ACQUISITION AND CROSS-SERVICING AGREEMENT

BETWEEN

04-392

THE DEPARTMENT OF DEFENSE

OF THE UNITED STATES OF AMERICA

AND

MINISTRY OF DEFENSE

OF THE SLOVAK REPUBLIC

(US-SK-01)

Effective Date: 15 Dec. 98

ACQUISITION AND CROSS-SERVICING AGREEMENT BETWEEN THE DEPARTMENT OF DEFENSE OF THE UNITED STATES OF AMERICA AND THE MINISTRY OF DEFENSE OF THE SLOVAK REPUBLIC (US-SK-01)

PREAMBLE

The Department of Defense of the United States of America and the Ministry of Defense of the Slovak Republic (hereinafter referred to as the Parties);

TAKING INTO ACCOUNT the Agreement Among the States Parties to the North Atlantic Treaty and the Other States Participating in the Partnership for Peace Regarding the Status of Their Forces, opened for signature in Brussels, 19 June 1995;

NOTING FURTHER the Memorandum on Cooperation on Defense and Military Relations between the Ministry of Defense of the Republic of Slovakia and the Department of Defense of the United States of America, signed in Washington, 20 May 1994;

HAVE AGREED AS FOLLOWS:

ARTICLE I
PURPOSE

This Agreement is entered into for the purpose of establishing basic terms, conditions, and procedures to facilitate the reciprocal provision of logistic support, supplies, and services as that term is defined in Article III of this Agreement.

ARTICLE II
APPLICABILITY

1. This Agreement is designed to facilitate reciprocal logistic support between the Parties to be used primarily during combined exercises, training, deployments, operations, or other cooperative efforts, and for unforeseen circumstances or exigencies in which the recipient may have a need for logistic support, supplies, and services.

2. This Agreement applies to the reciprocal provision of logistic support, supplies, and services

to the military forces of one Party by the other Party in return for cash payment.

3. It is understood between the Parties that acquisitions and transfers under this Agreement and any implementing arrangements executed hereunder are made subject to the availability of appropriations and acquisition and transfer limitations established by laws and regulations of the Slovak Republic and the United States.

4. The Parties agree that the following items are not eligible for transfer under this Agreement and are specifically excluded from its coverage:

a. weapon systems

b. major end items of equipment (except for the lease or loan of general purpose vehicles and other items of non-lethal military equipment the transfer of which is not prohibited by the laws and regulations of the Slovak Republic and the United States).

c. initial quantities of replacement and spare parts associated with the initial order quantity of major items of organizational equipment covered in tables of allowances and distribution, tables of organization and equipment, and equivalent documents.

5. Also excluded from transfer by either Party under this Agreement are any items the transfer of which are prohibited by its laws or regulations. Certain items currently excluded from transfer by United States laws and regulations under this Agreement are the following:

a. guided missiles;

b. naval mines and torpedoes;

c. nuclear ammunition and included items such as warheads, warhead sections, projectiles, demolition munitions, and training ammunition;

d. cartridge and aircrew escape propulsion system (AEPS) components;

e. chaff and chaff dispensers;

f. guidance kits for bombs or other ammunition;

g. chemical ammunition (other than riot control agents);

h. source, byproduct, or special nuclear materials.

ARTICLE III
DEFINITIONS

1. As used in this Agreement and in any implementing arrangements which provide specific procedures, the following definitions apply:

a. Logistic support, supplies, and services. Food, water, billeting, transportation (including airlift), petroleum, oils, lubricants, clothing, communication services, medical services, ammunition, base operations support (and construction incident thereto), storage services, use of facilities, training services, spare parts and components, repair and maintenance services, calibration services, and airport and seaport services. Such term also includes the

temporary use of general purpose vehicles and other items of non-lethal military equipment the transfer of which is not prohibited by the laws and regulations of the Slovak Republic and the United States.

b. Implementing Arrangement. A written supplementary agreement related to the specific acquisition and/or transfer of logistic support, supplies, and services, which sets forth additional details, terms, and conditions which further define and carry out this Agreement.

c. Order. An order, when its proper form and signed by an authorized official (see Article IV, paragraph 2 below), is a request for the provision of specific logistic support, supplies and services pursuant to this Agreement and any applicable Implementing Arrangement.

d. Invoice. A document from the supplying Party which requests payment for specific logistic support, supplies and services rendered pursuant to this Agreement and any applicable Implementing Arrangements.

ARTICLE IV
TERMS AND CONDITIONS

1. Each Party shall make its best efforts, consistent with national priorities, to satisfy requests form the other Party under this agreement for logistic support, supplies, and services during peacetime and during periods of national emergency, international tension, or active hostilities. When an implementing arrangement contains a stricter standard for satisfying such requests, it shall apply over this paragraph.

2. The Parties agree that the transfer of logistic support, supplies, and services between the Parties shall be accomplished by Orders issued and accepted under this Agreement and any applicable implementing arrangement.

3. An order may be issued against this Agreement alone without an implementing arrangement in cases in which the Parties agree that logistic support, supplies, or services are urgently required. All orders must set forth all necessary details, terms, and conditions to carry out the transfer, including the data elements in the Annex.

4. The Parties shall endeavor to adopt a standard order form. An implementing arrangement shall generally identify those personnel authorized to issue and accept orders under this Agreement. The Parties shall notify each other of specific authorizations or limitations for those personnel able to issue or accept orders directly under this Agreement or under an implementing arrangement when the implementing arrangement does not state this information.

5. In all transactions involving the transfer of logistic support, supplies, and services, the receiving Party agrees that such logistic support, supplies, and services shall not be re-transferred, either temporarily or permanently, by any means to other than the forces of the

receiving Party without prior written consent of the supplying Party.

6. Implementing arrangements to this Agreement may be negotiated on behalf of the United States Department of Defense by Headquarters, United States European Command (USEUCOM), the headquarters of other United States Unified Commands, or their designated subordinate commands. Implementing arrangements may be negotiated on behalf of the Ministry of Defense of the Slovak Republic by the General Staff of the Army of the Slovak Republic or its designated subordinate commands. Implementing arrangements must identify points of contact and their specific authorizations or limitations.

ARTICLE V
REIMBURSEMENT

1. For any logistic support, supplies, and services transactions, the Parties shall negotiate for payment in cash in the currency specified by the supplying Party. The receiving Party shall pay the supplying Party under the conditions set out in paragraph 1a. of this Article.

a. Reimbursable transaction. The supplying Party shall submit Invoices to the receiving Party after delivery or performance of the logistic support, supplies, and services. Bills prepared by the supplying Party shall be accompanied by necessary support documentation and paid within 30 days from the date received or as otherwise agreed in the order. The payment date agreed in the order must not exceed three months from the date of receipt of the invoice. The Parties agree to the following reciprocal pricing principles:

(1) In the case of specific acquisition by the supplying Party from its contractors for a receiving Party, the price shall be no less favorable than the price charged the armed forces by the contractor of the supplying Party for identical items or services, taking into account the provisions of Article VI of this Agreement. The price charged may take into account differentials due to delivery schedules, points of delivery, and other similar considerations.

(2) In the case of transfer from the supplying Party's own resources, the supplying Party shall charge the same price it charges its own forces for identical logistic support, supplies and services, as of the date the Order is accepted, taking into account the provisions of Article VI of this Agreement. In any case where a price has not been established, the Parties shall agree on a price in advance, excluding fees that are precluded under these reciprocal pricing principles.

b. Exchange transaction. The laws of the Slovak Republic currently do not permit non-cash payment, such as replacement-in-kind or equal-value-exchange for logistics support, supplies, and services. The Parties agree, however, that when these methods of payment are authorized by the laws of the Slovak Republic, the Parties will enter into further negotiations to consider adopting these payment methods.

2. When a definitive price for the order is not agreed upon in advance, the order, pending

agreement on final price, shall set forth a maximum limitation of liability for the Party ordering the logistic support, supplies, and services. The Parties shall then promptly enter into negotiations to establish the final price.

3. The Invoice shall contain identification of the applicable implementing arrangement or, in the absence thereof, refer to this Agreement and shall be in the format set forth by the supplying organization. The Invoice shall be accompanied by evidence of receipt signed by an authorized official of the Party receiving the logistic support, supplies, and services.

4. The Parties agree to grant each other access to documentation and information sufficient to verify, when applicable, that reciprocal pricing principles have been followed and prices do not include waived or excluded costs. Points of contact will be identified in each implementing arrangement to validate expenses or research charges on an as-required basis.

5. No provision in this Agreement shall cancel, modify, or prevent the conclusion of other agreements that may provide logistics support, supplies, or services to either of the Parties through some other means.

ARTICLE VI
WAIVED OR EXCLUDED COSTS

The provisions of tax and customs relief agreements applicable to the acquisition of materials, services, supplies, and equipment by the receiving Party shall apply to logistic support, supplies and services, transferred under this Agreement. The Parties shall cooperate to provide proper documentation to maximize tax relief. In the case where taxes or customs duties for which a receiving Party would ordinarily have an exemption have already been paid by the supplying Party and cannot be recovered, the supplying Party shall advise the receiving Party prior to agreement to the transaction. The price paid by the receiving Party shall include only those taxes or customs duties not recoverable by the supplying Party.

ARTICLE VII
RESOLUTION OF DISPUTES AND PROTECTION OF CLASSIFIED INFORMATION

1. Any disagreements regarding the interpretation or application of this Agreement, or any implementing arrangements or transactions executed hereunder, shall be resolved through consultation between the Parties and shall not be referred to any international tribunal or third party for settlement.

2. Classified information and material provided or generated pursuant to this Agreement shall be protected in compliance with the General Security of Military Information Agreement, titled "Agreement Between the Government of the United States of America and the Government of the Slovak Republic Concerning Security Measures for the Protection of Classified Military

Information," dated 11 April 1995.

ARTICLE VIII
FINAL PROVISIONS

1. Either Party may, at any time, request revision of this Agreement. In the event such a request is made, the two Parties shall enter into negotiations within 90 days of written notice. Amendments to this Agreement must be in writing.

2. This Agreement, which consists of a Preamble, Articles I-VIII, and an Annex, shall become effective on the date of signature. This Agreement shall remain in effect for a period of ten years and shall be automatically extended annually thereafter, unless either Party notifies the other in writing through diplomatic channels, 180 days in advance, of its intention to terminate the Agreement.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective governments, have signed this Agreement.

DONE at Bratislava, Slovak Republic, this 15th day of Dec 1998, in the Slovak and English languages, both texts being equally authentic.

FOR THE DEPARTMENT OF DEFENSE OF THE UNITED STATES OF AMERICA

LARRY J. LUST
Major General, USA
Director of Logistics and
Security Assistance

FOR THE MINISTRY OF DEFENSE OF THE SLOVAK REPUBLIC

LEOPOLD BILČÍK, Dipl. Ing.
Lieutenant General
Logistics Section Director

ANNEX
MINIMUM ESSENTIAL DATA ELEMENTS

1) Implementing arrangements or support agreement

2) Date of order

3) Designation and address of office to be billed

4) Numerical listing of stock numbers of items, if any

5) Quantity and description of material/services requested

6) Quantity furnished

7) Unit of measurement

8) Unit price in currency of billing country

9) Quantity furnished (6) multiplied by unit price (8)

10) Currency of billing country

11) Total order amount expressed in currency of billing country

12) Name (typed or printed), signature, and title of authorized ordering or requisitioning representative

13) Payee to be designated on remittance

14) Designation and address of office to receive remittance

15) Recipient's signature acknowledging service or supplies received on the order or requisition or a separate supplementary document

16) Document number of order or requisition

17) Receiving organization

18) Issuing organization

19) Transaction type

20) Fund citation or certification of availability of funds when applicable under Parties' procedures

21) Date and place of original transfer; in the case of an exchange transaction, a replacement schedule including time and place of replacement transfer

22) Name, signature, and title of authorized acceptance official

23) Additional special requirement, if any, such as transportation, packaging, etc.

24) Limitation of government liability

25) Name, signature, date, and title of supplying Party official who actually issues supplies or services