

COMPLEMENTARY AGREEMENT FOUR
Defense Industrial Cooperation

PREAMBLE

The Government of the United States of America and the Government of Spain, hereinafter referred to as the "Governments":

Intending to increase their respective defense capabilities through more efficient cooperation in the areas of research and development, production, procurement and logistic support of defense equipment, in order to:

- Make the most cost-effective and rational use of the resources allocated to defense;
- Promote the widest possible use of standard or interoperable equipment; and
- Develop and maintain an advanced technology capability for the North Atlantic Alliance, and particularly with respect to the Parties to this Agreement;

Noting the substantial purchases of defense items by Spain from the United States and the purchase of defense items from Spain by the United States, and recognizing the desirability of working toward an equitable balance in defense trade between the two countries;

Recognizing that suppliers in each country should be afforded the opportunity to compete, on a reciprocal basis, for the procurement of defense products, equipment, materials and services, hereinafter referred to as "defense items and services";

Seeking to improve the present situation and to strengthen their military capability and economic position through the mutual acquisition of standard or interoperable equipment and to achieve the above aims;

Enter into this Agreement, which sets out the guiding principles governing mutual cooperation in research and development, production, procurement and logistic support of conventional defense equipment.

ARTICLE 1

Principles Governing Mutual Defense Cooperation

1.1.1 Both Governments will take immediate steps to achieve and maintain an equitable balance in their exchanges, in terms of the value of contracts and technological levels, to the maximum practicable extent consistent with their national policies. An equitable balance, in principle, shall be achieved when the two Governments have implemented all practicable means at their disposal to maximize defense research and development (R&D) cooperation and reciprocal procurement to the extent compatible with the nature of each country's technological and industrial base.

1.1.2 Both Governments will make their best efforts to facilitate defense R&D cooperation, coproduction of defense equipment and provision of opportunities to compete for procurement of defense items and services to include systems, subsystems, components, and spare parts at all technological levels.

1.1.3 In order to assess the mutual flow of defense procurement, the Governments have jointly determined counting procedures which are set down in Annex 1 to this Agreement, and which will apply to all defense items and services purchased by them directly or through their respective industries under this Agreement. Defense items and services are those items and services which may be procured utilizing appropriated funds of the United States Department of Defense or budgeted funds of the Spanish Ministry of Defense.

1.2 The Governments will, consistent with their relevant laws and regulations, give full and prompt consideration to all requests for cooperative R&D, and to all requests for production and procurement which are intended to enhance standardization and/or interoperability within the Atlantic Alliance.

1.3 In the interests of standardization and the effective utilization of scarce resources, each Government shall, to the extent possible, adopt qualified defense items that have been developed or produced in the other country to meet the requirements of the Government of such country.

1.4 Each Government shall from time to time notify the other Government of defense items that may not be acquired by the notifying Government from other than domestic sources, as well as those defense items that may be particularly suitable for acquisition by the other Government.

1.5 Both Governments will provide appropriate policy guidance and administrative procedures within their respective defense acquisition organizations to achieve and maintain the equitable balance mentioned in Article 1.1.1 of this Agreement, as well as the other aims of this Agreement.

1.6 Competitive contracting procedures shall normally be used in acquiring items of defense equipment developed or produced in each country for use by the other country's defense establishment.

1.7 Both Governments agree that consistent with and to the extent permitted by national laws and regulations, mutually agreed implementing procedures will incorporate the following:

1.7.1 Barriers to defense industrial cooperation including those to procurement of defense items developed or produced in the other country shall be removed. Specifically, offers or proposals of defense items produced in or defense services provided by each country will be evaluated without applying price differentials under "buy national" laws and regulations, and without applying the cost of applicable import duties;

1.7.2 Each country will give full consideration to all qualified sources in the other country. In addition, each country will give full consideration to all applications for qualification by sources in the other country;

1.7.3 Offers or proposals will be required to satisfy requirements of the purchasing Government concerning performance, quality, delivery and costs;

1.7.4 Provisions for duty-free certificates and related documentation;

1.7.5 Arrangements concerning quality control and audits of incurred costs and price proposals.

1.8 Both Governments will review defense items and services submitted as candidates for their respective requirements. They will indicate requirements and proposed purchases in a timely fashion, in accordance with national regulations, to ensure adequate time for their respective industries to qualify as eligible suppliers and to submit a bid or proposal.

1.9 Technical Data Packages (TDPs) shall not be transferred between the two countries without the written permission of those owning or controlling any associated proprietary rights. Each Government will ensure that any TDPs which it may receive from the other are not used for any purpose other than for the purpose of offering or bidding on or performing a prospective defense contract, without the prior written

agreement of those owning or controlling proprietary rights, and that full protection shall be given to such proprietary rights, or to any privileged, protected, or classified data and information they contain.

1.10.1 Transfers to third parties of defense articles or technical data made available under this Agreement, and of articles produced with such data, will be subject to the prior written agreement of the Government that made available the defense articles or technical data, except as otherwise provided in particular arrangements between the two Governments or in multilateral agreements to which both Governments are parties.

1.10.2 Each Government will base its decisions regarding requests by the other for agreement to third party transfers on its laws, regulations and policies. Each Government will use the same criteria for proposed transfers by the other as it uses for itself, and will not reject, solely in the pursuit of its own national commercial advantage, a request from the other for a third country transfer of such defense articles or technical data.

1.11 Both Governments will use their best efforts to assist in negotiating licenses, royalties and technical information exchanges with their respective industries or other owners of such rights. Consistent with its laws and regulations, each Government will

make available to the other all information necessary to implement cooperative arrangements under this Agreement. To the extent feasible, both Governments will seek an understanding with their respective industries that, in the interest of standardization and defense industrial cooperation, proprietary rights in defense-relevant information and data can be transferred by appropriate arrangements between the industries of the two countries.

1.12 Arrangements and procedures will, at the request of the purchasing Government, be established concerning follow-on logistic support for items of defense equipment purchased pursuant to this Agreement. Each Government will make its defense logistic systems and resources available to the other for this purpose as required and mutually agreed.

1.13 To the extent consistent with their respective laws and regulations and on the basis of reciprocity, each Government will waive its claims for reimbursement from the other with respect to non-recurring research, development, and production costs.

ARTICLE 2

Implementing Procedures

2.1 Both Governments agree to create a Joint United States-Spanish Committee for Defense Industrial

Cooperation to which they will appoint representatives who will develop terms of reference for this Committee and procedures for implementing this Agreement. Such implementing procedures are included in Annex 1 to this Agreement.

2.2 The Under Secretary of Defense for Research and Engineering will be the responsible authority in the United States Department of Defense for the development of implementing procedures under this Agreement.

2.3 The Director General de Armamento y Material of the Ministry of Defense will be the responsible authority of the Government of Spain for the development of implementing procedures under this Agreement.

ARTICLE 3

Industry Participation

3.1 Implementation of this Agreement will involve maximum industrial participation. Notwithstanding the governmental procedures to facilitate the implementation of this Agreement, it will be the basic responsibility of the industries in each country to identify and advise their Government of their respective capabilities for cooperation and to carry out the supporting actions to bring industrial participation to consummation.

3.2 Each Government will be responsible for calling to the attention of its relevant industries the basic understanding of this Agreement and the appropriate implementing guidance. Both Governments will take all necessary steps to ensure that their industries comply with the regulations pertaining to security and to safeguarding classified information.

3.3 The Governments will arrange that their respective defense acquisition organizations are made familiar with the principles and objectives of this Agreement, and will assist sources in the other country to obtain information concerning proposed purchases, necessary qualifications and appropriate documentation.

3.4 To encourage the exchange of information in accordance with the purpose of this Agreement, each Government will, pursuant to its national laws and regulations, take action to facilitate participation by properly cleared officials and representatives of the other country in informational symposia, program briefings and prebid conferences, as well as access to publications and visits to installations.

ARTICLE 4

Security

4.1 Security arrangements under this Agreement will be subject to any subsequent security agreements entered into by the Governments. Until such security arrangements are agreed, the following provisions will apply:

4.1.1 To the extent that any items, plans, specifications, or information furnished in connection with the implementation of this Agreement are classified by the furnishing Government for security purposes, the other Government shall maintain a similar classification and employ security measures equivalent to those employed by the classifying Government.

4.1.2 Information provided by either Government to the other on condition that it remain confidential shall either remain in its original classification or be assigned a classification that ensures protection against disclosure equivalent to that required by the other Government. To assist in providing the desired protection, each Government will mark such information furnished with a legend indicating the origin of the information, that the information relates to this Agreement, and that the information is furnished in confidence.

4.1.3 Each Government will permit security experts of the other Government to make periodic visits to its territory, when it is mutually convenient, to discuss with its security authorities its procedures and facilities for the protection of classified military information furnished to it by the other Government. Each Government will assist such experts in determining whether such information provided to it by the other Government is being adequately protected.

4.1.4 The recipient Government will investigate all cases in which it is known or there are grounds for suspecting that classified military information from the originating Government has been lost or disclosed to unauthorized persons. The recipient Government shall also promptly and fully inform the originating Government of the details of any such occurrences, and of the final results of the investigation and corrective action taken to preclude recurrences.

ARTICLE 5

Defense Production Projects

5.1 The Government of the United States shall use its best efforts to furnish the Government of Spain such assistance as may be mutually agreed upon in light of the latter's priorities for the development, production, maintenance, repair and overhaul of Spanish defense equipment and materials, including arms and ammunition.

5.2 As a contribution to increasing the productive capacity of the Spanish military industry, defense production projects shall be designated by mutual agreement. A list of those projects under consideration shall be developed as soon as feasible; this list shall become part of this Agreement. Each Government shall from time to time notify the other of defense

industrial cooperation projects it considers particularly suitable for addition to the list. These projects may be carried out by Spain alone, or as cooperative joint production projects by Spain and the United States, or as multilateral projects with the participation of one or more NATO countries as mutually agreed.

5.3 The Government of the United States will provide to the Government of Spain, or will assist the Government of Spain to obtain, wherever possible at no cost, or on terms no less favorable than those extended by the Government of the United States to other NATO countries, the industrial property rights requested by the Government of Spain to develop its own defense production or to promote standardization and interoperability of equipment manufactured in Spain with that of the United States, and with other members of the NATO Alliance.

5.4 In accordance with the objectives set forth in Article 1.1.1 of this Agreement and the other goals of this Agreement, the Governments may enter into specific Government-to-Government or Government-to-industry agreements for cooperation in developing, producing, coproducing or procuring defense items.

ARTICLE 6

Administration

6.1 The United States-Spanish Joint Committee for Defense Industrial Cooperation will be co-chaired by the authorities referred to in Article 2 of this Agreement, or their designated representatives. The Committee will meet as agreed at the request of either Government, but a minimum of once a year to review progress in implementing this Agreement. It will discuss the research, development, production, procurement and logistics support needs of each country and the likely areas of cooperation; develop the list of defense industrial cooperation projects mentioned in Article 5.2 of this Agreement; agree to the basis of and keep under review the financial statement referred to in Article 6.3 of this Agreement; and consider any other matters relevant to this Agreement.

6.2 Each Government will designate points of contact at the Ministry, Department of Defense level, in each purchasing Service, Agency under the Ministry, Department of Defense, and with other Government Departments and Agencies as appropriate.

6.3 An annual United States-Spanish statement of the current balance and long-term trends of R&D cooperation, production, and purchases between the two countries will be prepared on a basis to be mutually agreed.

ARTICLE 7

Effect of Termination

7.1 Notwithstanding the expiration or termination of this Agreement, any contract entered into consistent with the terms of this Agreement will continue in effect, unless the contract is terminated in accordance with its own terms.

7.2 Articles 1.9, 1.10 and Article 4 of this Agreement will continue in full force and effect after, and notwithstanding the expiration or termination of this Agreement.

ARTICLE 8

Entry into Force

8.1 This Agreement, including its Annexes, will enter into force and remain in force in accordance with the provisions of Article Six of the Agreement on Friendship, Defense and Cooperation.

8.2 Supplementary protocols which may be negotiated by the responsible officials and approved by the appropriate Government authorities will be incorporated in this Agreement and made an integral part thereof.

Done in Madrid, this 2nd day of July, 1982, in duplicate, in the English and Spanish languages, both texts being equally authentic.

FOR THE UNITED STATES
OF AMERICA:

Terence G. Todman

FOR THE KINGDOM OF SPAIN:

F. P. R. Urcia

COMPLEMENTARY AGREEMENT FOUR

Defense Industrial Cooperation

ANNEX I

Principles Governing Implementation

ARTICLE 1

Introduction

This Annex sets forth the procedures agreed upon by the Governments of the United States and Spain to implement Complementary Agreement Four, hereinafter referred to as "The Agreement," to the Agreement on Friendship, Defense and Cooperation between the two countries.

ARTICLE 2

Major Principles

2.1 Each Government will consider for its defense requirements qualified defense items and services developed or produced in the other country.

2.2 The responsible Government authorities in each country will assist sources in the other country to obtain appropriate information concerning:

2.2.1 Plans and programs for research, development, production and acquisition of defense items and services.

2.2.2 Requirements for the qualification of sources.

2.2.3 Specifications and quality assurance standards.

Both Governments will respond promptly to requests for information that comply with their respective regulations and procedures. However, notwithstanding the governmental procedures established to facilitate the Agreement, it will be the responsibility of Government and/or industry representatives in each country to acquire information concerning the other country's research, development and procurement plans and to respond to solicitations in accordance with the prescribed acquisition regulations and procedures of the purchasing country.

ARTICLE 3

Actions

3.1 Both Governments will review and, where considered necessary, revise policies, procedures and regulations to ensure that the principles and objectives of the Agreement, which are intended to be compatible with the broad aims of NATO standardization and interoperability, are taken into account. Recognizing that factors such as delivery date requirements for supplies, the interests of security, and the timely conduct of the contracting process must be considered, both Governments agree that the following measures will be taken to ensure free and full competition for the award of contracts:

3.1.1 Ensure that, as a minimum, the following entities are familiar with the principles, objectives and terms of the Agreement:

- Their respective defense planning, programming, and contracting offices.
- Their respective offices responsible for defense imports and exports.
- Their respective agencies and industries responsible for the research, development, and production of defense items and/or services.

3.1.2 Ensure that, consistent with national laws and regulations, offers of defense items developed and/or produced in the other country will be evaluated without applying to such offers either price differentials under "buy-national" laws and regulations or the cost of import duties.

entry certificates and related documentation.

3.1.4 Assist industries in their respective countries to advise the other Government of their capabilities, and assist such industries in carrying out the supporting actions to maximize industrial participation in the implementation of the Agreement.

3.1.5 Consider defense items and services offered by the Government or industry of the other country as candidates for their respective

requirements. Identify specific requirements and proposed purchases to the other country in a timely fashion to ensure that agencies and industries of such country are afforded adequate time to be able to participate in the research, development, production, and procurement processes.

3.1.6 Use their best efforts to assist in negotiating licenses, royalties, and technical information exchanges among their respective industries, and research and development institutes.

3.1.7 Permit the sale of defense equipment produced under license, coproduction agreements and/or joint development projects to allied countries and to appropriate third countries, subject to the policy outlined in Article 1.10 of the Agreement. Each agreement for a joint development or coproduction will address transfers of items or technology to allied or third countries.

3.1.8 Ensure that those items and services excluded from consideration under the Agreement for reasons of protecting national requirements, such as the maintenance of a defense mobilization base, are limited to a small percentage of total annual defense acquisition spending. Such items and services, together with those that must be excluded from consideration under the Agreement because of legally imposed restrictions on acquisition from non-national

sources, will be identified as soon as possible by the Department of Defense as well as by the Ministry of Defense. Lists of these items and services will be prepared and kept under review at this level.

3.1.9 Pursuant to its national laws and regulations, facilitate arrangements for visits by properly cleared Government officials and industry representatives of the other country to explore and actively promote cooperation possibilities for research, development, production, procurement and logistic support of defense equipment.

3.2 Both Governments will ensure that their respective actions under the Agreement in working toward an equitable balance in defense trade, take into consideration the level of technology involved as well as the contractual value of the items being purchased.

ARTICLE 4

Counting Procedures

4.1 The purchases and other transactions to be counted against the goals of the Agreement will be identified jointly by the Department of Defense and Ministry of Defense. In principle, all defense items and services purchased by the Department of Defense or Ministry of Defense from the other country will be counted as long as such purchases meet the following criteria:

4.1.1 Direct purchases by the Department of Defense or Ministry of Defense, including their respective agencies, one from the other.

4.1.2 Purchases by either the Department of Defense or Ministry of Defense from the industry of the other country. When such purchases involve offset agreements between the Government of either country and the industry of the other country, the amount of such offset shall be applied in calculating the balance.

4.1.3 Purchases by industry from the Government or industry of the other country in the framework of Government defense contracts.

4.1.4 Purchases by a third country government from the Government of the United States or the Government of Spain or the industry of either country when either of the following circumstances occur:

- The sale requires the prior agreement of the non-vendor Government.
- The sale is a direct result of the promotional efforts by the Government or industry of the non-vendor country, which fact has been previously acknowledged and agreed by the vendor party.

4.1.5 Acquisitions by either country of defense items or services resulting from projects jointly funded by both countries.

4.1.6 License fees, royalties and other associated income resulting from orders placed by the Department of Defense or the Ministry of Defense and/or industry in one country with a licensed company in the other country; or in Department of Defense-Ministry of Defense transactions.

4.1.7 Transfers of technology, and production, testing and quality control equipment required to achieve the goals of the Agreement.

4.1.8 Contributions by one country in research, development and demonstration programs in the other country that have been agreed by both Governments.

4.1.9 Purchases of non-defense items and services by the Government or industry of either country from the Government or industry of the other, provided that both Governments agree that any particular purchase is to be counted against the goals of the Agreement.

4.2 The following transactions will not be counted:

4.2.1 Maintenance and logistic support activities in either country under contracts in effect before the effective date of the Agreement.

4.2.2 Any transaction being carried out under contracts and agreements in effect before the effective date of the Agreement.

4.2.3 Operational expenses of either Government to achieve the goals of the Agreement.

4.3 Transactions listed in Article 4.1 of this Annex, and any others that both Governments agree, will be credited in the following manner:

4.3.1 At the value of the contract on its effective date.

4.3.2 Purchases by third countries of defense items or services from the Government of the United States or the Government of Spain or the industry of either country as described in Article 4.1.4 of this Annex, will be credited as a sale by the non-vendor country, as follows:

- When authorization by the non-vendor Government is required, only the value of the item(s) directly related to the authorization will be credited.
- When the sale is the direct result of promotional efforts by the Government or industry of the non-vendor country, only the value of parts, subassemblies, assemblies, equipment and services supplied by either the Government of the United States or the Government of Spain or their respective industries will be credited.

4.4 The following transactions will be credited in the manner and amounts agreed by both Governments:

- License fees, royalties, and any other income resulting from transfers of technology, and production, testing and quality control equipment between both countries.
- Orders placed by the Department of Defense or the Ministry of Defense and/or industry in one country with a licensed company in the other country, or from Department of Defense-Ministry of Defense transactions.
- Contributions by one country in research, development and demonstration programs in the other country.

4.5 Transactions will be credited according to the exchange rate of the respective currencies on the effective date of the transaction.

4.6 Each Government will prepare an annual counting report. These reports will summarize the data counted pursuant to each of the categories above. Supporting data for each category included in the summary will indicate the item supplied, the parties to the transaction, transaction date, and credited value. Both Governments will exchange the summary reports and supporting data sufficiently in advance of the annual meeting to permit review and comment or agreement by the other at least two (2) weeks prior to the meeting. Any disagreement concerning the reports will be settled by the Joint Committee established pursuant to Article 2.1 of the Agreement.

ARTICLE 5

Administration

5.1 Each Government will designate points of contact at their respective Ministry/Department of Defense levels, as well as within other relevant departments and agencies, for the purpose of carrying out those actions necessary to implement the Agreement.

5.2 The Joint Committee for Defense Industrial Cooperation will be responsible for the general administration of the Agreement. Its terms of reference are contained in Annex 2 to the Agreement.

5.3 Quality assurance procedures outlined in STANAGS 4107 and 4108 will apply, unless other provisions are mutually agreed to on any specific contract. Reimbursement for services provided shall be afforded in accordance with the national laws and regulations of each country.

MEMORANDUM OF UNDERSTANDING

BETWEEN THE

DEPARTMENT OF DEFENSE OF THE UNITED STATES OF

AMERICA

AND THE

MINISTRY OF DEFENSE OF THE KINGDOM OF SPAIN

REGARDING RECIPROCAL QUALITY ASSURANCE

SERVICES

I. PREAMBLE

- A. This Agreement sets forth the terms, conditions, and procedures under which the Department of Defense of the United States of America (U.S.) and the Ministry of Defense of Spain (hereinafter referred to as "participants") shall provide one another with reciprocal quality assurance (QA) services. Such QA Services shall be accomplished in accordance with established and documented directives, regulations and procedures acceptable to, and in compliance with the laws of, the participants. The objective of this Agreement is to ensure each participant is able to employ the most effective and efficient QA services possible when acting under this MOU.**
- B. Notwithstanding any other provisions of this Agreement, if special arrangements for QA support are made under an international cooperative project in which the participants participate, those special arrangements shall have precedence over this Agreement.**

II. GENERAL

- A. The obligations of the participants under this Agreement are subject to the availability of funds for such purposes.**
- B. The following definitions apply for this Agreement:**
 - 1. Delegator: The representative authorized by the purchasing participant to request QA support from the host participant.**
 - 2. Delegate: The representative authorized by the host participant to ensure QA support is performed on behalf of the purchasing participant.**
 - 3. Participants Quality Assurance: The process by which the appropriate national authorities establish confidence that the contractual requirements relating to quality are met.**
- C. Referenced documents (most recent edition):**
 - 1. NATO STANDARDIZATION AGREEMENT (STANAG) 4107 - Mutual Acceptance of Participants Quality Assurance and Usage of the Allied Quality Assurance Publications.**
 - 2. Allied Quality Assurance Publication (AQAP) 170 - NATO Guide for the Delegation of Participants Quality Assurance.**
- D. Requests for GQA support under this Agreement will normally be restricted to those cases in which quality cannot be verified satisfactorily after receipt of the**

deliverables of a contract or GQA support at source is considered essential.

- E. Purchases by Spain from the U.S. under the U.S. Foreign Military Sales (FMS) Program shall be in accordance with the U.S. Arms Export Control Act and associated regulations, policies, and procedures. Normally, such FMS purchases shall be afforded the same GQA support as the U.S. Department of Defense invokes for similar procurements that it makes for its own use.
- F. For all other contracts issued by the U.S. or Spanish participants, e.g., direct commercial sales of defense products, the purchasing participant may request the host participant to provide any GQA services considered appropriate, based on AQAP 170.
- G. When GQA support is contemplated, the purchasing participant shall assure:
 - 1. Provisions are made for the host participant to act on behalf of the purchasing participant as their QA representative,
 - 2. Authorization for host participant QA representatives access to contractor facilities and records, and use of contractor assets, as necessary for the performance of QA support, and
 - 3. Appropriate contract quality requirements are a part of the contract. The participants may use contract quality assurance documents, standards, or models other than Allied Quality Assurance Publications (AQAPs) (e.g. ISO 9000 standards).
- H. If the host participant believes GQA support is necessary at a subcontractor facility in a third country, it shall notify the purchasing participant. The purchasing participant shall be responsible for GQA support in a third country.
- I. Each participant will establish and identify a central control point to receive all requests for GQA support via the focal point of the other participant:
 - 1. Requests by the U.S. for GQA support by Spain shall be sent via:

DCMC Southern Europe - Spain
PSC 61 Box 3002
APO AE 09830

To:

Dirección General de Armamento y Material
Subdirección General de Inspección y Servicios
Area de Inspecciones Industriales (AII)

Paseo de la Castellana, 109
28071, Madrid

2. Requests by Spain for GQA support by the U.S. shall be sent via:

Area de Inspecciones Industriales (AII)
Dirección General de Armamento y Material
Subdirección General de Inspección y Servicios
C/Raimundo Fernandez Villaverde, 50
28003 Madrid

To:

Defense Logistics Agency
Defense Contract Management Command
DCMC New York (Central Control Point)
Attention: DCMDE - GNIP
207 New York Avenue
Staten Island, NY 10305-5013

- J. Each central control point shall be responsible for arranging for the performance of the required GQA support by its appropriate national organization. The central control point of each participant shall endeavor to keep the focal point of the other apprised of current GQA practices and resources to help ensure that requests for QA support are reasonable and prudent. The focal point of each participant shall advise the central control point of the other, regarding requirements for contract quality assurance and clarify requests for GQA support, as requested.**
- K. The purchasing participant may perform other necessary contract administration functions (e.g., participants property surveillance) through its own on-site representatives. If this election is made, the purchasing participant shall so inform the host participant in order to avoid duplication of work that otherwise might be performed by the host participant. In the spirit of teamwork, terms of reference will be established describing the working relationship between the host and purchasing participants representatives. The terms of reference will be included in the QA Delegation Implementation Plan.**
- L. Visits by representatives of the purchasing participant to its contractor at a site within the territory of the host participant shall be coordinated with the host participant, who shall have the right to accompany the visitors. Access of the purchasing participant to its contractors, subcontractors, and their records, as may be authorized contractually, shall not be impaired or affected in any other way by the provisions of this Agreement.**

III. QA DELEGATION IMPLEMENTATION PLAN

- A. In order to implement the provisions of this Agreement, a mutually agreed upon QA Delegation Implementation Plan shall be developed by the national authorities in each country. The plan shall describe, in detail, the actual GQA delegation process and specific information concerning delegation requirements, forms, responsibilities, communications, problem resolution, records, risk assessment feedback, surveillance plans, etc. The plan shall be assessed annually and modified, as necessary, to improve program efficiency and effectiveness.**

IV. PROCEDURES

- A. Requests for GQA services shall be made in accordance with STANAG 4107 and AQAP-170 in a format that is agreed upon by the Delegator and Delegatee. Electronic transmission of requests is encouraged and e-mail addresses, if available, will be provided in the QA Delegation Implementation Plan. The specific forms to be used and delegation process will be as provided in the QA Delegation Implementation Plan. Each request will include, as a minimum:**
 - 1. Reference to this MOU;**
 - 2. Applicable contractual instrument;**
 - 3. Contractual Quality Assurance requirement (e.g. specification or standard);**
 - 4. A listing of the QA support functions or tasks being requested;**
 - 5. If technical communication regarding the affected work is to be addressed to anyone in addition to the Delegator, the request for GQA support must identify the addressee;**
 - 6. Unless otherwise mutually agreed in the GQA Delegation Implementation Plan, the Delegator must provide the Delegatee four copies of the request, the applicable contractual instrument, changes or amendments thereto, and related technical data;**
 - 7. Method of product release after GQA, and**
 - 8. Blank copy of Statement of GQA Performance/Completion, as defined in the QA Delegation Implementation Plan. (e.g., CoC in accordance with ANNEX F to AQAP 170)**
- B. The Delegator may modify a request for GQA support during contract performance after consultation with the Delegatee.**
- C. Risk assessments shall be performed, by the delegator, on each contract prior to**

delegating GQA to the host participant. Each request for GQA will identify the GQA functions or tasks required to be performed by the Host Participant to mitigate the identified risks. A copy of the risk assessment should accompany each request for GQA.

- D. Upon receipt of the request for GQA, the delegate shall develop a GQA surveillance plan detailing the surveillance activity to be performed based on the delegation received and the contractors past performance. Upon request, the delegate shall provide the delegator a copy of the GQA surveillance plan.
- E. Within 45 days after receipt of a request for GQA support, the Delegate shall provide acknowledgment of the request to the Delegator in a format agreed upon in the QA Delegation Implementation Plan. With its acknowledgment, the Delegate shall also indicate one of the following:
 - 1. Acceptance of the request without qualification,
 - 2. Acceptance of the request with qualification explained in writing, or
 - 3. *Rejection of the request for reasons explained in writing.*
- F. Rejection of delegations will be on an exception basis only and will be limited to unusual circumstances. If the requirements imposed by a request for GQA support include functions beyond the current technical capabilities or resource capacities of the host participant, the Delegate shall immediately notify the Delegator. In such cases, the Delegator shall make other arrangements for the performance of the affected functions. If any QA support function requested by the Delegator is beyond the capability or capacity of the host participant, the Delegate shall not procure the resources needed to perform such function without the written consent of the Delegator.
- G. In order to ensure appropriate GQA functions are requested on the delegation, the delegate should advise the delegator on the acknowledgement form when requests for GQA are consider excessive or insufficient, based on risk assessment and the delegate's knowledge of the contractors current or past performance.
- H. The QA Delegation Implementation Plan shall allow for situations that require immediate and urgent GQA surveillance activity that would not be possible within the established delegation acknowledgement cycle times.
- I. Upon acceptance of a request for QA support, the Delegate shall implement a quality assurance program to accomplish the requested surveillance activity, in accordance with established national practices. The Delegator and Delegate may mutually establish the requirements for the required QA support.
- J. The purchasing participant shall inform its contractor as to who shall perform the

required participants QA.

- K.** The Delegate shall inform the Delegator of the accomplishment of QA support on each batch, lot, and/or shipment in the format stated on the request of GQA. If a Statement of GQA Performance/Completion is required, it should be so stated on the request for GQA. The statement shall be in a format that is agreed upon by the Delegator and Delegate in the QA Delegation Implementation Plan. A blank copy of the statement form, if required, should be provided to the delegate with the request for GQA. The statement will not be signed by the delegate until the affected material or equipment is ready to delivery. The Statement of GQA Performance/Completion shall include, as a minimum, the following:
1. A statement attesting the supplies and/or services have been subject to participants QA services;
 2. Contract number and/or order number and date,
 3. Supplier and supplier generated shipment number,
 4. Contract schedule information (contract line item number, stock/part number and name, and item quantity), and
 5. Name and signature of Delegate and date of signature.
- L.** The Delegate shall maintain records of all GQA surveillance activity performed in support of a request for GQA. The specific details for record retention (e.g. length of time to retain) shall be described in the QA Delegation Implementation Plan. GQA surveillance records shall be made available to the Delegator upon request.
- M.** Direct communication, both written and verbal, between the Delegate and the Delegator is encouraged. Written communications shall be dispatched by the most effective and efficient means possible, as appropriate to the circumstance.
- N.** Risk information relative to contract and contractor performance shall be exchanged between the Delegator and Delegate during the execution of GQA surveillance activity, for a specific request for GQA. The QA Delegation Implementation Plan shall describe the methods by which this information will be exchanged.
- O.** Correspondence between the Delegator and the contractor, pertaining to quality assurance shall be transmitted through the Delegate. The Delegate shall provide copies of any participants quality assurance reports or records related to a specific request for quality assurance upon the request of the Delegator.
- P.** The purchasing participant shall retain final authority over contract interpretations

and enforcement actions, and it shall advise the assigned QA support office in a timely fashion on such matters.

- Q.** The Delegate should be empowered to approve a request for deviation or waiver by a contractor unless such request affects safety, reliability, maintainability, interchangeability, storage life, performance, or cost. This authorization shall be clearly stated on the request for GQA. Upon request, the Delegate shall forward to the Delegator for record any request for deviation or waiver approved by the Delegate. The Delegate shall forward to the Delegator for action any request for deviation or waiver received that is not actionable by the Delegate. The format of such requests shall be specified in the contract or QA Delegation Implementation Plan.
- R.** The Delegator may request the Delegate to participate in a variety of contractual matters related to the performance of participants QA support functions. The involvement and role desired of the Delegate in such activities shall be clearly specified on the request for QA support, provided, they are permitted by the contract. The Delegate may decline to furnish such services if the Delegate considers them to be outside normal QA support functions. Such declination should be so stated on the acknowledgement of GQA form.
- S.** If at any time during the course of the order, the Delegate cannot proceed with a QA support function the delegate shall so advise the Delegator of the facts as expediently as possible. Situations warranting notification shall include, but are not limited to:

 - 1. Deficiencies in the contractor's quality system or product,
 - 2. Events considered to be of major importance, or
 - 3. Deficiencies expected to be a cause of excessive delay.
- T.** The Delegator and Delegate shall mutually agree to the format for such notification in the QA Delegation Implementation Plan. The notification shall include, as a minimum, the following:

 - 1. Contract and/or order number,
 - 2. Supplier,
 - 3. Statement of unsatisfactory condition, to include the applicable contractual provision concerning noncompliance, and
 - 4. Signature of Delegate and date.

V. RESPONSIBILITY AND LIABILITY

Nothing in this Agreement shall relieve the contractor of any responsibilities under the contract. No liability shall attach to the participant, its officers, or agents, acting under this Agreement on behalf of the other participant. Should defective materials or services be detected subsequent to delivery, the Delegate shall assist the Delegator in the investigation of such defects.

VI. PROTECTION OF INFORMATION

- A. Any classified information, data, or material exchanged under the terms of this agreement shall be in accordance with the General Security of Military Information Agreement between the United States of America and Spain, signed and entered into force on March 12, 1984 at Washington, D.C.**
- B. Unless otherwise stated, and subject to the laws and regulations of the participants' Governments, information and data generated or obtained through the implementation of this MOU must be protected so that access to the military information is limited to those persons who have a need to know for official purposes.**

VII. CHARGES

GQA services provided under this reciprocal MOU shall be provided free of charge, subject to a joint review of the services being exchanged at not less than three-year intervals. If, as a result of such a review, either participant determines that charges will be necessary, charges may be imposed after not less than twelve months advance notice in accordance with Section IX. If the U.S. participant determines that charges are necessary, Foreign Military Sales (FMS) procedures then in effect will be used.

VIII. REVIEW AND REVISION

This Agreement shall be reviewed not less often than every three-years to determine if implementation has been as intended and to revise the Agreement as necessary. The Agreement may be revised by written agreement of the participants. Minor changes, such as address changes to the central control points, shall not, in themselves, necessitate revision to this MOU. Current addresses will be maintained in the QA Delegation Implementation Plan until such time as this MOU is revised.

IX. DURATION, DISAGREEMENTS AND TERMINATION

- A. This Agreement shall enter into force on the date of the last signature and shall**

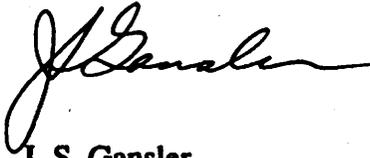
remain in effect for a five-year period following its signing. Unless notice of termination is given in accordance with paragraph B of this Article, the duration shall automatically extend for another five-year period.

- B. If, however, either participant considers it necessary to terminate this MOU, written notification of its intention shall be given to the other participant twelve months in advance of the effective date of the termination.**
- C. Unless otherwise agreed, if either party terminates this MOU, QA services shall continue to be provided until contract completion for those contracts for which QA support is being provided under this agreement.**
- D. In the event of termination or expiration of this agreement, the provisions of paragraph VI shall continue to apply.**
- E. Any disagreement relating to the application or interpretation of this Agreement shall be the subject of consultation between the parties and shall not be referred to a third party for resolution.**

IN WITNESS WHEREOF, the participants, being duly authorized sign this Agreement.

FOR THE DEPARTMENT OF DEFENSE
OF THE UNITED STATES OF AMERICA

FOR THE MINISTRY OF
DEFENSE OF SPAIN



J. S. Gansler

Under Secretary of Defense for
Acquisitions, Technology, and
Logistics

Date: May 31, 2000

Place: Washington, DC



MG Miguel Valverde Gomez

Director General of Armament and
Material

Date: Jun 12/2000

Place: MADRID

AMENDMENT NUMBER ONE
TO THE
MEMORANDUM OF UNDERSTANDING
BETWEEN THE
DEPARTMENT OF DEFENSE OF THE UNITED STATES OF
AMERICA
AND THE
MINISTRY OF DEFENSE OF THE KINGDOM OF SPAIN
REGARDING RECIPROCAL QUALITY ASSURANCE
SERVICES

INTRODUCTION

The Department of Defense of the United States of America and the Ministry of Defense of the Kingdom of Spain, hereinafter referred to as the "Participants," entered into the Memorandum of Understanding Regarding Reciprocal Quality Assurance Services (MOU) on June 12, 2000.

OBJECTIVE

This Amendment Number One extends the duration of the MOU until June 12, 2012.

AMENDMENT

The Participants have entered into the following understandings:

In Section IX (Duration, Disagreements, and Termination), delete paragraph A. in its entirety and replace it with: "A. This Agreement shall enter into force on the date of the last signature and shall remain in force through June 12, 2012."

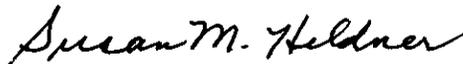
ENTRY INTO EFFECT

This Amendment Number One to the Memorandum of Understanding between Department of Defense of the United States of America and the Ministry of Defense of the Kingdom of Spain Regarding Reciprocal Quality Assurance Services shall enter into force upon signature by both Participants. All other provisions of the MOU shall remain unchanged.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their Governments, have signed this amendment.

DONE, in duplicate, in the English language.

FOR THE DEPARTMENT OF DEFENSE
OF THE UNITED STATES OF
AMERICA



Susan M. Hildner

Deputy Director, Defense Procurement
and Acquisition Policy

June 2, 2010

Defense Pentagon, Washington D.C.

FOR THE MINISTRY OF DEFENSE OF
THE KINGDOM OF SPAIN



José Manuel García Siero
Lieutenant General

Director General of Armament and
Material

Date

Location

10 - JUN. 2010