

<b>SUMMARY OF MAJOR CHANGES TO DoD 7000.14-R, Volume 11A, Chapter 8 International Acquisition and Cross-Servicing Agreements</b>			
<b>PAGE</b>	<b>PARA</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
8-1	Title	Change title due to change in legislation.	Update
8-1	080202.A.	Revised accounts payable and receivable liquidation to every 3 months from every 30 days. Legislation requires liquidating the amounts not less than once every 12 months.	Change
8-2	080202.B.	Revised reference to provide for liquidation within 30 days for exchange transactions that have not been replaced within one year.	Correction
8-3	080205	Added statement on the control of the statutory ceilings.	Clarification
8-4	0803	Added accounting policy and procedures guidance.	Update
8-5	0804	Added reporting requirement that was formerly located in Chapter 8, Volume 6 of this Regulation and changed reporting date to comply with legislation.	Update
8-7	0805	Added the minimum essential information needed for transactions that were formerly located in Chapter 8, Volume 6 of this regulation.	Update
8-9	080601.B	Added reference to guidance for pricing this type of sale, i.e., reciprocal prices are in accordance with prices charged to another DoD Component. Also added example of charging for use of equipment.	Clarification
8-10 and 8-11	Figures 8-1 and 8-2	Changed format slightly and added identification of "country" and "description of services or articles."	Update

## CHAPTER 8

INTERNATIONAL ACQUISITION AND CROSS-SERVICING AGREEMENTS0801 OVERVIEW

★ 080101. Purpose. This chapter provides procedures for carrying out reimbursable transactions under the authority of Subchapter I of Chapter 138, Title 10, United States Code. It provides pricing guidance for those transactions, and provides instructions for disposition of proceeds for such reimbursable transactions.

★ 080102. Overview. Subchapter I of Chapter 138, Title 10, United States Code, authorizes the use of support agreements for certain mutual logistics support between the United States and governments of other North Atlantic Treaty Organization (NATO) countries, NATO subsidiary bodies, other eligible foreign countries, the United Nations Organization, and any regional international organization of which the United States is a member. Section 2341 authorizes the procurement of logistics support, supplies, and services. Section 2342 authorizes cross-servicing agreements for the reciprocal provision of logistics support, supplies, and services. Section 2344, authorizes the acquisition or transfer of logistics support, supplies, and services on a reimbursable basis or by replacement in kind, or by exchange of equal value and establishes pricing principles for such transactions. The specific guidance on the use of these authorities is contained in DoD Directive 2010.9, “Mutual Logistics Support Between the United States and Governments of Eligible Countries and NATO Subsidiary Bodies.” The Department of Defense may not use this authority to procure from any foreign government or international organization any goods or services reasonably available from U.S. commercial sources.

0802 POLICY AND PROCEDURES

080201. Liquidation of Credits and Liabilities. Compensation for the acquisition or transfer of supplies (materiel) and services shall be obtained through either of the following methods:

A. Reimbursement. Payment for supplies (materiel) and services in the currency of the supplying nation.

B. Exchange. Replacement of supplies (materiel) or services with supplies or services of equal value. Equal value is the actual or estimated price at the time of transaction approval. Equal value transactions shall be certified by the officials delegated such authority by the Secretaries of the Military Departments.

080202. Methods of Liquidation of Accrued Credits and Liabilities

★ A. Reimbursable Transactions. Agreements entered into by the U.S. Forces shall stipulate the liquidation of outstanding accounts receivable or accounts payable at least once every 3 months. Normally, it shall be agreed that bills shall be provided no less frequently than in January, April, July, and October. The January bill shall include performance that took place in the

months of October, November, and December; the April bill shall include performance for the months of January, February, and March; the July bill shall include performance for the months of April, May and June; and the October bill shall include performance for the months of July, August, and September. Bills shall be accompanied by the completed form used to document the issue and receipt of supplies and services (see paragraph 080210 of this Chapter) and shall be paid within 30 days from the date of the bill.

★ B. Exchange Transactions. Exchange transactions shall be settled through the issue or receipt, as applicable, of replacement supplies or services within 12 months of the original transaction. If not settled within this period, the exchange transaction shall be converted to a reimbursable transaction, and the resulting accounts receivable or accounts payable shall be liquidated within 30 days.

080203. Prohibitions.

A. Inventories of Supplies. Inventories of supplies for elements of the U.S. Forces may not be increased for the purpose of transferring supplies under the authority of Subchapter I of Chapter 138, Title 10, United States Code, and DoD Directive 2010.9.

B. Prohibitions on Transfers. DoD Components, in accordance with Subchapter I of Chapter 138, Title 10, United States Code, may not agree to or carry out: transfers in exchange for property whose acquisition by the Department of Defense is prohibited by law; transfers of source, byproduct, or special nuclear materials subject to the Atomic Energy Act of 1954 (42 U.S.C. 2011 et seq.); or transfers of chemical munitions.

★ 080204. Obligation and Earned Reimbursement Limitations. The obligations and earned reimbursement limitations set forth below shall be applied without regard to offsetting balances; that is, only the original gross values of sales and purchases are to be considered for purposes of the limitations. These ceilings do not apply during periods of active hostilities involving the U.S. Forces and are controlled by the Joint Staff. These limitations likewise do not apply to exchange transactions unless converted into a reimbursable transaction due to nonreplacement. However, precautionary measures require that exchange transactions be considered for purposes of ensuring compliance with these limitations.

A. Obligation Limitations

★ 1. Acquisitions from NATO countries, NATO subsidiary bodies, or from the United Nations (UN) Organization or any regional international organization of which the United States is a member. The total amount that may be obligated by the Department of Defense for reimbursable transactions (purchases) with NATO countries, NATO subsidiary bodies, the UN Organization, or any regional international organization of which the United States is a member may not exceed \$200 million during any fiscal year. Of the \$200 million limitation, no more than \$50 million in obligations shall be incurred for the acquisition of supplies (materiel) other than petroleum, oil, and lubricants (POL).

★ 2. Acquisitions from Participating non-NATO countries. The total amount that may be obligated by the Department of Defense for reimbursable transactions (purchases) with participating non-NATO countries may not exceed \$60 million during any fiscal year. Of the \$60 million limitation, no more than \$20 million in obligations shall be incurred for the acquisition of supplies (materiel) other than petroleum, oil, and lubricants (POL).

**B. Earned Reimbursement Limitation**

★ 1. Transfers to NATO countries, NATO subsidiary bodies, or from the United Nations Organization or any regional international organization of which the United States is a member. The total amount of earned reimbursable credits (sales) to NATO countries, NATO subsidiary bodies, the UN Organization, or any regional international organization of which the United States is a member that the Department of Defense may accrue may not exceed \$150 million during any fiscal year.

★ 2. Transfers to Participating non-NATO countries. The total amount of earned reimbursable credits (sales) to participating non-NATO countries (with which the U.S. has an acquisition or cross-servicing agreement) that the Department of Defense may accrue may not exceed \$75 million during any fiscal year.

★ 080205. Requests for Authorization to Use Limitations. The limitations are controlled by the Joint Staff. Each organization that intends to enter into reimbursable purchases or sales under the authority of Subchapter I of Chapter 138, Title 10, United States Code, shall request authorization. Requests shall be accompanied by a justification, including a prioritization of requirements. The requests shall be submitted to the cognizant Combatant Command through the requesting organization's appropriate Component command. The authorizations do not increase the amount of obligational or apportioned anticipated reimbursable authority, but rather allow use of existing budget authority to enter into purchases or sales under the authority of Subchapter I of Chapter 138, Title 10, United States Code. Requests shall identify the categories of support as identified in Table 8-1.

<b>CATEGORIES OF SUPPORT</b>		
<u>Category of Support</u>	<u>Requested Authorization</u>	
	<u>Obligations (Purchases)</u>	<u>Earned Reimbursements (Sales)</u>
POL	\$ _____	\$ _____
Other Materiel	_____	
Maintenance	_____	
Services	=====	
<b>TOTAL</b>	\$ _____	\$ _____

**Table 8-1**

080206. Waiver During Contingency or Non-Combat Operations. When U.S. Forces are involved in a contingency operation or non-combat operation (including an operation in support of the provision of humanitarian or foreign disaster assistance or in support of peacekeeping operations under Chapters VI or VII of the Charter of the United Nations), the restrictions in subsections 080204 and 080205 are waived for the purposes and duration of that operation.

080207. Issuance of the Authorization. The cognizant Combatant Command shall review and approve requests for authorization. If the total amount requested by all Component commands exceeds established limitations, the cognizant Combatant Command shall review the justifications and make appropriate reductions to requested amounts as needed. Each cognizant Combatant Command shall advise the Military Departments of authorizations distributed.

080208. Distribution of Authorization Received. Upon receipt of an authorization from a Combatant Command, Component commands shall authorize their activities to enter into reimbursable transactions under Subchapter I of Chapter 138, Title 10, United States Code. No activity or unit shall enter into such transactions unless they have been provided an authorization. Recipients of an authorization shall establish procedures to ensure that authorized dollar amounts are not exceeded.

#### ★0803 ACCOUNTING FOR REIMBURSABLE LOGISTICAL SUPPORT, SUPPLIES, AND SERVICES

★ 080301. Military Department (Appropriation Holder) Procedures. The Assistant Secretary (Financial Management and Comptroller) of a Military Service will record specifically apportioned reimbursable program authority at the appropriation level as specified in the apportionment document received from the Office of Management and Budget (OMB). Specifically apportioned reimbursements are amounts earned and collected for property sold or services furnished under Subchapter I of Chapter 138, Title 10, United States Code. Within the Department, a reimbursement program must be authorized for the account by the USD(C) through the budget preparation process. Procedures for recording the authorization and tracking its use are contained in Volume 3, Chapters 13, 14 and 15 of this Regulation. The allocation document forwarded to a unified command clearly will differentiate between direct program authority and specifically apportioned reimbursable authority included in the funding document.

★ 080302. Unified Command (Allocation Holder) Accounting Procedures. Unified commands will ensure that controls are in place to track amounts of specifically apportioned reimbursable authority included in the funding documents (allotments) issued to installation commands and operating units.

★ 080303. Installation Command/Operating Unit (Allotment Holder) Procedures. Installation commands and operating units will record the receipt of an allotment containing specifically apportioned reimbursable authority for which reimbursable orders must be realized before the authority may be used. Procedures for recording the authorization and tracking its use are contained in Volume 3, Chapter 15 of this Regulation. An allotment of anticipated

reimbursable authority does not provide obligational authority. An allotment of anticipated reimbursable program authority provides only the authority to accept reimbursable orders. The accepted reimbursable order provides the obligational authority. In the case of country-to-country agreements, reimbursable orders are those documents or forms specified in the agreement or amendments thereto.

★0804 ACQUISITION AND CROSS-SERVICING REPORTS.

This section prescribes the annual report required by Title 10, United States Code, Sections 2341 through 2350, "Acquisition and Cross-Servicing Agreements." This report is designed to advise the Congress of the various DoD Components' performance in reimbursable and exchange transactions related to the purchase, sale or exchange of mutual logistics support, supplies, and services with a foreign entity. This report has been assigned Report Control Number, Acct Rpt(A)1570 for both reimbursable and exchange transactions. These transactions are to be reported as either "reimbursable purchases and sales" or "reimbursable purchases and sales - exchanges."

080401. Applicability and Scope

A. The reporting requirements apply to the Office of the Secretary of Defense (OSD); Military Departments; the Chairman of the Joint Chiefs of Staff; the Combatant Commands; and the Defense Agencies (DoD Components).

B. Amounts reported as reimbursable or exchange transactions are to be supported by country-to country or multinational agreements for mutual logistics support between the United States and the Governments of other NATO countries, NATO subsidiary bodies, the United Nations Organization, any regional international organization of which the United States is a member, and other eligible foreign countries.

080402. Report Format. The annual report shall be prepared in the format contained in figures 8-1 and 8-2.

080403. Frequency and Distribution. The annual reports shall be submitted as follows:

A. The Secretaries of the Military Departments or designees shall submit to the Director, Washington Headquarters Service (WHS), not later than December 1 of each year, the following:

1. A detailed report for each country-to-country or multinational agreement entered into under the authority of Title 10, United States Code, Sections 2341 through 2350, "Acquisition and Cross-Servicing Agreements," that was in effect during the prior fiscal year, itemized by reimbursable or exchange transactions.

2. A detailed report for each agreement expected to be effective in the current year, itemized by reimbursable or exchange transactions.

★ B. WHS shall consolidate the Military Department reports for the annual report to the Congress. The annual report is to be coordinated with the Office of the Under Secretary of Defense (Acquisition, Technology and Logistics), Office of the Assistant Secretary of Defense (Legislative Affairs), and the OUSD(C). WHS is to submit the annual report, no later than January 15 of each year, to the Congress.

080404 Preparation Instructions. The information prescribed in the paragraph below is to be included in the annual report.

A. Agreement Identification. Each basic source document used to report a transaction should be cross-referenced to the applicable country-to-country or multinational agreement. The agreement subject, date, and number shall be identified.

B. Appropriation of Fund Account Symbol. Each DoD appropriation is assigned an appropriation code by the Treasury Department. The appropriation code should be reflected in each basic source document.

C. Transaction Types. The following types of reimbursable and/or exchange transactions are to be reported:

1. Purchase of petroleum, oil, and lubricants (POL) and services.
2. Purchase of supplies (material) other than POL.
3. Purchase when an exchange of POL and services is converted to a reimbursable transaction (purchase) due to nonissue of replacement of POL or services.
4. Purchases when an exchange of supplies (material), other than POL, is converted to a reimbursable transaction (purchase) due to nonissue of replacement material.
5. Sale of materials, POL, or services.
6. Sale when an exchange is converted to a reimbursable transaction (sale) due to nonreceipt of a replacement material, POL, or service.
7. Exchanges when a DoD activity requests the transfer subject to future replacement of material, POL, or services from a military component of a foreign country.
8. Exchanges when a military component of a foreign country requests the transfer subject to future replacement of material, POL, or services from a DoD activity.
9. Exchanges when a DoD activity receives replacement material, POL, or service.

10. Exchanges when a DoD activity issues replacement material, POL, or service.

★0805 OTHER REQUIREMENTS

080501. Forms used to document the issue or receipt of supplies and services under the authority of Subchapter I of Chapter 138, Title 10, United States Code, are subject to a bilateral or multinational agreement. For transactions with NATO, the form normally used is found in NATO Standardization Agreement (STANAG) 3381, "NATO Standard Procedures for Compensation and Form for Request and Receipt of Support in the Form of Supplies and Services." These forms shall meet the minimum information requirements set forth below.

A. Source Document Control Number. Establish a control number similar to a DoD requisition number; e.g., a number containing a code for Military Service, a code for requisitioner, a date, and a document serial number.

B. Unit of Issue. Unit of issue refers to the quantity of an item such as each, dozen, gallon, pound, ream, yard, etc.

C. Quantity. Show the number of units of issue that were issued or received, as applicable.

D. Description of Material/Services Requested. Identify the material /services requested.

E. Unit Price. Show the price, based on unit of issue in the currency of the billing country. (For the Department of Defense, this usually is when the item is dropped from inventory.)

F. Extended Dollar Value. Show the dollar value resulting from a combination of items 080501.B., C. and E. above.

G. Name and mailing address of the organization to be billed. This information may be obtained from the country-to-country or multinational agreement.

H. Name and mailing address of receiving organization. This information may be obtained in the country-to-country or multinational agreement.

I. Signature of receiver. Obtain and show the signature and title of authorized ordering or requisitioning representative.

J. Name and mailing address of issuing organization. This information may be obtained from the country-to-country or multinational agreement.

K. Date (year, month, day) (YYYYMMDD). Show the date services were performed or material delivered.



L. National Stock Number (NSN) of material or abbreviated description of services provided. Show the NSN. The NSN is a number assigned under the Federal Cataloging System and/or the North Atlantic Treaty Organization Codification of Equipment System to each approved item identification. This number provides a unique identification of an item of supply within a specified Federal supply classification.

M. Payee to be designated on remittance. Show the designated payee.

N. Designation and address of office to receive remittance. Show the office to receive payment.

O. Recipient's signature acknowledging service or supplies received on the Order or requisition or a separate supplementary document. Obtain and show the signature of the recipient of the material or services.

P. Transaction Type. Indicate whether the transaction is reimbursable or an exchange.

Q. Fund citation or certification of availability of funds when applicable under Parties' procedures. Show the funding source when advance payments are to be provided or if funding is not to be paid in advance, include a certification that funds are available.

R. Date and place of original transfer; in the case of an exchange transaction, a replacement schedule including time and place of replenishment transfer. Provide date and place or estimated date and place as appropriate.

S. Name, signature and title of authorized acceptance official of the order. Obtain and show the name, title, and signature of the authorized accepting official.

T. Additional special requirements, if any, such as transportation, packaging, etc. Show any additional needs of the receiving organization, if applicable.

U. Limitation of government liability. Show the maximum liability of the ordering/receiving organization.

V. Name, signature, date and title of supplying Party official who actually issues supplies or services. Obtain and show name, title, signature and date of the authorized issuing official.

080502. Any accounting station receiving an authorization to incur obligations or receive reimbursements pursuant to the authority of Subchapter I of Chapter 138, Title 10, United States Code, for an activity or unit for which it provides accounting and finance support shall capture or obtain data on the use of this authority and shall provide for the appropriate targets or limitations within the affected allotments. Similarly, receipt of the earned reimbursement authority requires the establishment of a customer order subsystem to capture

data on the use of such authority. Source documents pertaining to the authorized dollar amount and its use, such as obligations (DoD undelivered orders for materiel or services and accrued expenditures based on receipt of the materiel or services ordered), disbursements (liquidation of unpaid accrued expenditures), accounts payable (the unpaid portion of accrued expenditures), accounts receivable (earned reimbursements), and collections (receipt of payment to liquidate accounts receivable) shall be recorded promptly in the accounting station records. Accounting for reimbursable orders under these authorizations shall be maintained within the appropriate accounting records to assure crediting of remittances in accordance with paragraph 0807 of this chapter.

080503. Control over exchange transactions shall be established and maintained through use of an exchange transaction history file. Input to the history file shall be made by submission of each individual transaction form which shall include the minimum information prescribed in paragraph 080501 above.

#### 0806 PRICING REIMBURSABLE TRANSACTIONS.

Subchapter I of Chapter 138, Title 10, United States Code, authorizes two methods for pricing reimbursable transactions. The method to be used depends on whether a reciprocal pricing agreement exists. Pricing procedures under each of the alternatives are set forth below.

080601 Reciprocal Pricing Principles. When a reciprocal pricing agreement has been signed by the United States and another participating country, pricing by the supplying country shall be in accordance with the following:

A. For new procurements, the price charged to a recipient country by the supplying country shall be no less favorable than that charged the armed forces of the supplying country by its contractors. The price charged shall allow for differentials due to delivery schedules, points of delivery, and other similar considerations.

★ B. For supplies from inventories of the supplying country, or for logistics support and government services, the supplying country shall charge the recipient country the same prices as it charges its own armed forces for identical supplies or services. When the Department of Defense is the supplier, the price charged shall be identical to rates charged by the DoD Components for cross-Service logistics support or services. Guidance on pricing such support or services is in Chapter 1, "General Reimbursement Procedures and Supporting Documentation," Volume 11A, of this Regulation. The DoD price to be charged is the price for type of sale "To Another DoD Component" as indicated in Chapter 1, Volume 11A of this Regulation. Where a price for a particular product or service does not otherwise exist, agreement on a price in advance of the transaction shall be reached. If, for example, the use of equipment is to be provided to a recipient country and the DoD Component does not charge rent to another DoD Component, the DoD Component will estimate the value of rent for use of DoD equipment by the recipient country using the guidance in Chapter 1, Volume 11A, of this Regulation.

080602. Nonreciprocal Pricing Principles. To the extent that a DoD Component cannot achieve mutual acceptance by another country of reciprocal pricing principles, or in the case of a NATO subsidiary body, the following procedures shall apply:

A. U.S. commanders delegated authority to negotiate agreements pursuant to section F, DoD Directive 2010.9, shall determine that the price for acquiring supplies or services is fair and reasonable. This determination shall be supported by a price analysis based on prior experience and supporting data and consider all applicable circumstances. If this determination cannot be made, no acquisitions shall take place.

B. Any transfer of supplies or services by U.S. Forces shall be subject to the pricing provisions of Volume 15 of this Regulation.

080603. NATO Subsidiary Bodies. The pricing principles set forth in paragraph 080602 above, also shall apply to agreements with NATO subsidiary bodies for the purchase or sale of supplies and services.

0807 DISPOSITION OF PROCEEDS.

Any payment for materiel or services provided by U.S. Forces and initially recorded as a sale transaction, shall be credited to the appropriation or fund currently available for the same purposes for which the expenditures were made, regardless of whether the payment is received in the fiscal year of sale or subsequent fiscal year. Payment for a transaction initially recorded as an exchange of materiel or services, but converted into a sale transaction due to nonreceipt of replacement material or services, shall be credited to the appropriation or fund currently available for the same purposes for which the expenditures were made, regardless of whether the payment is received in the fiscal year of sale or subsequent fiscal year.

<b>TITLE 10 U.S.C. SUBCHAPTER I OF CHAPTER 138:</b> <b>REIMBURSABLE PURCHASES AND SALES</b> <b>Acct Rpt (A) 1570</b> <b>FISCAL YEAR: _____</b> <b>(Dollars in Thousands)</b>			
DoD COMPONENT:		COUNTRY::	
AGREEMENT IDENTIFICATION: <u>1/</u>		APPLICABLE PRICING PROCEDURE: <u>2/</u>	
DESCRIPTION OF EACH SERVICE OR ARTICLE OF SUPPLY	APPROPRIATION OR FUND ACCOUNT <u>3/</u>	DOLLAR VALUE OF PURCHASES (ACQUISITIONS) <u>3/</u>	DOLLAR VALUE OF SALES (TRANSFERS) <u>4/</u>
<b>DESCRIPTION:</b> Describe in brief detail the essential elements of the applicable agreement, such as the identification of the operation.			

★Figure 8-1

NOTES:

- 1/ Subject of the agreement, date, and number is to be taken from the applicable agreement.
- 2/ Annotate either (a) "reciprocal" or (b) "nonreciprocal," depending upon terms of the agreement.
- 3/ Obligations and expenditures are to be included in the direct program portion of the applicable Acct Rpt (M) 1002, "Report On Appropriation Status By Fiscal Year Program Subaccounts."
- 4/ The value of customer orders and their status are to be included in the Non-Federal source portion of the applicable Acct Rpt (M) 725 "Report on Reimbursements." If payment is not received by the due date, Chapter 12, Volume 6, of this regulation shall be followed.

<b>TITLE 10 U.S.C. SUBCHAPTER I OF CHAPTER 138: REIMBURSABLE PURCHASES AND SALES - EXCHANGES</b>					
Acct Rpt (A) 1570					
FISCAL YEAR: _____					
(Dollars in Thousands)					
DoD COMPONENT:					
AGREEMENT IDENTIFICATION: <u>1/</u>			COUNTRY:		
A. RECEIPT DATA <u>2/</u> <u>3/</u>					
DESCRIPTION OF EACH SERVICE OR ARTICLE OF SUPPLY	APPROPRIATION OR FUND ACCOUNT	VALUE OF MATERIAL OWED AT BEGINNING OF FY	VALUE OF MATERIAL RECEIVED DURING FY	VALUE OF MATERIAL REPLACED DURING FY	VALUE OF MATERIAL OWED AT END OF FY
B. ISSUE DATA <u>2/</u> <u>3/</u>					
DESCRIPTION OF EACH SERVICE OR ARTICLE OF SUPPLY	APPROPRIATION OR FUND ACCOUNT	VALUE OF MATERIAL OWED AT BEGINNING OF FY	VALUE OF MATERIAL RECEIVED DURING FY	VALUE OF MATERIAL REPLACED DURING FY	VALUE OF MATERIAL OWED AT END OF FY
DESCRIPTION: Describe in brief detail the essential elements of the applicable agreement, such as the identification of the operation.					

★Figure 8-2

NOTES:

- 1/ Subject of the agreement, date, and number is to be taken from applicable agreement.
- 2/ The types of information to be included are addressed in paragraph 080404.C, of this chapter.
- 3/ When services that are difficult to cost, such as range target details, are exchanged within the same accounting period, the DoD activity providing or receiving the service may process transactions at an estimated dollar value.