forces in the Department of Defense Five-Year Defense Program. The numbers assigned to the six major programs within the military assistance programing structure correspond to those assigned to similar major programs of the Department of Defense Program. A comparison of figures 8-1 and 8-2 will show this relationship. Within

each Military Assistance major program area there are subaggregations of forces, activities or support requirements arranged in descending order of detail. Each level is termed an "aggregation level." As items of materiel or services are planned or programed for use within a country, a Military Assistance Program Element Code is assigned which relates those items or services to a force or activity at a prescribed aggregation level. An example is depicted in figure 8-3. Thus, through the medium of the MAP element, materiel and service requirements may be related definitively to specific uses in a country. Similarly, because of the relationship of the MAP Element system to the major program areas of the Department of Defense Five-Year Defense Program, a matrix may be developed for use as a management tool to relate specific item requirements or issues to a particular unit in a country.

e. To assure effective timely and sufficiently detailed planning and programing actions emanating from the various Military Assistance Advisory Groups, the Commander of a unified command may develop modified or additional procedures for the management of military assistance matters in his area. These procedures may take the form of instructions for implementation of the Department of Defense Military Assistance Manual, supplementary procedures for use in conjunction with this manual, or substitute procedures which supplant the instructions furnished to the unified command by the Department of Defense. The obvious intent is to permit the unified commander to have the maximum possible flexibility to make adjustments in meeting the differing situations existing in the various military assistance grant aid-recipient areas and countries. However, all planning, programing, and execution actions between the elements of the unified commands and the offices of the Department of Defense and the military departments are accomplished in the fashion and detail prescribed in the Military Assistance Manual, the Military Assistance Articles and Services List (MASL) and such other supplementary instructions that may be provided by the Department of Defense.

f. Notwithstanding the basic Department of Defense policy of encouraging recipient countries to finance the expenses of administering and operating the military assistance effort within the country, certain of the costs are financed through U.S. appropriations as part of the Military Assistance Grant Aid Program. Each of the military departments has been assigned responsibility for providing administrative and logistic support necessary for the operation of the Military Assistance Advisory Groups in certain areas. The Department of Army has such responsibilities for Europe, Middle East, North Africa, Latin America, and the U.S. Army Advisory Group, Korea. Thus, under the policy guidance of the Office, Director of Military Assistance, the Department of Army develops, reviews, implements and executes budgetary and fiscal policies and procedures relative to support of MAAG's within the Army's assigned areas. The preparation of the budgets for military assistance program administration and support costs are not an integral part or an extrapolation of the military assistance Five-Year Plan system. These costs are based on the guidance and budget assumptions furnished in an annual budget call furnished to the Military Departments by the Director of Military Assistance. In turn, the Department of Army issues a budget call to the unified commands and the MAAG's for which the Army is the administrative agent. The unified commands and the MAAG's then submit estimated administrative and support requirements, directly to the Comptroller of the Army who reviews budget estimates and prepares and submits consolidations of requirements to the Director of Military Assistance.

8-3. The Program

a. Following approval of the unified commands' Five-Year Military Assistance plans, the first fiscal year within that plan is identified as the Budget Year Program. The programs for fiscal years following the Budget Year Program are generally referred to as "out year" or "planning year" programs. However, it is only for items and services contained in the Budget Year Program that Congressional appropria-

tion action will be requested. The Budget Year Program data is included in the Master Program File, which is an Automatic Data Processing System record established and maintained by the Office, Director of Military Assistance. The Budget Year Program at this point consists of a projection of materiel, services and funding requirements of each recipient country for the forthcoming budget year. Notwithstanding the quasi-official nature of the program, it is made available to the military departments as an advisory document. Within the Department of the Army it is used as a reasonably firm indication of supply requirements. From the Budget Year Program, an Army Grant Air Logistics and Funding Plan is prepared. This document considers those factors necessary to meet the requirements forecast for the Budget Year Program. It also serves as a basis for financial analysis of the effects of MAP requirements on the elements of the Army Financial Management System. In addition, the Army Grant Aid Logistics and Funding Plan permits an estimate by the Army commodity managers of their respective ability to deliver the indicated requirements. It also suggests preliminary actions leading to reservation in the "Hold for MAP" Account, planning for end item overhaul programs and an examination of the proposed requirements to determine their respective impacts on procurement processes.

b. Changes to military assistance plans and programs are continual. Many of the changes are occasioned by developments and accomplishments in long range strategic plans which alter the objectives and the logistic requirements to accomplish the objectives. These changes are reflected normally in revisions to Part I of the Military Assistance Manual or they are included in special instructions issued by the Assistant Secretary of Defense (International Security Affairs) to the commanders of the unified commands as appropriate. Other changes are caused by variations in the price, availability, lead time, supply source, condition, model and classification of items of materiel included in a military assistance plan or program. Though the Military Assistance Articles

and Services List is continually updated to provide the unified commands with current planning and programming data, many changes occur after submission of the plan, after approval of the program and even during the process of execution. The correct data must be reflected in the plan or program and coordinated with the appropriate commands and Military Assistance Advisory Groups. The Master Program File maintained by the Director of Military Assistance remains as the central repository of plan and program information. It contains the status of the total Military Assistance Grant Aid effort and includes both the funded and the unfunded portions of the program. The file is continually updated as performance, forecast and change data is recognized and it is perpetuated as the source of Department of Defense basic data used for program review, approval, funding and evaluation of supply performance. As the Master Program File is updated, feedback data and performance reports are provided the military departments, unified commands and MAAG's so that current status information will be readily available for further program development, review and management. Through the medium of the Record Control Number and a system of geopolitical and activity codes which identify each recipient account, each program line can be managed centrally from the planning phase through final execution. In addition, a system of "program change reason" codes create an auditable trail to indicate what happened to each line in the total course of events.

c. With the Department of Defense designation and review of the first year of the Five-Year Plan as the Budget Year Program, the Director of Military Assistance submits the proposed program to the Secretary of Defense for approval and inclusion in the Department of Defense Five-Year Defense Program. The Budget Year Program is coordinated with the State Department's Agency for International Development and requires the approval of the Administrator of that Agency to insure intermeshing of military and economic assistance effort. At this time the dollar levels or "thresholds" for recipient countries are agreed upon.

Following finalization and approval by all interested agencies of the Executive Branch, the program, which now represents the annual budget request for military assistance grant aid, is recommended to the Bureau of the Budget for inclusion in the President's Budget or more properly, the Budget of the U.S. Government. The military assistance portion of the budget request is presented and justified to the Congress by the Director of Military Assistance. Upon completion of Congressional action, the program is adjusted as necessary to conform to the actual appropriation and further revised to reflect any changes in the conditions under which it was originally developed and approved. The program requires a final review and approval by the Secretary of Defense and the Administrator of the Agency for International Development prior to apportionments from the Bureau of the Budget. Following the apportionment process, the Budget Year Program becomes the Current Year Program. Program execution is instigated by a Military Assistance Program Order (MAP Order). This is a term used to describe the document prepared and issued by the Office, Director of Military Assistance to one of the military departments directing delivery of defense articles or the furnishing of defense services to designated recipient countries. Ideally, all the actions leading to program approval and funding of the Budget Year Program should be completed before the beginning of the budget year for which the program is prepared. Unfortunately, this is not the usual case. As a result, emergency measures, in the form of a Joint Resolution of Congress, are required to permit continuance of essential activities in execution of the program. This Joint Resolution is known as a Continuing Resolution Authority and it represents an authorization of funds required to carry on specified MAP actions pending approval and funding of the remainder of the program. The program lines requiring Continuing Resolution Authority funding are generally designated by the unified commands at the time the program is submitted to the Director of Military Assistance.

Section II. DEVELOPMENT OF PROGRAMS FOR FOREIGN MILITARY SALES AND LOGISTICS SUPPORT ARRANGEMENTS

8-4. Background

a. As evident in paragraphs 8-1 through 8-3, the program for Military Assistance Grant Aid is highly definitized, rigidly controlled and centrally developed. Though directed toward the same national security objectives, the program for Foreign Military Sales is developed and implemented in a cooperative buyer-seller environment intended to promote the selling of U.S. military equipment and services to friendly foreign countries. As an integral part of the preparation of the Military Assistance Five-Year Plan, the unified commands must consider the potential and the impact of military sales within the area of the command. The plan for each country includes a narrative section in which the subject of Military Purchases and Sales requires specific discussion. It is designed to assist in the coordination of planned military assistance grant aid and anticipated military sales. The discussion consists of an estimated projection of the country's military purchases through the time frame of the military assistance plan. These assessments by members of the country team and the refinements by representatives of the unified commands serve as a preliminary source of data in the development of a sound Foreign Military Sales Program. In addition to these estimates available through the grant aid program, continual appraisals of military sales opportunities are solicited from representatives of Military Assistance Advisory Groups, unified commands and component commands.

b. These appraisals and the appraisals accomplished by representatives of the Offices of the Assistant Secretary of Defense for International Security Affairs, the Department of Army's Deputy Chief of Staff for Logistics, and the Army Materiel Command represent a form of "market analysis." Comparable to sound commercial business practice, these analyses provide direction to negotiations leading to expanded military sales programs. The market analysis process is a continuing effort and commences with a determination of the principal

geographic areas in which allied defense effort may be strengthened through military sales. Then follows an identification of the necessary weapons systems or materiel to meet these requirements. The Deputy Chief of Staff for Logistics, Department of Army, coordinates with representatives of the Army Materiel Command in the preparation of Military Sales Materiel Data Books and other technical and logistics information to assist in the planning and negotiation processes. Preliminary sales and support proposals may be prepared based on the results of the market analysis. Negotiations are continued, agreements are completed, and following acceptance by both governments involved, the agreements are implemented under the auspices of the Assistant Secretary of Defense (Installations and Logistics). The prevailing terms of the bi-lateral agreements, special sales agreements and cooperative logistics support arrangements establish the nature of the materiel and services to be provided, reimbursement procedures and the framework within which the programs will be executed.

8-5. The Foreign Military Sales Program

a. Unlike the "solidified" annual program developed for grant aid military assistance, the "program" within the authorities for direct sales of defense materiel consists of a multitude of individual sales "cases." Normally, these cases begin with a country's indication of interest in making certain specific purchases. From this point a case progresses through the stages of an offer to sell, an acceptance of the offer, delivery of the articles and services and subsequent reimbursement to the Department of Army. Thus, some cases may begin and close well within a given fiscal year; other cases may extend over several fiscal years. Notwithstanding the relative decentralization of military sales activities, the Congress, the Executive Office of the President and representatives of the Offices of the Secretary of Defense and the Department of State, the Joint Chiefs of Staff and other government agencies maintain

a vital interest in the military assistance sales developments and progress. To keep representatives of these offices apprised of sales transactions a reporting system is employed for management evaluation of all aspects of the execution process.

b. To facilitate implementation and execution of the Foreign Military Sales Program, countries and international organizations eligible to engage in purchase of defense articles are categorized as A-1, A-2 or B. The designation of a country to a specific category is accomplished by the Assistant Secretary of Defense (International Security Affairs) in coordination with the Department of State. The category assigned reflects the facility with which a country or organization may submit their requests for purchase of defense articles and services from the U.S. Government. Countries and international organizations are categorized as follows:

- (1) *Category A-1.* Foreign governments and international organizations authorized to submit requests for major items and maintenance support directly to the activity within a military department having logistics responsibility for the item or service, such as the Army Materiel Command or the Deputy Chief of Staff for Personnel.
- (2) *Category A-2.* Foreign governments and international organizations authorized to submit requests for maintenance support only, directly to the appropriate activity within a military department.
- (3) *Category B.* Foreign governments and international organizations not included in Category A-1 or A-2 are classified as Category B. Requests from B countries for major items or maintenance support must be submitted through diplomatic channels for consideration by the Department of State. This check system is further evidence of the primacy of the Department of State in International Logistics activities and is intended to assure a coordinated effort of economic and defense assistance.

c. A military sales case generally is initiated by a formal request to the U.S. Army Materiel Command for information as to the availability and price of specified items or services. Requests for price and availability data may be routed through diplomatic channels to the foreign country's Embassy in Washington and then to the Army Materiel Command or other appropriate supply agency. In these instances, the Embassies represent their respective governments in making the initial contact and, generally, this continues throughout consummation of the sale and delivery. An exception to the practice of the Embassy acting as the country agent dealing with the supply agency, is the arrangement with the Federal Republic of Germany (FRG). The Government of Germany deals directly with the Military Assistance Advisory Group—Germany which has been designated as the U.S. agency for processing routine military assistance sales transactions with FRG. The MAAG accomplishes the coordination necessary in furnishing articles and services. In addition to the requests for price and availability information submitted through diplomatic channels and from MAAG-Germany, as described, similar requests for information stem from other MAAGs, unified commands, component commands and other U.S. government agencies and foreign country representatives. Many such requests may be to obtain price and availability data for planning purposes only.

d. It is the policy of the Department of the Army that optimum buyer-seller relationships be developed and maintained between the U.S. government and the potential purchasers of defense materiel. The International Logistics Directorate, U.S. Army Materiel Command is the "customer's" single point of contact within the Army Materiel Command. Replies to initial inquiries regarding price and availability are coordinated by this office. The reply document is an Offer and Acceptance Department of Defense Form 1513. It serves as an offer to sell and an acceptance of the offer. The reply contains information of concern to the potential purchaser and includes expiration date of the offer, data as to availability and condition of

the items offered, total estimated costs, terms of sale and any special instructions as appropriate. Copies of the letter of offer are furnished the Military Assistance Advisory Group concerned and the unified command and the appropriate Army component command. A military assistance sales case is considered as a "complete acceptance" of the offer when the acceptance is signed by the appropriate country representatives and when appropriate financing has been accomplished. After the country has accepted and funded an offer, a copy of the completed transaction and all the requisitions issued thereto are furnished to the MAAG concerned. The purposes in keeping the MAAG, the unified commands and the Army component command advised of military sales developments in countries of their concern are two fold:

- (1) The influx or proposed influx of new materiel and services into a foreign country through military sales could have significant impact on the country's force objectives and capabilities as specified in the Military Assistance Plans. The influx of such resources requires evaluation by the military assistance planners and programers and it warrants adjustments to reflect those receipts.
- (2) The MAAGs, unified commands and Army component commands are recognized as vital elements in an effective and successful military sales program. By keeping them apprised of sales transactions, these elements can assist in planning purchases and can aid the Department of Army in arranging for transfer of military assistance materiel and in ultimate receipt of defense articles and services by the foreign country.

e. Upon recognition of a potential military assistance sales case by the International Logistics Directorate, U.S. Army Materiel Command, the responsibility for the management of that case is assigned to one of the major subordinate commodity commands. As an example, a case involving the sale of a complete

system or weapon, would be assigned to the commodity command having logistic responsibility for that particular system or weapon. This includes component end items, tools and test equipment, publications and training, even though certain individual items may be the logistic responsibility of another commodity command. A case involving multiple end items but not comprising a designated system or weapon as a unit would be segmented and assigned under separate case documentation to various commodity commands as appropriate. A commodity command assigned a military sales case assumes responsibility for the preparation of the formal Department of Army offer and for subsequent management and control of execution of that case until it is formally closed.

8-6. Supply Support Arrangements

a. The Supply Support Arrangement (SSA) is an extension of the sales authority provided in the foreign assistance legislation. Through the SSA system, the participating country elects a long-term support option rather than the relative short-term support offered through the military assistance "direct sale" system. The SSA was developed in effort to avoid the delivery delays and relatively high costs associated with the normal military assistance sales case. In theory, the SSA permits a consolidation of requirements and large volume procurements which tend to reduce unit costs. Because of the distinct "partnership aspects" of the supply support arrangements, the system is normally established through a formal agreement of U.S. Department of Defense and the Defense Ministry of a foreign government. This document, a country-to-country agreement, is binding to both parties for an indefinite period of time and allows for termination of the arrangement, if desired, within a specified period of time. This agreement provides the framework within which Implementing Procedures are prepared on a service-to-service basis and incorporates the provisions of the country-to-country arrangement plus implementing details which are peculiar to the military department involved. Within the Depart-

ment of Army, the Deputy Chief of Staff for Logistics is responsible for developing these supplementary procedures.

b. The particular terms and conditions under which the supply support and services will be provided are stipulated in the SSA. The SSA contains provisions describing the support system and procedures involving sales orders, requisitioning, priorities, financing obsolescence, excesses, and termination. The support available through the SSA concept is intended to consist of one or more of the following:

- (1) Supply of secondary items and repair parts required to support end items of U.S. origin or design.
- (2) Establishment and continuance of a maintenance float to provide support to specified end items.
- (3) Supply of modification kits required to up-date items held in U.S. Army stocks for support of the participating country.
- (4) Storage and maintenance of items held in stock, incorporation of required modifications thereon prior to issue and provision of other related logistical services.

c. The establishment of a logistics pipeline is the heart of an effective SSA. It is only through a system which provides a continuous flow of supplies from the producer to the consumer that it is possible to provide uninterrupted support. In some instances support is provided to a friendly nation which is contiguous to an existing overseas U.S. supply source, such as the Federal Republic of Germany. In other instances, support may be provided directly to a participating country from CONUS supply sources. In any event, the SSA provides for an initial investment by the foreign country. This investment serves as a basis for establishing or augmenting the existing pipeline, as necessary, to assure continuous support to both U.S. forces and participating countries. By joining with the U.S. Army in the planning for and prestocking of necessary support items, the United States assumes the

obligation of supporting the armed forces of the participating country in the same manner as is provided the United States forces, subject only to limitations of the SSA.

d. Following negotiations leading to an agreement of the terms and conditions under which the support will be provided, a series of Military Assistance Sales Orders (MASO's) are developed. The MASO's are the means by which the pipeline to provide the necessary support is established or augmented. The composition of the pipeline, which represents the number of days or months of supply required to fulfill the terms of the agreement, will vary depending upon a number of factors. The geographic location of the "customer country" will determine whether the support will be provided directly from CONUS sources or from U.S. facilities contiguous to the foreign country. The particular source of supply also influences the order and shipping time. Another major factor affecting the pipeline determinations is the nature of the item to be supported for this influences the procurement lead time. Thus, the range and quantity of support items of which the pipeline is to be composed, or by which it is to be augmented, will depend on the specifics of the agreement. The design of the MASO's must be tailored accordingly. Conceivably, the months of stock on hand or in transit to support a given SSA might consist of only a few months or it might consist of many months.

e. Based upon receipt of the participating country's list of end items and the quantities for which support and services are required, the International Logistics Directorate, USAMC, designates a responsible commodity command to prepare priced-out Military Assistance Sales Orders (MASO's) on the DD Form 1513, Offer and Acceptance. These MASO's represent the range and quantity of repair parts considered necessary and recommended by U.S. Army to support the specified end items. A separate MASO is designed to provide support for each major segment comprising the support pipeline. As an example, figure 8-4 depicts the constituents of MASO's 1 and 2. A discussion follows:

- (1) MASO 1 is the "stockage and on-order" (pipeline) sales order. It provides for all the stocks which must be on-hand or on order to support the given number of end items in the participating country's inventory. As illustrated in figure 8-4, the total months of MASO 1 supplies for this hypothetical case is 19 months. This total consists of 12 months of supplies representing the procurement lead time and 7 months of supplies in CONUS stock and in-transit to an overseas port. The pipeline thus extends from the U.S. producer to the participating country's designated port. The Offer and Acceptance (DD Form 1513) prepared to cover this MASO would include the estimated dollar value and a list of items and their quantities to be considered in stocking the pipeline. The MASO 1 is amended annually to reflect demand history, changes in end items being supported and substantial revision in prices.
 - (2) MASO 2 is the "consumption" sales order. It covers the participating country's estimated withdrawals of materiel from the U.S. Army supply system for a mutually acceptable period as specified in the provisions of the Supply Support Arrangement. MASO 2 is an "open-end" sales order since it is undefined as to specific items and quantities and is developed in dollar amount equivalent to the estimated consumption for the agreed upon period. The feature of not defining items and quantities in the consumption MASO provides a desired flexibility for the participating country. It permits the customer country to requisition items to meet its recurring or fluctuating demands and be assured that the requisitions are processed in accordance with the established priorities. The country is further assured that its requisitions are processed in the same manner as for comparable U.S. force requisitions, in consonance with the provisions of the Supply Support Arrangement. The MASO 2 is developed originally based on U.S. Army consumption experience or appropriate end items usage data provided by the participating country. Subsequent estimates of requirements are based on consideration of the country's demands and changes in the number of end items to be supported. The MASO is re-evaluated quarterly and at the end of each calendar year is reconciled and closed based upon items shipped and billed to the participating country by Finance and Accounts Office, U.S. Army. A new MASO 2 for the new calendar year is placed by the country prior to the beginning of the year.
 - (3) There is also a MASO 3. This covers the estimated first year storage costs for the items anticipated to be on hand in the U.S. Army pipeline to support the participating country's end items. In addition, this MASO includes the costs for the modification, if any, performed on materiel held in the logistic system for the country.
 - (4) Prior to establishment of the pipeline (MASO 1) a separate military sales case is negotiated to provide the participating country its in-country national stockage. This represents the forward end of the pipeline and consists of the total requirements needed for storage within the country's own facilities to include stockage at national depots, support units and troop units.
- f. Following the preparation of the supply data by the commodity command, the Headquarters, USAMC, submits the proposed priced-out Military Assistance Sales Orders to the Military Assistance Advisory Group (MAAG) of the foreign country. If supply support is to be provided from existing overseas U.S. supply

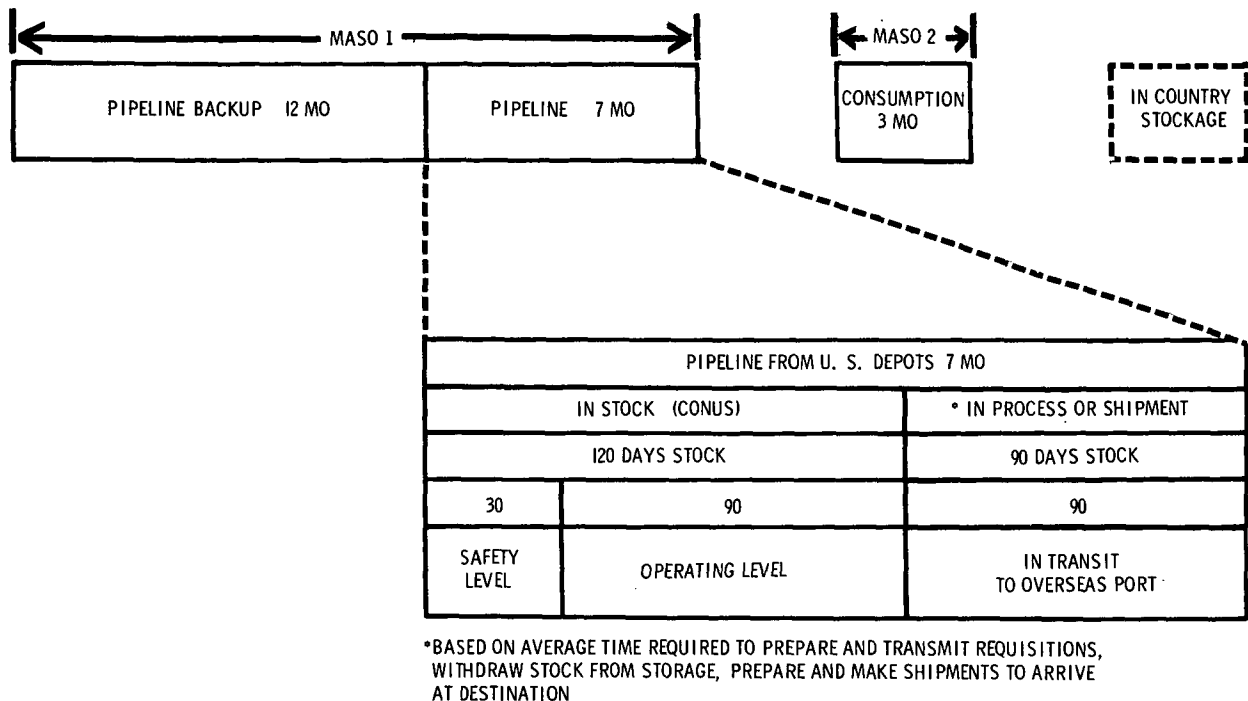


Figure 8-4. International Logistics Supply Support Arrangement.

sources, the proposals are routed through the appropriate U.S. Army component command. In any event, the appropriate unified command and the Army component command and the Headquarters, Department of Army are furnished information as to the offer made. The MAAG representative, assisted by representatives of the unified command, component command, Department of Army, and the Army Materiel Command, as appropriate, negotiate the proposed MASO's with representatives of the participating country. After mutual agreement as to the list of stockage items, their quantities and related costs for the required support, the edited lists are returned to HQ USAMC for preparation of new Offer and Acceptance, DD Forms 1513 and revised support listings. As in the instance of direct Foreign Military Sales cases, "full acceptance" of a MASO, as a legitimate sales case, is contingent upon completion of the "acceptance" portion of the respective DD Form 1513 and receipt by Headquarters,

USAMC of a fund authorization or assurance that suitable financial arrangements have been made.

8-7. Maintenance Support and Services Arrangements

a. The Maintenance Support and Services Arrangements represent a close parallel to the Supply Support Arrangements. This parallel may best be evidenced by a recognition of the basic features contained in both Supply Support Arrangements and Maintenance Support and Service Arrangements. Both arrangements epitomize a high degree of international logistics cooperation in that they—

- (1) Provide a continuing service;
- (2) Utilize joint facilities and systems;
- (3) Contain well defined provisions of support;
- (4) Are directed toward support of end items common to U.S. inventories and

the inventories of participating countries;

- (5) Permit inclusion of support requirements in consort with requirements for U.S. Forces; and,
- (6) Permit reimbursement to the Army on an after-the-fact basis and at prices computed to represent "cost of performance."

b. The MASO providing for maintenance support and services is developed in a fashion comparable to that employed in Supply Support Arrangements. It details the type and extent of support and services to be provided. For its use in the negotiation process leading to final acceptance, the MASO is "priced-out" to reflect the estimated dollar value if the transaction under discussion. The basic procedural arrangements establishing the support system will define the level of maintenance to be performed under the agreement. Normally, the maintenance services are limited to depot level maintenance of major end items of equipment which are common to U.S. forces and the allied country participating in the agreement. The recognizable achievement is the common use of a single facility employed in overhaul of similar items. However, upon agreement of representatives of U.S. and the allied country, arrangements may be made for the accomplishment of Maintenance Support and Services on certain selected end items of equipment not common to U.S. forces. This action is in accordance with the Department of Defense policy of supporting, to the degree practicable, that equipment provided through earlier Foreign Military Sales Programs. In negotiating an arrangement for the support of such equipment, particular consideration is given to the support

similarities of the foreign country's materiel and that in U.S. inventory, such as parts interchangeability, tools, test equipment and special facilities.

c. Though primary consideration is given to complete maintenance support direct from Army component command facilities in the oversea theater, arrangements may be negotiated for the maintenance of certain equipment through use of CONUS facilities. Such arrangements may be necessitated by lack of appropriate overhaul or rebuild facilities in the oversea theater or by inability of existing facilities to cope with the maintenance workload. In all instances, the items to be supported and their respective densities are clearly defined and the conditions of support are agreed upon in the negotiation of an arrangement.

d. Normally, the Maintenance Support and Services Arrangement is effected through the Overhaul and Maintenance Program prepared by the appropriate Army component command in the oversea theater. Program data is based upon the best estimates of annual maintenance requirements furnished by the participating country and reflected in the completed and accepted version of the MASO. This MASO is an open end case established on a yearly basis. The Army component command integrates the estimated requirements of the participating country into the command's annual overhaul program. This program is projected two years into the future and the first year, or Budget Year, is prepared in quarterly increments. Throughout the execution portion of the arrangement, the component command develops performance data and submits reports to Headquarters, Department of the Army for subsequent billing and reimbursement.

CHAPTER 9

PRICING, PROCUREMENT AND PRODUCTION IN SUPPORT OF INTERNATIONAL LOGISTICS PROGRAMS

Section I. PRICING

9-1. General

a. The matter of pricing the individual items, goods and services made available through International Logistics Programs is a subject of vital concern to both the U.S. government and the recipient country. Regardless of whether the materiel and services are provided through a reimbursable or nonreimbursable program, the costs of the item or service influence a wide variety of actions in the international logistics spectrum. In the Military Assistance Grant Aid program the prices contained in the Military Assistance Articles and Services List (MASL) are one of the primary ingredients in determining the magnitude of the military assistance portion of the President's budget. In turn, the prices of the articles and services at the time they are provided influence the amount of assistance actually rendered. Similarly the prices and the resultant total costs quoted to a potential purchaser of defense materiel may have a direct bearing on the overall value of the transaction and, in fact, may determine whether or not the sale is consummated.

b. The clear intent of the present foreign assistance legislation is to consider the standard price, existing stock status and condition in determining the dollar value of defense articles and services to be provided under an international logistics program. The standard price is a predetermined price established for each item in the Army supply system. It is widely circulated to permit the advantages of uniformity, accuracy and simplicity. The system of standard pricing is designed to approximate current

procurement costs and thus provide the basis for reimbursement of Army appropriations in such dollar amounts as are necessary to recoup the cost of materiel sold. Standard prices are stated in dollars and cents, except for those items with a unit price in excess of \$100. The standard price of these items is expressed to the nearest dollar.

c. The preponderance of items furnished by the Army in support of international logistics programs are items which were initially financed by one of two sources:

- (1) Military appropriated funds, such as Procurement of Equipment and Missiles, Army (PEMA) and Operations and Maintenance, Army (O&MA). Standard prices of items of materiel financed by appropriated funds reflect the current procurement/production cost plus first-destination transportation costs.
- (2) The standard price of items available through the Army Stock Fund includes the following elements:
 - (a) Current procurement/production cost at the time that the price is established.
 - (b) Transportation costs—items procured in the United States. All costs covering delivery to the point of destination in the United States (including Alaska and Hawaii) for storage or use; and costs incurred in delivery to outgoing ocean and aerial port of embarkation in the

United States for shipment to point of destination outside the United States.

- (c) Transportation costs—items procured outside the United States. All costs covering delivery from point of origin outside the United States to a Department of Defense installation in or outside the United States for storage or use.
- (d) A surcharge to compensate the Army Stock Fund for all normal losses and authorized expenses relating to the recovery of net stock losses due to pilferage, damage, deterioration, obsolescence or destruction by fire.

d. The stock status considerations in arriving at the price of items to be provided through international logistics are both quantitative and qualitative. Materiel on-hand or on-order by the inventory managers at the Inventory Control Points is transferred on either a reimbursable or nonreimbursable basis. The criterion which determines how a given item will be transferred is its quantity in relation to the Approved Force Acquisition Objective. This objective represents the quantity which must be available to equip and sustain the U.S. approved force, as specified in the Five-Year Defense Program, in peacetime through the normal appropriation and lead-time periods; and, in wartime, from D-Day through the period and at the level of support specified in the DOD approved logistics guidance. In addition the Approved Force Acquisition Objective for repair parts includes selected prestockage requirements, as approved by the Secretary of Defense, for grant aid countries and Supply Support Arrangements with Foreign Military Sales countries. The transfer of assets within the limits of the Approved Force Acquisition Objective are reimbursable at the standard price of the individual items. Materiel assets in excess of the Approved Force Acquisition Objective are made available to friendly foreign nations at a cost less than the established standard price.

e. In addition to the quantitative aspects in price determination there are recognized qualitative aspects which reflect the general utility or desirability of the item being considered for transfer. When there is an actual difference between an unused and repaired or used item, or between a current and an older model of a similar item, a lower price may be employed in effecting a reimbursable transfer. The system employed in computing the lower prices uses the standard price of a new item type classified Standard A as the reference base. An ever-increasing percentage of this reference base price is used as the item is reclassified as Standard B or as a contingency and training type item. Additionally, within each of these type classification categories, the price is based on the condition of the item, such as new, overhauled, serviceable-used or unserviceable. In those instances in which the formula system does not result in an equitable price, the commodity manager may recommend a more appropriate price for consideration by Headquarters, U.S. Army Materiel Command and Department of Army, Deputy Chief of Staff for Logistics.

f. Incident to issues, sales or transfers of Army materiel to other military departments, government agencies and to the various International Logistics Programs there are incurred expenses in addition to the basic procurement/production costs and initial transportation costs which comprise the standard price. Such additional costs are referred to generally as "accessorial costs" and are intended to offset those tangible support expenses of making materiel available for transfer. Many of the costs resulting from transfer of items to international logistics customers are initially financed with funds provided Army operating agencies and accessorial charges are a means of recovering such funds for ultimate reimbursement of the appropriate budget account and operating agency as appropriate. The specific composition of accessorial costs varies with the international logistic program involved. These specifics are examined in subsequent paragraphs devoted to the respective programs. The follow-

ing cost elements are generally included in computing accessorial costs:

- (1) Packing, handling, and crating costs for labor, materiel and services expended in preparation of materiel for shipment from the storage point.
- (2) Transportation costs intra-CONUS and outside the United States, including ocean transportation, except to the extent that such costs are included in the established standard prices.
- (3) Port loading and unloading costs at ports of embarkation and debarkation.
- (4) Positioning costs incurred in pre-positioning items in the supply distribution system of the Army at locations outside the United States in anticipation of support to other authorized customers.

9-2. Prices Applicable to the Military Assistance Grant Aid Program.

a. The prices of Army-managed end items contained in the Military Assistance Articles and Services List (MASL) are furnished by the National Inventory Control Points. Normally, two prices for the items are listed in the MASL. One is an acquisition value which represents the actual or estimated value of the item in terms of its original cost to the United States. In program preparation, the respective value of the concurrent spare parts and follow-on spare parts planned for the foreign country are expressed as "dollar lines" and are limited to a prescribed percentage of the acquisition price. Thus, in preparation of the country's military assistance plan, individual support repair part requirements are not priced. The second price shown for a major end item in the MASL is the Military Assistance Program (MAP) Unit Price. This price represents a projection by the commodity manager of the value of the item at the time it will be provided to the recipient country. It is developed in consideration of the supplying source and the lead time involved. The MAP Unit Price is the value used for planning and programming military assistance grant aid. Many factors may affect the MAP Unit Price listed in the MASL. The cost actually charged to the country's military assistance

program and the cost for which the Army is reimbursed is the MAP Unit Price current at the time of delivery.

b. At the time materiel is withdrawn from stock to meet an approved grant aid requirement, the particular asset position determines the price charged. If the materiel is in excess of quantities required to support the approved forces acquisition objective and is in excess of those stocks retained for support of general forces in mobilization, the materiel is transferred to the Military Assistance Program on a non-reimbursable basis. Under these conditions, the only costs charged are those incurred in repairing, rehabilitating or modifying the materiel as appropriate.

c. Materiel which is not in excess of authorized retention limits is transferable on a reimbursable basis and is furnished from inventory to the Military Assistance Program at the standard price in effect at the time the items are dropped from inventory. Price reductions are established as appropriate for those items which have a reduced utility or desirability. Occasionally, materiel which is not normally stocked by Department of Defense, is procured specifically to meet an approved military assistance grant aid requirement. In these instances, the materiel is priced at the contract or production cost, plus appropriate accessorial charges. Stockage list materiel procured to meet an approved grant aid requirement is not considered new procurement and, consequently, is priced at the standard price.

d. The MAP Operating Budget reflects funds required to reimburse Army appropriation for the financing of the necessary accessorial and management expenses related to program administration and to procurement and supply of materiel. A portion of the military assistance program appropriation is then made available for this reimbursement. To the degree possible, MAP operating budgets are prepared on the basis of actual costs or obligation experience and subsequent reimbursement is also based on actual costs. The basic rationale employed in the determination of unit pricing as applied in the grant aid program is that existing U.S. facil-

ities and systems provide the support. In turn, the Record Control Number provides an auditable trail by which these Army agencies may be reimbursed from the public funds appropriated for execution of the Military Assistance Programs.

e. In addition to these accessorial and management costs for which the Army is reimbursed, separate provisions are provided for reimbursement of costs for storage and maintenance of materiel "owned" by the Military Assistance Grant Aid Program. Commonly known as "MAP Stockpiles," these are quantities of military assistance financed materiel and supplies stored for later allocation against requirements. Though the only major stockpile of Army MAP materiel is that of the U.S. Army Logistical Center, Japan, there are other quantities of MAP-owned materiel at CONUS or overseas supply storage facilities. Some of the reasons for such stockpiles are frustration of cargo withdrawal of assistance authority, change in requirements and receipt from procurement earlier than delivery commitment. The costs of storage and maintenance of these stockpiles are financed initially from the Operation and Maintenance, Army (O&MA) appropriation. The storage depots account for the Military Assistance Grant Aid Program funds required to reimburse the O&MA appropriation. The currently approved basis for reimbursement to offset the storage and maintenance costs is 2.3 percent of the dollar value of the MAP stockpile.

9-3. Prices Applicable to the Foreign Military Sales Program

a. In the Military Assistance Grant Aid Program congressional appropriated funds for one program are used to reimburse federal agencies for funds expended under another program. These are considered as transfers within the U.S. government. However in the case of Foreign Military Sales, the recipient countries are considered as customers "outside" the U.S. government. As such, it is the general practice to assess the purchaser those costs related to making the item available for sale. To the degree practicable the system employed must be

such that it permits a fair exchange resulting in no profit to the United States and it must apply equitably to all potential purchasing countries.

b. Materiel on hand and in excess of quantities required to support approved force acquisition objectives and in excess of authorized retention levels for mobilization is sold at a negotiated price agreed upon in the offer and acceptance transaction. In arriving at the offer price, such materiel is priced out to determine its value expressed as the scrap value plus the gross cost incurred in repairing, rehabilitating or modifying the articles to the extent requested by the customer. The total figure is then compared to the market value of the items. If the market value is not ascertainable, a "fair value" formula is applied. The fair value formula is based on a percentage of the standard price with such percentage being determined by the relative condition of the materiel. In comparing the scrap value figure (plus rehabilitation costs) to the market value figure, the greater figure is used as the offer price.

c. Materiel which is not in excess of authorized retention limits is priced at the standard price in effect at the time the items are offered for sale. As in the case of grant aid, price reductions are established as appropriate for those items having a reduced utility or desirability. Similarly, nonstockage materiel procured especially to meet an established military sales commitment is priced at the contract or production cost, plus appropriate accessorial charges.

d. To assist in determining accessorial charges to be levied in effecting military assistance sales, a system of standard rates based on percentages of the billing price or standard price of the materiel is used. The percentages pertain to the respective cost elements of packaging and crating, port handling and overseas transportation. The percentage system does not apply in the total pricing of items which have a standard price value of \$10,000 or over. For these higher cost items, actual or estimated accessorial costs are employed. In the compu-

tation of accessorial costs to be charged, only those costs not included in the composition of the standard price and only those costs incurred up to the point in the system that delivery is made are valid charges to the purchaser.

e. In addition to those accessorial costs considered in the physical processing and positioning of articles for sale, there are permitted other support charges. These are termed administrative charges and are intended to compensate for the use of the supply system and to permit recovery of all other costs to the U.S. government. For this purpose, an established percentage of the dollar value of the items is included to permit recoupment of expenses incurred in engineering services, quality control, inventory management and other general overhead expenses.

f. The basic principles employed in the design and intent of accessorial charges and administrative charges, as applied to direct military sales, are equally applicable to Supply Support Arrangements (SSAs). As an example, one of the features of the direct sales program is that accessorial costs are computed and applied in the form of uniform percentages of the item value. These then represent expenses incurred up to the point in the system that delivery is made. In the SSA, the Military Assistance Sales Order #1 (MASO #1) identifies the composition of the pipeline, its value and applicable accessorial charges which the foreign government is required to finance. The particular composition of the MASO depends on a number of factors including geographic location of the participating country, the point

at which supplies are to be delivered and in-country stockage objectives. Thus to assure equitable application of accessorial charges, the MASO reflects only those costs which can be identified with the positioning of supplies in the respective segments of the pipeline. The specific charges are based on the same established percentages employed in direct military sales. As in the direct sale, the SSA also employs an administrative charge for the use of the supply system.

g. The costs incurred in providing support through the Maintenance Support and Services Arrangements are based on the principle that charges will not exceed those applicable to U.S. forces for corresponding support and services. The charges applied in a representative depot maintenance support arrangement would consist of direct maintenance labor, indirect maintenance expense (shop overhead and support), materiel costs and other actual costs incident to the maintenance support or service provided. Charges for direct labor are based on the prevailing wage rates for military and civilian personnel, plus a percentage factor for fringe benefits. The accessorial charges for parts and materiels used in the maintenance process are based on the standard percentage scale employed in military sales and are applied only as necessary to offset the costs of positioning the supplies at the point they are consumed. An additional administrative charge is applied to offset the costs for operation and usage of the logistics system. The usage charge is determined during the negotiation of the maintenance support arrangement.

Section II. PROCUREMENT POLICIES

9-4. Background

a. Procurement is the process of obtaining resources, supplies and equipment. Purchasing and production are two common means by which procurement is accomplished. Since the inception of the Post-World War II Military Assistance Programs it has been the general policy of the U.S. government that supplies and equipment will not be purchased or produced in government facilities in anticipation of re-

quirements for the support of these programs. The rationale employed in withholding any funds and large scale authority to prestock for military assistance requirements is the basic fact that public funds would be committed for the projected support of foreign countries. The general practice has been to provide such funds after due legislative process and to rely on existing military department stocks or purchase and production in response to funded Military

Assistance Program Orders from the Office, Director of Military Assistance. A further measure of holding the "costs" of military assistance to an acceptable minimum is the practice of considering the stock status of materiel at the time it is made available to a grant aid recipient. That is, accomplish reimbursement at the costs of rehabilitation. Thus, the traditional system for the financing of materiel procurement for Grant Aid Military assistance recognizes two fundamental situations:

- (1) Some materiel and services are commonly procured for, owned by or used by each of the military departments. The procurement or supply of these common items is initially financed from regular military appropriations or stock funds. Reimbursements are made from the military assistance appropriation on the basis of constructive delivery; and,
- (2) Some materiel and services are not commonly procured by, owned by or used by any of the military departments. These cases are recognized exceptions and a system of direct fund citation by the Office, Director of Military Assistance is used to finance such special purchases or production.

b. The utilization of materiel assets, which originally had been programed for use by a military department, was a logical course in the early days of military assistance. There were vast stores of excess materiel readily available in the supply system. However, concurrent with the attrition of these stocks to meet United States and allied force requirements, there were whole new weapons systems being produced and many countries had attained sufficient economic stability to purchase the more modern equipment. As the impetus of the Foreign Military Sales Program grew and excess stocks diminished, it soon became apparent that the Army could not provide effective supply performance to U.S. forces and to friendly foreign forces unless authority to procure in anticipation of selected military assistance requirements was granted. It was recog-

nized that prestockage to support military assistance programs would promote more timely supply of foreign requirements and minimize the impact on Army stocks. In addition, there appeared definite and related logistics advantages:

- (1) Enable the Department of Army to consolidate procurement for Army and approved allied force demands;
- (2) Reduce stock levels maintained in allied countries;
- (3) Provide additional stocks for use in the event of an emergency.

c. An additional logistics development which has influenced the pattern of prestockage to support military assistance requirements is a geographic concentration of equipment peculiar to military assistance program countries. With the economic recovery of the countries of western Europe, there was a corresponding increase in grant aid assistance to countries of the Pacific and Southeast Asia. The combined effects of a concentration of World War II materiel and the procurement of the Japanese-produced vehicle fleet heralded the establishment of the U.S. Army Logistical Center, Japan. There were obvious opportunities for improved supply performance through provisions for a MAP stockpile and routine funding of a military assistance program account to sustain the stockpile.

d. The preponderant effect that existing stock status has in determining whether an item is transferred on a reimbursable or nonreimbursable basis, has been discussed earlier in this manual. This provision has major impact on anticipation of demands for international logistics programs and subsequent stockage. The earlier restrictions on the part of Army activities to purchase repair parts in anticipation of grant aid requirements have not had their basis in legal objection to the use of Army Stock Fund or Operation and Maintenance, Army (O&MA) funds for such prestockage. The major factor in deterring prestockage is the fact that the amount of reimbursement is dependent upon whether or not the articles are in excess of authorized retention levels. Obvi-

ously, there would be a loss of Army funds if items purchased in anticipation of demands were excess to Army needs at the time of issue. Thus, it may be recognized that the prestockage for the support of international logistics programs requires a comprehensive and interrelated consideration of three basic elements:

- (1) Authority and resources to purchase in anticipation of requirements;
- (2) Composition of the Approved Force Acquisition Objective to include both U.S. and selected allied force requirements; and,
- (3) The stock status position at the time that items are transferred.

9-5. Purchasing and Production—CONUS

a. The Army Materiel Plan (AMP) is based upon a series of individual requirements computations to determine the items, quantities and delivery periods of materiel to be procured. The AMP is the basic source document used in development of two materiel programs: Procurement of Equipment and Missiles, Army (PEMA) and portions of the Operations and Maintenance, Army (O&MA). These are contained in the Materiel Annex of the Army Five-Year Defense Program. The AMP is the medium through which the Army projects its program for several years in the future. It integrates the logistics elements to include requirements, procurement, production, distribution and overhaul and maintenance and other information. In preparation of the Army Materiel Plan, the undelivered portions of prior year programs for authorized grant aid and military assistance sales are considered. In the projection of requirements to support any of the programs within the international logistics complex, all procurement actions are processed as reimbursable transactions. As examples, procurement may be initially financed with PEMA funds followed by a subsequent reimbursement to PEMA from the customer funds; or, through direct citation of customer funds on obligating documents. Thus in the development of the program for end items and other PEMA-financed items of materiel, there is virtually no anticipation of requirements and subsequent prestock-

age to support grant aid or military sales programs. Purchases and production to support these programs are based on approved finance arrangements with a purchasing country or on a Department of Defense approved Military Assistance Program Order. To the degree practicable, such purchases and production are integrated into the normal supply programs established for U.S. forces.

b. In view of the similarities of the programming systems established for U.S. forces and for the Military Assistance Grant Aid Program, the consolidation of procurements to support these programs is facilitated. However, procurements in support of direct military sales can be relatively intermittent due to the nature of the offer and acceptance process. Notwithstanding the apparent buyer-seller relationship between the purchaser and the Department of the Army, more favorable price and lead time factors are attained if the purchases for military sales customers can be made to coincide with procurements for U.S. forces. A combined procurement of U.S. and allied requirements results in mutual benefit to all concerned. Information regarding procurement planning is furnished unified commands and U.S. representatives in foreign countries. This information may assist them in influencing the timing of decisions to procure. While this consolidated procurement is greatly preferred, the Department of Army in its role of seller is authorized to expedite procurement and delivery in effort to meet the purchaser's requirements under specified sales agreements. When the purchaser has been advised of normal materiel availability, and this is not acceptable, separate procurement actions may be authorized to satisfy the stated requirements. In such instances an exception to formal advertising, the preferred method of procurement, is warranted. Negotiated procurement, including restricted solicitation, may be necessary to fulfill the purchasers' specified requirement as to product make, model and delivery dates.

c. The introduction of modern and complex U.S. air defense weapon systems into western European countries forced a full confrontation of the problem of prestockage of repair parts to

support Military Assistance Program countries. Many of the weapon systems provided the post-World War II countries of Europe were also employed by U.S. Forces. In order to assure satisfactory support to both U.S. forces and the European countries of the North Atlantic Treaty Organization (NATO), limited authority for prestockage was permitted in 1959. This authority directed procurement and stockage of repair parts in anticipation of replenishment demands from the NATO Supply Center for the support of end items peculiar to Air Defense Weapons Systems. Subsequently, the authority for prestockage of repair parts for follow-on support of rocket and missile systems was expanded to include both grant aid and military sales countries. In addition, provisions were made for stocks to be procured and stored at the U.S. Army Logistical Center, Japan, in anticipation of requirements for support of conventional equipment in PACOM military assistance countries.

d. Notwithstanding the above stockage authorities, the Army has long been restricted in any comprehensive program of prestockage which would assure acceptable support for U.S. forces and all of the international logistics customers. The combined effects of vying for available stocks and long procurement lead time for many of the repair parts made it apparent that new concepts of support for grant aid recipient countries were required. The current policies of the Secretary of Defense permit stockage in anticipation of requirements in support of items of equipment in common use by U.S. forces and grant aid countries. Thus, having identified an item as a commonly used item, the total requirements may be included in the Approved Force Acquisition Objective. This, of course, reestablishes the authorized retention level and lessens the risks of issue to the grant aid program on a nonreimbursable basis. Additional Stock Fund Obligation Authority is granted to finance procurement of the additional stocks in accordance with the supply control study. The successful support of equipment common to Military Assistance Grant Aid and U.S. forces is contingent upon continued authority and the granting of financial resources to assure prestockage based on total projected requirements.

e. In addition to the current efforts in providing prestockage of repair parts in common use by both U.S. and allied forces, present Secretary of Defense policies permit concrete action to be taken in alleviation of problems in support of U.S. equipment classified "Other than Standard A." Since U.S. equipment has been provided under a number of different programs and over a period of many years, there are great quantities of equipment which fall into this class. One of the basic determinations of this problem is the selection of those items which *can* be supported. Obviously the items to be supported should be those of the highest density and deemed most essential to maintaining combat effectiveness. The initial emphasis following the selection process is to explore the possibilities of support of these through a supply support arrangement. Where continued support through the grant aid program is warranted and endorsed by the commanders of the unified commands, support may be effected on a continuing basis from stock and procurement or on a consolidated "life-of-type" procurement. Normally, this is a single and final purchase of repair parts to support a predetermined density of equipment operating under specified conditions. If support can best be accomplished on a continuing basis, stockage objectives are established for CONUS stockage. Based upon these projected requirements, the Department of Army effects programing action for Military Assistance Program funds needed to reconstitute and maintain the stockage level.

f. With the advent of Supply Support Arrangements, the Army achieves, from an inventory management point of view, the "purest" system for follow-on repair parts support of friendly foreign nations. Following complete acceptance of the Military Assistance Sales Orders, the National Inventory Control Point stockage objectives are revised to reflect the participating country's stock level requirements for those items included in the Supply Support Arrangement. The revised levels are based on the particular stock level requirements of the participating countries. The total requirements are considered in preparation of the U.S. Army supply control studies and procurement is accomplished as appropriate. A participating

country's requirements are identified separately from U.S. requirements in the supply control studies but procurements are for combined requirements and are not separately identified in the procurement process. Requisitions placed by a participating country, prior to augmentation of the U.S. Army pipeline to support the country, are filled from existing stocks to the extent possible without degrading U.S. combat readiness. In those instances involving support direct from the U.S. Army oversea commands, the requisitioning objectives (ROs) of the command are adjusted to include the participating country's stock level requirements for items stocked in the theater. Replenishment stocks to maintain the ROs are obtained through established U.S. Army requisitioning procedures.

9-6. Purchasing and Production—Off-Shore

a. In the post-World War II years there were extensive off-shore procurements of defense articles for the Military Assistance Program. These procurements are financed by direct obligation of Military Assistance Program (MAP) funds for purchase of items of materiel to satisfy grant aid-country requirements. The present foreign assistance legislation authorizes the expenditure of MAP funds only on those exceptions to be determined by the President. It is the general policy that funds appropriated for the Military Assistance Program not be used for procurement outside the United States except to procure necessary items which are not produced in the United States. The Secretary of Defense may procure off-shore only in those instances in which CONUS procurement would seriously impede attainment of military assistance objectives. In actual application, this authority of the Secretary of Defense has been delegated to the Assistant Secretary of Defense (International Security Affairs) and is exercised for the following purposes only:

- (1) Government-to-government cost sharing projects, when Military Assistance Program/Off-Shore Procurement is an integral part of the cost sharing commitment.
- (2) Government-to-government cost sharing projects under the Mutual Weapons Development Program.

- (3) Procurement required to support overriding foreign policy objectives as approved by the Secretary of State.
- (4) Procurement required to support overriding military logistical considerations which are important to the defense capabilities of the free world.

b. Normally, the only military departmental off-shore procurements authorized are those in which the estimated price, as delivered from U.S. sources, would not exceed \$10,000. Proposed off-shore procurements in excess of this figure must be referred by the military department through offices of the Secretary of Defense for authority to negotiate the necessary procurement.

c. A single major exception to the prevailing off-shore procurement restrictions is that procurement of repair parts in support of the Japanese-produced fleet employed in many of the Pacific Military Assistance Program countries. The U.S. Army Logistical Center, Japan (USALCJ), operating under the provisions of the Department of Defense and Department of the Army directives, as implemented by CINCPACUSARPAC and the Commanding General, U.S. Army, Japan, exercises inventory management over support items for these vehicles. As part of the annual planning and programming process, USALCJ prepares budgets for procurements in anticipation of country demands for repair parts to support the vehicle fleet. USALCJ receives direct fund citations in the form of program approvals and then instigates off-shore procurement action through the U.S. Army Procurement Agency, Japan. To further curtail off-shore procurements, Continental United States sources are surveyed in effort to develop competitive sources for what were originally Japanese sole-source items.

d. In addition to these actions in support of the Japanese-produced vehicle fleet, USALCJ also instigates procurement for Military Assistance Advisory Groups (MAAGs) in the U.S. Pacific Command Area. Specific items, not available through USALCJ and not readily available in U.S. supply channels, may be included in the preparation and review of a Grant Aid country program. If approved by the

Director of Military Assistance, USALCJ, may be designated as the executing agency in the program approval. In this event, USALCJ instigates procurement through the U.S. Army Procurement Agency, Japan, and normally, shipments are made directly from contractor to

customer. This is not an extensive program but it is evidence of the judicious utilization of off-shore procurement facilities as a supplement to CONUS sources as the exigency of the situation requires.

CHAPTER 10

SUPPLY PRIORITIES

10-1. Uniform Materiel Movements and Issue Priority System

a. The basic policies, procedures and directions contained in the Military Standard Requisitioning and Issue Procedure (MILSTRIP), the Uniform Materiel Movement Issue Priority System (UMMIPS) and the Military Standard Transaction Reporting and Accounting Procedure (MILSTRAP) are applicable in the execution and management of military assistance activities. These are Department of Defense-wide systems and they represent the system by which specific international logistics program requirements are expressed, recognized, processed, controlled, and fulfilled. The UMMIPS includes the requisitioning of materiel from the DOD distribution system and the movement of this materiel from source or storage location to the location of acceptance by the recipient country. The system is based on a relative numerical priority which is termed the issue priority designator. This is a resultant figure derived from the military importance of the

requisitioning activity's mission (Force/Activity Designator) and the urgency of need for the materiel requisitioned in accomplishing the mission. These two factors enable the requisitioning activity to determine the Issue Priority Designator (IPD) to be used in preparing the requisition. Figure 10-1 illustrates the derivation of the IPD from the Force /Activity Designator and the Urgency of Need Designator.

b. The issue priority designators indicated in the figure are placed in four issue groups for the purpose of assigning requisition processing, materiel handling and transportation time schedules. For the respective issue priority groups a priority delivery date (PDD) may be developed in consideration of the location of the requisitioner. The issue groups with their respective issue priority designators and criteria for determining respective PDD's are shown in figure 10-2. The prescribed performance standards for processing requisitioned items are established on the assumption that the items required are in stock and are available for issue

FORCE / ACTIVITY DESIGNATOR	URGENCY OF NEED DESIGNATOR			
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
I	1	4	11	16
II	2	5	12	17
III	3	6	13	18
IV	7	9	14	19
V	8	10	15	20

Figure 10-1. Uniform issue priority designator table.

ISSUE GROUP	ISSUE PRIORITY DESIGNATOR	OVERSEAS FORCE (U. S. OR INTERNATIONAL LOGISTICS CUSTOMER) PDD FROM DATE OF REQUISITION TO RECEIPT OF MATERIEL
1	1 THROUGH 3	168 HOURS
2	4 THROUGH 8	15 DAYS
3	9 THROUGH 15	45-55 DAYS
4	16 THROUGH 20	60-75 DAYS

Figure 10-2. Criteria for performance within respective issue groups.

ISSUE GROUP	1	2	3	4
PRIORITY DESIGNATORS	1-3	4-8	9-15	16-20
CYCLE SEGMENTS	HOURS	DAYS	DAYS	DAYS
TRANSMISSION OF REQ BY OVERSEA ACTIVITY TO RECEIPT BY INITIAL SOURCE	0	0	1	1
RECEIPT BY INITIAL SOURCE TO DISPATCH TO SUPPLY SOURCE	4	1	3	3
RECEIPT BY SUPPLY SOURCE TO RELEASE OF SUPPLIES TO CARRIER	24	3	10	12
CARRIER PICK-UP DATE TO RECEIPT AT OVERSEA TERMINAL	84	7	25-35	34-49
RECEIPT AT OVERSEA TERMINAL TO DELIVERY TO REQUISITIONER	56	4	6-11	10-15
TOTAL	168 HRS	15 DAYS	45-55 DAYS	60-75 DAYS

Figure 10-3. Respective order and shipping time cycle segments.

in the supply system. Requisitions for items not stocked in the supply system require time in addition to the prescribed standard to compensate for the necessary processing and handling. Figure 10-3 depicts the respective order and shipping time cycle segments for each issue group. The geographic area to which the materiel is to be shipped will determine the actual time standard. It is emphasized that the time cycle segments and the total time standards are assigned for normal processing of requisitioned

items. The data are shown here to illustrate the relative allocations of time to various segments of the processing cycle as applicable to Military Assistance Grant Aid support.

c. There is a distinct and direct relationship between the proper utilization of the Uniform Materiel Movement and Issue Priority System (UMMIPS) and the achievement of acceptable materiel readiness conditions within a country's forces. The priority system provides the degree of response necessary to meet the urgency of the situation within the requisitioning activity. Each user of the logistic system is responsible for the anticipation and planning of the necessary materiel needs and is further responsible for the timely submission of requisitions to meet those needs. The system presumes a judicious assignment of issue priority designators by the activity preparing the requisition. The commanding officer of the requisitioning activity is responsible for the proper assignment of IPD's. The particular urgency of need designator is a reflection of how badly the item is needed and it is determined by the originating activity. However, the Force/Activity Designator assigned an activity or a country's forces is dependent upon the relative military importance of the mission. Normally, the Force/Activity Designators are assigned by the Joint Chiefs of Staff based upon recommendations of the commander of the respective unified command.

10-2. The Priority System in Operation

a. The specific procedures for imposing requisitions and their contained priorities vary depending on the particular international logistics program employed. For Supply Support

Arrangements, the procedures are dependent on the intricacies of the agreement. However, all international logistics requirements ultimately are expressed in MILSTRIP requisition format and normally are processed in recognition of the assigned priority. Requisitions for specific items which have a forecast delivery date as directed in approved Military Assistance Orders or as contained in the accepted offer of a Foreign Military Sales case (DD Form 1513) are processed to meet those forecast dates.

b. As a special effort in assuring availability of stocks to meet potential sales, certain stocks may be committed for Foreign Military Sales. Simultaneous with the transmittal of the sales offer to the proposed buyer, the major subordinate command initiates action to reserve the subject materiel pending acceptance or rejection of the offer. The National Inventory Control Point "earmarks" assets reported as available from Army stocks to insure meeting availability commitment dates as listed in the offer. Materiel is not physically segregated, but the earmarking process is accomplished through the use of a holding account. Such stocks may be diverted only to meet emergency situations. Assets remain earmarked until the item is shipped or until the offer expires unless the NICP is notified sooner that the customer does not want the item. After acceptance of the offer by the foreign government, the delivery of items involved is considered a Department of the Army commitment and the items no longer are considered as available assets within the framework of the priority system.

c. Respective procedures for the application of issue priority designators (IPD's) to requisitions in support of international logistics programs are as follows:

- (1) Military Assistance Grant Aid countries initiate requisitions for follow-on repair parts and indicate thereon appropriate IPD code. The International Logistics Center, New Cumberland Army Depot, receives these requisitions and perpetuates the codes in forwarding the requisitions to the appropriate supplying source. Requisitions

for those items defined specifically in Military Assistance Program (MAP) Orders and requisitions for concurrent repair parts are also prepared by the International Logistics Center. The priority for delivery of these items is normally expressed as a forecast delivery date. This is similar to the issue priority designator in that it establishes the relative processing order to be observed in meeting the stated requirements.

- (2) Requisitions to support Foreign Military Sales are prepared by the International Logistics Center on the basis of the completed Offer and Acceptance (DD Form 1513). In the case of requisitions prepared for end items the priority is determined by the mutually agreed upon date of availability. The individual requisitions for concurrent repair parts and follow-on repair parts which are prepared by ILC, are assigned a constructed priority designator code consistent with the applicable Force/Activity Designator and the relative urgency of need.
- (3) The International Logistics Center also receives requisitions for follow-on repair parts from those countries participating in a supply support arrangement based on support direct from CONUS. Like the requisitions received from Military Assistance Grant Aid countries, the Center perpetuates the priority code originally assigned to the requisition when prepared by the participating country.
- (4) Requisitions prepared by countries participating in Supply Support Arrangements and receiving support through U.S. Army Oversea Commands include an appropriate issue priority designator assigned by the country's armed forces unit submitting the requisition. When received by the supply activity of an overseas command, the requisitions are processed in accordance with the assigned priority code.

CHAPTER 11

MAINTENANCE IN SUPPORT OF INTERNATIONAL LOGISTICS PROGRAMS

11-1. General

a. Depot maintenance, accomplished through overhaul or rebuild of end items and attendant components and assemblies, represents a reliable source of "production" to meet the requirements of U.S. forces and International Logistics Programs. The basic purpose of depot maintenance is the rehabilitation of unserviceable materiel for return to stock and for subsequent issue. This maintenance is accomplished in CONUS and oversea maintenance facilities. Depot maintenance performed in CONUS is directed by the Commanding General, U.S. Army Materiel Command (CGUSAMC). Depot maintenance performed in oversea areas is basically a responsibility of the U.S. Army oversea commander. However, the CG, USAMC, is responsible for the review of maintenance programs proposed by the oversea commander and revising them, as necessary, to meet the net worldwide depot maintenance requirements.

b. In addition to the service provided through a Maintenance Support and Services Arrangement, CONUS, and oversea depot maintenance facilities are used regularly in support of Military Assistance Grant Aid and the Foreign Military Sales Programs. Depot maintenance of unserviceables may be performed as an alternative to new production because it may be more responsive in view of lead time and it may be more economical than new procurement. Depot maintenance may also be more desirable from an equipment standardization viewpoint of the recipient country. Many of the grant aid and sales recipient countries prefer the receipt of overhauled end items rather than new production items because of existing in-country familiarity, skills and logistic support capabilities.

New production items would likely require increased initial investment and additional expenditures in concurrent repair parts, test equipment, publications and training. Thus, countries interested in purchasing additional equipment often request price and availability data on items type classified other than Standard "A" by U.S. force standards. In addition, the Military Assistance Articles and Services List (MASL) for use by the unified commands and the Military Assistance Advisory Groups will sometime indicate availability of less than Standard "A" items. This facilitates the planning and programing of additional items which will be compatible with in-country resource facilities for support. The actual furnishing of many end items listed in the MASL is contingent upon depot maintenance lead time.

11-2. Depot Maintenance Programs

a. The development of overhaul/rebuild maintenance programs have their bases in materiel control studies and supply control studies performed by the National Inventory Control Points. These, in turn, provide the basis for the Army Materiel Program from which the Operations and Maintenance, Army (O&MA) program is developed. A portion of the O&MA Program is Budget Program 2300, Major Overhaul and Maintenance of Materiel. The depot maintenance program for a given fiscal year is the result of an extensive planning process during which the items and quantities to be scheduled for maintenance gradually evolve. Emanating from the initial budget guidance establishing dollar limitations, personnel and available shop facilities, a series of coordinating conferences are conducted by Department of

the Army and U.S. Army Materiel Command (USAMC) representatives. As a result of these conferences and the continually refined requirements which are recognized in terms of direct Army, Military Assistance Program and other customer workloads, a tentative depot maintenance "shopping list" is developed. This represents the total projected program and it includes both tentative and firm commitments. The shopping list contains item descriptions, unit costs, funded costs, total costs and it also indicates whether the item is for U.S. Army, Grant Aid Program or Foreign Military Sales Program customer.

b. The Depot Maintenance Control Center (DMCC) located at Letterkenny Army Depot is a field agency under the technical control of Headquarters, U.S. Army Materiel Command. This center provides centralized operational control over the in-house depot maintenance programing, scheduling and reporting activities for selected major items and major secondary items. The DMCC receives Procurement/Work Directives from the respective National Inventory Control Point or commodity command. These represent the net depot workload schedule and they are revised as necessary based on data generated by the NICPs regarding requirements and availability condition and location of assets. The DMCC prepares Work Authorizations for each of the CONUS depots and proceeds to schedule a balanced and integrated workload into the depot facilities. The rehabilitation of Army materiel items requiring depot maintenance that is not under the maintenance cognizance of DMCC is coordinated and scheduled into depot facilities by the commodity commands based upon the availability of funds and depot capabilities.

c. The depot maintenance requirements to support Military Assistance Grant Aid and Foreign Military Sales Programs are considered as "funded reimbursable" requirements. That is, the expenses incurred in accomplishing the maintenance to include transportation, parts, material costs and direct labor are borne by the appropriate budget activity account of the O&MA Program. Reimbursement of the Army account is accomplished after the maintenance

fact and it is based on constructive delivery. In the preparation of a target year depot maintenance program, the grant aid programed requirements submitted by the unified commands provide a basis for planning. From the proposed budget year program, the Army Grant Aid Logistical and Funding Plan is prepared. It permits a projection of total end items to support the Military Assistance Grant Aid Program. At the NICPs and commodity commands, these requirements are reviewed in consideration of all other requirements, existing assets and dues-in from procurement and maintenance. Thus, the Army Grant Aid Logistical and Funding Plan provides an order-of-magnitude of the MAP overhaul requirement and it permits inclusion of these proposed requirements in the depot maintenance "shopping list" as tentative commitments. Such commitments are considered as firm for programing, scheduling and execution on receipt of an approved Department of Defense MAP Order.

d. The intermittent nature of requests from potential Foreign Military Sales customers regarding price and availability data on materiel furnishable from depot maintenance complicates the task of developing a reasonably firm depot maintenance program in preparation for a target year. Ideally, the development of the depot maintenance program would consist of a concurrent review of total requirements to include U.S. forces, grant aid, military sales and all other customer requirements. This would facilitate the execution of both the procurement and maintenance programs. Large lot procurements could be effected and the balancing and integration of workloads into depot facilities could be improved. The preponderance of requirements in support of military assistance sales through depot maintenance programs are handled on a case-by-case basis as the requirement develops.

e. Despite the logical sequence of events in preparation of the total depot maintenance schedule for a given target year the program undergoes continual change throughout the planning and execution processes. In some instances, items tentatively scheduled for depot maintenance are not approved or are not ap-

proved until late in the execution year. In addition, changing international situations require a rescheduling to cope with new delivery dates. Such developments result in "impact shipments" requiring expeditious procurement and production of repair parts to support the program and deferment of other scheduled overhaul. A system of uniform priorities is used in the assignment of overhaul programs to the depot facilities. The intent is to assure a recognition of the order of relative importance of the specific maintenance program in relation to worldwide supply requirements. The priority system for the scheduling of depot maintenance of end items is based on the respective forecast delivery dates contained in the Military Assistance Program (MAP) orders or funded Foreign Military Sales cases. These dates and the particular stock status of the items involved are used in assigning one of four depot maintenance priorities. The priorities are assigned by the NICPs and are implemented through the scheduling efforts of the Depot Maintenance Control Center. The priorities are as follows:

- (1) *Priority I.* Applies to supply requirements for immediate use to accomplish an assigned mission. This priority applies to—
 - (a) Disaster relief requirements.
 - (b) Department of the Army emergency program requirements.
- (2) *Priority II.* Applies to supply requirements for which there are back orders on hand or for which firm delivery requirements have been made. Included in this priority are critical items for Military Assistance Grant Aid and Foreign Military Sales.
- (3) *Priority III.* Applies to supply requirements for all critical items for which there are no back orders on hand.
- (4) *Priority IV.* Applies to all other supply requirements not eligible for assignment of higher priorities.

11-3. Serviceability Standards of Materiel—General

It is the policy of the Department of the Army that materiel furnished to recipient countries under any of the International Logistics Programs will reflect credit upon the United States. The condition of equipment must be such that it evidences the true spirit of mutual security and, in fact, supports the materiel readiness posture of the recipient country. Additionally, materiel provided under military sales procedures must be ample testimony of the superiority of U.S. equipment and its condition and performance should be such that further military sales are assured.

11-4. Serviceability Standards—Military Assistance Grant Aid Materiel

a. To assure equipment serviceability and acceptable appearance of materiel furnished under the Military Assistance Grant Aid Program, all materiel must meet criteria not less than the overhaul standards for the same materiel furnished to operational units of U.S. forces in the overseas theaters. This is the minimum acceptable standard and is applicable to all materiel items other than aircraft. Through the use of uniform serviceability standards for U.S. and friendly foreign forces, supply support is facilitated. The needs for physical segregation of dual-standard stocks and duplicate stock control facilities are reduced. In addition, the use of uniform standards permits a degree of flexibility in depot maintenance scheduling and rescheduling is thereby facilitated. As an added measure to assure safe and reliable performance of aircraft provided under the grant aid program, special serviceability standards are applied to those aircraft assemblies and components subject to replacement on a time-change basis, such as 500 flying hours. In those instances where new or unused equipment from U.S. inventories is provided, the equipment is inspected to determine serviceability and, where necessary, it is functionally tested prior to issue.

b. Current standards for issue to grant aid recipients permit special attention to the appearance of used major items of equipment.

Exterior surfaces and appurtenances, such as canvas, tires and glass, are refurbished or replaced so as to assure that the products reflect credit upon the U.S. The intent of these special measures is to provide tangible evidence to the recipient that the United States places a high degree of trust in the mutual defense aspects of the military assistance program. The extra attention extended to the "appearance" items may be an integral part of the overhaul program covering the end items or it may be a special processing of otherwise serviceable materiel. In either event, the costs incurred in complying with the appearance requirements are held to a minimum necessary to attain an acceptable product. The costs are financed initially using Operations and Maintenance, Army (O&MA) funds. Reimbursement is effected on the basis of constructive delivery.

c. The policies regarding modification of equipment are further evidence of the U.S. intent to assure that materiel provided through the grant aid program meets high serviceability standards. Modifications to Army materiel are published as Departments of the Army Modification Work Orders (MWOs). An item of equipment may be modified to include safety improvements, combat or operating effectiveness, improved economies or standardization with current production items. It is the Army policy that materiel provided through the Military Assistance Grant Aid Program is complete with all approved modifications at the time of shipment. If materiel requiring modification is shipped inadvertently to a recipient, the materiel required to accomplish the modification is provided without cost to the recipient country. As a means of keeping the foreign country informed as to new modifications applicable to equipment furnished previously, the appropriate Military Assistance Advisory Group is advised of new MWOs. The necessary MWO kit or supplies would then be provided through the normal military assistance programing and requisitioning procedures.

d. Exceptions to the established serviceability standards applicable to MAP shipments may be recommended by the commanders of the unified commands. Thus, in consideration of the re-

cipients technical capability and the prevailing political, military and economic situation in the country, there are provisions by which materiel standards may be reduced. As an example, the demands of the situation may warrant a deferment of the special actions to improve appearance of the item or an otherwise lowering of the appearance and serviceability standard as applicable to issues to U.S. forces. Exceptions to established appearance and serviceability standards which would result in expenditures in excess of those necessary to achieve the normal standard, must be approved first by the Director of Military Assistance.

11-5. Serviceability Standards—Foreign Military Sales Materiel

a. Understandably, the serviceability standards of materiel provided through the military sales program are more stringent than those applicable to the grant aid program. In general, end items and component end items of materiel provided under sales provisions will be new or unused and must possess original appearance and serviceability. In situations where there are both new and used equipment available for purchase, only the new or unused is offered and sold. Certain end items, such as ammunition, set assemblies, tool sets, shop sets and all repair parts may be made available through the sales program even though they are not new. However, such items must, at the time of sale, meet standards prescribed for issue to U.S. troops. In those instances, in which new or unused materiel is not available to meet the customers' desired delivery date, the sales offer contains a description of the condition to assure that the potential purchaser is informed of the limitations. Further, it is the general practice that the purchaser of such materiel must formally acknowledge the condition of the equipment at the time of sale.

b. As in the case of grant aid program shipments, all outstanding Modification Work Orders are applied prior to shipment of materiel transferred under the sales program. In addition, a form of continued customer service is provided in keeping the purchaser informed of new modifications as they are approved. The

Sales Division of the International Logistics Directorate, U.S. Army Materiel Command, contacts the purchaser advising him of the na-

ture of the modification, the cost and availability of materiel to accomplish it.

CHAPTER 12

UTILIZATION OF EXCESS MATERIEL

12-1. General

a. U.S. defense articles and services are provided through the Military Assistance Grant Aid and Foreign Military Sales Programs to meet those needs recognized mutually by this country and the friendly foreign recipient. The United States is concerned with the utilization of the equipment provided, its support during the operational phase, and with the disposition of the materiel when it is no longer needed by the recipient country. In the case of grant aid materiel, the foreign assistance legislation specifies that articles no longer needed for the purpose for which intended will revert to U.S. government control for disposition. The recipient government, in the respective mutual defense agreements, agrees to assume the responsibility for reporting such excess property to the U.S. government. In addition, host country agreements have been executed to facilitate the disposal of all U.S.-owned foreign excess property including redistributable Military Assistance Program property. The agreements are designed to safeguard the foreign policy interests of the United States and to satisfy the policy and laws of the host country concerned. Generally these agreements outline the restrictions placed on the sale of specific categories of materiel and they establish the procedures to be followed by the military services in the disposal of foreign excess and MAP personal property.

b. Thus, within the limitations of the standing agreements, the U.S. may reacquire title for other utilization or disposal or it may direct disposal to the property by the holding MAP country. Although no such "residual title right" is applicable in military sales contracts, the United States is vitally concerned that defense

materiel provided through the sales program is not resold or exported to any country or organization which might use the materiel to the detriment of U.S. objectives. As a preventive measure in avoiding such disposition, the foreign military sales purchaser agrees that materiel furnished will not, either directly or indirectly, be made available to specified countries and international organizations.

c. Excess MAP personal property consists of equipment and repair parts and supplies furnished originally through the Grant Aid Program and which are no longer needed for their original purpose. Common causes of excesses generated within Military Assistance Program countries are—

- (1) Items are "obsolete" due to receipt of more modern equipment or equipment models newly adopted for use within the foreign country;
- (2) Reductions in authorized equipment as a result of changes in country force structures and organization allowances;
- (3) Reductions in pipeline requirements through improved inventory control and maintenance management; and,
- (4) Uneconomically repairable or unserviceable items, beyond the repair capability of the foreign country, are replaced by serviceable items.

d. The generation of excesses is a continuing process and generally, the quantity and condition of available excesses is not such that they can be relied upon as a dependable source of support for large scale operations. However, prevailing requirements for cost reduction and improved inventory management practices dic-

tate an effective system for the recognition, reporting, screening, redistribution and utilization of both U.S. force excesses and the excesses of materiel furnished under the Military Assistance Programs. In view of the ever-increasing similarity of U.S. equipment employed by U.S. and foreign friendly forces, the need for a screening of total reported excesses against total force requirements becomes increasingly important. Excesses may be generated within a MAP country due to receipt of more modern equipment, through the Grant Aid Program or the Foreign Military Sales Program. Such excesses can serve as valuable assets to another country whose equipment modernization is in the planning stage of future year programs.

e. The system for utilization of excesses is dependent upon forecasts of excesses to become available for redistribution and the timely recognition and reporting of excesses as they occur. Obviously, the U.S. representatives in the Military Assistance Advisory Group (MAAG) have a key role in influencing the identification and reporting of excesses. Concurrent with the preparation of the Military Assistance Plans for a country, the MAAG plans for the disposition of existing assets upon receipt of replacement equipment. When replacements are received for items "consumed" through normal attrition, the MAAG representatives must assure that the older items are removed from inventory through cannibalization, scrapping or destruction. The MAAG and the respective unified command are kept advised of new or replacement equipment scheduled for the host country through the media of the Military Assistance Program Order, requisitions and status data provided by the CONUS agencies. This information assists in planning for receipt of the new items and permits a consolidation of data regarding excesses to be made available for subsequent redistribution. Thus, an effective redistribution of excess MAP personal property is dependent upon two major factors. These are sound inventory management practices and the persuasive powers of the MAAG representatives in encouraging the prompt recognition and declaration of materiel excess to the needs of the host country.

12-2. Reporting and Screening

a. The system for reporting and screening of excess personal property is based on five elements as follows:

- (1) Nature of the item as designated by its Federal Supply Class.
- (2) Quantity.
- (3) Standard Price.
- (4) Location.
- (5) Condition.

b. Representatives of the MAAGs perform a physical inspection of items declared as excess to the country's needs. During this inspection, the description and standard price of the materiel are confirmed and a determination is made as to whether or not the materiel is economically repairable. With the exception of a relatively few selected critical items, materiel which is not economically repairable is not reported by the MAAGs for possible redistribution. In the determination of economic repairability, total costs of transportation, labor, parts and services are considered. The MAAGs may request technical advice and assistance from the appropriate Army oversea command to assure proper determination of economic repairability. If determined to be economically repairable, an estimate is made of the maintenance costs to return the item to standards required for re-issue through the Military Assistance Program.

c. The standard price and quantity of the items available are also critical factors in the reporting scheme. The line item value, which is the product of these two factors, must represent a value which warrants further reporting and screening. Normally, the dollar criterion for the reporting of MAP country excesses is established by the commander of the unified command. Materiel which meets these respective criteria of value and condition are reported by the MAAG to the unified command or the designated component command. At unified command level, the available excesses are screened against the total funded and unfunded requirements of Military Assistance Grant Aid countries. The commander of the unified command may effect transfer of the excess items or

he may instigate action to have the items earmarked as part of a holding account for forthcoming military assistance programs. In addition the excess items are screened against U.S. force requirements in the area. Items not required for support of the Grant Aid programs are reported to the CONUS appropriate National Inventory Control Points if the line item value is \$100 or more. At the NICP, the reported excess materiel is screened against total worldwide requirements for actual and projected grant aid, military sales and U.S. force requirements.

d. The U.S. Army Logistical Center, Japan (USALCJ) acts as a central agency in the Pacific Command area for the receipt and processing of all reports of redistributable MAP personal property under the logistical cognizance of USALCJ. Certain items that are in a critical supply position, are designated as "automatic return" items. As the title implies, these items are returned to USALCJ when they become excess to the needs of the holding country and if the items meet established condition standards. All excess repair parts peculiar to support of the Japanese-produced MAP vehicle fleet are also reported to USALCJ regardless of the line item value of the parts. USALCJ screens all reported excess items against current and projected requirements and effects further reporting, as appropriate, to the Army Inventory Control Point for disposition instructions. In essence, the USALCJ accomplishes, for Headquarters, Pacific Command, and Headquarters, U.S. Army Pacific, the screening reporting and redistribution or disposal of the preponderance of MAP personal property. Excess missile system end items and excess repair parts peculiar to missiles systems are reported directly to Headquarters U.S. Army Pacific for screening and further reporting.

e. The system for declaration and screening of MAP excess personal property consists of continually broadening the search for the utilization of excesses. This pyramidal screening effect continues within the CONUS agencies having worldwide supply management responsibilities. Items which are reported by the unified commands to the NICPs and which are not

recognized or projected Army requirements may be reportable for further Department of Defense worldwide screening. Within established line item value and condition standards, excess items of materiel managed by the Defense Supply Agency, the General Services Administration and the military departments are reported to the Defense Logistics Supply Center (DLSC), Defense Supply Agency. The DLSC provides a centralized screening service for utilization of all excess property reportable to that center.

12-3. Redistribution

a. Normally, Military Assistance Program excess personal property reported for redistribution is distributed with first priority to meeting outstanding requirements of other military services in the host country. Where such requirements exist, the MAAG arranges for an on-the-spot transfer of the property with after-the-fact reporting to the commander of the unified command. Following this initial effort at redistribution, the excess items are reviewed by the unified command or the appropriate subordinate command in effort to meet requirements of those approved and funded Military Assistance Programs for other countries. Next in order of priority are unprogramed military deficiencies in Military Assistance Grant Aid supported forces, requirements of the U.S. Military Departments and other U.S. Government agencies. Although this order of priorities does not designate military sales as a possible outlet for materiel being screened, excess personal property may be sold at any point in the screening process. The Assistant Secretary of Defense (International Security Affairs) or responsible representatives of the military departments may authorize sales of such equipment to authorized purchasers.

b. When redistribution to a grant aid country is accomplished by a unified command as a result of screening of excesses, requisitions may have to be cancelled and procurement or overhaul programs may require adjustments. Normally the MAAGs directly involved arrange for the details of the transaction, including financing of transportation and rehabilitation costs

by the countries concerned whenever this is feasible. If the MAAG determines that it is not feasible to arrange for acceptance of these costs by either of the countries concerned, the unified command is requested to arrange for financing of these charges from MAP funds.

c. Reported materiel, which is not required for U.S. force use or other grant aid or military sales country needs, is normally declared for recovery and disposal by the appropriate U.S. disposal activity. If the recovery by the disposal agency is not economically practicable, the MAAG may recommend disposal of the property by the holding country with the provision that proceeds from such sale or disposition be used to support the defense effort of the holding country. In this manner, equipment which has outlived its usefulness, as an entity in the Military Assistance Program, may be sold and the proceeds may be utilized either in reducing the net requirement for further MAP appropriated funds or in contributing toward a military assistance sales program.

d. In addition to the possible redistribution or sale of Military Assistance Program excess personal property, selected foreign countries

are eligible to purchase Department of Defense excess property. Items reported to the Defense Logistics Supply Center (DLSC) as DOD excess are matched against reported Department of Defense requirements. If there are no recognized requirements, items of materiel meeting established line item value and condition standards are included in DLSC lists of excess property available for sale. The lists are distributed periodically to interested U.S. government agencies and to eligible foreign governments. Circulation of the lists to foreign governments must be approved by the Department of State and the distribution of the lists are based on information furnished by each government regarding types of property they desire to screen against requirements. As a result of review of the excess property listings, a foreign government is interested in purchasing any listed materiel, purchase requests may be submitted directly to DLSC. Although screening of the excess listings is conducted concurrently by U.S. and foreign government agencies, purchase requests from foreign governments are not honored until expiration of the normal 30-day screening period and confirmation of the property as DOD excess.

PART FOUR

EXECUTION OF INTERNATIONAL LOGISTICS PROGRAMS

CHAPTER 13

**EXECUTION OF THE MILITARY ASSISTANCE
GRANT AID PROGRAM**

Section I. GENERAL

**13-1. The Military Assistance Program
(MAP) Order**

a. With the military assistance appropriation and apportionment processes, a Military Assistance Program becomes a "funded" program. Within the respective country dollar ceilings, execution of the current year Military Assistance Program begins. The Department of Defense MAP order is prepared by the Office, Director of Military Assistance and is furnished to one of the military departments for implementation. It authorizes and directs delivery of materiel or the furnishing of services to a designated recipient country. The MAP orders are used to implement all phases of the program for a country including end items, concurrent spare parts, follow-on repair parts, administrative and operational support, training and construction. All the essential elements of data are contained in the MAP order for an end item to permit the implementing service to proceed with financing and supply execution. Included in these data are Federal Stock Number, item nomenclature, MAP element, recipient country, planned supply source, record control number, type assistance, unit price and the delivery commitment.

b. The MAP orders are received in Headquarters, Department of the Army by the Office, Director of Army Budget, Comptroller of the Army. Copies of the MAP orders are then provided to Finance and Accounts Office, U.S.

Army (FAOUSA), Deputy Chief of Staff for Logistics (DCSLOG), and Deputy Chief of Staff for Operations (DCSOPS). FAOUSA, in turn, prepares and furnishes DCSOPS and the U.S. Army Materiel Command with decks of electrical accounting machine cards which specify the commitments involving training activities (DCSOPS) and those concerned with materiel and services other than training (US-AMC). When received by Headquarters, U.S. Army Materiel Command, the following administrative processes necessary to execution of the program will have been accomplished:

- (1) Recording of allocations of funds to support delivery and provide subsequent reimbursement to the Army;
- (2) Verification of method of procurement, i.e., procurement through direct citation of Military Assistance Program funds or procurement on a reimbursement basis;
- (3) Certification and initiation of off-shore procurement as necessary; and
- (4) Coordination of Headquarters Department of the Army staff agencies in providing support allied to delivery of end items, such as personnel, training and publications.

c. Within the International Logistics Directorate, USAMC, the MAP order is verified as to description, price, source of supply and validity of the availability data. This data is available

from the logistics data file which consists of the basic logistics information relative to items and services included in the Military Assistance Articles and Services List (MASL). The logistics data file is in effect the current Army catalog of MASL items. It is prepared from information furnished by the USAMC supplying agencies and is continually updated by feeder information from these agencies to assure that its contents are current. The initial matching of the logistics description and data contained in the MAP order with the reference information in the Logistics data file serves to validate the contents of the MAP order. Based on the confirmation of the MAP order data, Department of the Army Military Assistance Program extract orders are prepared by the International Logistics Directorate, USAMC. The DA MAP extract orders serve as the authority, within the Army, for the delivery of materiel and services as directed by the Office, Director of Military Assistance. The data from the DA MAP extract order is incorporated in the USAMC Master File Record.

d. The Army system for record keeping is based upon the development and maintenance of this master file record. It represents a complete and up-to-date statement of Military Assistance Programs as directed and funded by the Department of Defense MAP order and as implemented by the Army extract MAP order. The master file record contains forecasts for the delivery of materiel and performance of services as provided by the various supplying agencies. In addition, it records the actual deliveries and accomplishments as reported by the supplying agencies. This master file serves as the primary source of management data for the control of the Grant Aid Program at all organizational levels. Further, it provides the basis for supply performance and financial reports and forecasts required by Headquarters, Department of the Army and Offices of the Secretary of Defense.

13-2. Program Changes

a. Although the master file record represents the official Military Assistance Program status within USAMC, a copy of the DA MAP extract

order is provided to the appropriate subordinate command and supplying agency having responsibility for delivery of items or services. These are incorporated in a record file at each of the supplying agencies and thereafter the USAMC Master File Record is maintained as an exact duplicate and as an aggregation of those record files maintained in the various supplying agencies. The supplying agencies are the keytones in executing the demands imposed by the MAP orders. The supplying agencies are most cognizant of the accomplishment of the requirements and of the limiting factors in meeting the imposed requirements. Thus, the supplying agencies remain as the logical entity in the system to initiate action leading to changes in details, circumstances or conditions under which the materiel or services will be furnished. Any change in the content of a line entry in the USAMC Master File Record constitutes a deviation from the approved and funded program. Also, included as program deviations are changes in the forecast for delivery of a given item or service.

b. Program deviations are continuous and voluminous. They are occasioned by a variety of factors—some emanating from political and international developments and others resulting from changes in the logistic resources available to fulfill the program needs. Thus, there are some program deviations which direct the Department of the Army to delete, change or add program lines to a MAP order previously issued. Normally, these are effected by MAP order amendments published by the Director of Military Assistance. There are other program deviations which must emanate from within the Department of the Army. The following are common circumstances which may warrant Department of the Army requests for program deviations:

- (1) Change in unit price of a major item;
- (2) Substitution of one item for another in filling a requirement;
- (3) Developments regarding definitization of the composition, quantity or value of concurrent spare parts;
- (4) Cancellation of a programed line because neither the original item nor an acceptable substitute can be issued;

- (5) Changes in source of supply, such as the item is provided through redistribution of excess stocks rather than from reserve stocks; and,
- (6) Changes in costs of items or services to be provided through the use of direct citation funds.

c. In view of the variety of circumstances which tend to influence a change from the original plan to provide an item in accord with an original forecast, the Department of the Army is permitted a degree of authority in approving changes to funded programs. This flexibility in adjustment or realignment of programmed lines is essential to effective management of the Military Assistance Grant Aid Program within the Army. The delegations of authority to improve changes to funded program lines or the retention of such authority at Office Director of Military Assistance is based on the effect of the proposed program change on total fund limitations, country ceilings and other limiting factors. Many of the proposed changes are without policy significance and, in addition, many of the required changes have offsetting cost effects, as an example, price increases in some items may be offset by price decreases in other items. Under existing Director of Military Assistance policy, authority to approve low value-high volume transactions has been delegated to the military departments. Thus, within the limits of specified criteria, the supplying agencies of the Army proceed with execution of the program line. Simultaneously, program deviation action is instigated citing the reason for the required change and with the assurance that a confirming Military Assistance Program order amendment will be forthcoming.

d. There are certain circumstances under which the supplying agencies are not permitted

to proceed with supply execution until corroboration in the form of a MAP order amendment is received from the Office Director of Military Assistance. Such circumstances are those which would:

- (1) Result in an increase in the authorized costs of providing materiel or services to be financed by direct citation of funds;
- (2) Change the type of military assistance being furnished, such as, from grant aid to Military Assistance Program funded long term credit sales;
- (3) Require procurement from off-shore sources.

e. The frequency and volume of program changes effected by the supplying agencies in the process of execution dictates an orderly system which assures that the data in the USAMC Master File Record mirrors the program status files at the various supplying agencies. A routine of "deviation cycles" is employed to permit the sequential posting and confirmation of respective program deviations. The International Logistics Directorate, U.S. Army Materiel Command, establishes a fiscal year schedule of deviation cycles. The normal deviation cycle is monthly. These cycles are numbered consecutively during the fiscal year and all program adjustments accomplished by the supplying agencies during a given month are identified with the appropriate number. Following the posting and updating of the USAMC Master File Record, the International Logistics Directorate, USAMC, issues a Department of the Army Military Assistance Program amendment to the supplying agencies. This formally documents the changes made to the implemented program.

Section II. SUPPLY OF END ITEMS AND CONCURRENT SPARE PARTS

13-3. The Supply of End Items

a. The supply of end items through the Military Assistance Grant Aid Program is often described as a "push-type" operation. That is, the Department of Defense Military Assistance Program (MAP) order directs shipment by the

Department of the Army. The Department of the Army extract MAP order, in turn, is the authority for the preparation and submission of requisitions to the supplying agencies for execution within the delivery period and under the conditions specified. The DA extract MAP order contains the necessary data for prepara-

tion of requisitions. In addition, a financial analysis is prepared which relates the specific item to the Army appropriation and funds which will initially finance the costs of supplying the item. Thus, the Department of Defense MAP order triggers a series of subsequent actions which establish the impetus of supply of end items from CONUS sources to the MAP recipient country.

b. The Department of the Army extract MAP orders are provided to the appropriate supply ing agency and to the International Logistics Center, New Cumberland Army Depot. The supply agency reviews and validates the data regarding item availability or advises the International Logistics Center of the revised availability date. The International Logistics Center prepares and submits requisitions in Military Standard Requisitioning and Issue Procedure (MILSTRIP) format for execution by the respective National Inventory Control Point. The Military Assistance Advisory Group (MAAG) in the country for which delivery is scheduled is also provided the requisition data. From this point through to delivery of the materiel to the recipient, the International Logistics Center performs as the primary contact in CONUS for all matters pertaining to the execution process. The designation of the International Logistics Center as the CONUS representative permits a coordination and consolidation of supply status information to keep the recipient MAAG informed of any developments affecting the shipment.

13-4. Supply of Concurrent Spare Parts

a. It is basic Department of the Army policy that end items of maintenance significance programmed for first-time delivery to recipient country be accompanied by the necessary repair parts to provide a six months stockage for the quantity of end items contained in the MAP extract order. Normally, the supply of concurrent repair parts is authorized by a separate item line in the MAP order and indicates a dollar limit against which concurrent parts for specified end items may be provided. The selection of specific items and their quantities to accompany an end item being introduced into a

foreign country poses a complex problem. It is a problem which requires the coordination of representatives of the supplying agency and the Military Assistance Advisory Group working with the recipient country.

b. The supplying agency responsible for the major item prepares a maintenance parts list of items required for six months support. The list includes those items to be provided by other supply agencies as well as the preparing supply agency. It is prepared so as to provide optimum support within the dollar limits of the approved concurrent spares line in the country's program. Copies of the list are provided to the MAAG concerned and to the International Logistics Center. The list is screened and revised by the MAAG and country representatives to reflect the support requirements as viewed from that vantage point. The screened list is turned to the International Logistics Center where the dollar value of the concurrent spare parts line is determined and validated. If the value of the revised list exceeds the established program line value, the supplying agency recommends those items and quantities which can be reduced most readily to meet established dollar ceilings. Upon verification that the program line value is sufficient to cover the total costs on the list, the International Logistics Center prepares requisitions, and submits the requisitions to the supplying agency.

c. Required delivery dates (RDDs) on concurrent spare parts requisitions is established as a date 60 days in advance of the required delivery date for shipment of the initial quantity of the end item to which the listed parts pertain. Supplying agencies assure that concurrent spare part items are shipped by the RDD but not earlier. The International Logistics Center monitors the accumulation of the quantity of concurrent spare parts and releases end items when 75 percent of concurrent repair parts have been shipped. Major items may be shipped in advance of concurrent repair parts upon specific request from the MAAG or when directed by International Logistics Directorate, U.S. Army Materiel Command.

13-5. Supply and Support of Missile Systems

Because of the salient requirements for a coordinated effort in providing missile weapon systems to eligible recipients through the military Assistance Grant Aid Program, the equipment is assembled and delivered in the form of packages. The elements of these packages may consist of CONUS on-site training requirements, transportation, technical assistance, and total requirements to provide organizational maintenance support and support through Direct Support Units and General Support Units on an initial and follow-on basis. As an example, a separate package (package A) consists of those items essential to training of a battalion of recipient country personnel at the CONUS training site and then to be shipped to the receiving country; package B consists of

additional operating equipment but not essential to on-site training; and, package C consists of materiel requirements of a Direct Support Unit. Supplies of concurrent spare parts are separately packaged such as an initial issue of organizational maintenance support parts (package B-1) and Direct Support Unit initial issues (C-1).

13-6. Delivery and Reimbursement

a. The preponderance of deliveries of materiel accomplished by the Army are financed on a reimbursable basis. Justification for reimbursement is based on evidence of "constructive delivery." Constructive delivery is accomplished when the materiel is placed into an authorized Military Assistance Program stockpile or when it is delivered to a land, sea or air carrier serv-

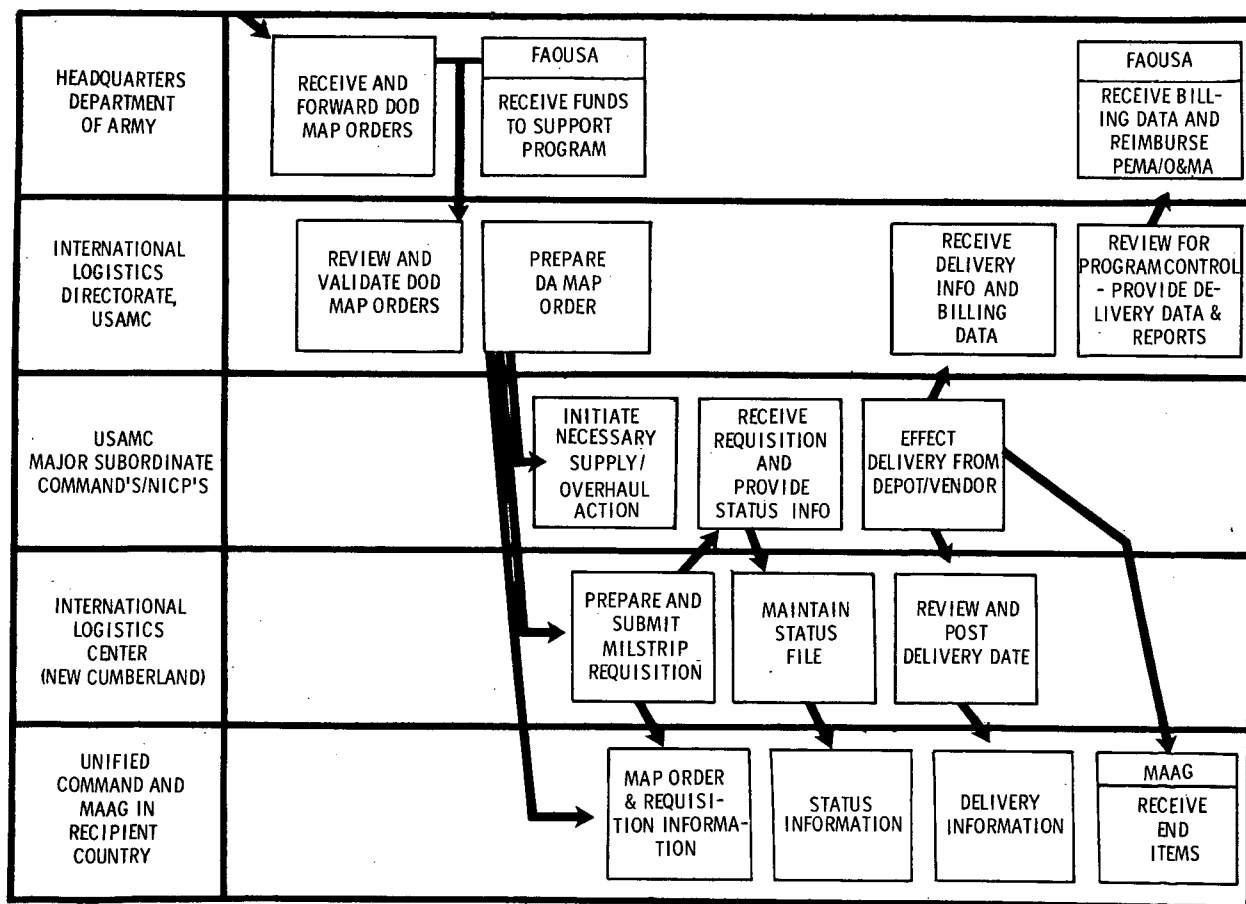


Figure 13-1. Supply of Representative End Items—Military Assistance Grant Aid Program.

ice for transportation to a Military Assistance Program country. In most instances such delivery is effected by the Army depot installations. The Army shipping installation records the delivery made to the carrier and reports such delivery to the billing offices at the Army National Inventory Control Points. In cases involving reimbursement to Army appropriations, the NICPs prepare billing cards and documents for use in reimbursing the respective Army appropriation for materiel delivered or services rendered. The billing documents identify the Army appropriation and the amounts to be reimbursed thereto. The billing and delivery data is provided to the International Logistics Directorate, U.S. Army Materiel Command, for processing and submission to the Finance and Accounts Office, U.S. Army (FAOUSA), which cites Military Assistance Program funds for reimbursement of the respective Army appropriation. Figure 13-1 depicts, in simplified fashion, the execution process in supply of a representative end item to a MAP recipient country.

b. Shipment of materiel to grant aid countries may be accomplished by mail and parcel post provided the size, weight limitations and custom regulations are observed. In addition, air freight may be used to make shipments

when warranted by the situation or circumstances in the recipient country. However, the bulk of shipments from CONUS are effected by ocean transportation. United States Public Law prescribes that a portion of the equipment and materiel so transported be moved on privately owned U.S. flag commercial vessels, to the extent that they are available at fair and reasonable rates. The portion to be shipped by U.S. vessels must be at least 50 percent of the aggregate gross tonnage. The balance of the tonnage may be shipped by duly appointed carriers of friendly foreign governments. Normally, the title to equipment and materials shipped by U.S. vessels will pass to the recipient government at the time the materiel is discharged at the foreign port unless sooner accepted by an agent of the recipient country. Title to materiel shipped by vessels provided by the recipient country passes to that government when accepted by the designated agent and as a general rule, not later than when delivered free on board and stowed in the vessel provided. Title transfers are to meet those requirements specified and justified in an approved Military Assistance Program. Residual title remains with the United States and the equipment is reportable to the United States when no longer needed for the purposes for which it was furnished.

Section III. SUPPLY OF FOLLOW-ON REPAIR PARTS

13-7. Supply Action

a. The supply of end items through the military Assistance Grant Aid Program was referred to as a "push-type" operation. Conversely, the supply of follow-on repair parts to support existing inventories of end items in grant aid countries may be termed a "pull-type" operation. The supply of follow-on repair parts is authorized in the form of a total dollar value assigned to a program line and as indicated in the MAP order. Normally, the dollar value line pertains to a grouping of repair parts applicable to support of specified Federal supply groups and classes, such as construction equipment spare parts and automotive supplies. Program lines for such follow-on repair parts are maintained in the USAMC Master File Record

by total value only. Supply against these dollar lines is based on requisitions initiated by the Military Assistance Advisory Groups (MAAGs) in the respective host countries.

b. The International Logistics Directorate, U.S. Army Materiel Command, assigns responsibility for program dollar lines for multimanaged support commodities and categories to the International Logistics Center (ILC) for management and control. As an example, a program line for automotive repair parts is considered a multimanaged support because it may include items to be provided from more than one supply agency. Program dollar lines applicable to a single managed category or commodity are assigned to the appropriate manager for control. Examples of these are dry batteries

and ammunition components. The single managers provide feeder data regarding supply transactions and program deviations to the ILC. Thus, the ILC remains as the logical entity for the consolidation and reporting of all dollar lines to the International Logistics Directorate, USAMC.

c. Requisitions for follow-on support items are received by the ILC. The requisitions are transmitted in MILSTRIP format to the appropriate supplying agency. The basic requisition data, including the issue priority designator code and the required delivery data, as assigned by the MAAG, are perpetuated. For those program lines for which it has responsibility, the ILC monitors the dollar value in consideration of requisitions received and supply actions accomplished. In the event that there is insufficient dollar value in a program line to permit completion of supply action, the requisition is returned to the MAAG with advice to initiate action with the Office Director of Military Assistance so as to obtain increased program value. Supply action is taken on requisitions transmitted to the supplying agencies and supply status information is furnished to the International Logistics Center as the central CONUS agent of the MAP countries. The master file record which is maintained by the International Logistics Directorate, USAMC, is properly posted based on results of the next scheduled deviation cycle action. During this cycle all supply execution actions initiated by the ILC and the supplying agencies are reconciled so as to reflect in the master file record, an accurate and current status of each dollar value line in the program.

d. As in the case of the supply of end items, the International Logistics Center performs a key role in monitoring execution of the dollar value lines and in providing supply and transportation status information to recipient countries. Requisitions prepared by the ILC are monitored on an individual basis so that the status files reflect a chronological history of the execution process. Thus it is evident that the International Logistics Center performs for the U.S. Army Materiel Command the vital functions of communication with and between the grant aid countries and the various supplying

agencies in CONUS. By virtue of the ILC role in the accumulation of supply status information, it stands as the primary activity for initiating follow-up actions, reporting supply and transportation effectiveness and coordinating the many actions involved in moving materiel from the supplying sources through the CONUS terminals and to the recipient country.

13-8. Reimbursement

Reimbursement procedures used in the supply of follow-on repair parts are virtually the same as those applicable to the supply of end items. However, many of the follow-on repair parts provided in support of the Military Assistance Grant Aid Program are initially financed through obligation of Army stock funds. Based on constructive delivery, reimbursement of this revolving fund may be effected. The billing offices of the National Inventory Control Points prepare billing documents for direct submission to the Finance and Accounts Office, U.S. Army, for reimbursement of the appropriate element of the Army stock fund. Concurrently, billing and delivery data is provided the International Logistics Directorate, USAMC, for proper posting of the Master File Record. Figure 13-2 illustrates the execution process for representative items supplies as follow-on repair parts.

13-9. Supply of Items assigned to the Defense Supply Agency (DSA) and the General Services Administration (GSA)

a. Though a field agency of the U.S. Army Materiel Command, the International Logistics Center also serves as the CONUS agent for supply of many items for which the DSA and the GSA are assigned integrated management responsibility. Certain of the items assigned to these agencies are essential to the conduct of the Army portion of the Military Assistance Program. The ILC is responsible for accomplishing supply of these items to the recipient country as directed by the DA extract MAP orders. Direct sales from the DSA stock fund to the International Logistics Programs are not authorized. To permit purchases from this fund to meet military assistance requirements, the

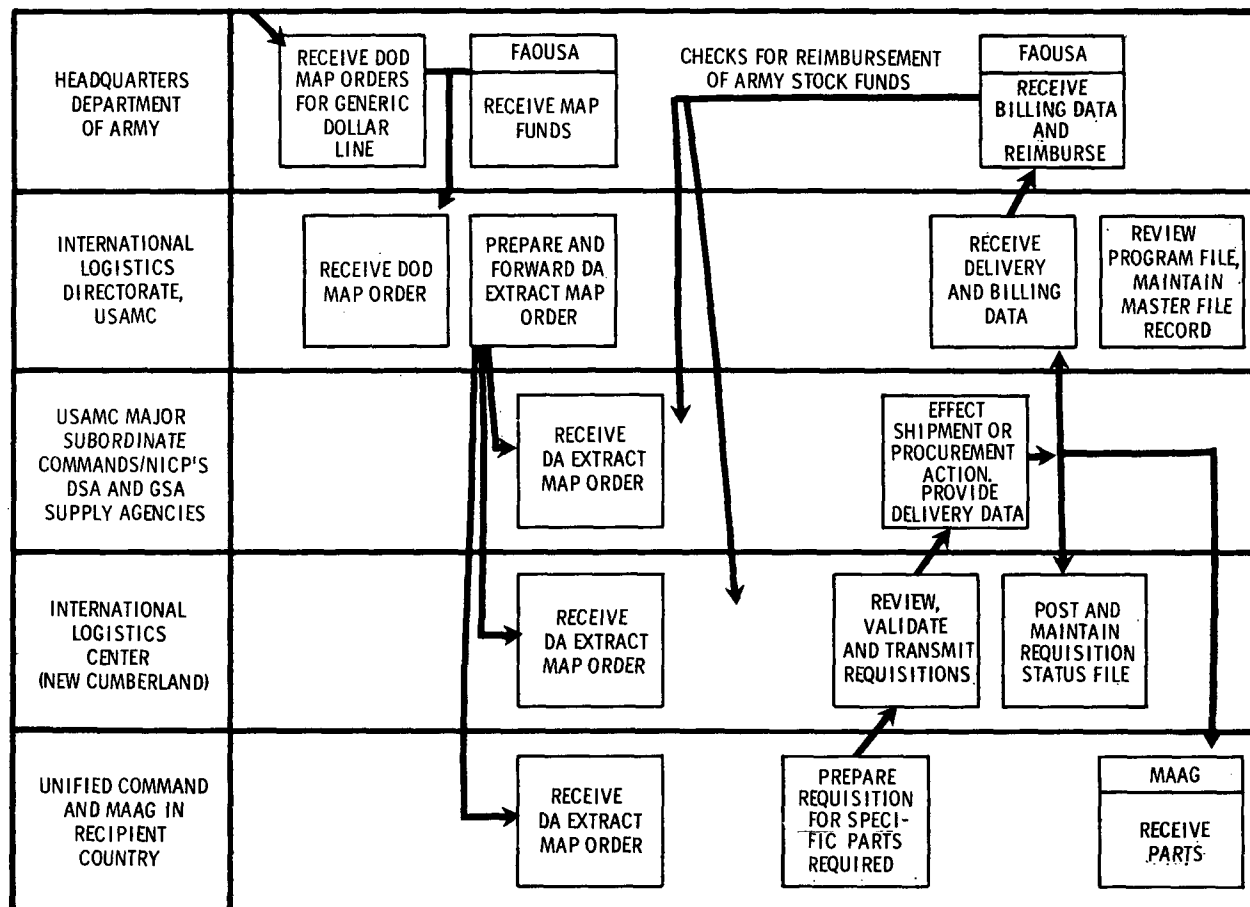


Figure 13-2. Supply of Follow-On Repair Parts (Military Assistance Grant Aid Programs).

ILC acts as an USAMC Stock Fund Branch Office. As such it accomplishes procurement of materiel from DSA and GSA by citing funds for supply or local purchase action as necessary in filling international logistics program requirements. Billing and reimbursement are performed by the ILC so as to perpetuate the revolving fund concept within the USAMC Division of the Army Stock Fund.

b. In representing the Army for matters involving supply of items assigned to DSA and

GSA, the International Logistics Center also employs Army appropriated funds in financing the transfer of non-stock fund items to international logistics participants. As in stock fund transactions, the ILC accomplishes the necessary billing and reimbursement of these appropriations based upon evidence of constructive delivery. In all transactions with DSA and GSA, the International Logistics Center functions as the Army Inventory Control Point for items to be provided from these agencies.

CHAPTER 14

EXECUTION OF THE MILITARY SALES PROGRAM AND SUPPLY SUPPORT ARRANGEMENTS

Section I. EXECUTION OF FOREIGN MILITARY SALES PROGRAM

14-1. Supply Action.

a. The acceptance of a complete military sales case is based on receipt by Headquarters, U.S. Army Materiel Command, of a signed accepted offer, shipping instructions and assurance that appropriate financing has been arranged. Some of the sales recipient countries are authorized to make purchases on the stipulation that payment is to be made within 120 days following delivery of the materiel. Cases involving sales to these countries may proceed on the basis of a signed acceptance of an offer. Other sales cases, such as those to be made on the basis of cash in advance, financed with MAP funds and dependable undertaking, require notice of supply authorization from the Finance and Accounts Office, U.S. Army (FAO-USA). Upon receipt of the accepted case by the CONUS supply agency which made the offer, the International Logistics Center (ILC) is provided information regarding the supply authority indicating the funding limitation and a copy of the completed Offer and Acceptance (DD Form 1513). The ILC, as in the support of the Grant Aid Program, performs a primary role in the execution of the Foreign Military Sales Program.

b. In addition to its role in the execution process, the International Logistics Center also participates in developing the program for military sales of Defense Supply Agency and General Services Administration supplies to be sold through the U.S. Army. The ILC functions as the office within the Army for contacting these agencies in regard to price data and delivery lead time forecasts as requested by potential

purchasing countries and international organizations. Price and availability data is furnished by ILC to the prospective buyers and the center participates as the CONUS agent in subsequent sales execution and reimbursement.

c. Within the major subordinate commands of the Army Materiel Command, a "pending case file" is established for each offer made to a foreign country. When the case is accepted by a customer, the total case is reviewed and transferred from the pending case file to an accepted case file. In the process, any adjustments or changes to the details of the case which might be necessary as a result of differences between the offer and acceptance are reconciled. This file represents the source of data for effecting supply action in accordance with the agreed upon terms of price, condition and delivery schedule.

d. Based on receipt of an authenticated acceptance of a military sales offer, the International Logistics Center (ILC) prepares requisitions for submission to the various supplying agencies. In some instances, items being made available for sale are located in facilities of the overseas Army component commands. The ILC submits requisitions to the appropriate overseas command for supply action in these cases. An information copy of the requisition is furnished to the CONUS supplying agency for control and accounting purposes. As in the case of grant aid processes, the ILC assumes the responsibility for establishing the necessary requisition control procedures to monitor all ensuing supply and transportation aspects. In addition, the ILC

continues as the primary agent for preparing and forwarding supply and shipment status to the purchaser, the respective supplying agency and higher headquarters as required.

e. As vehicles of the Uniform Materiel Movement and Issue Priority System (UMMIPS) and the Military Standard Requisitioning and Issue Procedures (MILSTRIP) system, requisitions for Military Sales Program items are prepared to show an issue priority designator (IPD Code) and a required delivery date. The IPD code assigned is used to indicate the relative priority to be accorded the requisition during the processing cycle. The relative priority of military sales requisitions is determined by the required delivery date. This is a constructed date based on delivery time agreed upon during the offer and acceptance process. It represents a delivery date commitment and normally reflects that period of time elapsing from the date that the accepted offer is received to the date that items are available for title transfer. In determining the availability of items for inclusion in a letter of offer, delivery time for items available in depot stocks is considered at a maximum of 60 days, plus any shipping time allowances from point of origin, such as a U.S. depot or vendor facility, to point of official receipt by the recipient. With respect to rehabilitated and new procurement/production equipment, the delivery time must not exceed that which would be required to produce similar items in the same quantities for U.S. forces. In actual execution, shipment is effected prior to the committed delivery date, if possible.

f. Throughout the execution process the supplying agencies observe the required delivery date. When it becomes apparent that delivery cannot be accomplished by the commitment date, Headquarters, USAMC, is informed. Such advice provided on a timely basis may permit negotiation for an amended and more realistic date. Instances in which delays in military sales cases are anticipated or have occurred are reportable to Headquarters, USAMC. The major subordinate commands provide feeder data regarding such delays in shipment and Headquarters, USAMC, is required to submit a delayed military sales cases report to Headquarters, Department of Army.

g. Despite the best efforts of the supplying agency in developing price data for use in the offer and acceptance process, the actual costs of providing the articles and services during supply execution may vary from the agreed upon costs. The contingency of price fluctuation is recognized in the offer procedure and it is mutually agreed that prices are subject to change to equal the total costs of the items to the United States. During supply execution, the actual costs are monitored closely. Increases amounting to 10 percent or more of the total military sales order are coordinated with the purchasing country. Normally, supply execution, up to the point of shipment, proceeds even though projections indicate that costs will exceed the value of the order by 10 percent. The question of whether or not to postpone supply action pending amendment of the sales contract requires critical judgment and often requires resolution through the efforts of the supplying agency and the International Logistics Directorate, USAMC. The costs of postponing and reinstituting supply action may exceed the total costs incurred if supply action were to be continued. The magnitude of the increase in both percentage and value must be considered. As an example, 15 percent of a \$500 case may not be significant but 10 percent of a \$500,000 case may warrant postponing further action pending approval of the customer to proceed. Cases are amended to increase value in those instances where the increase is greater than 10 percent.

14-2. Supply of Concurrent Spare Parts.

a. In the supply of concurrent repair parts to support end items being shipped as part of a military sales case, the delivery of such parts must be controlled so as to precede or accompany delivery of the end item. Normally the specific repair parts and their respective quantities required for initial support are not determined during the negotiation phase. In the offer and acceptance procedure, the repair parts required for initial support are listed by group, e.g., repair parts for Tank, medium, 90mm gun, M47. The dollar value of the support parts is based on a one year supply at U.S. peacetime consumption rates. Following acceptance of the

offer, supply of the items contained in the concurrent spares group is initiated.

b. The supplying agency or appropriate segment within the subordinate command, prepares a repair parts listing of items required for initial support of the end item. This list is furnished to the International Logistics Center (ILC) where a requisition status file is established. The requisitions are prepared in final MILSTRIP format to reflect the constructed Required Delivery Date and necessary advice information. The requisitions are furnished to the appropriate supply agency for execution. Requisition data is also furnished to the respective country embassy or legation and to the Military Assistance Advisory Group in the recipient country. Thus, within the purchasing country, a record of the concurrent spares may be established to facilitate identification of parts with end use application.

c. Through the requisition status file maintained at the ILC and subsequent status information furnished by the supplying agency, the ILC keeps abreast of the deliveries of concurrent spares and can release the end item when appropriate quantities of repair parts have been delivered or are available for concurrent release. While the required delivery date remains as the latest point in time at which delivery must be effected, the end item may be released earlier if supporting parts have been made available and if the recipient country desires an early delivery. Shipment of at least 75 percent of the range and quantity of repair parts required for initial support is normally considered sufficient for early release of the end item. However, the balance of the supporting parts must be shipped by the established commitment date.

14-3. Delivery and Reimbursement.

a. Normally as part of the negotiation process, the details of delivery are discussed and finalized. Unless otherwise specified in the terms of sale, title to items being purchased passes to the purchaser at the initial point of shipment. For items being procured, this is usually considered to be the manufacturer's loading facility. With respect to items supplied from

existing stocks, delivery is effected at the U.S. depot or port loading facility. The purchasing country nominates a freight forwarder or country representative to receive the materiel at the designated point. Upon the specific request of a foreign government, shipments may be made to a CONUS port of exit at the expense of the purchasing country. Notices of availability are provided on the date that the materiel becomes available for shipment. Formal receipt by the authorized country representative constitutes constructive delivery and establishes the basis for reimbursement.

b. Because of the inherent hazards in the handling and transport of explosives and ammunition, other than small arms ammunition, these commodities are sold on the basis of delivery free-on-board (F.O.B.) vessel at the U.S. port of exit of a Department of Defense facility or free-alongside-ship (F.A.S.) for subsequent loading at anchorage. Exceptions to these requirements must be approved by the Commanding General, U.S. Army Materiel Command. In any event, the costs to be incurred the United States in transportation and handling of these commodities are considered in the preparation of the sales offer and are reimbursable after delivery.

c. Unless specifically authorized in accordance with the terms contained in the agreements, U.S. Army appropriations or working capital funds are used to initially finance military sales program requirements. This includes purchases from the Defense Supply Agency Stock Fund and from the General Services Administration for subsequent sale by the Army to a purchasing country. Based upon constructive delivery, the Department of Army is reimbursed for the materiel and services furnished according to the terms of payment prescribed in the sales contract.

d. The Finance and Accounts Office, U.S. Army (FAOUSA) is the Military Sales Fund Control Office for the Army. As such, this office receives and holds in deposit those funds remitted by countries making military purchases. Reimbursement of Army appropriations or working capital funds is accomplished by FAOUSA on the basis of receipt of proper bill-

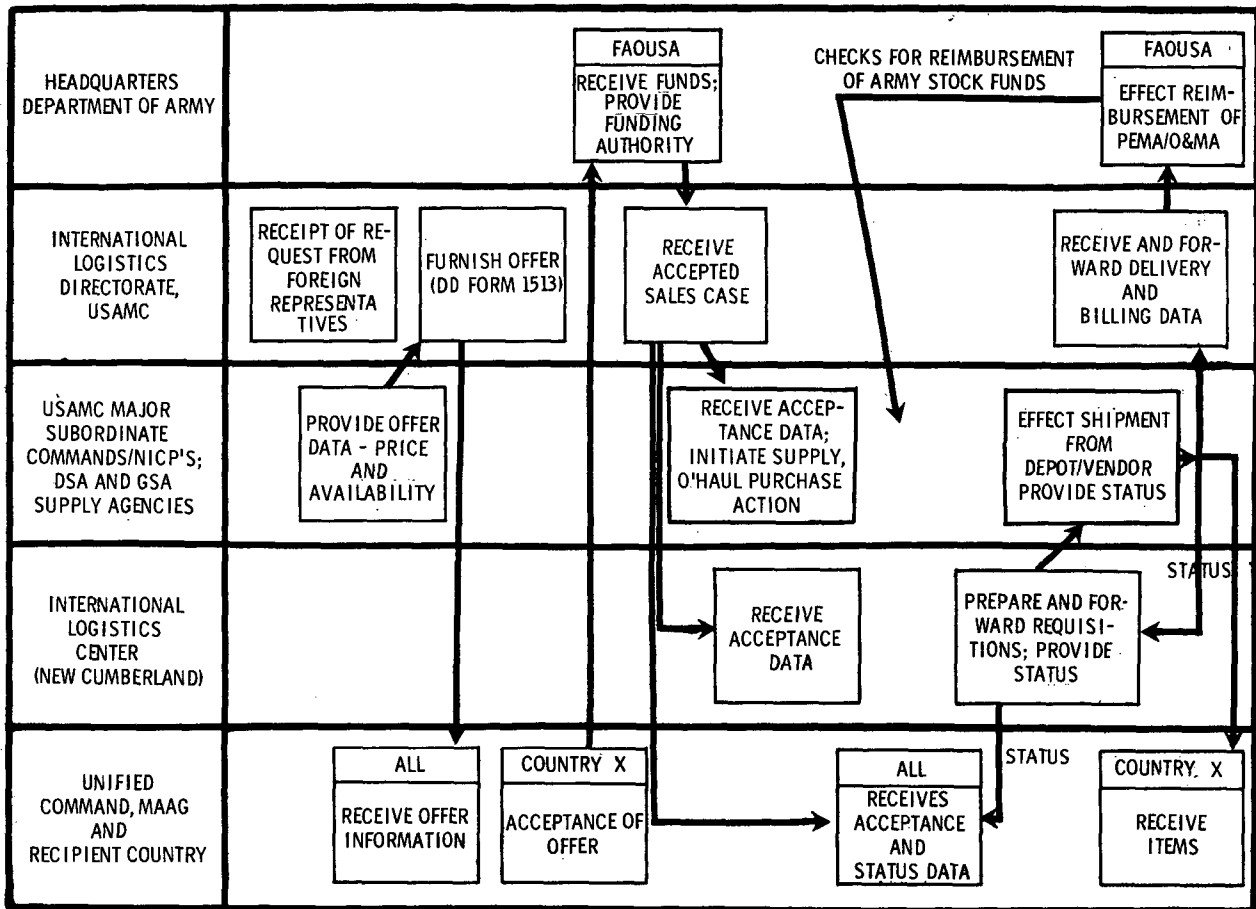


Figure 14-1. Supply of Items through the Military Sales Program.

ing data. The delivery receipts and invoices are used by the billing offices of the supplying agencies in preparing final accounting statements and billings. These are furnished to the International Logistics Center and the International Logistics Directorate, USAMC, for verification, posting status files, master file record and subsequent forwarding to FAOUSA for reimbursement. Upon receipt of billings and delivery data, FAOUSA reimburses the applicable appropriations or working capital funds in accordance with the available funds on deposit to support the particular case. Working capital funds are reimbursed as check payments to the

respective billing offices. If total costs of executing the sale exceed those funds on deposit, FAOUSA bills the recipient country for the balance due. When the purchasing country deposits additional funds with FAOUSA, subsequent reimbursement of Army funds is effected. A military sale is considered closed when all materiel has been delivered, all services have been performed and all financial transactions have been completed. Figure 14-1 depicts the supply execution of a representative military sales case involving supply of end items and concurrent spare parts.

Section II. EXECUTION OF SUPPLY SUPPORT ARRANGEMENTS

14-4. Bases for Supply Execution.

a. The receipt of a signed and financially authenticated offer and acceptance constitutes authority for supply execution of a supply support arrangement. There is a separate military assistance sales order (MASO) specifying the support or services to be furnished within each segment of the supporting logistics system. All support and services provided through the supply support arrangement (SSA) are financed initially with U.S. Army appropriations and working capital funds in the same manner as other reimbursable customer requirements. The programs and funds most affected by SSAs are the operations and Maintenance, Army (O&MA), Procurement of Equipment and Missiles, Army (PEMA) and the Army stock fund.

b. The Finance and Accounts Office, U.S. Army (FAOUSA), as the Foreign Military Sales Fund Control Office effects reimbursement of Army programs and funds as appropriate. The various MASO's facilitate the accounting and reimbursement processes:

- (1) *MASO No. 1.* Provides the dollar limitation which may be used as a basis for Army stock fund obligation and Army appropriated funds required to expand the U.S. Army stockage and on-order quantities to be obtained through procurement and production. The funds deposited and the commitments made represent the guarantee for this pipeline requirement.
- (2) *MASO No. 2.* Provides an estimated dollar value for an agreed-upon period to cover the issue and consumption of items during the period. Requisitions for consumption items can be related to this MASO for billing purposes. Since the dollar value is an estimate, it may be exceeded without interruption in supply. The dollar value of the excess issues may be included in the next period's estimate or billed when the case is completed. The funds deposited for this MASO are used to

reimburse the Army for the items and services furnished.

- (3) *MASO No. 3.* This MASO reflects the annual cost of storage in the U.S. Army depots and for maintenance and modification, if any, to be performed on materiel held in the pipeline for the participating country. Payments made periodically are used to reimburse the Army for storage services and to compensate major subordinate commands and U.S. Army component commands for costs of modifications accomplished.

c. Thus, the supply support arrangement, unlike the provisions of the Military Sales Program, permits consideration of the participating country's requirements in supply control studies and establishment of levels of supply to support U.S. forces and forces of the participating country. Upon receipt of accepted MASO's by Headquarters, Army Materiel Command, action is instigated to increase appropriate stock levels to include anticipated consumption requirements. In addition, programming and budgeting actions must be initiated in order to obtain the increased funds and obligational authority necessary to finance support requirements. These actions must be coordinated with the respective commands and agencies depending on the particular terms of the arrangement. In those instances where support is to be provided through sources of the U.S. Army component command in the area, supply levels in the appropriate overseas and CONUS supply activities must be augmented. In addition, the participating country is informed of items, quantities and dollar value of materiel available through the overseas U.S. facilities. Normally, theater authorized stockage lists are not augmented with items required solely for support of participating countries. Similarly, logistics support to be provided direct from CONUS to a participating country is based on recognition of the secondary items and repair parts required to augment the supply levels in CONUS supply activities. The list-

ing of these items, quantities and dollar value must be coordinated with the participating country and must be in consonance with the terms of the supply support arrangement.

d. The supply support arrangements may include provisions for support of items assigned for integrated materiel management by the Defense Supply Agency (DSA) and the General Services Administration (GSA). Requirements data for these items included as part of the MASO No. 1 is provided the appropriate agency for consideration of procurement and stockage action as necessary. An action related to the supply of such data to these agencies is that of providing additional stock fund obligational authority to permit Army purchases from DSA and GSA in support of participating country requirements. In those cases where support is to be provided directly from CONUS sources, the necessary obligational authority is granted to the International Logistics Center. The center receives and validates requisitions for DSA/GSA items and cites funds as appropriate for supply or procurement action by the respective agency.

14-5. Supply Execution.

a. Though receipt of an approved military assistance sales order signals the commencement of a supply support arrangement, the actual increase or augmentation of stocks to assure the required support may take several months. However, it is Department of Army policy that pending increase of stockage levels, participating country requirements will be met from existing stocks to the extent possible without degrading U.S. combat readiness. After augmented stock levels have been attained, requisitions from participating countries are filled in accordance with established priorities and U.S. Army troop support procedures.

b. In cases involving supply support to a participating country directly from Army overseas supply sources, requisitions are prepared by designated supply activities of the armed forces of the foreign country. They are submitted in MILSTRIP format to the overseas supply activity as designated by the overseas command. Normally the requisitions will be for items which are included on the existing

theater authorized stockage list and are reflected in the MASO No. 1 listing. However, there may be requirements for support of items not identified for stockage in support of the arrangement. Requisitions for these "fringe" items are received and processed in accordance with established priorities. However, the SSA is primarily a troop support system and is applicable to support of those end items as mutually agreed upon in the agreement. Repair parts required for support of other end items and repair parts required for depot level maintenance may be obtainable through the direct Military Sales Program. Stock levels of the overseas activities providing support to the participating country's forces and to U.S. forces are replenished in accordance with normal supply control procedures applicable within the Army component command.

c. When the terms of the supply support arrangement specify that supply is to be provided directly from CONUS supply agencies to the participating country, the International Logistics Center (ILC) serves as the central CONUS point for receipt of requisitions. Upon receipt of the approved MASO's by Headquarters, U.S. Army Materiel Command, the ILC is furnished copies of the sales orders which authorize supply action. Requisitions are prepared in MILSTRIP format by the designated supply activities of the participating country and are submitted by mail or transceiver directly to the ILC. Based upon the funding and obligational authority provided ILC, requisitions are transmitted to the appropriate USAMC major subordinate command or other supplying agency as appropriate. As in the case of its role in monitoring grant aid and military sales requisitions, the ILC establishes requisition status files for control of supply and status actions. In addition, the ILC establishes and maintains the necessary accounting and control ledgers for funding the requisitions, posting charges against established dollar values, effecting reimbursement, and transfer of remaining dollar balance for renewal of the MASO No. 2 at the end of the annual period.

14-6. Supply Through Exchange of Repairable Assemblies.

a. Supply support arrangements may be

developed to provide for foreign country troop support through use of a direct exchange system. This is essentially a system in which serviceable assemblies are exchanged for like unserviceable economically repairable assemblies. Usually the assemblies included in such an arrangement are for missile systems but may be developed for any high dollar value items for which the country cannot provide overhaul or rebuild. The items and the estimated dollar value of the transactions are mutually agreed upon during the negotiation of the arrangement.

b. In execution, requisitions are prepared by the participating country and a serviceable assembly is provided through the overseas supply activity or the International Logistics Center, depending on the terms of the arrangement. The country is directed to ship a like unserviceable assembly to an appropriate maintenance activity. Following its receipt and a verification that the item is economically repairable, the applicable MASO is posted to reflect a specified creditable allowance less any accessorial charges incurred in transportation and handling. The CONUS NICP or the designated supply activity of the Army component command overseas performs the necessary debit and credit actions involved in executing the exchange. When the country is receiving support direct from CONUS, the ILC notifies the foreign country of the specific credit based on information furnished by the NICP. Thus, the ILC remains as the primary CONUS contact with the participating country.

14-7. Billing and Reimbursement.

The billing and reimbursement procedures are designed in consideration of the composition and intent of the various military assistance sales orders (MASO's):

a. *MASO No. 1.* The bill for this MASO includes the cost of the stocks required, plus any positioning and issuing costs incurred, and the charge for the use of the supply system. The billing is accomplished in accordance with the financial terms of the arrangement. Normally, it is based on a statement of availability

furnished by the appropriate USAMC major subordinate command or, for DSA/GSA items, by the International Logistics Center. The statement of availability certifies that stock to support the specific sales case has been provided and is on order or on hand. The initial bill is in amount of the existing inventory to support the arrangement and subsequent bills are prepared in consonance with the financial terms of the arrangement. Adjustments to the dollar equity of the participating country in the stocks held by the U.S. government for its account are made as mutually agreed upon by amendments to the MASO. Additional billings or refunds as may be necessary are made at that time. Thus, the fact that action has been taken to make stocks available to the participating country warrants preparation and submission of bills. Based on billing data provided by the supplying agencies, through the International Logistics Directorate, USAMC, the billing is accomplished. The Finance and Accounts Office, U.S. Army (FAOUSA) prepares the necessary billing and final accounting statements for submission to the office designated by the participating country for certification and payment. Reimbursement of the Army programs and working capital funds is accomplished by FAO USA upon receipt of payments due.

b. *MASO No. 2.* Billing for reimbursement of items and services provided through this "consumption" MASO is based on evidence of constructive delivery. Delivery and billing data are prepared and furnished by the USAMC major subordinate commands of USAMC to the International Logistics Center and then to the International Logistics Directorate, USAMC. Billing data from the overseas Army component commands is furnished directly to the International Logistics Directorate, USAMC. The International Logistics Directorate furnishes final billing data, including purchases from DSA and GSA, to FAOUSA for subsequent billing of the foreign country.

c. *MASO No. 3.* Billings for the storage and maintenance charges and charges to cover the cost of modifications performed are prepared by the International Logistics Directorate (USAMC). Billings are based on feeder data

provided by the respective storage locations and maintenance points. These bills, as all others furnished to FAOUSA for support of supply support arrangements, include appropriate charges as designated in the agreement.

Collections by FAOUSA result in reimbursement of the respective Army program and the oversea Army Component command account as appropriate.

CHAPTER 15

CUSTOMER SATISFACTION

15-1. General.

a. The ingredients of customer satisfaction are the same ingredients of operational readiness. Both customer satisfaction and operational readiness are dependent on the basic achievements of delivery in-country of the proper materiel, in the proper condition, to the proper place and at the proper time. Obviously, these goals are equally applicable to both the grant aid program and the military sales programs. While the programming systems, the physical means and the reimbursement procedures may differ within these programs, the real measure of military assistance lies in delivery and ultimate utilization of the materiel.

b. Preceding chapters of this manual have discussed the preparation of international logistics plans and programs and their respective roles in determining the equipment to be provided, the conditions under which it will be provided, the timing of deliveries, establishment of priorities and applicable materiel serviceability standards. This chapter recognizes those primary means in the execution process by which delivery, receipt, ready utilization and effective follow-on support is facilitated. The Military Assistance Advisory Groups, by virtue of their continuous contact with the country's forces remain as the predominant means of monitoring assimilation of the materiel by those forces and assessing future requirements.

15-2. Mutual Security Field Offices.

a. The Mutual Security Field Offices (MSFOs) are oversea liaison offices of the U.S. Army Materiel Command. They are established by agreement between the USAMC and the respective unified command having jurisdiction

of the area in which the office is located. MSFOs are assigned for administrative support to the Army component command as appropriate.

b. The mission of the MSFOs is to perform liaison activities in connection with the execution of international logistics programs. The intent is to foster good customer relations, improve customer service and assist in resolving significant problems. The MSFOs are authorized direct communication with elements of the USAMC as appropriate. In their liaison role, the MSFOs coordinate and communicate directly with unified commands, U.S. Army component commands, and MAAGs.

15-3. USAMC Customer Relations Program.

a. The U.S. Army Materiel Command (USAMC) Customer Relations Program is designed to serve the best interests of both the United States and the recipient countries of grant aid and military sales materiel. The program consists of preshipment inspections and customer relations teams. Both represent an extension of the USAMC Quality Assurance Program. The preshipment inspection is intended as a final verification that the prepared shipment is complete and in accordance with existing appearance and operational standards.

b. The customer relations teams are furnished by Headquarters, USAMC and are assigned to accompany shipments of materiel which have been specifically identified as "special delivery" shipments. This term is used to describe those shipments of Grant Aid and Military Sales Program materiel which require special consideration and monitorship. Reasons for this special attention may be due to one of the following:

- (1) Political, military or economic nature of the shipment;
- (2) Introduction of equipment into a country for the first time;
- (3) Shipments of complex equipment, and;
- (4) Total dollar value of the shipment is significantly high.

c. The customer relations team concept is intended to provide assurance that the deliveries are accomplished in a complete and satisfactory manner and that the terms of the agreements have been met. The team assigned to a special delivery shipment assumes surveillance over the shipment from the originating depot or vendor source until it is declared acceptable within the foreign country. The surveillance encompasses all phases of the transportation process and includes the necessary documentation to facilitate correction of deficiencies, support claims for damages and assure a prompt feedback of information regarding improvements for subsequent shipments.

15-4. Correction of Discrepancies in Military Assistance Grant Aid and Foreign Military Sales Program Shipments.

a. The efforts of the customer relations teams serve to augment the efforts of the Military Assistance Advisory Groups (MAAGs) in reconciling shortages, losses and damages incurred

during shipment. In Military Assistance Grant Aid Program shipments, the MAAG representatives are responsible for reporting such losses. If investigation indicates that the losses or damages occurred prior to transfer of title, the respective supply agency accomplishes replacement or effects repair using Army appropriated funds or stock funds as applicable. Upon constructive delivery or completion of repair these funds are generally reimbursed through the normal reimbursement process for grant aid.

b. In military sales cases, the title transfer normally takes place at the depot or vendor. However, when discrepancies are disclosed in military sales shipments, the MAAG works with representatives of the recipient country in reconciling the faults. Reports regarding the specific losses, shortages or damages are prepared and furnished to the respective CONUS or oversea supplying agency. The supplying agencies investigate the claims and advise the MAAG of remedial action. To assist in a prompt reconciliation of reported defects in a shipment, the CONUS supplying agencies and the oversea commanders are authorized to expend up to \$10,000 of locally available military funds to correct deficiencies in a single military sales shipment. Funds in excess of this amount necessary to correct deficiencies must be requested from the International Logistics Directorate, Headquarters, USAMC.

CHAPTER 16

EXECUTION OF INTERNATIONAL LOGISTICS PROGRAMS FOR PUBLICATIONS AND MEDICAL SERVICE ITEMS

16-1. General.

a. This manual has discussed the planning and the execution phases of international logistics and has recognized the predominant role of the U.S. Army Materiel Command in these phases. The USAMC provides the great preponderance of the materiel, materiel management and program management essential to the conduct of international logistics actions within the Army. However, within the Office of the Deputy Chief of Staff for Personnel, the Office of The Adjutant General and the Office of The Surgeon General have key responsibilities in providing defense articles and services within their respective commodity areas.

b. The planning and execution of international logistics programs requires extensive coordination. The joint effort of the Deputy Chief of Staff for Operations, the Deputy Chief of Staff for Personnel, the Deputy Chief of Staff for Logistics, and the U.S. Army Materiel Command are required in the culmination and successful execution of International Logistics Programs. The requirements for this coordination are particularly crucial in those cases involving significant deliveries of materiel being introduced into a country for the first time. Only through this coordinated effort can the necessary training, publications, and materiel aspects be timed so as to permit a ready assimilation of materiel into a country's forces and a sound assurance of continued effectiveness.

16-2. Office of The Adjutant General.

a. The Adjutant General's responsibilities include publishing, procuring, and issuing Army-wide publications. Many of the technical and

doctrinal publications are vital to the operation, maintenance and employment of materiel provided through the Grant Aid and Foreign Military Sales Programs. Department of the Army publications described in chapter 2, AR 310-1, which are required by eligible foreign countries are furnished by The Adjutant General. Graphic training aids, ROTC manuals, and blank forms are excluded from this authorization. Initial distribution under the Military Assistance Grant Aid Program is accomplished by means of the applicable requirements form of the DA Form 12-series. Normally, the chief of the respective MAAG submits the form on behalf of the host country. The abbreviation "MAP" is entered in the "type of requirements" block of the form. The MAAG chiefs also submit requisitions in behalf of the host country to the appropriate US Army AG publications center using DA Forms 17 and 17-1. Separate requisitions are submitted for classified and unclassified publications. The requisitions are identified as MAP and are prepared in accordance with the Uniform Materiel Movement and Issue Priority System, AR 725-50. Shipment of unclassified publications is made to the MAAG, marked for delivery as indicated above. Shipments of classified publications are made to the MAAG, but do not contain a "mark for" entry. Chief, MAAG, releases classified publications to the host country in accordance with provisions of AR 380-10 and AR 380-11. If Chief, MAAG, receives on initial distribution or by requisition, a classified publication which he is not authorized to release to his host country, he requests authority for release from the Secretariat of the United States Military Information Control Committee. Direct

communication is authorized. If release is denied by S/USMICC, the MAAG Chief requests disposition instructions from the appropriate US Army AG publications center commander. After accomplishing initial distribution or resupply, the respective publications center commander transmits an itemized list of publications issued, together with documentary evidence of shipment, to the Finance and Accounts Office, U. S. Army, ATTN: FAD, for preparation of delivery cards and vouchers as prescribed in AR 37-81.

b. Publications are also available to eligible recipient countries through the Foreign Military Sales Program. The Office of The Adjutant General performs as the sales case manager and the offer and acceptance process is comparable to that for materiel sales. In some instances an "open end" sales case is employed. Under this system eligible countries deposit funds with FAOUSA at the beginning of each fiscal year. The funds are used to cover the cost, including accessorial charges of all publications which will be requested during the fiscal year. In addition there is a 120-day credit system. Within 120 days after delivery date, eligible countries provide funds to cover cost, including accessorial cost, of all publications received.

c. The Adjutant General submits an appropriate offer to eligible foreign countries prior to the beginning of each fiscal year. Upon acceptance, The Adjutant General assigns a military sales case designator and informs the country and FAOUSA thereof.

d. After making initial distribution or filling a requisition, the US Army AG publications center commander prepares an itemized list of the publications issued, a certification of shipment, and data regarding special transportation required and total costs. This information is transmitted to FAOUSA for preparation of delivery cards and vouchers for submission to USAMC as prescribed in AR 37-80. FAOUSA will reimburse the appropriation from which the issued publications were procured; compute and obtain reimbursement for accessorial cost; initiate and render final accounting statements; and, in the event funds deposited by a cash sales country are depleted during the fiscal

year, inform the country and obtain additional funds. If additional funds are not deposited, FAOUSA informs The Adjutant General.

e. The pinpoint distribution forms in the DA Form 12-series may be used to obtain initial distribution of required unclassified publications. The forms are submitted by or through the country's military representative in the United States. The abbreviation "MAS" is inscribed in the "type of requirements" block of the form. Shipment of unclassified publications is made to any designated point in CONUS. Initial distribution of classified publications is not made. Classified publications are issued on requisition only. Requisitions for required unclassified publications must be submitted by or through the country's military representative in the United States to The Adjutant General, Department of the Army. Requisitions for classified publications are submitted to the Assistant Chief of Staff for Intelligence, Attention: Foreign Liaison Office, Department of the Army. Classified publications authorized for release are made only to the country's military representative in Washington, D.C. A receipt for all classified publications must be rendered to the U. S. Army Adjutant General publications center prior to accomplishing shipment of the publications.

f. The Adjutant General does not quote prices or availability of publications. Firm requisitions only are accepted. Publications not available at the time MAP or MAS requisitions are received at a US Army AG publications center are furnished automatically when stocks thereof are available.

g. Foreign military students participating in advanced weapons (missile) training courses in U. S. Army schools and installations are issued classified and unclassified DA approved publications used as texts and schematics for retention. Upon completion of training, the material is furnished the student in accordance with AR 551-50. Cost of these publications is included in reimbursable course cost as outlined in AR 551-50.

16-3. Office of the Surgeon General.

a. In the execution of the Military Assistance

Grant Aid program, the Office of the Surgeon General employs the assistance of the International Logistics Center, USAMC. This center, based on approved program dollar line entries for medical materiel support, receives requisitions from eligible foreign countries, establishes requisition status files and transmits the requisitions to the U.S. Army Medical Materiel Agency, Phoenixville, Pennsylvania. Here, the requisitions are funded using authorities of the Army stock fund. The Office of the Surgeon General has been designated as a subhome office of the Army stock fund to finance purchases in support of international logistics programs. The requisitions are then forwarded to the appropriate supplying activity. Evidence of constructive delivery then warrants billing and ultimate reimbursement of the Surgeon General's increment of the Army stock fund.

b. In Foreign Military Sales and Supply Support Arrangements, the Office of the Surgeon General provides the point of contact within the Department of Army for negotiations and arrangements involving medical service. Inquiries regarding direct military sale of medical service items are directed to the Office of The Surgeon General. This office extends the sales offer and acceptance to potential purchasing countries and executes accepted sales cases under provisions of direct Foreign Military Sales or Supply Support Arrangements. As in the case of supply of medical materiel under the grant aid program, the Army stock fund is the primary means of initially financing procurement and delivery of articles under the sales program. Evidence of constructive delivery provides the basis for reimbursement as appropriate.

CHAPTER 17

INTERNATIONAL LOGISTICS PROGRAMS IN RETROSPECT

17-1. The Programs in Peace and War.

a. The various International Logistics Programs through which defense materiel is provided eligible countries are recognized as sound peacetime measures. Notwithstanding the very real and proven values of these programs in fostering and improving the individual and collective defense capabilities of the free world nations, the programs at best are effective devices for preserving internal and collective security and for deterring overt or covert aggression. Should the governmental stability of the defense posture of a nation decline, thus imperiling the security of that nation and of the United States, certain modifications of the concepts and procedures for support may become necessary. While within the established priority system, there are inherent provisions for coping with a deteriorating situation, the situation may reach the stage where the basic concept of support requires change. As an example, the logistics requirements for the support of friendly foreign forces in Korea, 1950-1954, could not have been met using the military assistance means and procedures which existed at that time. Similarly, in support of the forces of Vietnam, modifications to the normal operation of the Military Assistance Grant Aid Program became necessary.

b. If conditions in a grant aid recipient country deteriorate to the point that increased or accelerated assistance is required, every effort is made to preserve the basic structure and system for providing military assistance. As an example, the need for increased assistance to support the Republic of Vietnam, as a specific entity, was recognized in the foreign assistance legislation for FY 65. A portion of the total funds available under the legislation were to be

appropriated solely for use of military assistance to that country. In addition, in view of the requirements for increased support, the President found it necessary to request authority for additional funds for military assistance to Vietnam.

c. The procedures for support of ammunition to Vietnam were also modified to better accommodate the expanded requirements and the exigency of that situation. Under the Vietnam Ammunition Procedures (VAMP), the Department of the Army was provided an annual single dollar line authorization for supply of ammunition to Vietnam. The Military Assistance Command, Vietnam (MACV), provided the Ammunition Procurement and Supply Agency, Munitions Command, USAMC, with stock status and projected delivery requirements for a specified period. The supplying agency then supplied or procured the necessary ammunition for delivery in monthly increments. Thus, the procedures for supply of ammunition to Vietnam employed a combination of the "push" and the "pull" systems of requisitioning, as previously described. An additional facet of the VAMP system was that Army appropriated funds were used in the supply of ammunition to Vietnam to the point that it was delivered in-country. Under the normal constructive delivery concept, as employed elsewhere in the grant aid program, reimbursement action is instigated at the time items are shipped from the depot or vendor. However, under the VAMP procedures, constructive delivery took place when ammunition was delivered in-country and signed for by the country's representative. Monthly, the USAMC provided Headquarters, Department of the Army and the Office, Director of Military Assistance with data regarding

ammunition delivered, requisitioned and planned for delivery. At the end of the program year detailed data were submitted to reflect the specific items delivered against the annual dollar line program.

d. The procedure for supply of consumables and repair parts for Vietnam also were permitted to vary from those of the normal. Under this system, recognized as the Vietnam Emergency Requisition Procedure, the Military Assistance Command, Vietnam submitted requisitions directly to the International Logistics Center. The requisitions were recorded and processed in accordance with the assigned priority. However, a "blanket" program authority was employed in filling the requisition. The dollar values of the requisitions were documented and as an after-the-fact action, program authority was established to cover the value of the requisitions. The procedure was clearly an emergency authorized exception to the normal procedures. It assured expeditious receipt and processing of the requirement by the supplying agencies and it was accomplished within the general framework of the existing grant aid system.

e. Despite these financial and procedural modifications necessary to meet the requirements in support of the Republic of Vietnam, the demands of the situation warranted further

departure from the established military assistance system. Consequently, the costs involved in support of Vietnam were transferred from the Military Assistance Grant Aid Program to the regular military services and defense agencies' program and appropriations.

17-2. Combat Logistics Support Systems.

The development of International Logistics Programs has been the result of continual change to meet the needs for mutual security among nations of the free world. Under the terms of a supply support arrangement, the Department of Army furnishes peacetime logistics support to forces of the participating country in the same manner as is provided to U.S. forces. However, just as supply support arrangements evolved as a normal extension of one-time military sales, there may be additional developments which will provide an even greater amalgamation of logistics effort. Obviously, the ultimate system is one which permits development and practice in peacetime for ready adaptability to wartime conditions. Within the Department of Army, the Deputy Chief of Staff for Logistics has responsibility for the continual review and evaluation of logistics support of existing international programs and for the development of systems for combined combat logistics support.

APPENDIX

REFERENCES

A-1. DOD Publications

Military Assistance Manual, Part I—Objectives (Classified SECRET)

Military Assistance Manual, Part II—Procedures (Classified Official Use Only)

Military Assistance Articles and Services List (MASL) (Classified Official Use Only)

Department of Defense Directives/Instructions.

2000.8	Cooperative Logistics Support Arrangements
2010.1	Support of International Military Activities
2015.4	Mutual Weapons Development Data Exchange Program and Defense Development Exchange Program
2030.5(D) *	Foreign Non Excess Personal Property sold by the Department of Defense
2100.3(D)	U.S. Policy Relative to Commitments to Foreign Governments Under Foreign Assistance Program
2110.4(D)	Disposition of Redistributable MAP Property
2110.8	Transfer of Excess Personal Property to Eligible Foreign Countries and International Organizations on a Military Assistance Sales Basis
2110.29	Method of Financing, Funding, Accounting and Reporting for Military Assistance Sales to Eligible Foreign Governments or International Organizations
2100.31	Contributions by Foreign Governments for Administrative and Operating Expenses of Military Assistance Programs
2110.32	Financial Procedures for Military Assistance Sales Under Military Procurement Agreement Between U.S. and Federal Republic of Germany
2110.33	Preparation of U.S. Inventory Materiel for Transfer Under the Grant Aid Military Assistance Program
2125.1(D)	Military Assistance Program Offshore Procurement (MAP/OSP)
3100.3(D)	Cooperation With Allies in Research and Development of Defense Equipment
3100.4(D)	Harmonization of Qualitative Requirements for Defense Equipment of the United States and its Allies
4100.37(D)	Retention and Transfer Policy
4160.4	Preparations for Sale and Sales of Surplus Personal Property Including Foreign Excess
4160.8(D)	Fair Value Formula and Condition Codes for Excess and Exchange—Sale Type Personal Property

*(D) Indicates publication is a DOD Directive; all others are DOD Instructions.

4160.9	Policy Governing the Utilization Screening of Excess Personal Property Under Control of the DOD
4410.6	Uniform Materiel Movement and Issue Priority System (UMMIPS)
5030.28(D)	Munitions Control Procedures for U.S. Munitions List Export License Applications Referred to DOD by Department of State
5100.1(D)	Functions of the Department of Defense and Its Major Components
5100.27(D)	Delineation of International Logistics Responsibilities
5126.22	Assistant Secretary of Defense (Installations and Logistics)
5132.2(D)	Assistant Secretary of Defense (International Security Affairs)
5132.3(D)	DOD Policy and Responsibilities Regarding Military Assistance
7060.2	Budgeting, Accounting, Reporting and Managing DOD Transactions Entering the International Balance of Payments
7060.5(D)	Balance of Payments Program—Supplies and Services for Use Outside the U.S.
7200.7(D)	Accounting and Pricing for Materiel Financed by Procurement Appropriations for Military Functions
7290.1	Method of Financing, Funding, Accounting and Fiscal Reporting for the Military Assistance Grant Aid Program
7420.1(D)	Regulations Governing Stock Fund Operations
7420.9	Billing and Collection Procedures for Sales at Stock Fund Materiel
7510.4	Uniform Policy for Charging Accessorial and/or Administrative Costs Incident to Issues, Sales, and Transfers of Materials, Supplies and Equipment

A-2. Department of the Army Publications

Army Regulations (AR).

1-70	Standardization Among Armies of the United States—United Kingdom—Canada
1-71	Standardization Among the Countries of the North Atlantic Treaty Organization
1-75	Administrative Support of MAAGs, Joint U.S. Military Advisory Groups, and Similar Activities
11-8	Logistic Policies
11-12(S)	Supply Procedures (U)
37-25	Army Military Assistance Program Budget System
37-48	Accounting and Reporting for Materiel, Services and Facilities Furnished Allied Governments and International Organizations Under Emergency or Combat Conditions
37-80	Financing, Funding, Accounting and Reporting for Military Assistance Sales to Eligible Foreign Countries and International Organizations
37-81	Financing, Funding, Accounting and Reporting for the Military Assistance Grant Aid Program
37-82	Financing, Accounting, Control and Reporting of Military Procurement by the Federal Republic of Germany

37-109	International Balance of Payments—Budgeting, Accounting, Reporting and Managing Army Transactions Entering the International Balance of Payments.
380-10(C)	Department of Army Policy for Disclosure of Military Information to Foreign Governments (U)
551-50	Training of Foreign Personnel by the U.S. Army
725-50	Requisitioning Receipt and Issue System
725-55	Procedure for Supply Support of Ammunition to Vietnam—and Deputy Chief Joint United States Military Advisory Group, Thailand—MAP
735-7	Army Pricing Policy
750-4	Major overhaul policy and programing for oversea commands, oversea-overhaul program (Reports Control Symbol CSGLD-1018); oversea overhaul cost and performance (Reports Control Symbol CSGLD-1019).
750-12	Cooperative Logistics Maintenance Support and Services Arrangements
750-55	Inspection and Preparation of Army Aircraft for Transfer to Foreign Governments as Grant Aid or Military Sales
795-9	Grant Aid Materiel Planning Document
795-12	U.S. Army Materiel Command Mutual Security Field Offices
795-15	General Procedures for Furnishing Military Assistance and Training to Foreign Governments for Improvement of Internal Security
795-16	Operating Instructions and Procedures for Grant Aid Military Assistance Programs
795-17	General Policies and Principles for Furnishing Army Materiel on a Grant Aid Basis
795-19	Functions and Responsibilities of International Logistics Activities
795-20	General Policies and Principles for Furnishing Defense Articles and Services to the Military Assistance Program Through the U.S. Army Logistical Center, Japan
795-21	General Procedures for Furnishing Supplies and Services for Oversea Civilian Aid Programs
795-24	Operating Instructions and Procedures for Military Assistance Sales
795-25	Policies, Responsibilities and Procedures for Supply Support Arrangements
795-26	Operating Instructions and Procedures for Supply Support Arrangements
795-27	Procedures for Shipment of Missile Systems to MAP Recipients in Conjunction with Unit Training in the United States
795-204	General Policies and Principles for Furnishing Defense Articles and Services on a Sale or Loan Basis

Army Field Manuals (FM).

38-1	Logistics, Supply Management
38-5	Logistics, Maintenance Management
38-6	Logistics, Management Controls
38-7	Logistics, Materiel Development Management
38-2-1	Logistics, Materiel Management—Requirements

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