

## DEFENSE

### Logistic Support

Agreement Between the  
UNITED STATES OF AMERICA  
and HUNGARY

Signed at Budapest December 9, 1996



NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89-497, approved July 8, 1966 (80 Stat. 271; 1 U.S.C. 113)—

“ . . . the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof.”

**HUNGARY**

**Defense: Logistic Support**

*Agreement signed at Budapest December 9, 1996;  
Entered into force December 9, 1996.*

**MUTUAL LOGISTIC SUPPORT AGREEMENT  
(US-HU-01)  
BETWEEN  
THE DEPARTMENT OF DEFENSE  
OF THE UNITED STATES OF AMERICA  
AND  
THE MINISTRY OF DEFENSE  
OF THE REPUBLIC OF HUNGARY**

**PREAMBLE**

THIS AGREEMENT, by and between the Department of Defense of the UNITED STATES OF AMERICA and the Ministry of Defense of the REPUBLIC OF HUNGARY (hereinafter referred to as the Parties);

WHEREAS this Agreement is executed under the authority of Title 10, United States code section 2341 et sq. (Acquisition and Cross-Servicing Agreements) and during its implementation the Hungarian restrictions relating to the trade of the military technologies included in the governmental decrees 48/1991 and 61/1990 should be considered.

NOW, THEREFORE, the Parties mutually agree as follows:

**ARTICLE I  
PURPOSE**

This Agreement is entered into force to establish the basic terms, conditions, and procedures to facilitate the reciprocal provision of logistics support, supplies, and services as they are defined in Article III of this Agreement.

**ARTICLE II  
APPLICABILITY**

1. This agreement is designed to facilitate reciprocal logistics support between the Parties that is to be used primarily during combined exercise, training, deployments, operations, or other cooperative efforts, and for unforeseen circumstances or emergencies in which the Recipient may have a need of logistic support, supplies and services.

2. This Agreement applies to the reciprocal provision of logistics support, supplies and services to the military forces of one Party by the other Party in return for either cash payment or the reciprocal provision of logistic support, supplies and service to the military forces of the other Party.
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 as well as transfer limitations established by the laws and regulations of the countries of the Parties. Such restrictions from the Hungarian Party are particularly included in the governmental decrees 48/1991 and 61/1990 and in accordance with it, this Agreement must not be applicable to the trade of military equipment and services.
4. The Parties agree that the following items are not eligible for transfer under this Agreement and are specifically excluded from its coverage:
  - a) weapons systems;
  - b) major end items or equipment (except for the lease or loan of general purpose vehicles and other items of nonlethal military equipment not designated as part of the United States Munitions List);
  - 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. Specifically excluded from transfer by United States law and regulation 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 air crew 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 or any other material, article, data, or thing of value the transfer of which is subject to the Atomic Energy Act of 1954 (title 42, United States Code, section 2011, et seq.).

### **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) and transport organization; petroleum, oils, lubricants, clothing; communication and information technology services, medical services, ammunition, (restricted by governmental decree 61/1990, Appendix 1. Section 1. point ML3) 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 military equipment not designated as part of the United States Munitions List.
  - 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 in its proper form and signed by an authorized official (see Article IV, paragraph 2 and 3 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 reimbursement or payment for specific logistic support, supplies and services rendered pursuant to this Agreement and any applicable Implementing Arrangements.
  - e) Transfer. Selling (whether for payment in currency, replacement-in-kind, or exchange of supplies or services of equal value), leasing, loaning, or otherwise temporarily providing logistic support, supplies and services under the terms of a cross-servicing agreement.

**ARTICLE IV**  
**TERMS AND CONDITIONS**

1. Each Party shall make its best efforts, consistent with national priorities, to satisfy requests from the other Party under this Agreement for logistic support, supplies and services. 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 when an Implementing Arrangement is in effect.
4. An Implementing Arrangement may be negotiated on the part of the United States by HQ US European Command (EUCOM) or designated component commands for operations conducted within EUCOM area of responsibility or with EUCOM units. When operations are conducted outside EUCOM or with U. S. forces from another Unified Command, the respective EUCOM Service Components will assist in processing the requirements with the partner nation. On the part of the Republic of Hungary an Implementing Arrangement may be negotiated by designated competent organizations of the General Staff of the Hungarian Home Defense Force (HHDF) with the assistance of the organizations listed in paragraph 6 of this Article.
5. Whether the transfer is accomplished by an Order under this Agreement alone or in conjunction with an Implementing Arrangement, the documents taken together must set forth all necessary details, terms, and conditions to carry out the transfer including the data elements in Annex.
6. 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 that agreement. The Parties shall notify each other of specific authorizations or limitations on those personnel able to issue or accept Orders directly under that authorizations or limitations on those personnel able to issue or accept Orders directly under this Agreement when the Implementing Arrangement does not state this information. In the case of the United States, these notifications shall go directly to the Component Command concerned. In the case of the Republic of Hungary, these notifications shall go to the appropriate office as identified in the Implementing Arrangement (EC-HU-01), Annex A.

7. 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 retransferred, either temporarily or permanently, by any means to other than the forces of the receiving Party without prior written consent of the supplying Party.
8. The quality of the services provided for the Hungarian Party should meet the standard No. ISO-9000 and it's substandard.

#### **ARTICLE V REIMBURSEMENT**

1. For any logistic support, supplies and services transactions, the Parties shall negotiate for payment either in cash in the currency specified by the supplying Party (a "reimbursable transaction") or in equal value to be defined in monetary terms only (an "exchange transaction"). The receiving Party shall pay the supplying Party under the conditions set out in either paragraph 1a or paragraph 1b of this Article.
  - a) Reimbursable transaction. The supplying Party shall submit Invoices to the receiving Party after delivery of performance of the logistic support, supplies and services. Both Parties shall maintain records of all transactions, and each Party shall provide for the payment of outstanding accounts not less frequently than every three months. Bills prepared by the supplying party shall be accompanied by necessary support documentation and paid within 30 days from the date prepared. In pricing a reimbursable transaction, 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 to it's own armed forces by the contractor of the supplying Party for identical items or services, less any amount excluded by Articles 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; less any amounts excluded by Article VI of this Agreement. The scope of services include all



services mandatorily provided by Hungarian government agencies. In any case where a price has not been established or charges are not made for one's own forces; the Parties shall agree on a price in advance, excluding charges that are precluded under these reciprocal pricing principles.

- b) Exchange transaction. Both Parties shall maintain records of all transactions. The receiving Party shall pay by transferring to the supplying Party logistic support, supplies and services that are agreed between the Parties to be of equal monetary value to the logistic support, supplies and services delivered or performed by the supplying Party. The scope of services include all services mandatorily provided by Hungarian government agencies. If the receiving Party does not complete the exchange within the terms of a replacement schedule agreed to or in effect at the time of the original transaction, within time frames which may not exceed one (1) year from the date of the original transaction, the transaction shall be deemed reimbursable and governed by paragraph 1a above, except that the price shall be established using actual or estimated prices in effect on the date payment would otherwise have been due.
2. When 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 negotiation 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 by 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 on each Implementing Arrangement to validate expenses or research charges on an as-required basis.
  5. No provision in this Agreement shall serve as a basis for an increased charge for logistic support, supplies and services, if such logistic support, supplies and services would be available without charge or for a lesser charge under the terms of another agreement.

**ARTICLE VI**  
**WAIVED OR EXCLUDED COSTS**

The provisions of any tax and customs relief provided by national law and international agreements ratified by Hungary and in effect for both Parties 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 agreeing to the transaction. In such a case the receiving Party may, if practicable, replace the supplies as an exchange transaction in lieu of reimbursement for the supplies. If exchange is not practicable, the price paid by the receiving Party shall include only those taxes or customs duties not recoverable by the supplying Party.

**ARTICLE VII**  
**INTERPRETATION AND REVISION**

1. Each Party agrees to resolve disagreements between the Parties with respect to the interpretation or application of this Agreement. In the case of an Implementing Arrangement or transaction, the Parties shall resolve any disagreements with respect to interpretation or application of the arrangement or transaction. Any disagreements regarding the interpretation or application of this Agreement or any Implementing Arrangements 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. Either Party may, at any time, request revision of this Agreement by giving the other Party 90 days' advance written notice. In the event such a request is made, the two Parties shall promptly enter into negotiations. This Agreement may only be amended by written agreement between the Parties.
3. Classified information and material provided or generated pursuant to this Agreement shall be protected in compliance with the "Agreement between the Government of the Republic of Hungary and the Government of the United States of America concerning security measures for the protection of classified military information" done in Washington D. C. on 16 May 1995.<sup>1</sup>

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<sup>1</sup> TIAS 12649.

**ARTICLE VIII**  
**EFFECTIVE DATE AND TERMINATION**

This Agreement, which consists of a Preamble, Articles I-VIII, and one annex shall become effective on the date of the last signature affixed below and shall remain in force until terminated by the Parties, provided that it may be terminated by either Party upon 180 days written notice of its intention to do so to the other Party.

IN WITNESS WHEREOF, the undersigned have signed this Agreement.

DONE, in duplicate, in English and Hungarian language,<sup>1</sup> both text are equally authentic.

**FOR THE DEPARTMENT  
OF DEFENSE OF THE  
UNITED STATES OF AMERICA**

John M. McDuffie

Major General, U.S. Army  
Director of Logistics and  
Security Assistance  
At: Budapest

On: 09 December, 1996  
DAY/MONTH/YEAR

**FOR THE MINISTRY  
OF DEFENSE OF THE  
REPUBLIC OF HUNGARY**

Dr. Karoly Janza

Deputy State Secretary

At: Budapest

On: 09 December, 1996  
DAY/MONTH/YEAR

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<sup>1</sup> Hungarian text not received.

**ANNEX****MINIMUM ESSENTIAL DATA ELEMENTS**

1. Implementing Arrangements or support Agreement if no Implementing Arrangement
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 requirements, if any, such as transportation, packaging, etc.

24. Identification of liability
25. Name, signature, date and title of supplying Party official who actually issues supplies or services.