

MEMORANDUM OF UNDERSTANDING

AMONG

THE FEDERAL MINISTRY OF DEFENCE OF

THE FEDERAL REPUBLIC OF GERMANY

AND

THE MINISTER OF DEFENCE

OF THE KINGDOM OF THE NETHERLANDS

AND

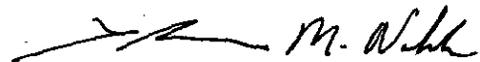
THE DEPARTMENT OF DEFENSE OF

THE UNITED STATES OF AMERICA

FOR THE,

PRODUCTION OF STANDARD MISSILE

Certified to be a true copy:



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Deputy Director, International Agreements  
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## TABLE OF CONTENTS

INTRODUCTION .....	3
SECTION I	
DEFINITIONS .....	4
SECTION II	
OBJECTIVE(S) .....	8
SECTION III	
SCOPE OF WORK .....	9
SECTION IV	
MANAGEMENT (ORGANIZATION AND RESPONSIBILITY) .....	10
SECTION V	
FINANCIAL PROVISIONS .....	14
SECTION VI	
CONTRACTING PROVISIONS .....	17
SECTION VII	
WORK SHARING .....	19
SECTION VIII	
PROJECT EQUIPMENT .....	20
SECTION IX	
DISCLOSURE AND USE OF PROJECT INFORMATION .....	22
SECTION X	
CONTROLLED UNCLASSIFIED INFORMATION .....	27
SECTION XI	
VISITS TO ESTABLISHMENTS .....	28
SECTION XII	
SECURITY .....	29
SECTION XIII	
THIRD PARTY SALES AND TRANSFERS .....	32
SECTION XIV	
LIABILITY AND CLAIMS .....	33
SECTION XV	
ADDITION OF NEW PARTICIPANTS .....	34
SECTION XVI	
CUSTOMS DUTIES, TAXES, AND SIMILAR CHARGES .....	35
SECTION XVII	
SETTLEMENT OF DISPUTES .....	36
SECTION XVIII	
GENERAL PROVISIONS .....	37
SECTION XIX	
AMENDMENT, WITHDRAWAL, TERMINATION, ENTRY INTO EFFECT, AND DURATION .....	38
ANNEX A	
PROJECT PLAN .....	40
ANNEX B	
COOPERATIVE PROJECT PERSONNEL .....	42

## INTRODUCTION

The Federal Ministry of Defence of the Federal Republic of Germany (GE Participant), the Minister of Defence of the Kingdom of the Netherlands (NL Participant), and the Department of Defense of the United States of America (U.S. Participant) 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 the production of STANDARD Missile-2 BLK III family of missile variants (also referred to as "SM-2") to satisfy common operational requirements; and

Having independently procured variants of STANDARD Missile in the past, recognize the benefits to be obtained from a cooperative program;

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 Information not generated in the performance of this MOU.

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.

Class I Configuration Change A change related to the established missile configurations that is effected to the extent that any of the following requirements would be outside specified limits or specified tolerances: Performance; Reliability, Maintainability, or Survivability; Weight, Balance or Moment of Inertia; Interference characteristics; Electromagnetic characteristics; or other technical requirements in the specifications.

Contract Any mutually binding legal relationship under national laws which obligates a Contractor to furnish supplies or services, and obligates one or more of the 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 this MOU.

Contractor Support Personnel Persons specifically identified in support Contracts who provide administrative, managerial, scientific, or technical support services to a Participant under a Contract with that Participant that prohibits using information received under the Contract for any other purposes.

Controlled  
Unclassified  
Information  
Unclassified information to which access or distribution limitations have been applied in accordance with applicable national laws or regulations. It could include information which has been declassified, but remains controlled. Whether the information is provided or generated under this MOU, the information will be marked to identify its "in confidence" nature. U.S. export controlled technical data will be marked as "International Traffic in Arms Regulations (ITAR) - Controlled". The Netherlands export controlled information will be marked "Germany/Netherlands/United States eyes only - further release subject to approval of the Netherlands." German export controlled technical data shall be marked as "Ausfuhrgenehmigungspflichtige Technologie gemäß AWG/AWV."

Cooperative Project Personnel (CPP) Military members or civilian employees of a Parent Participant assigned to the Project who perform managerial, engineering, technical, administrative, Contracting, logistics, financial, planning or other functions in furtherance of the Project.

Cost Ceiling The maximum amount of the total shared costs and the maximum amount of a Participant's contribution to the total shared costs.

Defense Purposes	Manufacture or other use in any part of the world by or for the armed forces of any Participant. For use in a Third Party Sale or Transfer, see Section XIII (Third Party Sales and Transfers).
Designated Security Authority (DSA)	The security office approved by national authorities to be responsible for the security aspects of this MOU.
Foreground Information	Information generated in the performance of this MOU.
Host Participant	The Participant whose nation serves as the location of the hosting project office, i.e., the U.S. Navy Integrated Warfare Systems, Surface Ship Weapons Directorate or its successor.
Parent Participant	The Participant which sends its CPP to the project office located in the nation of another Participant.
Participant	A signatory to this MOU represented by its military and civilian personnel. Contractors and Contractor Support Personnel will not be representatives of a Participant under this MOU.
Patent	Legal protection of the right 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	Cooperation under this MOU encompassing the cooperative procurement, production and production support of the SM-2.
Project Equipment	Any material, equipment, end item, subsystem, component, special tooling or test equipment jointly acquired or provided by a Participant for use in the Project.

Project Information Any information provided to, generated in, or used in this 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 the 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 An Annex to this MOU (Annex A) that provides details of the estimated order quantities, estimated Participant shared cost breakdown, and Cost Ceilings under this MOU.

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

## SECTION II

### OBJECTIVE

2.1 The objective of this MOU is to provide a means for cooperative procurement, production and production support of the SM-2. This cooperative effort will:

- 2.1.1 Enable the Participants to cooperatively acquire SM-2 in a timely and cost-effective manner, which meets their individual national requirements;
- 2.1.2 Increase the available production industrial base for SM-2;
- 2.1.3 Increase standardization and interoperability for SM-2;
- 2.1.4 Maximize commonality and component interchangeability between SM-2 variants;
- 2.1.5 Maintain common configuration of SM-2 systems to the maximum extent possible while continuing to meet the individual requirements of the Participants; and
- 2.1.6 Identify and implement changes that will maintain or improve the military effectiveness and availability of SM-2.

## SECTION III

### SCOPE OF WORK

3.1 The overall work to be carried out under this MOU includes:

- 3.1.1 Production of STANDARD Missile in the SM-2 BLK III family of missile variants in accordance with Annex A (Project Plan).
- 3.1.2 Production engineering, production support and production activities, including design agents, technical direction agent and in-service engineering agent support as they relate to production support.
- 3.1.3 Development, initial production and updating of life cycle elements. These elements include, but are not limited to, spare parts, test equipment, technical data, training materials, and technical support for SM-2.
- 3.1.4 Preparation and exchange of Project Information to facilitate the integration, operation, support, and disposal of SM-2 by the Participants.
- 3.1.5 Configuration management in accordance with Section IV (Management (Organization and Responsibility)).
- 3.1.6 Design, qualification, and production of approved engineering changes to SM-2 that reduce life cycle costs, enhance military effectiveness, enhance safety, enhance producibility, or improve operational and maintenance suitability.

## SECTION IV

### MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)

4.1 This MOU will be directed and administered on behalf of the Participants by an organization consisting of a STANDARD Missile Cooperative Council (SMCC), a U.S. STANDARD Missile Program Manager (SM PM), and an International Projects Section (IPS) of the U.S. Navy Integrated Warfare Systems, Surface Ship Weapons Directorate or its successor.

4.2 The SMCC will consist of a representative appointed by each Participant. The SMCC will be chaired by the U.S. SMCC member and meet at least once a year. Decisions of the SMCC will be made unanimously. In the event that the SMCC is unable to reach a timely decision on an issue, each SMCC representative will refer the issue to its higher authority for resolution. In the meantime, and to the extent consistent with paragraph 4.3.5 below, the Project will continue to be implemented without interruption while the issue is being resolved by higher authority.

4.3 The SMCC will be responsible for effective implementation, efficient management, and executive-level direction of the Project in accordance with this MOU. Specific responsibilities include but are not limited to:

- 4.3.1 Reviewing progress in meeting Project requirements.
- 4.3.2 Reviewing the financial status of the MOU to ensure compliance with the provisions of Section V (Financial Provisions) and Annex A (Project Plan) of this MOU.
- 4.3.3 Resolving issues brought forth by the SM PM or IPS.
- 4.3.4 Reviewing and forwarding to the Participants for approval recommended amendments to this MOU in accordance with Section XIX (Amendment, Withdrawal, Termination, Entry Into Effect, and Duration).
- 4.3.5 Approving adjustments to Annex A (Project Plan) of this MOU within the individual Participant and total shared Cost Ceilings. In the event that upward or downward adjustments of order quantities and/or total shared costs, coupled with

application of the formula set out in Section V (Financial Provisions) paragraph 5.2, result in Participant shared costs that the SMCC is unable to unanimously approve, the Participants will consult, in accordance with Section XIX (Amendment, Withdrawal, Termination, Entry Into Force, and Duration), regarding amending the MOU and proceeding on a modified basis, or withdrawing from or terminating the MOU.

- 4.3.6 Approving plans to manage and control the transfer of Project Equipment in accordance with Section VIII (Project Equipment) including approving the list of Project Equipment detailed in paragraph 8.1.
- 4.3.7 Approving plans for the disposal of jointly acquired Project Equipment under this MOU in accordance with Section VIII (Project Equipment).
- 4.3.8 Maintaining oversight of the security aspects of the Project, including reviewing and obtaining approval from the appropriate Designated Security Authority of the Project Security Instruction and a Classification Guide.
- 4.3.9 Evaluating status reports submitted by the SM PM and recommending corrective action if necessary.
- 4.3.10 Providing recommendations to the Participants for the addition of new Participants in accordance with Section XV (Addition of New Participants).
- 4.3.11 Reviewing and approving the Financial Management and Procedures Document (FMPD) as described in Section V (Financial Provisions) paragraph 5.5.
- 4.3.12 Evaluating and approving improvements for incorporation into the missile variant for the GE Participant and NL Participant as described in Annex A (Project Plan).
- 4.3.13 Evaluating the distribution of work sharing in accordance with the principles of Section VII (Work Sharing) and recommending corrective action if necessary.
- 4.3.14 Approving the plan for the IPS that includes position description and duties for Cooperative Project Personnel (CPP).

4.4 It is anticipated that an IPS will be established within the U.S. Navy Integrated Warfare Systems, Surface Ship Weapons Directorate or its successor and will report directly to the SM PM. The GE Participant and NL Participant may provide national representation to the IPS by appointing CPP. Specific responsibilities of the IPS include, but are not limited to, those contained in paragraphs 4.5 and 6.2 in support of the SM PM.

4.5 Responsibilities of the U.S. SM PM include, but are not limited to:

- 4.5.1 Managing the cost, schedule, performance and risk requirements, technical, security and financial aspects of the SM-2 Production described in this MOU.
- 4.5.2 Executing the approved Annex A (Project Plan).
- 4.5.3 Executing the financial aspects of the Project in accordance with Section V (Financial Provisions) and Annex A (Project Plan) of this MOU.
- 4.5.4 As necessary, and in consultation with the IPS, providing to the SMCC adjustments to Annex A (Project Plan). These adjustments will reflect revised order quantities, Participant shared costs, and total shared costs.
- 4.5.5 Developing and recommending amendments to this MOU to the SMCC.
- 4.5.6 Forwarding recommendations to the SMCC for the addition of new participants in accordance with Section XV (Addition of New Participants).
- 4.5.7 Performing configuration management, configuration control, and configuration status accounting, and consulting with the IPS regarding proposed Class 1 Configuration Changes related to SM variants under this MOU. Configuration control will be conducted as part of the overall U.S. SM program. No configuration changes under this MOU may be signed until the U.S. approves the change.
- 4.5.8 Referring issues to the SMCC that cannot be resolved by the SM PM and IPS.

- 4.5.9 Developing and, upon SMCC approval, implementing plans to manage and control the transfer of Project Equipment provided by a Participant in accordance with Section VIII (Project Equipment).
- 4.5.10 Developing and, upon SMCC approval, implementing plans for the disposal of jointly acquired Project Equipment under this MOU in accordance with Section VIII (Project Equipment).
- 4.5.11 Developing and forwarding to the SMCC the Project Security Instruction (PSI) and a Classification Guide for the Project within three months after MOU signature, and implementing them upon final approval.
- 4.5.12 Providing reports to the SMCC as required.
- 4.5.13 Developing, and upon SMCC approval, implementing a plan for the IPS that includes position description and duties for CPP.
- 4.5.14 Preparing information necessary for transition from production to follow-on/in-service support for all SM variants.
- 4.5.15 Executing production and process management according to prime and critical item fabrication specifications, parameter documents and interface control documents.
- 4.5.16 Maintaining technical data package/production data exchanges and production transition.
- 4.5.17 Conducting sub-assembly qualification and demonstration of manufacture (pilot lot and quality conformance inspections).
- 4.5.18 Conducting section integration, round-level missile verification and life cycle testing.
- 4.5.19 Conducting periodic cooperative production reviews.