



# Department of Defense DIRECTIVE

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Incorporating Through Change 3, June 16, 1969

ASD(Comp)

SUBJECT: Department of Defense Transactions Entering the International Balance of Payments

References: (a) BoB Circular A-58, Rev., "Estimates and Reports on International Transactions," April 12, 1968  
(b) BoB Circular A-65, "Reports to the Department of Commerce on International Transactions," March 5, 1968

## 1. PURPOSE

To establish policies and assign responsibilities for the DoD program for the management and control of transactions entering the international balance of payments.

## 2. BACKGROUND

During the past several years, there has been a continuing deficit in the United States balance of payments. In view of the magnitude of DoD transactions that enter the international balance of payments, it is essential that DoD programs be continually reviewed and, consistent with the national interest, managed with the objective of reducing the United States deficit. DoD payments and receipts which enter the international balance of payments include transactions such as those with foreign governments, foreign nationals, foreign corporations, foreign subsidiaries and branches of United States corporations, international organizations, and the personal expenditures in foreign countries of Defense Department military and civilian personnel and their dependents.

### 3. APPLICABILITY

The provisions of this Directive apply to all Components of the Department of Defense.

### 4. RESPONSIBILITIES

4.1. The Assistant Secretary of Defense (Comptroller) is responsible for the direction and coordination of the DoD program for balance of payments matters, including:

4.1.1. Development and issuance of the programming, budgeting, accounting, and reporting procedures required for management within the Defense Department of international balance of payments transactions and for meeting the reporting requirements imposed in this area by other governmental agencies and international organizations.

4.1.2. Establishment of control measures necessary for effective management of Defense transactions entering the international balance of payments.

4.1.3. Such other actions as are necessary to meet the objectives of the program.

4.2. The Secretary of each Military Department and the Head of each other Component of the Department of Defense will:

4.2.1. Ensure that responsibilities for all aspects of the management and control of transactions entering the international balance of payments area are clearly defined, assigned, and understood within his organization.

4.2.2. Take all feasible steps within his assigned area of responsibility, consistent with the national interest and DoD policy, to reduce payments and increase receipts entering the international balance of payments.

4.2.3. Recommend to the Assistant Secretary of Defense (Comptroller) those measures which are beyond his own authority to effect, but which are believed to be feasible and which would serve to reduce the United States balance of payments deficit.

## 5. POLICIES

### 5.1. General

5.1.1. The DoD program for the management and control of transactions entering the international balance of payments will include a programming, budgeting, accounting, and reporting system. This system will provide for:

5.1.1.1. Estimating future payments and receipts by each DoD Component.

5.1.1.2. Establishing appropriate controls.

5.1.1.3. Accounting for payments and receipts.

5.1.1.4. DoD-wide reporting on transactions.

5.1.1.5. Evaluation and explanation of deviations between estimates and actual payments and receipts.

5.1.2. The system will utilize uniform criteria, definitions, and procedures.

5.1.3. The elements of this system will be an integral part of the over-all system of management within the Department of Defense.

### 5.2. Estimates

5.2.1. Estimates submitted by the DoD Components will be consistent with approved programs and policies, including those relating to deployment of military forces overseas and the procurement of goods and services in support of military forces and military assistance. Estimates will reflect measures taken to reduce payments and increase receipts in accordance with DoD policies.

5.2.2. Estimates submitted by each DoD Component will form the basis for:

5.2.2.1. Considering balance of payments impact involved in DoD financial plans, budget estimates, and changes to the Five-Year Defense Program.

5.2.2.2. Developing over-all DoD balance of payments estimates to be submitted to the Bureau of the Budget under the provisions of Bureau of the Budget Circular A-58 (reference (a)).

5.2.2.3. Reporting estimates to other agencies and international organizations.

5.2.3. Estimates submitted by DoD Components will identify transactions for designated countries, geographical areas, or international organizations, as well as for the over-all total.

### 5.3. Accounting and Reporting

5.3.1. The accounting and reporting of transactions entering the international balance of payments will, insofar as practicable, be an integral part of existing financial accounting and reporting systems.

5.3.2. The determining of transactions which enter the international balance of payments will be in accordance with uniform criteria to be prescribed in applicable DoD issuances.

5.3.3. Each transaction will be identified with a country, geographical area, or international organization, as appropriate.

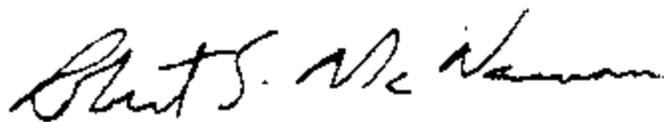
5.3.4. Reports of actual transactions will be used to:

5.3.4.1. Review progress in achieving programs to reduce the adverse balance of DoD transactions entering the international balance of payments.

5.3.4.2. Meet the reporting requirements of outside agencies and international organizations, including the North Atlantic Treaty Organization and the South East Asia Treaty Organization.

## 6. EFFECTIVE DATE

This Directive is effective upon publication.



Secretary of Defense