

HEADQUARTERS  
UNITED STATES EUROPEAN COMMAND  
UNIT 30400  
APO AE 09131

DIRECTIVE  
NUMBER 56-11

5 April 2002

**PLANS AND POLICY**

Disposition of and Negotiation for the Recovery of Residual Value of U.S. Excess Facilities  
Located in Foreign Countries

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1. **Purpose.** To provide peacetime policy direction and guidance for the return of U.S. excess facilities to host governments and the negotiation of the residual value of such facilities.
  2. **Applicability.** This directive applies to all Department of Defense (DoD) service component forces and DoD agencies operating within the geographic area assigned to the United States European Command by the Unified Command Plan.
  3. **Internal Control Systems.** This directive contains no internal control provisions, and does not contain checklists for conducting internal reviews. For HQ USEUCOM and subordinate joint activities, the applicable internal control directive is ED 50-8, Internal Management Control Program.
  4. **Suggested Improvements.** ECJ4-EN is the proponent for this directive and suggested improvements should be forwarded to HQ USEUCOM, ATTN: ECJ4-EN, Unit 30400, APO AE 09131.
  5. **References.**
    - a. CJCS Joint Publication 4-04, Joint Doctrine for Civil Engineer Support.
    - b. CJCSI 2300.03A, Realignment of Overseas Sites.
    - c. USEUCOM Directive 56-9, Plans and Policy, Procedures for U.S. Defense Representative.
    - d. USEUCOM Directive 62-3, Real Estate Operations.
    - e. NATO Directive, Bi-SC 85-1, NATO Security Investment Program Management in Allied Command Atlantic and Allied Command Europe.

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This Directive supersedes ED 56-11, dated 9 July 1997.

## 6. **Policy.**

a. Policies pertaining to the conduct of real estate operations to include residual value in areas under the military control of a Commander of a Unified Command are set forth in reference 5a.

b. Residual value is defined as the negotiated settlement of present day value, from both U.S. and host nation perspective, of U.S. capital investment in facilities at installations the U.S. is returning to host nation control. The U.S. has invested substantial sums in European installations and is entitled in many nations to residual value from its investment.

c. Residual value is applicable to structures and similar forms of nonmovable excess facilities, including any movable items which are affixed to the structure and left in place, e.g., installed building equipment. These facilities include those no longer authorized for use by U.S. Forces either by decision of the United States Government or by termination of applicable agreements.

d. The provisions of this directive do not apply to leasing arrangements of privately owned real estate property. Residual value resulting from U.S. improvements in these properties will be disposed of in accordance with the terms of the individual lease instruments.

e. Generally, the disposition of and the negotiation for the recovery of the residual value of U.S. facilities in host countries is governed by provisions of existing international agreements with the country concerned. The right of the United States to residual value arises when facilities constructed or improved at U.S. expense (either in whole or in part) are no longer required or authorized. The residual value of such facilities is any sum that may be mutually agreed upon between the United States and the host government. Settlement may take the form of cash payments, letters of credit, or credit offset against U.S. obligations of the U.S. Government subject to the constraints of the U.S. law and in accordance with DOD policy. Negotiations at both the diplomatic and technical (field) level may be required to obtain a settlement for the U.S. claim to residual value. No uniform approach, equally applied in all countries, is possible due to the varying provisions of agreements on residual value and to the particular conditions and circumstances in each country. The policy guidance herein, therefore, is predicated on these considerations.

7. **Responsibilities.** The following guidelines supplement specific instructions to component commanders contained in references 5b through 5e:

a. Facilities will be released to the host government as soon as practicable after being declared excess. U.S. claims for residual value will be initiated as an integral part of the release process. Procedures are in accordance with references 5b and 5d.

b. To assure a uniform approach within each country, the component commander assigned area real estate agent responsibility by reference 5d is responsible for conduct of residual value matters within the assigned area. The component commander assigned real estate responsibility may authorize other component commanders holding facilities within the area to conduct residual value negotiations as agreed on a case-by-case basis. If the authorization is given, other component commanders holding facilities within the area will consult with the component commander having real estate responsibility before initiating residual value negotiations, providing periodic updates

regarding negotiation progress, and obtain concurrence of the component commander having responsibility prior to reaching final agreement.

c. Component commanders will keep USCINCEUR informed of significant developments or problems arising in connection with negotiations and related residual value matters and will maintain complete records of residual value actions.

d. Component commanders will provide USCINCEUR advance copies of significant communications or position papers pertaining to developing and negotiating of policies and procedures for the recoupage of residual value.

e. In those countries or areas where a primary responsibility for real estate matters is not assigned by reference 5d, component commanders will exercise individual responsibility for residual value matters arising in connection with the facilities under their command.

f. Component commanders are authorized direct liaison with U.S. Embassies in the conduct of residual value matters. This liaison will be in coordination with the country Office of Defense Cooperation (ODC), or similar organization, assigned in reference 5c. Residual value negotiations are governed by international agreements, which are different in each country.

g. Component command responsibilities regarding disposal of NATO infrastructure funded facilities are outlined in reference 5e. Residual value determination and processing for NATO common-funded facilities are responsibilities of the host nation and are guided by reference 5e. Residual value for the U.S.-funded portion of the common-funded facilities will be sought for the subsequent user of the facilities.

FOR THE COMMANDER IN CHIEF:

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