AGREEMENT TO AMEND THE MEMORANDUM OF UNDERSTANDING BETWEEN

THE GOVERNMENT OF THE KINGDOM OF THE NETHERLANDS

AND

THE GOVERNMENT OF THE UNITED STATES OF AMERICA

CONCERNING

THE PRINCIPLES GOVERNING COOPERATION IN THE

RESEARCH AND DEVELOPMENT, PRODUCTION AND PROCUREMENT

OF DEFENSE EQUIPMENT

The Government of the United States of America and the Government of the Kingdom of the Netherlands agree that the Memorandum of Understanding (MOU) between them, signed August 24, 1978, (heretofore extended to October 31, 1990) and all annexes, is extended for a period of five years, and will thereafter be extended for successive five-year periods unless the Governments agree otherwise.

The Governments intend to exchange information and to discuss the extent to which equitable opportunities are provided for procurements subject to the MOU, i.e., coverage of similar classes of goods and services.

The Governments intend to discuss measures to limit any adverse effects of offsets and other regulations on the industrial base of each country.

Annexes to this MOU may be signed by officials subordinate to the undersigned. Subject to the above amendment, the MOU shall continue in all other respects with full force and effect.

This amendment will enter into force upon signature, and is effective as of November 1, 1990.

For the Government of the United States:

Donald J. Atwood

The Deputy Secretary of Defense

Date: 11/27/90

For the Government of the Kingdom of the Netherlands:

The State Secretary of Defense

Date: 27.11.90

EXTENSION OF THE MEMORANDUM OF UNDERSTANDING

BETWEEN

THE GOVERNMENT OF THE KINGDOM OF THE NETHERLANDS

AND

THE GOVERNMENT OF THE UNITED STATES OF AMERICA

CONCERNING

THE PRINCIPLES GOVERNING COOPERATION IN

RESEARCH AND DEVELOPMENT, PRODUCTION, AND PROCUREMENT

OF DEFENSE EQUIPMENT

It is hereby agreed to by the Government of the United States and the Government of The Kingdom of The Netherlands that the duration period of the Memorandum of Understanding (and all implementing annexes) between the Government of the United States and the Government of The Kingdom of The Netherlands relating to cooperation in research and development, production, and procurement (signed August 24, 1978, and heretofore extended to August 24, 1989) is hereby further extended to October 31, 1990, in accordance with Article VII, paragraph 1 of the agreement.

This amendment will enter into force on the date of the later signature, effective August 24, 1989.

For the Government of the
United States of America
The Secretary of Defense

Dick Cheney

Date May 30, 1989
Place Washington, DC

For the Government of the
Kingdom of The Netherlands
The Minister of Defense

F. Bolkestein

July 13, 1989
The Hague

EXTENSION OF THE 1978 MEMORANDUM OF UNDERSTANDING

BETWEEN

THE GOVERNMENT OF THE KINGDOM OF THE NETHERLANDS

AND

THE GOVERNMENT OF THE UNITED STATES OF AMERICA

RELATING TO

THE PRINCIPLES GOVERNING COOPERATION IN

THE RESEARCH AND DEVELOPMENT, PRODUCTION, AND PROCUREMENT

OF DEFENSE EQUIPMENT

It is hereby agreed to by the Government of the United States and the Government of the Kingdom of The Netherlands that the duration period of the Memorandum of Understanding (and all implementing annexes) between the Government of the United States and the Government of the Kingdom of the Netherlands relating to cooperation in research and development, production, and procurement (signed August 24, 1978) is extended from August 24, 1988 to August 24, 1989 in accordance with Article VII, paragraph 1 of the agreement.

This amendment will come into effect on the date of later signature and remain in effect until August 24, 1989.

For the Government of the United States of America

The Secretary of Defense

Frank C. Carlucci

Date 19 FEB 1988

Place Washington DC

For the Government of the the Kingdom of the Netherlands

The Minister of Defense

Willem F. van Eekelen

PREAMBLE

The Government of the United States of America and the Government of the Kingdom of the Netherlands, duly represented by their Ministers of Defense:

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

- Make the most cost-effective and rational use of the resources available for defense,
- Ensure the widest possible use of standard or interoperable equipment,
- Develop and maintain an advanced industrial and technological capability for the North Atlantic Alliance, and particularly with respect to the parties to this Memorandum of Understanding (MOU), and

Seeking to improve the present situation and to strengthen their military capability and economic position through the further acquisition of standard or interoperable equipment, and

Recalling that they had agreed, as members of the Alliance, to maximum cooperation in procurement as set forth in Annex A to NATO Document C-M(73)51 (revised), dated 20 August 1973,

Have entered into this Memorandum of Understanding in order to achieve the above aims.

This Memorandum of Understanding sets out the guiding principles governing mutual cooperation in research and development, production and procurement of conventional defense equipment.

The two Governments conclude this MOU to strengthen the North Atlantic Alliance. In so doing, the Governments are fully aware that the Independent European Program Group (IEPG) wants to enhance equipment collaboration by more comprehensive and systematic arrangements. They therefore agree that in the event of a possible conflict between agreements entered into between the IEPG and the Government of the United States, and this MOU, the parties hereto will consult with a view to amending this MOU.

The two Governments further agree that this MOU should be viewed in the larger context of the cooperation between Europe and North America within the Alliance and that this cooperation will be carried out pursuant to the Mutual Defense Assistance Agreement between the Government of the United States of America and the Government of the Kingdom of the Netherlands, signed 27 January 1950.

ARTICLE I

Principles Governing Reciprocal Defense Cooperation

1. Both Governments intend to facilitate the mutual flow of defense procurement, taking into consideration relative technological levels of such procurement, and consistent with their national policies. This facilitation shall be sought through the provision of opportunities to compete for procurements of defense equipment and services as well as through the coproduction of defense equipment and defense R&D cooperation.

2. This MOU is intended to cover areas in which possible bilateral cooperation could be achieved in research and development, production and procurement of conventional defense equipment, complementing the work of the Conference of National Armament Directors (CNAD) and the Independent European Program Group (IEPG).

3. The two Governments will, consistent with their relevant laws and regulations, give the fullest 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 Alliance.

4. In the interests of standardization and the effective utilization of scarce resources, the two Governments shall, to the extent possible, adopt qualified defense items that have been developed or produced in the other country to meet their requirements. Defense items or services are those items or services which may be procured utilizing appropriated funds of the U.S. Department of Defense or budgeted funds of the Netherlands Ministry of Defense.

5. The two Governments shall mutually determine the counting procedures to be laid down in an Annex to this MOU that will apply to all defense items and defense services purchased by them directly or through their relevant industries under this MOU.

6. 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.

7. Both Governments will provide appropriate policy guidance and administrative procedures within their respective defense acquisition organizations to facilitate achievement of the aims of this MOU.

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

9. The detailed implementing procedures, to be agreed, will, consistent with and to the extent permitted by national laws and regulations, incorporate the following:

a. Offers or proposals will be evaluated without applying price differentials under buy national laws and regulations and without applying the costs of import duties;

b. Full consideration will be given to all qualified industrial and/or governmental resources in each other's country;

c. Offers or proposals will be required to satisfy requirements of the purchasing Government for performance, quality, delivery and costs.

10. Both Governments will review items submitted as candidates for respective requirements. They will indicate requirements and proposed purchases in a timely fashion to ensure adequate time for their respective industries to qualify for eligibility and submit a bid or proposal.

11. Each Government will ensure that the technical data packages (TDP's) made available under this MOU are not used for any purpose other than for the purpose of bidding on, and performing, a prospective defense contract without the prior 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. In no event shall the TDP's be transferred to any third country or any other transferee without the prior written consent of the originating Government.

12. 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.

13. 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 MOU. Both Governments will make their defense logistic systems and resources available for this purpose as required and mutually agreed.

ARTICLE II

Implementing Procedures

1. Representatives of the two Governments will be appointed to determine in detail the procedures for implementing this MOU and the terms of reference for a Netherlands-U.S. Committee for Procurement Cooperation.

2. The Under Secretary of Defense for Research and Engineering, in cooperation with the Assistant Secretary of Defense for International Security Affairs, the Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics, the Director, Defense Security Assistance Agency, and other appropriate Department of Defense officials, will be the responsible authority in the United States Government for the development of implementing procedures under this MOU.

3. The Director General for Materiel in the Ministry of Defense, in cooperation with other appropriate government authorities, will be the responsible authority of the Government of the Netherlands for the development of the implementing procedures under this MOU.

ARTICLE III

Industry Participation

1. Each Government will be responsible for calling to the attention of the relevant industries within its territory the basic understanding of this MOU, together with appropriate implementing guidance. Both Governments will take all necessary steps so that the industries comply with the regulations pertaining to security and to safeguarding classified information.

2. Implementation of this MOU will involve full industrial participation. Accordingly, the Governments will arrange to inform their respective procurement and requirements offices concerning the principles and objectives of this MOU. However, primary responsibility for finding business opportunities in areas of research and development and production shall rest with the industries in each nation.

ARTICLE IV

Security

To the extent that any items, plans, specifications or information furnished in connection with the specific implementation of this MOU are classified by either Government for security purposes, the other Government shall maintain a similar classification and employ all measures necessary to preserve such security equivalent to those measures employed by the classifying Government throughout the period during which the classifying Government may maintain such classifications.

ARTICLE V

Administration

1. The Netherlands-U.S. Committee for Procurement Cooperation, referred to in Article II above, will meet as agreed or at the request of either Government to review progress in implementing the MOU. They will discuss research and development, production and procurement needs of each nation and the likely areas of cooperation; agree to the basis of, and keep under review, the financial statement referred to below; and consider any other matters relevant to the MOU.

2. Each Government will designate points of contact at the Ministry of Defense level and in each purchasing service/agency under the Ministries of Defense.

3. An annual United States-Netherlands statement of the current balance, and long-term trends, of R&D cooperation and purchases between the two nations will be prepared on a basis to be mutually agreed. Such statement will take account of United States-Netherlands purchases of defense equipment and services and related offset agreements effected in the years from 1973 onwards and will be periodically reviewed.

ARTICLE VI

Annexes

Annexes negotiated by the responsible officials and approved by the appropriate Government authorities will be incorporated in this MOU.

ARTICLE VII

Duration

1. This MOU will remain in effect for a ten-year period and will be extended for successive five-year periods, unless the Governments mutually decide otherwise.

2. If, however, either Government considers it necessary for compelling national reasons to terminate its participation under this MOU before the end of the ten-year period, or any extension thereof, written notification of its intention will be given to the other Government six months in advance of the effective date of termination. Such notification of intent shall become a matter of immediate consultation with the other Government to enable the Governments fully to evaluate the consequences of such termination and, in the spirit of cooperation, to take such actions as necessary to alleviate problems that may result from the termination. In this connection, although the MOU may be terminated by the Parties, any contract entered into consistent with the terms of this MOU shall continue in effect, unless the contract is terminated in accordance with its own terms.

3. The Parties hereto agree that, for the purposes of this MOU, references to the Kingdom of the Netherlands shall apply only to its territory in Europe.

ARTICLE VIII

Implementation

This MOU will come into effect on the date of the last signature.

For the Government of the Kingdom of the Netherlands
The Minister of Defense

Date 24 AUG 1978

For the Government of the United States of America
The Secretary of Defense

Harold Brown

Date JUL 25 1978

ANNEX I

TO

Memorandum of Understanding between the Government of the Kingdom of the Netherlands and the Government of the United States of America Concerning the Principles Governing Mutual Cooperation in the Research and Development, Production and Procurement of Defense Equipment, dated 24 August 1978.

PRINCIPLES GOVERNING IMPLEMENTATION

1. INTRODUCTION

On 24 August 1978, the Governments of the United States and the Kingdom of the Netherlands signed a Memorandum of Understanding (MoU) relating to the principles governing mutual cooperation in research and development, production and procurement of defense equipment. This document sets forth the agreed implementing procedures for carrying out the MoU.

2. MAJOR PRINCIPLES

A. The U.S. Department of Defense (DoD) and the Ministry of Defense of the Netherlands (MoD) will consider for their defense requirements qualified defense items and services developed or produced in the other country.

B. It will be the responsibility of government and/or industry representatives in each country to acquire information concerning the other country's proposed research, developments, and purchases and to respond to requests for proposals in accordance with the prescribed procurement procedures and regulations. However, the responsible government agencies in each country will assist sources in the other country to obtain information concerning, intended research and development, proposed purchases, necessary qualifications and appropriate documentation.

3. ACTION

DoD and MoD will review and, where considered necessary, revise policies, procedures and regulations to ensure that the principles and objectives of this MoU, which are inetended to be compatible with the broad aims of NATO Rationalization/Standardization, are taken into account. DoD and MoD agree that the following measures shall be taken, recognizing that among other factors, delivery date requirements for supplies, the interest of security and the timely conduct of the procurement process, are considerations related to insure free and full competition for the award of contracts:

A. Ensure that their respective requirements offices are familiar with the principles and objectives of this MoU.

B. Ensure that their respective research and development offices and institutes are familiar with the principles and objectives of this MoU.

C. Ensure that their respective procurement offices are familiar with the principles and objectives of this MoU.

D. Ensure wide dissemination of the basic understanding of this MoU to their respective industries producing and/or developing defense items and/or services.

E. Ensure that, consistent with national laws and regulations, offers of defense items 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. Full consideration will be given to all qualified industrial and/or governmental sources in each other's country. Provisions will be made for duty-free entry certificates and related documentation to the extent that existing laws and regulations permit.

F. Assist industries in their respective countries to identify and advise the other government of their production capabilities and assist such industries in carrying out the supporting actions to maximize industrial participation.

G. Review defense items and requests for services submitted by the other country as candidates for respective requirements. Identify requirements and proposed purchases to the other country in a timely fashion to ensure that the industries of such country are afforded adequate time to be able to participate in the research and development production and procurement processes.

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

I. Ensure that those items and services excluded from considereation under this MoU for reasons of protecting national requirements, such as the maintenance of a defense mobilization base, (Appendix 3, Annex I), are limited to a small percentage of total annual defense procurement spending. It is intended that such defense items and services, as well as those items and services that must be excluded from consideration under this MoU because of legally imposed restrictions on procurement from non-national sources, be identified as soon as possible by the MoD and the DoD, and that such defense items and services be kept under review at this level.

J. Insure that the balance of reciprocal purchases takes into consideration the levels of technology involved, as well as the monetary value of purchases hereunder.

K. DoD and MoD will from time to time arrange visits in order to actively explore possibilitis for cooperation on research and development, procurement, and logistical support.

4. COUNTING PROCEDURES

The following purchases, to be identified jointly by DoD and MoD will be included in the counting procedures:

A. Purchases of items and services funded from appropriate funds of the U.S. Department of Defense or budgeted funds of the Netherlands Ministry of Defense and which, either/are:

(1) directly purchased by the MoD or DoD from one another;

or

(2) directly purchased by the MoD or DoD from the industry of the other country; or

(3) purchased by the industry of one country from the Government or industry of the other country; or

(4) purchased as a result of jointly funded defense projects to which the United States and the Netherlands are the only

contributors, to be credited in proportion to each other country's financial contribution to the project, and to work carried out in each country. The extent to which such purchases will be counted against the goals of the MoU will be agreed upon between MoD and DoD in each case;

(5) license fees, royalties and other associated income, when separately contracted, by industry and/or DoD or MoD with a licensor in the other country.

B. Purchases by the MoD or DoD from the industry of the other country, on behalf of other governmental departments and agencies.

C. Purchases by a third country government from the MoD or DoD or from industries of these two countries as direct result of the efforts of the government of the other country.

5. ADMINISTRATION

A. Each government will designate points of contact (procurement and logistics) at the Ministry of Defense level and in each purchasing service/agency and major acquisition activity.

B. Quality Assurance procedures outlined in STANAG 4107 and 4108 (subject to the USG reserve concerning reimbursement) will

apply, unless other provisions are mutually agreed to on any specific contract. Reimbursement of services provided shall be afforded in accordance with the national laws and regulations of each country.

C. The terms of reference of the Netherlands/United States Committee of Procurement Cooperation is contained in Annex III.

For the Government of the United States of America

Date 21 DEC 1978

For the Government of the Netherlands

Date 21 DEC 1978

Appendices
1. Indicative Products List
2. Research and Development
3. DoD List of Restricted Defense Items

Appendix 1 Annex 1

to

Memorandum of Understanding between the Government of The Netherlands and the Government of the United States of America concerning the Principles Governing Mutual Cooperation in the Research and Development, Production and Procurement of Defense Equipment, signed on the 24th of August 1978.

Indicative Products List (The Netherlands)

The product areas listed below are indicative of The Netherlands' industry capability.
The list shall not be considered limitative and is subject to up-dating from time to time as agreed.
In some cases the Netherlands'participation could take the form of production of components or sub-assemblies.

1. Aircraft/Aircraft systems
   a. Maritime/Fishery Patrol Aircraft
   b. Feeder line/Executive transport Aircraft
   c. Aircraft sub-assemblies
   d. Accessory Test-benches for aero-engines
   e. Test equipment (incl.depot)for avionic and electronic systems
   f. Laboratory test equipment
   g. Aerospace ground Equipment

2. Electronics
   a. Military and civil (automatic) telecommunications systems an equipment
   b. Automatic Air Traffic Control Systems
   c. Tactical display consoles
   d. Integrated command and fire control systems
   e. Radar-systems (e.g. navigation-, fire control-, 3D multi-tra ing-, shipping control radar systems)
   f. Crypto systems
   g. Computers and data handling systems
   h. Digital video processing systems

i. Electronic security systems
j. Navigation systems
k. Transponders
l. Paging systems
m. Self propelled air defence systems
n. Automatic message switching systems

3. <u>Electro-optical equipment</u>
   a. (far) Infra-red equipment
   b. Airborne passive IR day and night photo recce systems
   c. Passive night vision goggles
   d. Passive night viewing systems
   e. Night vision systems (drivers and fire control) passive a thermal infra-red
   f. Laser rangefinders

4. <u>Vehicles</u>
   a. Military trucks and trailers
   b. Aircraft and other Fuel tankers
   c. Fire fighting vehicles - crash tenders
   d. Truck-transportable containers/shelters
   e. Tank transporting vehicles

5. <u>Shipbuilding</u>
   a. Frigates
   b. Mine countermeasure vessels (polyesther)
   c. Submarines
   d. Pilot tenders
   e. Hydrographic survey vesses

   } including des and engineerin services.

   g. Gearboxes
   h. Ships propellers (fixed and variable pitch)
   i. Generators
   j. Electrical installations (incl. switch boards)

6. Ammunition and explosives

a. o.50 ammunition

b. 25, 35 and 40 mm caliber ammunitions

c. 105 mm tank ammunition FS/APDS

d. 105 mm tank training rounds

e. 105 mm heat (improved)

f. 155 mm artillery ammunition

g. Proximity Fuses

h. Gunpowder

i. Smoke signals

j. Dummy ammunition

k. Ammunition boxes

l. Shackles for ammuntion belts

m. NATO Seasparrow ancillaries (existing coproduction)

n. River Mines

7. Maintenance

a. Industry level maintenance of military and civil aircraft, aircraft systems and missile systems, including structural repair of aircraft

b. Depot and industry level repair and maintenance of aircraft engines

c. Depot maintenance on communication-radar-sonar and firecontrol equipment

d. Industry and depot shipconstruction, repair and maintenance.

Appendix 2 Annex 1

to

Memorandum of Understanding between the Government of The Netherlands and the Government of the United States of America concerning the Principles Governing Mutual Cooperation in the Research and Development, Production and Procurement of Defense Equipment, signed on the 24th of August 1978.

Research and Development

1. National Devence Research Organization (NDRO)-TNO.

   Address: 21 Koningin Marialaan, THE HAGUE.

   Laboratories:

   - Physics Laboratory, The Hague.

     Fields of work: physics;
     - radio communications;
     - signal processing;
     - microwaves;
     - datahandling;
     - digital computing techniques;
     - acoustics;
     - mine countermeasures;
     - mathematics/operations research.

   - Laboratory for Electronic Developments of the Armed Forces, Oegstgeest

     Fields of work: electronic warfare and radar;
     - signal processing;
     - microwaves;
     - datahandling;
     - underwater detection;
     - systems control techniques.

   - Prins Maurits Laboratory for Chemical and Technological Research, Rijswijk.

Fields of work chemical research: determination of characteristics properties of toxic substances, in particular chemical warfare agents;

- study of mechanism of action of toxic substances, in particular chemical warfare agents;
- development of detection and alarming systems for atmospheric contamination;
- evaluation and development of means and equipment for protection to be used in a contaminated environment;
- desinfection and purification of material and equipment contaminated with toxic substances, in particular chemical warfare agents;
- research as regards chemical problems related to environmental hygiene.

Fields of work technological research: investigations into the factors governing the decomposition processes of propellants in connection with the ballistic and chemical stability, in particular in view of the surveillance of military supplies;

- study of the ignition sensitivity of propellants for fire-arms and rockets and the ignition capability of ignition systems;
- developments of pyrotechnic compositions;
- research on the physical and chemical properties of rocket propellants and on the functioning of rocket motors;
- study of detonations and of shock waves in air and water;
- research and development in the field of fuzes, shaped charges and ammunition;
- investigations into the explosion hazards of industrial products during manufacturing, storage, transport and use.

2. Civil laboratories of the Netherlands Organization for Applied Scientific Research TNO, performing defence (or defence related) R&D:

- Institute for Mechanical Constructions TNO, Delft.

  Fields of work: a.o. - tensions, vibrations, shock;
  - manoeuvring.

- Institute of Applied Physics TNO-TH, Delft.

  Fields of work: a.o. - sound, optics.

- Metal Research Institute TNO, Apeldoorn.
- Paint Research Institute TNO, Delft.
- Plastics and Rubber Institute TNO, Delft.
- Central Institute for Nutrition and Food Research TNO, Zeist.
- Medical Biological Laboratory TNO, Rijswijk.

  Fields of work: radiation damage in the human body;
  - microbial infections;
  - intoxication with chemical warfare agents.

3. Institutes of Maritime Research, performing defence and defence-related R&D:

- Netherlands Ship Model Basin (NSMB), Wageningen; (see attached Table).

  Fields of work: ship powering (a.o. depressurized towing tank for advanced research in hydrodynamics);
  - ocean engineering;
  - ship handling (a.o. manoeuvring simulator).

- Netherlands Maritime Institute (NMI), Rotterdam.

  Fields of work: nautical, economic and social research in the field of shipping and shipbuilding.

4. National Aerospace Laboratory (NLR), Amsterdam.

Fields of work: windtunnel testing, especially in transsonic flow;
- research on supercritical wings;
- research on coatings on aircraft engine components
- operations research on air traffic control;
- operations evaluation of ground based air defence systems;

Central point of contact for defence research in the Netherlands:

Co-ordinator Defence Research

Ministry of Defence

4 Plein,

Room C-138

The Hague

Netherlands

tel. 070-721478.

Table 1 List of the various ship testing facilities

Name of facility	Dimensions in metres	Type of tests
1 Deep water basin	252 × 10.5 × 5.5	Resistance, propulsion, vibratory forces, etc.
2a Large cavitation tunnel	0.9 × 0.9 (test section)	Cavitation tests with propellers, profiles etc., in various types of flows; fluctuating pressures on hull.
2b Cavitation tunnel with flow regulator	0.4 circular test section	Cavitation tests with propellers in simulated axial wake.
2c High speed cavitation tunnel	0.04 circular test section	For fundamental cavitation study.
3 Computer centre (i.e. 3 KD computer, 2 paper tape drawing machines)		Hydrostatic, stability, trim, etc. calculations. Scale drawings for optical-following flame cutters. Design of ships, including economic calculations.
4 Seakeeping laboratory	100 × 24.5 × 2.5	Ship motion measurements; necessary power increase to maintain speed; bottom and deck pressures; water shipment and screw racing; wave-induced shear forces, bending and torsional moments; measurements on semi-submersibles etc. All in regular and irregular waves.
5 Shallow water basin	216 × 15.75 × 1.25 (waterdepth is variable)	Resistance and propulsion in shallow water; squat and trim measurements; transverse forces, yawing moment and rudder torque on captive model; resistance and performance in waves; ship motions in regular and irregular waves; motions, mooring and anchorline forces of semi-submersibles or moored structures; oscillating tests; manoeuvring tests, etc.
6 Wave and current laboratory	60 × 40 × 1.20 (waterdepth is variable)	Determination of feasibility of vessel configurations, with respect to waves, current and wind; motion and force measurements; spiral and turning circle tests; tests in harbour models, etc.
7 High speed towing tank	220 × 4 × 4	Testing planing hulls; high speed propulsion devices; ice breaking studies in simulated ice fields.
8 Manoeuvring simulator (hybrid computer)		Training in ship handling; development of navigational aids; design of harbour entrances; development of criteria for manoeuvring, etc.
9 Depressurized towing tank	240 × 18 × 8	Resistance, propulsion and propeller cavitation tests; flow visualization tests; wave breaking phenomena at the bow; wake surveys; propeller-induced vibratory forces in shaft and on hull; acoustical measurements; etc.

DoD LIST OF RESTRICTED DEFENSE ITEMS UNDER MOU FOR RECIPROCAL DEFENSE PROCUREMENT

Section I - Items Procured Pursuant to ASPR 3-216

Navy

Fuzes, Safe and Arm Devices, and Similar Items

MK-13 Safe and Arm Device
MK-13 Triggering Device
MK-17 Safe and Arm Device
MK-33 Safe and Arm Device
MK-330 Fuze
MK-334 Fuze
MK-404 Fuze
MK-407 Fuze
FMU-109 Fuze

Missiles and Missile Components

AIM-7F Sparrow Missile
- Guidance and Controls Section
- MK-58 Rocket Motors
- MK-71 Warhead Metal Parts

AIM-9L Sidewinder Missile
- Guidance and Control Section
- MK-36 Rocket Motors
- DSU-15 Target Detector
- AN/WDU-17 Warhead

Trident I (C-4) Missile System
- Guidance and Control System
- MK-5 Electronic Assemblies (EA)
- MK-5 Inertial Measurement Unit Electronics (IMUE)
- Backfit of Poseidon (C-3) SSBNs

Flares

MK-46 Flares, Infrared Decoy

Sonobuoys and Components

AN/SSQ-36
AN/SSQ-41B
AN/SSQ-47B
AN/SSQ-53A
AN/SSQ-57A
AN/SSQ-62

Military Sealift Cargo

Ocean Transportation and Services

Air Force

MAC Commercial Airlift
GAU-8/A and 30mm Ammo

Defense Logistics Agency

Textiles - Worsted

Army

L.A.P., Manufacturing & testing of projectiles (5.56mm through 8 inch), mines, dispensers, sockets, pyrotechnic devices, grenades, demolition charges, small arms ammunition and components, fuzes and components containing mech. timing devices

TOW Missile and Launcher
2.75 Rocket Items

LAP Motor	Igniter
Fin & Nozzle Assy	Motor Tube
Stabilizer Rod	Seal Rings
Felt Washer	Disc Charge Support
Ring Charge Support	Spacer Charge Support
O Ring	Lockwire
Metal Spacer	Launcher
Intervelometer	Fin Blades

Projectile Metal Parts for Cartridge 105mm (Beehive)
Projectile M406, M107 - 155mm
Projectile M509 - 8"
155mm Cannister, XM625, XM626:
Projectile Metal Parts for Cartridge 90mm
Cartridge Case M118, M14B4
Fuze Time M84A1
Fuze Grenade M213, M219E1, M42/M46
Fuze Bomb Nose M904E3, M19
Fuze Rocket M423, M565, M564
Fuze M494/M571
Head Assy M525 Fuze
Casing Burster Warhead, M156
Fin Assy M158, M170
Adapter Booster - M147, M148
Body Assy and Base Plug, M404
Bomb, M117A1E1
Launcher Rocket 2AU 68A/A
Warhead Flechets WDU 4A/A
M18 Mine Program
Blasting Cap, Firing Device, Metal Parts, Test Sets
Laser Range Finder VVG-2 and XM21 for Solid State Balistic Computer for M60 Series Tank
Limited Light Sight
MX-9644 Image Intensifier Tube 25mm

MX-9845 Image Intensifier Tube (1st generation)
MX-8501 Image Intensifier Tube (1st generation)
BA-4386 Battery
AN/PVS-4 Night Vision Sights
AN/PVS-5 Night Vision Goggles
AN/PVS-5A Night Vision Goggles
AN/VVS-2 Viewer
AN/VES-3 Searchlight
Common Module Program (thermal Imaging System)
Tactical night vision systems -

AN/TAS-4	AN/TAS-6
AN/TAS-5	GLLD/TAS-4

Maintenance of idle portions of 21 GOCO facilities
Consolidated Facilities Scranton AAP

Section II Items Procured Pursuant to referenced ASPR requirement

ASPR 1-2207.2 - Jewel Bearings & Related Items
ASPR 1-2207.3 - Miniature & Instrument Ball Bearings
ASPR 1-2207.4 - Precision Components for Mechanical Time Devices

ANNEX II

TO

Memorandum of Understanding between the Government of the Netherlands and the Government of the United States of America concerning the Principles Governing Mutual Cooperation in the Research and Development, Production, and Procurement of Defense Equipment, signed on the 24th of August 1978.

Principles Governing Logistic Support of Common Equipment

In implementing article I, para 13, of the MoU, the two Parties shall be governed by the following:

1. When developing or procuring defense equipment, both Parties will agree upon the basis for joint follow-on logistic support in areas such as configuration control, interchangeability of spare parts/ components, maintenance, conversion, storage, and spare parts provisioning, etc.

2. Arrangements and procedures will be established concerning follow-on logistic support and other forms of logistic cooperation, e.g., joint utilization of facilities.

3. In the contracting procedure for logistic support, paragraph 9 of Article I of the MoU shall apply.

4. Both Parties will issue directives and guidelines to their respective armament and logistics agencies to achieve the described goals of this MoU.

For the Government of the United States of America

Date 21 DEC 1978

For the Government of the Netherlands

Date 21 DEC 1978

ANNEX III

TO

Memorandum of Understanding between the Government of the Kingdom of the Netherlands and the Government of the United States of America Concerning the Principles Governing Mutual Cooperation in the Research and Development, Production and Procurement of Defense Equipment, dated 24 August 1978.

TERMS OF REFERENCES

1. The Netherlands/U.S. Committee for Procurement Cooperation (hereafter to be called "the Committee") will serve, under the direct responsibility of the authorities, listed in Article II sub 2 and 3 of the MoU respectively, as the main body in charge of the adequate implementation of the MoU.

2. In particular, the Committee will be responsible for ensuring that the guiding principles of the MoU governing the mutual cooperation in research and development, production, procurement and logistic support of conventional defense equipment are being implemented to facilitate a mutual flow of defense equipment. To this end the Committee will meet as required, but not less than annually, to review progress in implementing the MoU. In this review:

A. They will discuss research, development, production, procurement and logistic support needs of such country and the likely areas of cooperation including joint activities in those fields.

B. They will exchange information as to the way the stipulations of the MoU have been carried out and, if need be, prepare proposals for amendments of the MoU and/or its annexes.

C. They will agree to the financial statement of the current balance, give guidance for its yearly preparation and formulate conclusions from it, such conclusions to include any long term trends which may be established.

D. They will consider any other matters relevant to the MoU.

E. They will report after each meeting and advise as appropriate.

F. The Committee will alternately meet in the United States and in the Netherlands. The country in which a particular meeting will take place will provide the Chairman and the secretariat for that meeting.

For the Government of the United States of America

Date 21 DEC 1979

For the Government of the Netherlands

Date 21 DEC 1979

ANNEX IV

TO

Memorandum of Understanding between the Government of the Kingdom of the Netherlands and the Government of the United States of America concerning the Principles Governing Mutual Cooperation in the Research and Development, Production and Procurement of Defense Equipment, signed at The Hague on 24 August 1978.

PRINCIPLES GOVERNING CONTRACT ADMINISTRATION SERVICES

I. INTRODUCTION

This annex sets forth the terms, conditions, and procedures under which the governments will provide each other with selected contract administration services and related information in support of defense contracts and subcontracts contemplated or executed under the Memorandum of Understanding (MOU). It is recognized that in the event conflicts arise between any aspect of this annex and the laws of either government, the laws shall prevail.

II. MAJOR PRINCIPLES

The objective of this annex is to insure each government is able to employ the most effective and efficient contract administration support possible when acting under the MOU. Nothing is to be construed as impairing a purchasing government's access to its contractors and their records as may be contractually authorized.

For the purpose of this annex, contract administration shall include all those necessary actions, other than contract pricing and audit, to be accomplished at, or in proximity to, a firm's place of business to assist the purchasing office in evaluating a prospective contractor's capabilities and in monitoring and enforcing awarded contracts. This annex supplements NATO Standardization Agreement (STANAG) 4107, hereby incorporated by reference in regard to reciprocal quality assurance.

III. GENERAL

The purchasing government may request specific services and information selected from those listed in appendix 1 to this annex which it considers appropriate to the circumstances. The purchasing government may elect to obtain additional support through its own on-site representatives provided there is no duplication of work performed by the host government. In addition, the host government will use its best efforts to supply information requested by the purchasing government but not listed in this annex when necessary to support contract award, enforcement, or termination. The purchasing government may modify a request for support during contract performance after consultation with the host government.

The host government shall accept requests for services to the extent resources are available and carry them out according to the procedures that government uses for its own contracts.

Contracts shall contain suitable provisions for the host government to act for and on behalf of the purchasing government and shall authorize access to contractor facilities and records and use of contractor assets as necessary for the performance of contract administration services.

Where representatives of either government deal with a contractor at the same location in support of the same contract or separate contracts, they shall act in full concert according to terms of reference mutually agreed or to be agreed upon.

Each government shall designate a single office to receive requests for contract administration services. In addition, each government may elect to designate an office in or near the other's country to act as a focal point through which requests for support will be forwarded. The host government will endeavor to keep the purchasing government's focal point apprised of current contract administration practices and resources to help insure requests for services are reasonable and prudent. The focal point shall advise the host government concerning contract requirements and clarify requests for services as necessary.

IV. PROCEDURES

Requests for contract administration in The Netherlands shall be directed to the Ministry of Defense, Directorate-General Materiel. Procurement Policy Office. Kalvermarkt 32. P.O. Box 20701 2500 ES THE HAGUE The Netherlands. Requests for contract administration in the United States shall be directed to The Department of Defense Central Control Point, DCASR New York, 60 Hudson St., New York, NY 10013.

Contract administration requests will be accompanied by the number of copies of the request for proposal or awarded contract, as appropriate, prescribed in STANAG 4107 and will specify the contract administration services desired. Every effort will be made to forward support requests simultaneously with the forwarding of awarded contracts to the contractor. The format shall be as described in Annex A to STANAG 4107, with desired services other than quality assurance specified in Block 10. If less than comprehensive quality assurance is needed, the desired services selected from AQAP 10 shall be specified in Block 10. Requests shall reference this annex to the MOU and shall be processed according to the procedures in STANAG 4107 with due regard to section VII of this annex. In principle, acceptance or rejection shall be made within 30 calendar days of receipt by the host government.

Direct communications between the purchasing office and the assigned contract administration office in resolving contract problems are authorized and encouraged. The purchasing government shall retain final authority

over contract interpretations and enforcement actions, and shall advise the contract administration office on such matters as needed.

In the event the purchasing government envisions the assignment of inplant representatives, proposed terms of reference describing an appropriate working relationship with host government representatives will be suggested to the host government as early as possible.

V. RESPONSIBILITY AND LIABILITY

Nothing in this annex shall relieve the contractor of any responsibilities under the contract. No liability will attach to the government, its officers or agents, acting under this annex on behalf of the other government.

VI. PROTECTION OF INFORMATION

Data obtained through the implementation of this annex shall receive the same protection against unauthorized disclosure as such data would normally receive under the laws and rules of the country which possesses it.

VII. CHARGES

Service provided under this annex will be 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 joint review, either government determines that charges will be necessary, they may be imposed after not less than one year advance notice. Should charges by the U.S. Government become necessary, Foreign military Sales Procedures then in effect will apply.

VIII. DURATION

This annex will remain in effect for a period as set forth in ARTICLE VII of the MOU, and may be terminated under the conditions as set forth in that article.

IX. IMPLEMENTATION

This Annex will come into effect on the date of the last signature.

FOR THE GOVERNMENT OF THE KINGDOM OF THE NETHERLANDS

Date 9th April 1982.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA

Date 9 April '82

Appendix
1. Services to be Exchanged

APPENDIX 1 to ANNEX IV

SERVICES TO BE EXCHANGED

In accordance with the principles and procedures as set forth in this annex the following services will be performed by the host government within its national boundaries upon requests by and on behalf of the purchasing government:

1. Support evaluations of contractor capabilities prior the award.

a. Supply available information concerning design, production, and quality control capabilities as appropriate; for example, the amount of available floor space, plant equipment, skilled and unskilled workers, past production of similar items, and the NATO Allied Quality Assurance Publications (AQAP's) against which the firm has been assessed.

b. Evaluate the financial strength of the prospective contractor, estimate the likelihood that financial resources will be sufficient to accomplish the contract, and report the monetary value (in local currency) of host government capital assets furnished or made available to the contractor which may be used in the contract.

c. Provide access to available accounting system disclosure statements and assistance in determining the system's ability to meet contractual requirements.

2. Perform government quality assurance, as defined in STANAG 4107, in whole or in part as requested.

3. Report potential or actual slippages in contract delivery schedules or any other contractor difficulties which might affect contract performance.

4. Assess contract progress if needed by the purchasing office to authorize financial payments, and recommend approval or disapproval of contractor payment requests.

5. Evaluate the feasibility and practicality of contractor production plans.

6. Verify contractor management reports furnished to the purchasing office during contract performance.

7. Evaluate and monitor contractor compliance with contract requirements governing technical data, especially the propriety of any restrictive markings on data offered for delivery under the contract.

8. Monitor contractor costs under cost reimbursement contracts, and insure the purchasing office is advised of any anticipated overruns or underruns of estimated costs.

9. Advise the purchasing office if supporting contract administration is needed at subcontractor plants to verify the adequacy of prime contractor management, and assist the purchasing government obtain desired support within the host country.

ANNEX V

TO

Memorandum of Understanding between the Government of the Kingdom of the Netherlands and the Government of the United States of America concerning the Principles Governing Mutual Cooperation in the Research and Development, Production and Procurement of Defense Equipment, signed at The Hague on 24 August 1978.

PROTECTION OF INFORMATION

The Security Procedures For Industrial Operations Between The Ministry of Defense of the Netherlands and the Department of Defense of the United States of America, developed to implement the provisions of the U.S./Netherlands General Security of Information Agreement, dated April 6, 1981, apply to the safeguarding of classified military information exchanged under this Memorandum of Understanding.

Such procedures are applicable in those cases in which contracts, subcontracts, precontract negotiations, or other government approved arrangements, involving classified military information of either or both governments, are placed or entered into by or on behalf of one government with industry in the country of the other government.

FOR THE GOVERNMENT OF THE KINGDOM OF THE NETHERLANDS

Date 9th April 1982

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA

Richard N. Perle

Date 9 April 82

ANNEX VI

TO

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE KINGDOM OF THE NETHERLANDS AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA CONCERNING THE PRINCIPLES GOVERNING MUTUAL COOPERATION IN THE RESEARCH AND DEVELOPMENT, PRODUCTION, AND PROCUREMENT OF DEFENSE EQUIPMENT, SIGNED AT THE HAGUE ON 24 AUGUST 1978

PRINCIPLES GOVERNING DEFENSE CONTRACT AUDIT SERVICES.

I. INTRODUCTION

This annex supersedes Annex VI entered into between the governments of the Kingdom of the Netherlands and the United States, dated April 18, 1985, concerning Principles Governing Defense Contract Audit Services and sets forth the terms, conditions and procedures under which the participating governments will provide one another with defense contract audit services upon request in support of defense contracts, subcontracts, and Foreign Military Sales (FMS) Letters of Offer and Acceptance contemplated or executed under the Memorandum of Understanding (MOU).

II. GENERAL PRINCIPLES

The objective of this annex is to improve the effectiveness and efficiency of audit services available to the participating governments. Either government may request audit services from the other government. Both governments agree to perform the audits requested by the other government or otherwise required by this audit annex. In the event conflicts arise between any aspect of this annex and the laws of either participating government, the laws shall prevail. With notice to the other participating government, the purchasing government may elect to perform a specific audit in unusual circumstances, such as when the performing government can not satisfy an unusually short due date for an audit report.

Contract audit reports shall be advisory. The purchasing government shall retain authority and responsibility for negotiating acceptable prices and contract settlements with contractors. Purchases by the Netherlands under the FMS Program will be handled under the U.S. FMS procedures in existence at the time of acceptance of the FMS agreement.

When performing an audit for the U.S., the Netherlands agrees to use current U.S. cost principles and applicable cost accounting standards. The Netherlands also agrees that the U.S. will use its own cost principles when performing an audit for the Netherlands.

All audit reports will be written in English. Consistent with U.S. cost principles and applicable cost accounting standards, the performing government may use the same audit methods it customarily uses for its own contracts, and shall determine the organizations and personnel to be involved.

Neither participating government shall duplicate or review the work of the other. The governments shall hold periodic discussions to evaluate the operational effectiveness of the reciprocal agreement. In addition, each government agrees that compliance with this audit annex will be evaluated at least once every three years by its own appropriate review and oversight organization. A copy of the results of such reviews shall be provided to the other government.

Solicitations, contracts, and subcontracts shall contain suitable provisions to enable the participating governments to act for and on behalf of one another under this annex and shall authorize access to contractor facilities and records as necessary. Nothing in this annex is to be construed to limit a purchasing government's rights or remedies, including access to contractors records, as may be authorized by contract or the laws of the purchasing government.

III. SCOPE OF AUDIT ANNEX

This annex encompasses audits in support of contracts and subcontracts for defense equipment and services contemplated or executed under the MOU and FMS letters of offer and acceptance. It does not cover audits for architecture and engineering, construction, base support, operation and maintenance, or banking services, nor does it cover audits of universities, and contractors solely in the business of supporting the U.S. presence in the Netherlands. For purposes of this annex, defense contract audit services shall include the following types of audits:

Forward Pricing Audits: Review of proposals submitted in contemplation of a contract award or a contract modification, to determine the allowability, allocability, and reasonableness of each proposed cost element.

Accounting System Audits: Review of contractor accounting records, procedures, and systems to determine their accuracy, currency, completeness, and compliance with contract requirements.

Estimating System Audit: Evaluation of cost estimating systems.

Post Award Audits: Verify after contract award the currency, accuracy, and completeness of cost or pricing data submitted to the purchasing government as of the completion of negotiations. Post

award audits shall be automatically performed; that is, without a request, by both governments whenever a contract or contract modification has been awarded that exceeds the then current U.S. threshold for mandatory post award audits (the current threshold is $50,000,000) and the purchasing government relied upon certified cost or pricing data submitted by a contractor. For contract awards less than this threshold, in which the purchasing government relied upon certified cost or pricing data submitted by a contractor, post award audits will be performed based upon a sampling approach devised by the performing government or whenever there are indications that a post award audit is appropriate based on prior experience with a contractor. In addition, other post award audits will be performed upon request of the purchasing government.

Reimbursement Vouchers Audits: Verify payment vouchers submitted under cost reimbursement contracts or other contracts with cost reimbursement features (e.g., material reimbursement) and recommend cost disallowances when appropriate.

Audits of Disclosed Accounting Practices: Verify contractor compliance with disclosed accounting practices and contractual accounting requirements.

Overhead Cost Audits: Evaluate overhead cost records prior to overhead settlements.

Termination Audits: Evaluate proposed termination costs and contract cost records prior to termination settlements.

Final Pricing Audits: Review and verify actual costs incurred in the performance of cost reimbursement and fixed price incentive contracts for purposes of establishing the final cost or price.

Other: Audit services considered necessary and requested by contracting country.

IV. PROCEDURES

Requests for contract audit services in the Netherlands shall be sent with a copy of the contractor's proposal (if applicable) by air mail to:

Defense Contract Management Command, International
Brussels/D
APO New York, NY 09667-6207

A copy of each audit request shall be forwarded directly by air mail to:

The Ministry of Defense
Director Audit Agency
Postbus 20701
2500 ES, The Hague
The Netherlands

All requests for audits in the Netherlands will also be sent by telephonic facsimile to the following:

DCMR, International - Brussels/D
Facsimile Telephone Number: 32 2 6487401

Ministry of Defense, Director Audit Agency
Facsimile Telephone Number: 31 70 3187596

Requests for contract audit services in the United States shall be sent by telephonic facsimile, followed by written request with a copy of the proposal (if applicable) sent by air mail, to:

Defense Contract Management Area Office, New York
DoD Central Control Point
201 Varick St.
New York, NY 10014-4811
USA

Facsimile Telephone Number: (212) 807-3343

Requests for audits shall specify the type of audit services needed, the contractor, the contractor's address, the subcontractor and address (if applicable), the proposal (if one is to be audited), any items requiring special review, the calendar date (not the number days after receipt of audit request) that the audit is needed by, a point of contact, telephone number, and facsimile telephone number. Acceptance of requests shall be acknowledged by telephonic facsimile by the performing government and a point of contact, telephone number, and facsimile number shall be provided.

Each government agrees to establish a liaison person for this audit annex. The liaison office, liaison person, and telephone number shall be identified in each audit report. The liaison person shall assist in obtaining clarifications of audit requests or audit reports whenever necessary. The liaison person shall also assist in resolving problems with the timeliness, content, or quality of audit reports. If unable to resolve such problems, the issue will be

escalated to successive managers (up to, in the Netherlands, the Director, Material Acquisition, Ministry of Defense, or, in the U.S., the Director, Foreign Contracting, Office of the Secretary of Defense).

Each government agrees to provide audit reports in a timely manner. Audit reports submitted in accordance with the requested due dates, which for forward pricing audits is generally 45 days after receipt of request for audit, are timely. If the due date specified by the requesting government cannot be met, the performing government shall contact the point of contact identified in the audit request to explain the reasons for the delay. If the failure to meet the requested due date is caused by external factors, not within the control of the government performing the audit (such as not obtaining necessary cost data from a contractor), the purchasing government shall attempt to assist in resolving the problem and grant reasonable extensions as appropriate. If the inability to meet the requested due date is caused by action or inaction of the performing government, the issue will be escalated to the attention of the audit annex liaison person and to successive managers.

The participating governments shall provide each other with access to all available information concerning contractor cost estimating systems and disclosed accounting practices when needed to support contract negotiations or enforcement. It is expected that contracts requiring the disclosure of accounting practices shall normally authorize contractors to file such disclosures with their own governments. In the United States, the files shall be maintained by the office administering the contract. In the Netherlands, the files shall be maintained by the Director of the Audit Agency.

In order that the equity of this annex may be periodically appraised, information copies of all requests for audit by both countries will be sent to Defense Contract Audit Agency, European Branch office, Lindsey Air Station, APO New York 09633. To facilitate these periodic reviews, both governments agree to maintain a list of all audits performed for each other and the specific office that requested the audit shall be identified in such list.

VI. CONTENT OF AUDIT REPORTS

All audit reports shall describe the type, scope, depth of the evaluation performed, and a point of contact with a telephone number. The audit reports shall describe what was reviewed or evaluated, the methodology used to perform the review, findings of the review, recommendations of the auditor, and the basis for the recommendations. The audit report shall address any areas that were specifically requested for review. Each audit report shall state

that the proposal was audited for unallowable costs and identify any unallowable costs. While audits requested pursuant to this agreement will not encompass investigations, audits shall be performed in a manner that will provide reasonable assurance of detecting errors, irregularities, abuse, or illegal acts that: (1) could have a direct (or indirect) and material effect on contractor financial representations or the results of financial related audits; or (2) significantly affect the audit objectives. The audit report should identify the extent to which issues raised by the auditor were discussed with the contractor. Supporting evaluations by technical and other specialists shall be included in the reports as appropriate. The purchasing government may request additional clarifications or supporting data if necessary, and shall have the final authority to determine when the information provided is adequate for its purposes.

For forward pricing audits, the reports shall, for each element of proposed cost, identify the offeror's proposed cost, the basis for the proposed cost, how the auditor evaluated it, any recommended exceptions (questioned costs), and rationale supporting the recommended exceptions (questioned costs). The information supplied in the audit report should be sufficiently detailed to permit the purchasing government to develop and justify negotiation position.

VII. PROTECTION OF INFORMATION

Information obtained through the implementation of this annex shall receive the same protection against unauthorized disclosure as it would normally receive under the laws and rules of the participating government which possesses it.

VIII. CHARGES

Services will be provided under this annex without charge for all defense contracts, subcontracts, and FMS Letters of Offer and Acceptance entered into on or after the date of implementation of this annex provided that a joint review of the services being exchanged between the participating governments performed at not less than three year intervals indicates that general reciprocity is being maintained. If after such joint review either government determines that charges will be necessary, they may be imposed after not less than one year advance notice. Should charges by the U.S. Government become necessary, FMS procedures then in effect will apply.

IX. DURATION

This annex will remain in effect for a period as set forth in Article VII of the MOU and may be terminated under the conditions as set forth in that article.

For the Government of the
United States of America
Deputy Secretary of Defense

Place: Washington, DC

Date: 14 JAN 1991

For the Government of the
Kingdom of The Netherlands
State Secretary of Defense

Place: The Hague

Date: 6.2.91

ANNEX VII

TO THE

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE GOVERNMENT OF THE KINGDOM OF THE NETHERLANDS

AND

THE GOVERNMENT OF THE UNITED STATES OF AMERICA

CONCERNING

THE PRINCIPLES GOVERNING COOPERATION IN THE

RESEARCH AND DEVELOPMENT, PRODUCTION AND PROCUREMENT

OF DEFENSE EQUIPMENT

1. Each Government will publish or have published in a generally available periodical, a notice of proposed purchases in accordance with national rules and departmental/ministerial provisions on publication thresholds. The Governments will notify one another any time threshold levels change. The notice will contain:

a. Subject matter of the procurement;

b. Time limits set for the submission of offers or an application for solicitation; and

c. Addresses from which solicitation documents and related data may be requested.

2. The Governments shall provide on request copies of solicitations for proposed purchases. A solicitation shall constitute an invitation to participate in the competition and shall contain the following information:

a. The nature and quantity of the products or services to be supplied;

b. Whether the procedure is by sealed bids or negotiation;

c. The basis on which the award is to be made, such as by lowest bid price or otherwise;

d. Any delivery date;

e. The address and final date for submitting offers as well as the language or languages in which they must be submitted;

f. The address of the agency awarding the contract and providing any information required by suppliers;

g. Any economic and technical requirements, financial guarantees, and information required from suppliers;

h. The amount and terms of payment of any sum payable for solicitation documentation.

3. Any conditions for participation in procurements shall be published in adequate time to enable interested suppliers to meet the conditions, and solicitations shall allow adequate time for response, consistent with user needs.

4. Competing suppliers shall be promptly notified as to the successful offeror.

5. Upon request, suppliers shall promptly be provided pertinent information concerning the reasons why they were not allowed to participate in a procurement or were not awarded a contract.

6. There shall be published procedures for the hearing and review of complaints arising in connection with any phase of the procurement process to ensure that, to the greatest extent possible, disputes arising under procurements covered by this agreement will be equitably and expeditiously resolved between the offeror and the procuring Government.

For the Government of the United States:

The Deputy Secretary of Defense

Date: 11/27/90

For the Government of the Kingdom of the Netherlands:

The State Secretary of Defense

Date: 27.11.90

ANNEX VIII

TO MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE KINGDOM OF THE NETHERLANDS AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA CONCERNING THE PRINCIPLES GOVERNING MUTUAL COOPERATION IN THE RESEARCH AND DEVELOPMENT, PRODUCTION, AND PROCUREMENT OF DEFENSE EQUIPMENT, SIGNED 24 AUGUST 1978

PRINCIPLES GOVERNING A SCIENTIST AND ENGINEER EXCHANGE PROGRAM

I. INTRODUCTION

This Annex sets forth the terms, conditions and procedures which shall govern a scientist and engineer exchange program ("the Exchange Program") between The Ministry of Defense of the Kingdom of The Netherlands ("NL MOD") and the Department of Defense of the United States ("US DOD"), hereafter referred to as "The Parties". Professional knowledge of both Parties shall be shared for maximum mutual benefits to the extent authorized by the policies, laws and regulations of the United States and The Netherlands.

II. GENERAL PRINCIPLES

In order to implement the Exchange Program, the Parties agree to provide on-site working assignments to selected scientists and engineers from the other Party (hereafter referred to as "the Exchange Personnel") in US DOD and NL MOD research, development and logistics facilities. The work assignments shall provide Exchange Personnel with knowledge of the organization and management of Host Party research and development activities related to conventional military systems. This Exchange Program shall not include technical training nor is it to be used as a mechanism for obtaining technical data related to the design, development and manufacture of military systems. Exchange of scientists and engineers under this Annex shall be conducted on a reciprocal basis so that value to each Party shall be essentially equal.

The Exchange Program shall be administered by Executive Agents. The Executive Agent for the US DOD is the Department of the Army; for the NL MOD, the Executive Agent is the Netherlands Organization for Applied Scientific Research (TNO). The program shall be administered in compliance with Appendix A.

III. SELECTION AND ASSIGNMENT OF CANDIDATES

Participation in the Exchange Program is restricted to military officers and civilian employees of the US DOD and the NL MOD and to employees of the Netherlands Organization For Applied Scientific Research TNO and National Aerospace Laboratory (NLR) and the Maritime Research Institute of the Netherlands (MARIN) working on behalf of the MOD.

The placement of each candidate nominated under this program is conditional upon the ability of the Host Party to provide work assignments commensurate with the purpose and scope of the program for a mutually agreed period.

Candidates should hold at least a baccalaureate degree in a scientific field and should have at least two years practical experience in the technical area related to the position to which they are assigned. Some exchanges, however, may require higher academic qualifications.

To assist in the evaluation and selection of candidates, the NL MOD and the US DOD shall provide background resumes, areas of interest, and assignment objectives for each candidate, following the format of Attachment 1 of Appendix A, at least 12 months prior to the desired date of assignment. It shall be the responsibility of the Host Party Executive Agent to provide, within 6 months of the desired date of assignment, a position description for available positions. The position description shall follow the outline at Attachment 2 of Appendix A. Final selection of candidates, and their assignment to a position nominated by the Host Party, shall be by mutual agreement between the NL MOD and the US DOD.

Exchange Personnel shall not act in a liaison capacity or otherwise act as representatives of their respective Party or government while assigned to an exchange position, nor shall they act as representatives of the Host Party or Host Government or the facility to which they are assigned. They shall perform functions only as described in the position description of the position to which assigned.

IV. COSTS

Costs incurred as a result of the participation of Exchange Personnel under this Annex shall be borne by the Party providing the Exchange Personnel (the "Parent Party"), to the extent authorized by the governing laws and regulations of the Parent Party, or by the Exchange Personnel themselves. Except as provided below, the Host Party shall not be responsible under this Annex for any of the expenses or costs of Exchange Personnel from the other Party.

Travel and per diem costs associated with travel performed in connection with assigned duties within the Host Country shall be paid by the Party requesting or directing such travel.

V. SECURITY

During the selection process, each Party shall inform the other of the level of security clearance required, if any, to permit candidates access to classified information. Access to classified information shall be kept to the minimum required to accomplish the work assignment as determined by the Host Party based on the position description.

Each Party shall cause to be filed, through The Netherlands Embassy in Washington, D.C., in the case of the NL MOD, and through the U.S. Embassy in The Hague, in the case of US DOD, the appropriate security assurances for each selected candidate. The security assurances shall be prepared and forwarded through prescribed channels in compliance with established Host Government and Host Party visit and accreditation procedures.

Exchange Personnel shall at all times be required to comply with security laws, regulations and procedures of the Host Government and Host Party. Any violation of security procedures by exchange personnel during his/her assignment shall be reported to the Party of origin for appropriate action.

All classified items, plans, specifications, or other information to which personnel participating in this program may have access shall be subject to all provisions and safeguards provided for under the U.S./Netherlands General Security of Information Agreement, dated 18 August 1960 as amended 6 April 1981, and including the Industrial Security Annex thereto.

The Host Party and Parent Party shall ensure that all assigned Exchange Personnel are fully cognizant of applicable security laws and regulations concerning the protection of proprietary information (such as patents, copyrights, and trade secrets), classified information and other information to be disclosed under this program, both during and after termination of a participant's assignment.

The data and information to be exchanged under this Exchange Program, as well as access to facilities, equipment and sites shall not extend to the release of RESTRICTED DATA or FORMERLY RESTRICTED DATA as defined in the U.S. Atomic Energy Act of 1954 as amended; to communications security information; to information for which foreign dissemination has been prohibited in whole or in part; to information for which a special access authorization is required; or to information which has not been specifically authorized for release to the Parent Government of the Exchange Personnel under applicable disclosure policies of the Host Government and Host Party.

To ensure the protection of proprietary, classified, and other information disclosed under this program, both during and after termination of a participant's assignment, all Exchange Personnel shall be advised of applicable security regulations and statutes and shall be required, prior to arrival in the Host Country, to sign the applicable agreements at Appendices B and C.

VI. TECHNICAL AND ADMINISTRATIVE MATTERS

To the extent authorized by its governing laws and regulations, the Host Party shall provide to Exchange Personnel, such administrative support as is deemed necessary for the efficient performance of their assigned tasks.

To the extent authorized by the Host Party's governing laws and regulations, Exchange Personnel shall be subject to the same restrictions, conditions and privileges as Host Party NL MOD/US DOD personnel of comparable rank in the area of assignment. Further, to the extent authorized by the governing laws and regulations of the Host Party and applicable international agreements between the Parties, Exchange Personnel and their authorized dependents shall be accorded on a reciprocal basis:

a. Exemption from any tax by the Host Party's government upon income received from the Parent Party's government.

b. Exemption from any customs and import duties or similar charges levied on articles entering the Host country for their official or personal use, including, inter alia, their baggage, household effects, and private motor vehicles. The foregoing does not in any way limit privileges set forth elsewhere in this Annex, or other privileges granted by the laws and regulations of the Host Government or Host Party.

Exchange Personnel and their authorized dependents shall be briefed regarding their specific entitlements, privileges, and obligations prior to or immediately following their arrival in the Host country. The briefing shall include the subjects described at Attachment 3 to Appendix A.

As a general rule, except for religious holidays, Exchange Personnel shall observe holidays of the Host government rather than their own national holidays. Exceptions to this rule may be made by the facility to which the Exchange Personnel are assigned.

All Exchange Personnel shall work under the guidance and control of a Host Party supervisor who shall, after three months and upon completion of a participant's tour of duty, submit an evaluation report through the Executive Agent to the participant's Parent Party.

Supervisors will ensure daily observation of each participant's performance in order to provide a basis for counselling and reporting.

The status of Exchange Personnel while in the Host country shall be governed by the Agreement Between the Parties to the North Atlantic Treaty Regarding the Status of Their Forces (NATO SOFA) signed June 19, 1951, and related bilateral agreements between the Parties.

Where applicable, claims against either Party or their personnel shall be handled in accordance with Article VIII of the NATO SOFA.

VII. INVENTIONS AND TECHNICAL INFORMATION

The respective rights of the Exchange Personnel and the two Parties to inventions (whether patentable or non-patentable) made (either conceived or reduced to practice) and to technical information developed by an exchange scientist or engineer during the period of and as a result of his/her participation in the program shall be governed by the laws and regulations of the respective parent government of exchange personnel.

To the extent that the right, title, and/or interest to an invention and/or to technical information is assigned to the Parent Party under the provision of the preceding paragraph, the Parent Party grants free of charge to the Host Party for its own governmental purposes a non transferable, world-wide, irrevocable, non-exclusive, royalty-free license to practice (make, use and sell) such inventions and to have unlimited use and reproduction rights in such technical information. Additional rights to inventions and technical information, such as transfer of patents, may be negotiated between the Parties.

Notwithstanding the rights delineated in the paragraphs above, the Parent Party shall obtain from each exchange scientist and engineer, as a condition for participating in the program, a written commitment regarding inventions and technical information in the form prescribed in Appendix B and shall promptly deliver the signed originals to the Host Party prior to the arrival of the exchange scientist or engineer in the Host Country.

The Parent Party of a scientist or engineer who makes an invention shall have first priority to prosecute or to have prosecuted on its behalf patent applications to secure rights granted under this section. The Parent Party shall, within a reasonable time, notify the Host Party of the countries in which it or the scientist or engineer inventor elects to file patent applications. To the extent consistent with other applicable international agreements for all other countries, the Host Government may prosecute or have prosecuted on its behalf patent applications to secure rights.

Any additional compensation or award under an incentive award program or similar program due to the participant scientist or engineer for the work performed under this program shall be the responsibility of the Parent Party.

VIII DURATION AND TERMINATION

This Annex shall enter into force upon signature and shall remain in force for a period as set forth in Article VII of the MOU and may be terminated under the conditions as set forth in that article.

FOR THE GOVERNMENT OF THE KINGDOM OF THE NETHERLANDS	FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA
(SIGNATURE)	(SIGNATURE)
J. Fledderus	Donald J. Yockey
(TYPED NAME)	(TYPED NAME)
6 January 1993	2 Dec 92
(DATE)	(DATE)
The Hague	
(LOCATION)	(LOCATION)

APPENDIX A

PROCEDURES FOR

ADMINISTERING THE EXCHANGE

OF SCIENTISTS AND ENGINEERS

A.1 This Appendix to the Annex between the US DOD and the NL MOD regarding the Exchange of Scientists and Engineers provides the procedures for nominating and assigning Exchange Personnel from one country to DOD/MOD research and development facilities in the other country.

A.2 The Executive Agent shall be the single point of contact with the other Party for the administration of the Exchange Program.

A.3 Each Executive Agent shall obtain from its Government's defense components and submit to the other Executive Agent applications of individuals for consideration as Exchange Personnel. The personnel application shall include a resume in the format of Attachment 1. The selection and placement of five or more exchange personnel in one country during a calendar year period shall be administered and coordinated on a group basis to facilitate administrative processing.

A.4 Candidate applications shall be submitted by the nominating Party to its Embassy for forwarding to the Executive Agent in the Host Party. The submission of the applications shall occur at least twelve months prior to the desired assignment start date.

A.5. The Host Party Executive Agent shall distribute the candidate resumes it receives to its defense components for review and placement selection.

A.6 After review and coordination of the resumes and identification of applicable assignments, the Host Party Executive Agent shall submit to the nominating Party through prescribed channels the proposed Position Description in the format of Attachment 2 at least six months prior to the expected assignment date.

A.7 Upon acceptance of the Position Description, the nominating Party shall submit appropriate documentation, to include accreditation requests, through its embassy channels to the Host Party at least 60 days in advance of the proposed date of assignment.

A.8 Upon receipt of the information specified in A.7, above, the Host Party Executive Agent shall notify the receiving defense component of the individual's arrival date(s). The receiving defense component shall, in turn, notify the participant's supervisor and encourage personal contact between the supervisor and the Exchange Personnel prior to arrival. A sponsor, usually the supervisor, shall be assigned to meet the Exchange Personnel on arrival and help make the necessary living arrangements for the Exchange Personnel and family.

A.9 The Host Party Executive Agent shall arrange for an in-briefing for all new Exchange Personnel, normally to be held at the participant's embassy. The embassy and sponsor or supervisor shall, as a minimum, brief the Exchange Personnel on the items contained in Attachment 3. The Host Party Executive Agent and security manager of the host defense component shall provide the overall welcome to the program and emphasize security system requirements. The Host Party sponsor or Host Party supervisor shall familiarize the Exchange Personnel with the sponsoring organization's research and development mission, as well as the specific assignment location and duties.

A.10 The Host Party Executive Agent, along with Embassy point of contact, shall be the interface with all supervisors and/or Exchange Personnel in administering the program.

A.11 The Host Party Executive Agent shall arrange for a proper end-of-assignment ceremony and out briefing for Exchange Personnel. It is suggested that a prominent individual from the Host Party research and development community address the Exchange Personnel when there is a group departing. A Certificate of Completion may be presented to each foreign participant. The Host Party Executive Agent shall provide a security debrief and allow the individual a final opportunity to comment on his/her experience with the Exchange Program.

APPENDIX A

ATTACHMENT 1

PROFESSIONAL BACKGROUND

AND AREA OF INTEREST

I. Personal Data:

Name:

Rank or Title:

Scientific or Technical Specialty:

Passport No:

Marital Status: (if children, how many, ages and sex)

Address:

Office:

Telephone:

Home:

Telephone:

II. Education:

Name of college/university

Degree received/subject

III. Professional Employment:

(List military and civilian employment)

IV. Name of Present Organization

V. Language Proficiency:

a. Recent aptitude/proficiency scores, if applicable

b. Academic Language Training or Language Experience

c. Spouse's Proficiency.

APPENDIX A

ATTACHMENT 1 - CONTINUED

PROFESSIONAL BACKGROUND

AND AREA OF INTEREST

VI. Career Areas of Interest

A. Primary

1.

2.

3.

B. Secondary

1.

2.

3.

APPENDIX A

ATTACHMENT 2

POSITION DESCRIPTION

1. Title of Position:

2. Position Location:

3. Qualifications/Skills Required for Position:

4. Description of Specific Duties:

5. General Categories of Information to Which Access Will be Required:

6. Supervisor:

   Name

   Title/Grade

   Address

APPENDIX A

ATTACHMENT 3

SUGGESTED TOPICS TO BE COVERED BY EMBASSY DURING IN-BRIEF OF EXCHANGE SCIENTISTS OR ENGINEERS

- Peculiarities of status during stay in Host country
- Import and registration of private vehicle
- Driver's license and automobile insurance
- Treatment of Customs in bringing in goods for personal use (e.g., suitcases, household goods, etc.).
- Taxes
- Employee inventions
- Receipt of paychecks
- Opening a private bank account
- Necessary correspondence relative to personal affairs
- Passports and visas
- Holidays, annual leave, sick and emergency leave and home vacation privileges
- Authorizations for business travel (TDY)
- Visit requests (to visit installations other than place assigned)
- Procedures to book flights for TDY
- Returning to home country
- Regulations and allowances relative to moving costs (household goods, per diem, weight allowances, etc.)
- Instructions for obtaining assistance (financial, credit, verification of employment, etc.)
- Overseas employment compensation
- Housing rental allowance
- Procedure for settling travel vouchers
- School assistance
- End of assignment and periodic written reports
- Suggested books and literature about the Host country for background information
- Provide list of important organizations, persons, addresses, telephone numbers (e.g., Embassy, Armed Forces Administrative Office, etc)
- Security procedures and contacts

APPENDIX B

AGREEMENT REGARDING INVENTIONS MADE

AND TECHNICAL INFORMATION DEVELOPED

BY VISITING SCIENTISTS AND ENGINEERS

ASSIGNMENT OF RIGHTS TO HOST PARTY

In consideration for being selected to participate in the US/The Netherlands Scientist and Engineer Exchange Program, I hereby grant to the (Host Party) a worldwide, nontransferable, irrevocable, non-exclusive, royalty-free license to practice (make, use or sell) Inventions (whether patentable or not patentable) and unlimited use and reproduction rights in technical information, which inventions are made (either conceived or reduced to practice) by me or which technical information is developed by me during my participation in the program.

APPENDIX C

AGREEMENT REGARDING CONDITIONS

AND RESPONSIBILITIES

I understand and acknowledge that I have been accepted for assignment to (name and location of organization to which assigned) pursuant to an agreement between The Netherlands Ministry of Defense and the United States Department of Defense ("the Parties"). In connection with this assignment, I further understand, acknowledge, and certify that I shall comply with the following conditions and responsibilities:

1. The purpose of the assignment is to gain knowledge of the organization and management of Host Party research and development activities related to conventional military systems. There shall be no access to technical data or other information except for that which is required to perform the duties of the position to which I am assigned.

2. I shall perform only functions as described in the Position Description for my work assignment, and shall not act in any other capacity on behalf of my government or Parent Party.

3. Access to information shall be limited to that information determined by my designated supervisor to be necessary to fulfill the functions described in the Position Description for my work assignment.

4. All information to which I may have access in the course of this assignment shall be treated as information provided to my government in confidence and shall not be further released or disclosed by me to any other person, firm, organization or government without the prior written authorization of the Host Party.

5. I have been briefed on, understand, and shall comply with all applicable security regulations of the Host Party and Host Government.

_____ (Signature)

_____ (Typed Name)

_____ (Grade/Title)

_____ (Date)