

AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND
THE GOVERNMENT OF ITALY
CONCERNING
THE PRINCIPLES GOVERNING MUTUAL COOPERATION IN
RESEARCH AND DEVELOPMENT, PRODUCTION AND PROCUREMENT
OF DEFENSE EQUIPMENT

The Government of the United States and the Government of Italy agree that the Memorandum of Understanding (MOU) between them, signed 11 September, 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 agree 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.

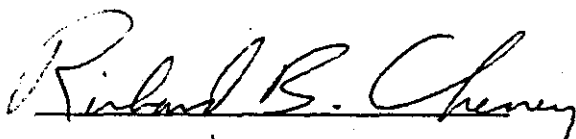
The Governments agree to discuss measures to limit the adverse effects of offsets on the defense industrial base of each country.

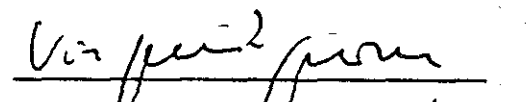
Annexes to this MOU may be signed by officials subordinate to the undersigned. Subject to the above amendments, the MOU shall continue in all other respects with full force and effect.

This amendment enters into force on November 1, 1990.

For the Government of the
United States
The Secretary of Defense

For the Government of
Italy
The Minister of Defense


Date: Nov. 19, 1990

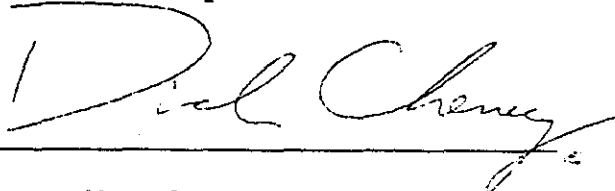

Date: Nov. 19, 1990

EXTENSION OF THE MEMORANDUM OF UNDERSTANDING
BETWEEN
THE GOVERNMENT OF ITALY
AND
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
CONCERNING
THE PRINCIPLES GOVERNING MUTUAL COOPERATION IN
THE RESEARCH, DEVELOPMENT, PRODUCTION, AND PROCUREMENT
OF DEFENSE EQUIPMENT

It is hereby agreed to by the Government of the United States and the Government of Italy that the duration period of the Memorandum of Understanding (and all implementing annexes) between the Government of the United States and the Government of Italy relating to cooperation in reasearch and development, production, and procurement (signed September 11, 1978, and heretofore extended to September 11, 1989) is hereby further extended to October 31, 1990, in accordance with Article VII, paragraph 1 of the agreement.

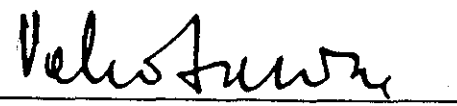
This amendment, in two original texts in the Italian and English languages, both texts being equally authentic, will enter into force on the date of the later signature, effective September 11, 1989.

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



Date May 30, 1989
Place Washington, DC

For the Government of the
Italian Republic
The Minister of Defense



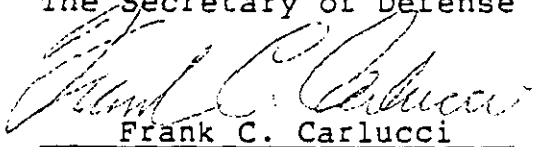
27 Giugno 1989
Roma

EXTENSION OF THE 1978 MEMORANDUM OF UNDERSTANDING
BETWEEN
THE GOVERNMENT OF ITALY
AND
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
CONCERNING THE
PRINCIPLES GOVERNING MUTUAL COOPERATION IN
THE RESEARCH, DEVELOPMENT, PRODUCTION, AND PROCUREMENT
OF DEFENSE EQUIPMENT

It is hereby agreed to by the Government of the United States and the Government of Italy that the duration period of the Memorandum of Understanding (and all implementing annexes) between the Government of the United States and the Government of Italy relating to cooperation in research and development, production, and procurement (signed September 11, 1978) is extended from September 11, 1988 to September 11, 1989 in accordance with Article VII, paragraph 1 of the agreement.

This amendment, in two original texts in the Italian and English languages, both being equally authentic, will come into effect on the date of later signature and remain in effect until September 11, 1989.

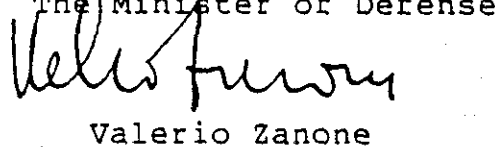
For the Government of the
United States of America
The Secretary of Defense


Frank C. Carlucci

Date 10 FEB 1988

Place Washington DC

For the Government of the
Italian Republic
The Minister of Defense


Valerio Zanone

Date 12 APR 1988

Place

Italy Memorandum of Understanding.

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF ITALY AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA CONCERNING THE PRINCIPLES GOVERNING MUTUAL COOPERATION IN THE RESEARCH, DEVELOPMENT, PRODUCTION AND PROCUREMENT OF DEFENSE EQUIPMENT

PREAMBLE

The Government of the United States of America and the Government of Italy, hereinafter referred to as "the Governments":

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

- Make the most cost-effective and rational use of the funds allocated to defense to the extent permitted by their national policies, assuring the most satisfactory level of reciprocal balance; and

- Promote the widest possible use of standard or interoperable equipment; and

- Develop and maintain an advanced technological capability for the North Atlantic Alliance, and particularly with respect to the parties to this Agreement;

Noting that no agreement covers harmonization of mutual procurements, although specific offset agreements have existed between them in the past, 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 have entered into this Memorandum of Understanding in order to achieve the above aims.

This Memorandum of Understanding (MOU) sets out the guiding principles governing mutual cooperation in defense equipment research and development, production, procurement and logistic support.

The Government of the United States of America and the Government of Italy conclude this Memorandum of Understanding to strengthen the North Atlantic Alliance.

The two Governments agree that this Memorandum of Understanding should be incorporated in the larger context of the cooperation between Europe and North America within the Alliance.

All agreements, or the relevant provisions contained therein, between the Independent European Program Group (IEPG) and the United States of America, shall take precedence over this Memorandum of Understanding, provided that Italy is a party to the specific agreement.

ARTICLE I

PRINCIPLES GOVERNING MUTUAL DEFENSE COOPERATION

1. Both Governments will take immediate steps to achieve and maintain an equitable balance in their exchanges, in terms of the value of contracts and technological levels, to the maximum practicable extent consistent with their national policies. An equitable balance, in principle, shall be achieved when the two Governments have implemented all practicable means at their disposal to maximize defense R&D cooperation and reciprocal procurement to the extent compatible with the nature of each country's technological and industrial base. Items procured under offset agreements by either Government with an industry of the other will apply to the achievement of the balance contemplated by this agreement.
2. This agreement is intended to cover areas in which possible bilateral cooperation could be achieved in conventional defense equipment research and development, production, procurement, and logistic support complementing the work of the Conference of National Armament Directors (CNAD), Senior NATO Logisticians Conference (SNLC) and the Independent European Program Group (IEPG).
3. The two Governments will, consistent with their laws and regulations, give full consideration to all requests for cooperative R&D and to all requests for production and procurement which are intended to maximize Alliance standardization and/or interoperability.
4. The two Governments shall, in the spirit of cooperation, mutually determine the counting procedures that will apply to all items under this agreement (and associated services included in a contract) purchased either directly by the two Governments or through their defense industries.
5. In the interests of standardization and the effective utilization of scarce resources the two Governments shall, if possible, select qualified defense items that have been developed and produced in the other country to meet their requirements in accordance with the procedures of paragraph 9 below.
6. Each Government may propose to the other any particular item of defense equipment that might be suitable for use by the other Government.
7. Both Governments will provide appropriate policy guidance and administrative procedures within their respective defense procurement organizations to facilitate achievement of the aims described in paragraph 5.
8. Barriers to procurement or coproduction of an item of defense equipment that has been developed in the other country, such as customs duties

and other discriminatory levies and any other protectionist provisions, shall be removed or waived in accordance with existing laws and procedures, in evaluating bids submitted in accordance with this MOU. Defense items or services are those items or services which may be procured utilizing appropriated funds of the US Department of Defense or budgeted funds of the Italian Ministry of Defense.

9. Competitive contracting procedures normally shall be used in acquiring items of conventional defense equipment developed in each other's country.
10. Full consideration will be given to all qualified industrial and/or Government sources in each other's country consistent with the national procurement policy and criteria. It is therefore understood that items offered shall satisfy requirements for performance, quality, delivery and cost.
11. 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.
12. Third party transfers of defense articles or technical data made available under this MOU, and of articles produced with such data, will be subject to the agreement of the Government that made available the defense articles or technical data, except as otherwise provided in particular arrangements between the two Governments. Each Government will base its decisions regarding requests by the other for agreement to third party transfers on its laws, regulations, and arms transfer policy. Each Government will use the same criteria for proposed transfers by the other as it uses for itself, and will not reject, solely in the pursuit of its own national commercial advantage, a request from the other for a third country transfer of such defense articles or technical data. Consistent with the above, in carrying out its own transfers to third countries, each Government shall take into consideration the extent to which a proposed transfer may damage or infringe upon licensing arrangements whereby commercial firms in the US or Italy have granted to firms in the other country licenses for the manufacture of the articles proposed to be transferred to a third-country.
13. Each Government will ensure that the technical data packages (TDPs) 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 with 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 TDPs be transferred to any third country or any other transferees without the prior written consent of the originating Government.

14. Both Governments will undertake their best efforts to assist in negotiating licenses, royalties and technical information exchanges with their respective industries.
15. Arrangements and procedures will be established concerning follow-on logistic support for items of defense equipment covered by this Memorandum of Understanding. Both Governments will make their defense logistic systems and resources available for this purpose as required and mutually agreed.

ARTICLE 11

IMPLEMENTING PROCEDURES

1. Representatives of the two Governments will be appointed to determine in detail the procedures for implementing this Memorandum of Understanding. Terms of reference will be proposed for an Italian-American Committee for Mutual Cooperation, including rules governing its work. The implementing procedures under this Memorandum of Understanding shall be an integral part thereof.
2. The Under Secretary of Defense for Research and Engineering, in coordination 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 responsible in the United States Government for the development of implementing procedures under this Memorandum of Understanding.
3. The National Armament Director in the Ministry of Defense, in coordination with the other appropriate governmental bodies, will be the responsible authority of the Government of Italy for the development of implementing procedures under this Memorandum of Understanding.

ARTICLE 111

INDUSTRY PARTICIPATION

1. Each Government will be responsible for calling to the attention of the defense industries within its country the basic understanding of this Memorandum of Understanding, together with appropriate implementing guidance. Both Governments will take all necessary steps so that the defense industries comply with the regulations pertaining to security and to safeguarding classified information.
2. Implementation of this Memorandum of Understanding will involve full industrial participation. Accordingly, the Governments will arrange to familiarize their respective procurement and requirements offices with the principles and objectives of this Memorandum of Understanding.

However, primary responsibility for finding business opportunities in areas of research and development and production shall rest with the industrial participants of each country.

ARTICLE IV

SECURITY

1. To the extent that any items, plans, specifications or information furnished in connection with the specific implementation of this Memorandum of Understanding 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 classification.
2. The operating procedures between the United States Department of Defense and the Italian Ministry of Defense for the implementation of the General Security of Information Agreement dated 4 August 1964 apply to activities under this Memorandum of Understanding.
3. Information that has been provided by the GOI to the United States in confidence, or produced by the United States pursuant to a written joint arrangement with the GOI requiring confidentiality, shall either retain its original classification designation or be assigned a United States classification designation that shall ensure a degree of protection against disclosure equivalent to that required by the GOI. To assist in providing the desired protection, the GOI will mark such information furnished to the US Government with a legend indicating that the information is of Italian Government origin, that the information relates to this MOU, and that the information is furnished in confidence.

ARTICLE V

DURATION

1. This Agreement will remain in effect for a ten-year period following its signing. Unless otherwise agreed by both Governments, the duration will be extended for another ten years.
2. If, however, either Government considers it necessary for compelling national reasons to discontinue its participation under this Memorandum of Understanding 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 discontinuance. Such notification of intent would be a matter of immediate consultation

with the other Government to enable the Government 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 Memorandum of Understanding may be terminated by the parties, any contract entered into consistent with the terms of this agreement shall continue in effect, unless the contract is terminated in accordance with its own terms.

ARTICLE VI

ADMINISTRATION

1. Each Government will designate points of contact at the Ministry of Defense level and in each purchasing service/agency.
2. Government representatives will meet as agreed or at the request of either Government to review progress in implementing the Memorandum of Understanding. They will discuss development, production and procurement needs of each country and the likely areas of cooperation; agree to the basis of, and keep under review and promoting any correction step, the financial statement referred to below; and consider any other matters relevant to the Memorandum of Understanding.
3. An annual United States/Italy statement of the current balance, and long-term trends of R&D cooperation and purchases between the two countries will be prepared on a basis to be mutually agreed. Such statement will take account of any United States/Italy offset agreements in force when the Memorandum of Understanding was signed, and will be reviewed during the meetings referred to in paragraph 2 above.

ARTICLE VII

ANNEXES

Annexes negotiated by the responsible offices and approved by the appropriate Government authorities will be incorporated in this agreement and made an integral part thereof.

ARTICLE VIII

IMPLEMENTATION

1. The arrangements contained in this Memorandum of Understanding represent the understanding reached between the Government of the United States of America and the Government of Italy upon the matters referred to herein. Each Government must mutually agree to any amendment of this Memorandum of Understanding.

2. This agreement, in two original texts in the Italian and English languages, both texts being equally authentic, will come into effect at the date signed by both Governments.

For the United States Government

For the Government of the Italian Republic

Harold Brown

Amintore Fanfani

Date 11 SEP 1978

11 SEP 1978

ANNEX I

TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF ITALY CONCERNING MUTUAL COOPERATION IN DEFENSE EQUIPMENT RESEARCH AND DEVELOPMENT, PRODUCTION AND PROCUREMENT, DATED 11 SEPTEMBER 1978.

PRINCIPLES GOVERNING IMPLEMENTATION

1. FOREWORD

On 11 September 1978 the Governments of the United States and Italy signed a Memorandum of Understanding (MOU) relating to the principles governing mutual cooperation in the Research, Development, Production, Procurement, and Logistic Support of Defense Equipment. This annex sets forth mutually agreed implementing procedures for carrying out the MOU.

2. BASIC PRINCIPLES

With the aim already expressed in the text of the MOU to achieve the greatest practicable degree of standardization/interoperability in defense equipment, the two Governments shall cooperate in the field of Research, Development, Production, Procurement, and Logistic Support in order to implement programs of common interest and to strengthen their respective industrial defense efforts. This goal can be attained through both the joint participation in mutually agreed research, development and production programs, through an interchange of studies materials and services, as well as through offset agreements between governments and industries.

The US Department of Defense (DoD) and the Italian Ministry of Defense (MoD) will each consider for procurement for their defense requirements qualified defense items (and associated services) developed or produced in the other country. (See also Paragraph 3 of this Annex). MoD and DoD will also identify to one another, as soon as possible, those practices of their respective countries having the force of law that may potentially restrict the fulfillment of the MOU and this Annex. It will be the responsibility of government and/or industry representatives in each country to obtain timely information concerning the other country's proposed developments and purchases and to respond to requests for proposals. However, the responsible governmental purchasing agencies in each country will assist sources in the other country to obtain timely information concerning proposed purchases, necessary qualifications and appropriate documentation.

3. ACTION

A. In implementing the foregoing, the two Governments shall in accordance with mutual laws and regulations consider the following:

1. Cooperation in R&D for specified projects. Said cooperation may take place also in the framework of projects already undertaken by both countries.

2. Co-production of defense equipment both for the requirements of the two countries and for export.

3. Supply of logistic and administrative materials and facilities.

4. Maintenance and overhauling of items of military equipment, including supply of spares.

B. DoD and MoD will individually review and, where considered necessary, revise their respective internal policies, procedures and regulations to ensure that the principles and objectives of this MOU, which are intended to be compatible with the broad aims of NATO Rationalization/Standardization, are taken into account. The DoD and MoD agree that, upon respectively taking the measures listed below, they will have fulfilled their obligation under paragraph 1, Article I of the MOU, to implement all practical means at their disposal to optimize defense R&D cooperation and procurement. These measures will be undertaken in a reasonable manner, recognizing, among other factors, delivery date requirements for supplies, the interest of security, the timely conduct of the procurement process, and requirements attendant to ensuring free and full competition for the award of contracts.

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

2. Ensure that their respective research and development offices are familiar with the principles and objectives of this MOU.

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

4. Ensure wide dissemination of the basic understanding of this MOU to their respective defense industries.

5. Ensure that to the extent permitted by 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. Provisions will be made for duty free certificates and related documentation to the extent consistent with national laws and procedures.

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

7. Review defense items submitted as candidates for respective requirements. Identify requirements and proposed purchases in a timely fashion to ensure adequate time for their respective industries to participate in the development of production procurement processes.

8. Make best efforts to assist in negotiating licenses, royalties, and technical information exchanges with their respective industries.

9. Permit the sales of equipment produced under license to allied countries and to appropriate third countries, subject to the policy outlined in Article 1, paragraph 12 of the basic MOU.

10. Ensure that those items excluded from consideration under this MOU for reasons of protecting overriding national interests, such as the maintenance of a defense mobilization base, are limited to a small percentage of total annual defense procurement spending. It is intended that such defense items as well as those items which would not be qualified as a defense item under this MO because of legally imposed restrictions on procurement from non-national sources should be identified as soon as possible in lists drawn up by MoD and DoD for their respective countries, and that the lists should be kept under review at this level.

11. Ensure that the balance of reciprocal purchasing within the areas of this MOU takes into consideration the levels of technology involved, as well as the contractual value, in accordance with the policy outlined in Article 1, paragraph 1 of the basic MOU.

12. Arrange visits between appropriate government personnel from time to time in order actively to explore possibilities for R&D cooperation, procurement, and logistic support.

4. COUNTING PROCEDURES

A. The purchases to be counted against the goals of the MOU will be identified jointly by DoD and MoD. In principle all defense items or components thereof as defined in the basic MOU, (and associated services included in a procurement contract) purchased by MoD and DoD from the other country will be counted against the goals of the MOU as long as such purchases meet the following criteria:

1. Direct purchases by the MoD and DoD, including their respective agencies, one from the other.

2. Direct purchases by either the MoD or DoD from the industry of the other country.

3. Purchases by industry from the Government or industry of the other country in the framework of Government defense contracts.

4. Purchases by a Third Country Government from either US or Italian Governments or Industrial sources as a direct result of commercial efforts of the other, non-supplying Country.

5. Procurements by either country of defense items resulting from common funded projects to which the US and Italy are contributors, to be credited in proportion to each country's financial contribution to the project, and to work carried out in each country. The extent to which such procurements will be counted against the goals of this MOU will be, at the time of procurement, mutually agreed between MoD and DoD on a case by case basis.

6. License fees, royalties and other associated income resulting from orders placed by DoD or MoD and/or industry in one country with a licensed company in the other country; or in MoD-DoD transactions.

B. The following non-defense items also will be counted against the goals of the MOU:

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

2. Purchases by a Third Country Government from the MoD or DoD or from industries of these two countries as a direct result of the efforts of the MoD/DoD of the other country.

5. ADMINISTRATION

A. Each country will designate points of contact at the Ministry of Defense level.

B. MoD and DoD representatives will meet periodically, alternatively in each country, to review the projects undertaken in implementing the MOU. They will discuss development, production, procurement, and logistic support needs of each country and the likely areas of cooperation; they will update the financial statement referred to in Paragraph C below as a means of judging the progress of activity in the period under review; and they will consider other matters relevant to this MOU. Specific tasks of the representatives are:

1. Review of the status of the exchanges on the basis of the data, in comparable terms, to be agreed upon by the other party.

2. Consider additional steps necessary to facilitate the actions called for in paragraph 3.

C. An annual US/Italy statement consolidating the current balance of defense equipment research, development, production, procurement, and logistic support between the two countries, as well as the long term trends, will be prepared on a basis to be mutually agreed. Such statement shall take account of any US/Italy offset agreements in force at the time this MOU is signed, and shall be reviewed during the meetings referred to in Paragraph 5B above.

D. Quality assurance procedures outlined in STANAG 4107 and 4108 (subject to the USG reserve concerning US reimbursement) will apply unless other provisions are mutually agreed to on any specific contract. Reimbursement for services provided shall be in accordance with National laws and regulations of each country.

E. This annex, in two original texts in the Italian and English languages, both texts being equally authentic, will come into effect at the date signed by both Governments.

For the United States Government

For the Government of Italy

William J. Brennan
Date 2 JAN 1979

Fabio M. Pirelli
2 - GEN. 1979

ANNEX II

TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF ITALY CONCERNING MUTUAL COOPERATION IN DEFENSE EQUIPMENT RESEARCH AND DEVELOPMENT, PRODUCTION AND PROCUREMENT, DATED 11 SEPTEMBER 1978.

PRINCIPLES GOVERNING LOGISTIC SUPPORT OF COMMON EQUIPMENT

In implementing Article 1, paragraph 15 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 assemblies, components and spare parts, 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 procedures for logistic support, paragraph 9, Article 1 of the MOU normally shall apply. Coproduction, licensed production, or jointly developed equipment may be excluded from this policy at the option of the contracting Party or Parties.
4. Both Parties will issue directives and guidelines to their respective armaments and logistics agencies to achieve the described goals of this MOU.
5. This annex, in two original texts in the Italian and English languages, both texts being equally authentic, will come into effect at the date signed by both Governments.

For the United States Government

For the Government of Italy

William J. Long
Date 8 JAN 1979

Fabio Mosi
2 - GEN. 1979

ANNEX III

To the Memorandum of Understanding between the Government of the United States and the Government of Italy Concerning Mutual Cooperation in Defense Equipment Research and Development, Production and Procurement, dated 11 September 1978.

ITALIAN/AMERICAN COMMITTEE FOR MUTUAL COOPERATION

Terms of Reference

1. The Italian/American Committee for Mutual Cooperation (hereinafter referred to as "the Committee") will operate, under the direct responsibility of the Authorities listed respectively at Article II, paragraphs 2 and 3 of the basic MoU, as the main agency tasked for the appropriate implementation of the MoU.

In particular, the Committee will ensure that the guiding principles of the MoU, governing mutual cooperation in the field of research and development, production, procurement and logistic support of conventional defense equipment are followed.

To this purpose, the Committee will meet annually, or more often when requested by the Government which deems it appropriate.

2. In particular, the Committee has been established in order to discuss problem areas hindering cooperation under the Agreement. Specifically, the Committee's charter is to:
 - 2.1 Verify, through the exchange of information, the status of implementation of the MoU, and propose possible amendments if necessary;
 - 2.2 Recommend, in order to facilitate a mutual flow of defense equipment, appropriate actions to pursue opportunities for cooperation in areas of research and development, production, procurement and logistic support to the maximum extent possible in accordance with national acquisition regulations;
 - 2.3 Agree upon counting procedures and criteria for determining the current balance;
 - 2.4 Prepare a yearly financial report on the interchange between the two countries, and on its trend at medium and long term;

- 2.5 Draw conclusions from the financial report, and promote possible corrective actions, as provided for by Article VI, paragraph 2-3 of the MoU;
 - 2.6 Consider cases which one side or the other believes might involve improper refusals to requests for special transfers of defense articles and/or technical data to third countries, in order to verify whether it is a deviation from the policy defined in Article I, paragraph 12 of the MoU; in this case, forward immediately a joint report on the subject to the competent Authorities of both Governments;
 - 2.7 Examine, in compliance with paragraph 3.B.10 of Annex I, the problems resulting from the carrying out of Enclosure A to this Annex, relevant to the preservation of the mobilization base of the defense industry;
 - 2.8 Recommend visits by Authorities from time to time in order to explore actual possibilities for cooperation in research and development, production, procurement and logistic support;
 - 2.9 Prepare, at the end of each regular or extraordinary meeting, a joint report for the respective Governments;
 - 2.10 Examine any other subject of interest to the MoU.
3. Furthermore, the Committee will review the steps taken to:
 - 3.1. Ensure that the responsible Government offices and the national industries concerned are informed of meetings of interest to them, and that all important information resulting from the meetings is distributed in timely fashion;
 - 3.2 Ensure that the objectives of collaboration on technology as implied in the basic MoU and stated in Enclosure B to this Annex, are met.
 4. The regular meetings of the Committee will take place alternately in Italy and in the United States; the location of the extraordinary meetings will be agreed upon each time.

The Nation acting as host for a regular meeting, or requesting an extraordinary meeting, will provide the Chairman and the Secretariat.

5. This Annex, in two original texts in the Italian and English languages, both texts being equally authentic, will come into effect at the date signed by both Governments.

FOR THE UNITED STATES GOVERNMENT

FOR THE GOVERNMENT OF ITALY

Walter D. [Signature]

Embascador H. [Signature]

Date November 1957

Enclosures: As Stated

PRESERVATION OF DEFENSE MOBILIZATION BASES

FOREWARD: The two Governments consider the preservation of their respective defense mobilization bases a matter of great importance in maintaining and strengthening their common defense capability.

A. The Government of the United States of America, in order to preserve its mobilization base with respect to conventional armaments, and with due regard for appropriate laws, regulations and economic circumstances, shall from time to time list in Addendum A (to be determined) to this Enclosure the equipment which it shall procure solely from domestic sources.

B. The Government of Italy, in order to preserve its mobilization base with respect to conventional armaments, and with due regard for appropriate laws, regulations and economic circumstances, shall from time to time list in Addendum B (to be determined) to this Enclosure the equipment which it shall procure solely from domestic sources.

C. The Committee shall consider each year the defense mobilization base lists of both countries. Each Government may suggest amendments and/or changes to the list of the other Government. Further, each Government shall undertake to inform the other through the Committee in a timely fashion of changes and amendments it has made to its own list.

TRANSFER OF TECHNOLOGY

FOREWARD: The Governments of the United States of America and Italy, aiming to strengthen their collective defense capability, consider collaboration in the field of technology transfer a matter of primary importance. To further progress toward that collaboration, each Government agrees to consider the following procedures:

A. In accordance with Article V of the United States-Italy Patent Interchange Agreement dated October 3, 1952, each Government will permit use of patents which it wholly owns free of cost for defense purposes to the extent that no liability to third parties is thereby incurred.

B. Each of the Governments will make best efforts to assist a prospective licensee of the other country in negotiating licenses and commercial arrangements when patent rights are wholly or in part privately owned or as long as the licensee is sponsored by its own Government.

C. Should an individual transfer of technology be denied, the Government of the applicant for the transfer should be entitled to raise the matter to the Committee for consideration.

D. The two Governments shall endeavor to promote the widest possible industrial collaboration in programs of advanced technology, on fair and reasonable terms, between firms of the two countries.

ANNEX IV

TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF ITALY CONCERNING MUTUAL COOPERATION IN DEFENSE EQUIPMENT, RESEARCH AND DEVELOPMENT, PRODUCTION AND PROCUREMENT, DATED 11 SEPTEMBER 1978

RECIPROCAL QUALITY ASSURANCE SERVICES

1. PREAMBLE

This Annex sets forth the terms, conditions, and procedures under which the participating governments shall provide one another with quality assurance services in support of defense contracts and subcontracts contemplated or executed under the Memorandum of Understanding (MOU). The procedures of STANAG 4107 and AQAP-10 shall apply as supplemented by this Annex.

If special quality assurance arrangements are made for international cooperative projects in which the United States and Italy participate, those special arrangements shall have precedence over this Annex.

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

2. GENERAL

A flexible arrangement is envisioned under which a purchasing government may, on a case-by-case basis, request full quality assurance support as described in AQAP-10 or, alternatively, request specified services listed in AQAP-10 as it considers appropriate to the circumstances. The purchasing government may elect to perform other necessary services through its own on-site representatives, and will inform the host government in such cases, in order to avoid duplication of the work performed by this one.

The purchasing government may modify a request for support during contract performance, after consultation with the host government.

The participating governments shall accept requests for services to the extent resources are available and carry them out according to the procedures each 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 as necessary.

Where representatives of both participating governments deal with a contractor at the same location in support of the same or separate contracts, they shall operate in full concert according to terms of reference mutually agreed upon.

The participating governments shall each designate the office to receive requests for quality assurance services, as specified in the next paragraph. In addition, each participating government may elect to designate an office in or near the other participating country to act as a focal point through which requests for quality assurance will be forwarded. The host government will endeavor to keep the focal point apprised of current quality assurance practices and resources to help insure that 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.

3. PROCEDURES

Requests for government quality assurance in Italy shall be directed to MINISTERO DELLA DIFESA-UFFICIO CENTRALE ALLESTIMENTI MILITARI-Via XX Settembre 123, 00100 Roma, Italy.

Requests for government quality assurance in the United States shall be directed to the Department of Defense Central Control Point, DCASR New York, 201 Varrick Street, New York, NY 10014.

The format requests for quality assurance shall be as described in Annex A to STANAG 4107, with the following additional information:

- in Block 7, the type of equipment which the materiel or spare parts are pertaining to, and the Armed Forces (Army, Navy, and Air Force) that employs the equipment;
- in Block 10, desired services, if less than comprehensive support is needed.

The requests shall reference STANAG 4107 and this Annex to the MOU, and shall be processed according to the procedures in the STANAG. The STANAG procedures shall also be followed in regard to notifying the purchasing office of unsatisfactory conditions, processing deviations and waivers, and issuing certificates of conformity.

Direct communications between the purchasing office and the assigned quality assurance office are authorized and encouraged in resolving contract problems. The purchasing government shall retain final authority over contract interpretations and enforcement actions, and therefore shall advise the quality assurance office in a timely fashion on such matters as needed.

In the event the purchasing government envisions the assignment of on-site 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.

4. PROTECTION OF INFORMATION

Data obtained through 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.

5. CHARGES

Services will be provided under this Annex free of charge, 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.

In the event either government determines that charges will be necessary, they may be imposed for future services after not less than one year advance notice, applying Foreign Military Sales procedures then in effect.

6. TERMINATION

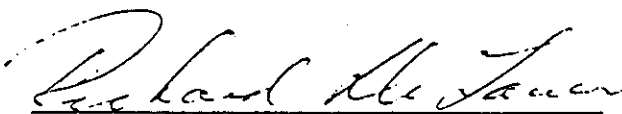
This Annex may be terminated in writing by either participant, to become effective the last day of the sixth month after notice of termination is given.

7. VALIDITY OF TEXT

The English language and Italian language versions of this text have equal validity.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA

FOR THE GOVERNMENT OF ITALY





Date 7 JAN 1983

Date 7 JAN 1983

ANNEX V
TO THE
MEMORANDUM OF UNDERSTANDING
BETWEEN
THE GOVERNMENT OF ITALY
AND
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
CONCERNING

THE PRINCIPLES GOVERNING MUTUAL COOPERATION IN THE RESEARCH,
DEVELOPMENT, PRODUCTION AND PROCUREMENT OF DEFENSE EQUIPMENT,
DISSEMINATION OF INFORMATION ON DEFENSE PROCUREMENTS

1. To the extent practicable, each party will publish or have published, in a generally available periodical, a notice of proposed purchases in accordance with national rules or Departmental/Ministerial provisions on publication thresholds. The Parties 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. Purchasing offices 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 procurement 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.

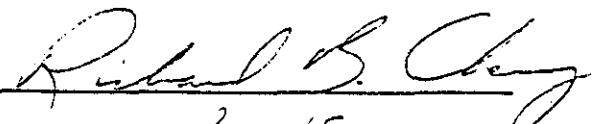
4. Competing suppliers shall be promptly notified as to the successful offeror.

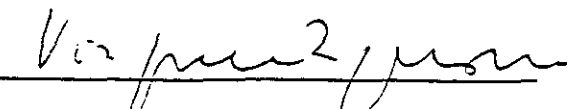
5. Upon request, suppliers shall promptly be provided pertinent information concerning the reasons why they were not allowed to participate in a procurement or were not awarded a contract.

6. The Governments mutually acknowledge that they have and will maintain procedures regarding the filing and review of complaints arising in connection with any phase of the procurement process, and will exchange pertinent information on these procedures.

For the Government of the
United States
The Secretary of Defense

For the Government of the
Italy
The Minister of Defense


Date: Nov. 19, 1990


Date: 19 NOV 1990