

No. 27078

**SWEDEN
and
UNITED STATES OF AMERICA**

Memorandum of Understanding relating to the principles governing mutual cooperation in the defense procurement area (with exchange of letters). Signed at Washington 11 June 1987, and at Stockholm on 16 July 1987.

Authentic texts: Swedish and English.

Registered by Sweden on 29 January 1990.

**SUÈDE
et
ÉTATS-UNIS D'AMÉRIQUE**

Mémorandum d'accord concernant les principes régissant la coopération mutuelle dans le domaine des achats pour la défense (avec échange de lettres). Signé à Washington le 11 juin 1987, et à Stockholm le 16 juillet 1987.

Textes authentiques : suédois et anglais.

Enregistré par la Suède le 29 janvier 1990.

MEMORANDUM OF UNDERSTANDING¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE KINGDOM OF SWEDEN RELATING TO THE PRINCIPLES GOVERNING MUTUAL COOPERATION IN THE DEFENSE PROCUREMENT AREA

Preamble

The Government of the United States of America and the Government of the Kingdom of Sweden, hereinafter referred to as the Governments:

- Bearing in mind the traditional policy of neutrality on the part of Sweden and the membership of the United States in the North Atlantic Treaty Organization² and
- Having regard to the friendly relations existing between them and in order to:
 - Assure a long-term and equitable balance in reciprocal purchasing of commodities and services for defense purpose items; and
 - Make the most cost-effective and rational use of the funds allocated to defense; and
 - Remove barriers to reciprocal defense trade to the extent mutually beneficial; and
 - Promote the exchange of defense technology to the extent consistent with their respective national policies.
- Have entered into this Memorandum of Understanding (MOU).

This MOU sets out the guiding principles governing mutual cooperation in defense procurement.

Article I

Principles Governing Cooperation

1. Both Governments intend to achieve and maintain a long-term, equitable balance in their exchanges of defense equipment, in terms of the value of contracts and technological levels, to the maximum practicable extent consistent with their national policies.

2. The two Governments will, consistent with the laws, regulations, and practices having the force of law of each Government, give favorable consideration to all requests for cooperation in defense equipment research and development, production, procurement, and logistical support.

3. Both Governments will provide appropriate policy guidance and administrative procedures with their respective defense procurement organizations to facilitate achievement of the aims of this MOU.

4. Barriers to procurement or coproduction at the prime and subcontract levels of an item of defense equipment that has been produced in the other country shall be removed, insofar as laws and regulations permit. When a firm of the other party submits a bid or offer which could be the low responsive and responsible offer but for the application of any buy-national requirements, both parties agree to process waiver requests of any buy-national requirement or restrictive procurement regulations insofar as national laws and regulations permit.

5. Customs duties shall be waived to the extent authorized by law.

6. Competitive contracting procedures as required by law or regulation shall be used in acquiring defense equipment.

7. Favorable consideration will be given to all qualified industrial and 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. Both Governments will use their best efforts to facilitate the qualification for eligibility.

¹ Came into force on 16 July 1987 by signature, in accordance with article VIII (2).

² United Nations, *Treaty Series*, vol. 34, p. 243.

8. Each Government will provide information regarding requirements and proposed purchases in a timely fashion to ensure adequate time for industries of the other country to qualify for eligibility and submit a bid or proposal.

9. 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, 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 transferee without the prior written consent of the originating Government.

10. Arrangements and procedures will be established concerning follow-on logistic support for items of defense equipment covered by this MOU. Both Governments will make their defense logistic systems and resources available for this purpose as required and mutually agreed.

Article II

Implementing Procedures

1. Representatives of the two Governments will be appointed to determine in detail the procedures for implementing this MOU. Terms of reference will be proposed for a Swedish-American Committee for Reciprocal Procurement, including rules governing its work. The implementing procedures under this MOU shall be an integral part thereof.

2. The Under Secretary of Defense for Acquisition, in coordination with the appropriate Department of Defense officials, will be the responsible authority in the United States Government for the development of implementing procedures under this MOU.

3. The Assistant Under Secretary of Defense for Procurement in the Ministry of Defense will be the responsible authority of the Government of Sweden for any matter relating to the procedures for implementing this MOU.

Article III

Industry Participation

1. Each Government will be responsible for calling to the attention of the relevant industries within its country the basic understanding of this MOU, together with appropriate implementing guidance. Both Governments will take all necessary steps so that the industries comply with the regulations pertaining to security and to safeguarding classified information.

2. Implementation of this MOU will involve full industrial participation. Accordingly, the Governments will arrange to inform their respective procurement and requirements offices concerning the principles and objectives of this MOU. 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

Any classified information furnished by either Government in connection with the implementation of this MOU shall be protected by the receiving Government in compliance with the U.S.-Sweden General Security of Military Information Agreement of 23 December 1981,¹ and the Security Procedures for Industrial Operations between the Supreme Commander of the Swedish Armed Forces and the Department of Defense of the United States (Security Protocol), effective 16 February 1982.

Article V

Duration

1. This agreement will remain in effect for 10 years following its signing, unless otherwise agreed by both Governments. It will be automatically extended for further 10-year periods, unless 6 months' advance notice of termination is given by either Government concerned.

2. If, however, either Government considers it necessary for compelling national rea-

¹ United Nations, *Treaty Series*, vol. 1409, No. I-23592.