

## CHAPTER 10

**UNIT EXCHANGE OF TRAINING AND RELATED SUPPORT BETWEEN  
THE UNITED STATES AND FOREIGN COUNTRIES**1001 OVERVIEW

100101. Purpose. This chapter provides the financial policy that implements Title 22, United States Code, section 2770a, which authorizes the reciprocal unit exchange of training and related support between the United States and friendly foreign countries or international organizations.

100102. General

A. Title 22, United States Code, section 2770a authorizes the President to enter into agreements for reciprocal unit exchange of training and related support between the United States and friendly foreign countries or international organizations. Chapter 10, paragraph 100308, of DoD 5105.38-M, "Security Assistance Management Manual," provides general implementing program guidance for the conduct of exchanges. Unit exchanges shall be arranged only as part of an international agreement, as defined in DoD Directive 5530.3, "International Agreements." Before entering into negotiations for an international agreement or conducting a specific exchange thereunder, the initiating authority shall seek the approval of the cognizant Unified Commander in whose area of responsibility the foreign nation or international organization is located or in which the training is to be conducted. Generally, the Secretary of a Military Department, or designee, is the approving authority for implementing arrangements, entered into under authority of the agreement, which provide for the exchange of specific units. However, implementing arrangements of significant political-military importance or operationally sensitive exchanges require approval by the Under Secretary of Defense (Policy) (USD(P)).

B. The provisions of Title 22, United States Code, section 2770a apply only to established military units, not to ad hoc units or individual members of units. Therefore, to qualify as a unit exchange, the organization receiving the training must include substantially all individuals assigned to an established unit. A unit exchange of training and related support may include transportation, food services, health services, logistics, and the use of facilities and equipment provided to military and civilian defense personnel. Training performed pursuant to unit exchange agreements shall be on an exchange basis. If an exchange of training does not commence within 12 months, the training shall be converted to a reimbursable transaction.

1002 POLICY AND PROCEDURES

100201. Pricing Reciprocal Exchanges or Related Support. A DoD Component participating in a reciprocal unit exchange or related support arrangement shall use the following pricing guidelines:

A. U.S. officials delegated authority under DoD Directive 5530.3 to negotiate agreements under Title 22, United States Code, section 2770a shall perform a price analysis based on prior experience and/or current supporting data. The price determined for the unit exchange of training or related support shall be fair and reasonable, taking into consideration all applicable circumstances. If the determination under paragraph 100202.A, below, cannot be made, the training may not be performed and the related support may not be exchanged.

B. Reciprocal unit exchanges of any training or related support by the United States shall be subject to the pricing provisions of chapter 7, Volume 15, of this Regulation. The estimated actual cost of each reciprocal unit exchange shall be computed and recorded by the Military Department designated resource management function. The estimated actual cost recorded shall be used as the basis for reporting costs incurred and for reimbursement purposes in the event exchanges are not reciprocated. An obligation shall be established when a determination is made that the exchange will not take place or within 12 months from the date the training began, whichever occurs first.

100202. Liquidation of Credits and Liabilities. Compensation for the acquisition or transfer of a unit exchange of training and related support under the authority of this chapter shall be accomplished through either of the following methods:

A. Reciprocal Exchange. Training or related support that is to be exchanged requires a written determination by the approving U.S. organization that the reciprocal unit exchange of training or related support has a substantially comparable value. Comparable value received is the sum of those monetary (i.e., estimated actual cost that the U.S. would have had to pay for training received) and nonmonetary (i.e., benefits or cost avoidance) values that comprise the total exchange value. Methodologies depicting comparable value, both monetary and nonmonetary, shall be retained and available for audit.

B. Reimbursable. Payments for training and related support are to be in the currency of the supplying nation and shall be provided in the event reciprocity is not achieved within 12 months from the date the training began.

100203. Conversion to Reimbursable Training. The servicing accounting and finance office shall take the following actions when reciprocal training or related support is not provided or not received:

A. Actions to be Taken When the United States Does Not Provide Reciprocal Training or Related Support. When the United States does not provide reciprocal training and related support within 12 months after such training or support begins, the exchange transaction shall be converted to a reimbursable transaction and an obligation recorded. The obligation shall be recorded against the appropriation current at the time the determination is made that reciprocal training will not be provided. The resulting accounts payable is to be paid 30 days from the date established. The accompanying documentation shall fully explain the reasons for not providing reciprocal training or related support during the preceding 12 months.

B. Actions to be Taken When the United States Does Not Receive Reciprocal Training or Related Support. When the United States does not receive reciprocal training or related support within 12 months after such training or support begins for a foreign country, the exchange transaction shall be converted to an accounts receivable. The accounts receivable shall be established against miscellaneous receipt account 3210, "General Fund Proprietary Receipts, Defense Military, Not Otherwise Classified." Billings shall be made by the DoD Component through the consulate and/or embassy of the foreign country or as otherwise provided for in the agreement. Payment will normally be required within 30 days of the invoice date.

### 1003 REPORTING RESPONSIBILITIES

100301. Secretaries of the Military Departments. The Secretaries of the Military Departments, or designees, shall submit to the Director, Defense Finance and Accounting Service, not later than December 1 of each year, a report for each reciprocal exchange or reimbursement (Figures 10-1 and 10-2) that was in effect during the prior fiscal year.

100302. Director, Defense Finance and Accounting Service. The Director, Defense Finance and Accounting Service shall:

- A. Consolidate the input from the Military Departments.
- B. Prepare an annual report for signature by the Under Secretary of Defense (Comptroller).
- C. Coordinate this report with the Office of the Under Secretary of Defense (Comptroller), Office of the Under Secretary of Defense (Personnel and Readiness), Office of the Deputy Under Secretary of Defense (Logistics), and Office of the Assistant to the Secretary of Defense (Legislative Affairs).
- D. Transmit the report for receipt by the Congress not later than February 1 of each year.

**EXCHANGE OF TRAINING AND RELATED SUPPORT  
RECIPROCAL EXCHANGES**

DoD Component: \_\_\_\_\_  
FY \_\_\_\_\_

(In Thousands)

Agreement and/or Subagreement Number: Notes 1,2

Date Training Provided	Date Reciprocal Training Provided	Estimated Cost Provided (Note 3)	Estimated Value Received (Note 4)
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NOTES:

1. Describe briefly the essential elements for each agreement. Annually submit this data in summary form to the Director, Defense Finance and Accounting Service, as prescribed in section 1003 of this chapter.
2. Each Military Department shall retain a complete file for audit purposes of each agreement entered into that results in an obligation being recorded or a reimbursable order being established.
3. Estimated cost of training and support provided by the United States.
4. Estimated value of training and support provided to the United States.

**Figure 10-1**

**EXCHANGE OF TRAINING AND RELATED SUPPORT  
TRAINING CONVERTED TO REIMBURSABLE TRANSACTIONS**

DoD Component: \_\_\_\_\_  
FY \_\_\_\_\_

(In Thousands)

Agreement and/or Subagreement Number: Notes 1,2

Date Training Provided	Date Converted to a Reimbursable Transaction	Obligation Recorded as a Result of Not Providing Reciprocal Training	Accounts Receivable Established as a Result of Not Receiving Reciprocal Training
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NOTES:

1. Describe briefly the essential elements and reasons for not providing the reciprocal training for each agreement. Annually submit this data in summary form to the Director, Defense Finance and Accounting Service, as prescribed in section 1003 of this chapter.
2. Each Military Department shall retain a complete file for audit purposes of each agreement entered into that results in an obligation being recorded or a reimbursable order being established.

**Figure 10-2**

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