

MEMORANDUM OF UNDERSTANDING
AMONG
THE MINISTER OF NATIONAL DEFENCE OF CANADA
AND
THE FEDERAL MINISTRY OF DEFENCE OF THE FEDERAL REPUBLIC OF GERMANY
AND
THE MINISTER OF DEFENCE OF THE KINGDOM OF THE NETHERLANDS
AND
THE DEPARTMENT OF DEFENSE OF THE UNITED STATES OF AMERICA
FOR
STANDARD MISSILE UPGRADES AND IMPROVEMENTS

Certified to be a true copy:



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TABLE OF CONTENTS

INTRODUCTION	4
SECTION I	
DEFINITIONS	5
SECTION II	
OBJECTIVES	8
SECTION III	
SCOPE OF WORK	9
SECTION IV	
GENERAL PROJECT ARRANGEMENT (PA) PROVISIONS	10
SECTION V	
MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)	11
SECTION VI	
FINANCIAL PROVISIONS	14
SECTION VII	
WORKSHARE	16
SECTION VIII	
CONTRACTING PROVISIONS	17
SECTION IX	
PROJECT EQUIPMENT	19
SECTION X	
DISCLOSURE AND USE OF INFORMATION	21
SECTION XI	
CONTROLLED UNCLASSIFIED INFORMATION	26
SECTION XII	
VISITS TO ESTABLISHMENTS	27
SECTION XIII	
SECURITY	28
SECTION XIV	
THIRD PARTY SALES AND TRANSFERS	31
SECTION XV	
LIABILITY AND CLAIMS	33
SECTION XVI	
ADDITION OF NEW PARTICIPANTS	34
SECTION XVII	
CUSTOMS DUTIES, TAXES, AND SIMILAR CHARGES	35
SECTION XVIII	
SETTLEMENT OF DISPUTES	36
SECTION XIX	
GENERAL PROVISIONS	37
SECTION XX	
AMENDMENT, WITHDRAWAL, TERMINATION, ENTRY INTO EFFECT, AND DURATION	38

ANNEXES
ANNEX A
SAMPLE PROJECT ARRANGEMENT
ANNEX B
COOPERATIVE PROGRAM PERSONNEL

40

49

INTRODUCTION

The Minister of National Defence of Canada, the Federal Ministry of Defence of the Federal Republic of Germany, the Minister of Defence of the Kingdom of the Netherlands, and the Department of Defense of the United States of America, hereinafter referred to as the "Participants":

Having a common interest in defense;

Recognizing the benefits to be obtained from standardization, rationalization, and interoperability of military equipment;

Desiring to improve their mutual conventional defense capabilities through the application of emerging technology;

Having a mutual need for STANDARD Missile upgrades and improvements to satisfy common operational requirements; and

Desiring to establish a framework within this Memorandum of Understanding (MOU) to pursue cooperative efforts under Project Arrangements (PAs) for upgrades and improvements for STANDARD Missile and associated technologies and systems;

Have reached the following understandings:

SECTION I

DEFINITIONS

The Participants have jointly decided upon the following definitions for terms used in this Memorandum of Understanding (MOU):

Background Information	Project Information not generated in the performance of a Project.
Classified Information	Official information that requires protection in the interests of national security and is so designated by the application of a security classification marking. This information may be in oral, visual, magnetic or documentary form or in the form of equipment or technology.
Contract	Any mutually binding legal relationship under national laws which obligates a Contractor to furnish supplies or services, and obligates one or more Participants to pay for them.
Contracting	The obtaining of supplies or services by Contract from sources outside the government organizations of the Participants. Contracting includes description (but not determination) of supplies and services required, solicitation and selection of sources, preparation and award of Contracts, and all phases of Contract administration.
Contracting Agency	The entity within the government organization of a Participant, which has authority to enter into, administer, and/or terminate Contracts.
Contracting Officer	A person representing a Contracting Agency of a Participant who has the authority to enter into, administer, and/or terminate Contracts.
Contractor	Any entity awarded a Contract by a Participant's Contracting Agency for work under (a) PA(s).
Controlled Unclassified Information	Unclassified information to which access or distribution limitations have been applied in accordance with applicable national laws or regulations. Whether the information is provided or generated under this MOU, the information will be marked to identify its "in confidence" nature. It could include information which has been declassified, but remains controlled.
Cooperative Project	Military members or civilian employees of a Parent PA

Personnel (CPP)	Participant assigned to a Host PA Participant, in furtherance of a Project, who perform managerial, engineering, technical, administrative, Contracting, logistics, financial, planning or other functions.
Defense Purposes	Manufacture or other use in any part of the world by or for the armed forces of any Participant.
Designated Security Authority (DSA)	The security office approved by national authorities to be responsible for the security aspects of this MOU.
Financial Contributions	Represents the Project Arrangement Participant's share of Project costs that, due to its nature, takes a monetary form.
Foreground Information	Information generated in the performance of a Project.
Host PA Participant	The PA Participant whose nation serves as the location of the hosting project office.
Non-financial Contributions	Represents the Project Arrangement Participant's share of Project costs that, due to its nature, takes a non-monetary form.
Parent PA Participant	The PA Participant which sends its CPP to the project office located in the nation of the Host PA Participant.
Patent	Legal protection of the benefit to exclude others from making, using, or selling an invention. The term refers to any and all Patents including, but not limited to, Patents of implementation, improvement or addition, petty Patents, utility models, appearance design Patents, registered designs, and inventor certificates or like statutory protection as well as divisions, reissues, continuations, renewals, and extensions of any of these.
Project	Collaborative activity done under a Project Arrangement (PA) concluded pursuant to this MOU.
Project Arrangement(PA)	An individually negotiated arrangement, concluded after the MOU has entered into effect, which specifically details the provisions of collaboration on a specific Project between two or more MOU Participants.
PA Participant	A Participant is considered a PA Participant only for those Projects for which it signs the relevant PA.
Project Equipment	Any material, equipment, end item, subsystem, component, special tooling or test equipment jointly acquired or provided by

one of the PA Participants for use in a Project.

Project Information

Any information provided to, generated in, or used in a Project regardless of form or type, including, but not limited to, that of a scientific, technical, business, or financial nature, and also including photographs, reports, manuals, threat data, experimental data, test data, designs, specifications, processes, techniques, inventions, drawings, technical writings, sound recordings, pictorial representations, and other graphical presentations, whether in magnetic tape, computer memory, or any other form and whether or not subject to copyright, patent, or other legal protection.

Project Invention

Any invention or discovery formulated or made (conceived or "first actually reduced to practice") in the course of work performed under a Project. The term first actually reduced to practice means the first demonstration, sufficient to establish to one skilled in the art to which the invention pertains, of the operability of an invention for its intended purpose and in its intended environment.

Project Plan

A part of a PA that provides a description of the Project's delivery requirements and milestones.

STANDARD Missile

A weapon system designed, developed, and maintained by the U.S. to provide maritime multi-mission capability. This includes SM-2 Block IIIA and subsequent STANDARD Missile variants.

Third Party

Any person or other entity whose government or entity thereof is not a Participant.

SECTION II

OBJECTIVES

- 2.1. The objectives of this MOU are to:
 - 2.1.1. Maintain or improve the military and cost effectiveness, interoperability, and availability of STANDARD Missile;
 - 2.1.2. Establish a framework and general principles which will apply to the initiation, conduct, and management of cooperative projects detailed in individual PAs;
 - 2.1.3. Leverage technological capabilities of the Participants for the betterment of STANDARD Missile;
 - 2.1.4. Cooperate in research, development, test, evaluation, and transition to production activities related to upgrades and improvements to STANDARD Missile; and
 - 2.1.5. Maintain commonality of STANDARD Missile while continuing to meet the individual requirements of the Participants.

SECTION III

SCOPE OF WORK

3.1. Through PAs under this MOU, PA Participants will cooperatively research, develop, test, evaluate, and transition to production upgrades and improvements for STANDARD Missile. These upgrades and improvements include, but are not limited to, performance and reliability enhancements, interoperability improvements, interface definition, and combat systems integration efforts. The tasks under each PA will be detailed in that PA.

3.2. Activities of the Participants under this MOU include information exchange for the purposes of harmonizing the Participants' respective STANDARD Missile system requirements, for observing national STANDARD Missile system(s) and related efforts of one or more Participants by the other Participant(s), and for formulating and developing PAs under this MOU.

3.3. Configuration control of STANDARD Missile will be conducted as a part of the overall U.S. STANDARD Missile program, outside of this MOU.

SECTION IV

GENERAL PROJECT ARRANGEMENT (PA) PROVISIONS

- 4.1. PAs will involve two or more MOU Participants. However, no PA under this MOU may be signed until the U.S. Participant approves the PA to ensure that it is consistent with the U.S. STANDARD Missile program.
- 4.2. MOU Participants who do not sign a PA do not automatically receive the benefits gained from that PA including access to Project Information and Project Equipment.
- 4.3. The provisions of this MOU will govern each PA under this MOU unless specifically stated otherwise in the PA.
- 4.4. Annex A (Sample Project Arrangement), will be used as the general format for all PAs under this MOU.
- 4.5. The PA Participants will provide Financial or Non-financial Contributions, or both, which represent an equitable share of the total costs, including overhead costs, administrative costs, and costs of claims of a Project. Each PA Participant will receive an equitable share of the results of a Project.

SECTION V

MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)

5.1. This MOU will be directed and administered by a STANDARD Missile Cooperative Council (SMCC). The PAs will be directed and administered by an organization consisting of a PA SMCC and Project Officers (POs). In general, POs will not be colocated.

5.2. Each MOU Participant will provide a SMCC member for this MOU. The SMCC members will take decisions on a unanimous basis and be responsible for:

- 5.2.1. Monitoring the overall effectiveness of the MOU;
- 5.2.2. Providing recommendations to the MOU Participants for amendments to this MOU;
- 5.2.3. *Providing recommendations to the MOU Participants for the addition of new MOU Participants in accordance with Section XVI (Addition of New Participants);*
- 5.2.4. Fostering maximum cooperation among MOU Participants in the area of upgrades and improvements related to STANDARD Missile; and
- 5.2.5. Designating a point of contact for equitable exchange of information for the development and negotiation of potential PAs, in accordance with Section 3.2.

5.3. The SMCC will be chaired by the U.S. SMCC member and will meet as necessary, but at least once a year. In the event that the SMCC is unable to reach a timely decision on an issue related to the overall MOU, each SMCC representative will refer the issue to its higher authority for resolution. In the meantime, the approved PAs will continue to be implemented without interruption.

5.4. Individual SMCC members or their designee will also serve as the PA SMCC representatives for the PAs entered into under this MOU. The PA SMCC will be chaired by the U.S. PA SMCC member and meet as necessary, but at least once a year. To maximize utility and efficiency, SMCC and PA SMCC meetings will be coordinated to the maximum extent possible. Decisions of the PA SMCC will be made unanimously. In the event that the PA SMCC is unable to reach a timely decision, each PA SMCC representative will refer the issue to its higher authority for resolution. In the meantime, the approved PAs will continue to be implemented without interruption while the issue is being resolved by higher authority. PA SMCC members will be responsible for effective implementation, efficient management, and executive-level direction of the PA. Specific responsibilities include, but are not limited to:

- 5.4.1. Reviewing and approving the technical progress of the Project under the PA;
- 5.4.2. Reviewing the financial status of the PA to ensure compliance with the provisions of Section VI (Financial Provisions) of this MOU and the financial provisions established in the PA;
- 5.4.3. Reviewing and forwarding recommendations to the PA Participants for the addition of new PA Participants, if applicable, in accordance with this MOU and the PA;
- 5.4.4. Reviewing and forwarding to the PA Participants recommended amendments to the PA in accordance with the PA;
- 5.4.5. Evaluating status reports submitted by the PO and recommending corrective action if necessary;
- 5.4.6. Evaluating the distribution of work sharing in accordance with the principles of Section VII (Work Sharing) and recommending corrective action if necessary;
- 5.4.7. Monitoring Project Third Party Sales and Transfers authorized in accordance with Section XIV (Third Party Sales and Transfers) of this MOU and the PA;
- 5.4.8. Resolving issues brought forth by the POs; and
- 5.4.9. Approving plans to manage and control Project Equipment in accordance with Section IX (Project Equipment) of this MOU and the PA.

5.5. Each PA will be directed and administered by Project Officers (POs) appointed by PA Participants. Decisions of the POs will be made unanimously. In the event that the POs are unable to reach a timely decision on an issue, the POs will refer the issue to the PA SMCC for resolution. In the meantime, the PA will continue to be implemented without interruption under the direction of the POs while the issue is being resolved by the PA SMCC.

5.6. For its respective PA, specific responsibilities of the POs include, but are not limited to:

- 5.6.1. Developing and forwarding to the PA SMCC for approval, plans to manage and control Project Equipment, if any, provided by any PA Participant in accordance with Section IX (Project Equipment) of this MOU and the PA;
- 5.6.2. Maintaining oversight of the security aspects of a Project including the appointment of a Project Security Officer and if applicable, developing, maintaining, and obtaining approval from the appropriate Designated

Security Authority (DSA) of a Project Security Instruction and a Classification Guide in accordance with Section XIII (Security);

- 5.6.3. Providing recommendations to the PA SMCC members for the addition of new PA Participants, if applicable, in accordance with this MOU and the PA;
 - 5.6.4. Forwarding to the PA Participants recommendations for Third Party Sales and Transfers in accordance with Section XIV (Third Party Sales and Transfers) of this MOU and the PA;
 - 5.6.5. Managing overall PA implementation, including technical, financial, and schedule performance;
 - 5.6.6. Recommending PA amendments to the PA SMCC member;
 - 5.6.7. Referring issues to the PA SMCC that cannot be resolved by the POs; and
 - 5.6.8. Providing reports to the PA SC as required.
- 5.7. Additional responsibilities and duties of the PA SMCC members and POs may be detailed in the applicable PA.

SECTION VI

FINANCIAL PROVISIONS

6.1. This MOU creates no Financial or Non-financial responsibilities regarding individual PAs. Detailed descriptions of the financial arrangements for a specific Project will be included in the corresponding PA. These will include each PA Participant's share of the total cost of the Project and, if jointly decided, a funding schedule.

6.2. The following costs will be borne entirely by the Participant or PA Participant incurring the costs or on whose behalf the costs are incurred:

6.2.1. Costs associated with national representation at meetings.

6.2.2. Costs incurred for participating in STANDARD Missile requirements harmonization discussion and the information exchange described in paragraph 3.2 Section III (Scope of Work) of this MOU.

6.2.3. Costs associated with any unique national requirements identified by a PA Participant.

6.2.4. Any other costs not expressly stated as shared costs or any costs that are outside the scope of this MOU.

6.3. A PA Participant will promptly notify the other PA Participants if available funds are not adequate to fulfill its responsibilities under a PA. If a PA Participant notifies the other PA Participants that it is terminating, withdrawing, or reducing its funding for a Project, all PA Participants will immediately consult with a view toward continuation on a modified basis. If continuation on a modified basis is not possible then the withdrawal and termination provisions of the applicable PA will apply.

6.4. It may become necessary for one PA Participant to incur contractual or other obligations for the benefit of other PA Participants prior to receipt of other Participants' funds under a PA. In the event that a PA Participant incurs such obligations, those PA Participants will pay their equitable share of such obligations, make funds available in such amounts and at such times as may be required by the Contract or other obligations, and pay any damages and costs that may accrue from the performance or cancellation of the Contract or other obligations in advance of the time such payments, damages, or costs are due.

6.5. The cost of personnel assigned to PAs will be borne as follows:

6.5.1. The Host PA Participant will be responsible for all pay and allowances of Host PA Participant personnel assigned to a PA.

6.5.2. Each Parent PA Participant which sends its Cooperative Project Personnel (CPP) to a Project Office of a Host Participant will be responsible for the following cost of its own CPP:

6.5.2.1. All pay and allowances.

6.5.2.2. Transportation of the CPP and their personal property to the place of assignment in the Host PA Participant's nation prior to the CPP's commencement of a tour of duty, and return transportation of the foregoing from the place of assignment in the Host PA Participant's nation upon completion or termination of the tour of duty. The foregoing will apply to the CPP's dependents and their personal property to the extent permitted under the laws and regulations of the government of the Parent PA Participant.

6.5.2.3. Compensation for the loss of, or damage to, the personal property of the CPP or the CPP's dependents, subject to the laws and regulations of the government of the Parent PA Participant.

6.5.2.4. Preparation and shipment of remains and funeral expenses in the event of the death of the CPP or the CPP's dependents, subject to the laws and regulations of the government of the Parent PA Participant.