

MEMORANDUM OF UNDERSTANDING  
BETWEEN THE  
GOVERNMENT OF ISRAEL  
AND THE  
GOVERNMENT OF THE UNITED STATES OF AMERICA  
CONCERNING THE  
PRINCIPLES GOVERNING MUTUAL COOPERATION  
IN  
RESEARCH AND DEVELOPMENT, SCIENTIST AND ENGINEER EXCHANGE,  
PROCUREMENT AND LOGISTIC SUPPORT OF DEFENSE EQUIPMENT

## PREAMBLE

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

o Noting their previous agreements on (1) Data Exchange (signed on 22 December 1970), (2) the Production in Israel of US Designed Defense Equipment (signed on 1 November 1971), and (3) Principles Governing Mutual Cooperation in Research and Development, Scientist and Engineer Exchange, and Procurement and Logistics Support of Selected Defense Equipment (signed on 19 March 1979, and amended 19 March 1984), which is hereby superseded, and (4) General Security of Information (signed on 10 December 1982) and its Industrial Security Annex (signed on 3 March 1983),

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

- Promote the cost-effective and rational use of funds allocated to defense to the extent permitted by their national laws and policies, and
- Mutually benefit from selected research and development programs which satisfy each nation's defense needs in a cost effective manner, and

o Noting that the Governments will continue to purchase large quantities of defense equipment on a competitive basis from each other, the Governments agree to allow each other's sources to compete on defense requirements and have entered into this Memorandum of Understanding and its Annexes which are incorporated herein, in order to achieve the above aims.

This Memorandum of Understanding (MOU) and its Annexes set out the guiding principles governing mutual cooperation in research and development, procurement and logistic support of conventional defense supplies and services.

**ARTICLE I**  
**PRINCIPLES GOVERNING RECIPROCAL DEFENSE COOPERATION**

1. The Governments intend to facilitate the accomplishment of the above-stated aims through operational and technical exchange leading toward understanding of military requirements and their technological solutions, through cooperation in the research and development areas, and data exchange and scientist-engineer exchange programs, as covered in Annexes hereto; and by allowing each other's national sources to offer conventional defense supplies and services in accordance with this MOU.

2. Consistent with national laws & regulations, each Government will accord the following treatment to offers of conventional defense supplies to be produced, and services to be performed in the other country:

a. These offers will be evaluated without applying price differentials resulting from Buy National laws and regulations, including the Balance of Payments Program.

b. These offers will be evaluated without consideration of the cost of duties and provisions will be made for duty-free entry certificates and related documentation.

c. Except as provided below, full consideration will be given to qualified industrial or governmental sources of the other country for conventional defense supplies and services consistent with the policies and criteria of the cognizant purchasing agencies, if such offers satisfy all requirements of the purchasing organization for performance, including requirements related to quality, delivery and cost. The US will not consider procurement from Israeli sources if the procurements are: (1) restricted by US disclosure policies or US industrial security requirements, (2) set aside for small business, (3) reserved for mobilization base suppliers, (4) otherwise restricted by law or regulation. In addition, the U.S. may restrict the geographic region in which contracts for the maintenance, repair, or overhaul of equipment that are part of the DoD Overseas Workload Program may be performed if appropriately designated officials of the Department of Defense determine that performance of the contract outside that specific region:

(a) could adversely affect the military preparedness of the Armed Forces of the U.S.; or

(b) would violate the terms of an international agreement to which the U.S. is a party.

d. Each Government's laws and regulations relating to purchases of goods and services (including the requirements for obtaining competition for such purchases) shall be applicable to purchases by each Government, respectively, in the implementation of this agreement.

e. Whenever permitted by law, waivers of further restrictive requirements are encouraged to facilitate the participation of sources in one country in the procurements of the other country.

3. Both Governments will provide appropriate policy guidance and administrative procedures within their respective defense procurement organizations to facilitate achievement of improved defense cooperation. Each Government will also be responsible for calling to the attention of the relevant industries within its country the existence of this Memorandum of Understanding together with appropriate implementing guidance.

4. Technical information, including Technical Data Packages (TDPs), furnished to the Government, to firms, or to persons in the other country for the purpose of offering or bidding on, or performing a defense contract shall not be used for any other purpose without the prior agreement of the originating government as well as the prior agreement of those owning or controlling proprietary rights in such technical information. Each Government will ensure that full protection will be given by its officers, agents, and firms to such proprietary information, or to any privileged, protected or classified data and information they contain. Each Government will also undertake its best efforts to ensure compliance with the foregoing provisions on the part of other firms, or persons in its country. In no event shall such technical information or TDPs or products derived therefrom be transferred to any third country or other third party transferee without the prior written consent of the originating Government.

5. Both Governments will undertake their best efforts to assist in negotiating licenses, royalties, and technical information exchanges with their respective industries, when required. Both Governments will also facilitate the necessary export licenses required for the submission of bids or proposals or otherwise required for the performance of this MOU and its Annexes.

6. The transfer to third countries of material or technical information and of articles derived therefrom generated from the mutual cooperative programs included in this MOU or purchased pursuant to this MOU is subject to case-by-case advance agreement of the originating Government.

7. 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 II IMPLEMENTING PROCEDURES**

Implementing guidance is included in Annex I. A joint US DoD-Israel MOD committee shall be established to update the annexes as appropriate and periodically review the progress of implementation. The Under Secretary of Defense for Acquisition, in coordination with the Assistant Secretary of Defense for International Security Affairs, and other appropriate Department of Defense and State officials, will be responsible in the US Government for the implementation of this MOU. The Director General, Israel Ministry of Defense will be the responsible counterpart authority for the Government of Israel. Other duties to be assigned this committee and the frequency of their meetings shall be further defined in Annex I.

## **ARTICLE III SECURITY**

To the extent that any items, plans, specifications or information furnished in connection with specific implementation of this MOU are classified by either Government for security purposes, the General Security of Information Agreement, dated 10 December 1982, between the Governments, and that Agreement's Industrial Security Annex, dated 3 March 1983, shall apply.

## **ARTICLE IV DURATION**

1. This MOU will remain in effect for a ten year period following its signing and will be extended for successive five-year periods, if at the end of each interval the Governments mutually agree to such an extension.

2. If, however, either government considers it necessary for compelling national reasons to terminate its participation under this MOU 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 termination. Such notification of intent shall

become a matter of immediate consultation with the other Government to enable the Governments 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 MOU may be terminated by the Parties, any contract entered into consistent with the terms of this MOU shall continue in effect, unless the contract is terminated in accordance with its own terms. Moreover, Article I, Sections 4 and 6 and Article III of this MOU will continue in full force and effect after, and notwithstanding, the expiration or termination of this MOU.

3. In any event, this MOU may be amended at any time upon the written agreement of the parties.

ARTICLE V  
ANNEXES

The following annexes are an integral part of this MOU:

- I. Principles Governing Implementation
- II. Research and Development
- III. The Mutual Acceptance of Test & Evaluation for the Reciprocal Procurement of Defense Equipment.

Further annexes to this MOU may be negotiated by the responsible officers and approved by the appropriate authorities of each Government and will be treated as an integral part hereof.

FOR THE GOVERNMENT OF ISRAEL  
THE MINISTER OF DEFENSE

Date Y. Rabin  
12.14.87

FOR THE UNITED STATES  
THE SECRETARY OF DEFENSE

Frank C. Calderone  
Dec. 14, 1987

## ANNEX I

### PRINCIPLES GOVERNING IMPLEMENTATION

TO

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF ISRAEL AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA CONCERNING THE PRINCIPLES GOVERNING MUTUAL COOPERATION IN RESEARCH AND DEVELOPMENT, SCIENTIST AND ENGINEER EXCHANGE, AND PROCUREMENT AND LOGISTIC SUPPORT OF DEFENSE EQUIPMENT.

#### I. TERMS OF REFERENCE

1. A joint US Department of Defense-Israel Ministry of Defense Committee (hereafter to be called "the Committee") is hereby established to serve, under the direct responsibility of the authorities listed in Article II of the Memorandum of Understanding (MOU), as the main body responsible for implementation of the MOU.

2. In particular, the Committee will be responsible for implementing the MOU and its Annexes, which govern mutually beneficial cooperation in conventional defense equipment research and development, procurement and logistic support of conventional defense equipment; to this end the Committee will meet as required pursuant to the request of either Government, but not less than once every year, alternating in each country, to review progress in implementing the MOU. To the extent practical, the agenda for the Committee Meeting and issues to be discussed will be mutually agreed to at least 30 days in advance of the meeting. In this review:

A. They will discuss mutually beneficial cooperation in areas covered by the MOU.

B. They will exchange information as to the way the stipulations of the MOU have been carried out, and, if need be, prepare proposals for amendments of the MOU and its Annexes.

C. They will provide an annual financial statement of the current status of procurement under the MOU, give guidance for its yearly preparation, and report on the progress of MOU implementation.

D. They will consider problems which impeded the implementation of this MOU in accordance with the procedures in paragraph 3 and 4 below.

E. They will meet from time to time with representatives of the industries of each country to foster the objectives of the MOU.

3. The Committee will act as a forum for the consideration of all problems arising in the operation of the MOU, including

issues relating to amending and interpreting its Annexes, and make recommendations to the parties for the resolution of such problems. In this context the Committee will:

- Establish procedures for raising and resolving problems involving the implementation of the MOU that are brought to its attention.
- If the Committee is unable to reach a consensus, refer the matter to the Under Secretary of Defense for Acquisition, in the event the United States is the procuring party, or to the Director General, Ministry of Defense, in the event Israel is the procuring party, in which case, the decision of the Under Secretary or the Director General shall be final.

4. The Committee shall not constitute the exclusive forum for the resolution of problems arising in the operation of the MOU; any aggrieved person may pursue whatever legal or administrative remedies are available to it in either country.

## II. PRINCIPLES

### 1. MAJOR PRINCIPLES

A. The US Department of Defense (DoD) and the Ministry of Defense of Israel (MOD) will consider for their defense requirements qualified conventional defense supplies and services developed or produced in the other country.

B. In reviewing an item for possible eligibility for full and open competition, the DoD and MOD will consider for their respective procurements the following:

1. Releasability of technology. The technology may be released by making available to Israeli or US Industry a government owned Technical Data Package which is provided with an IFB or RFP. The release of technology may also take place through an export license application processed by a US or Israeli prime contractor for technology to be used by an Israeli or U.S. subcontractor. Technology transfer approval will be in accordance with established procedures and guidelines of each nation.

2. Set-Asides. Items that are set aside for Small or Disadvantaged Business or Labor Surplus Areas participation shall be excluded.

3. Mobilization Base. The minimum production rate that will insure that facilities, producers, manufacturers or other suppliers are available for furnishing supplies or services in case of national emergency or to achieve mobilization shall be excluded.

4. Items Restricted by Law or Regulation.

5. Military Preparedness. In accordance with Article I of the MOU, appropriately designated officials may restrict the performance of certain contracts to a specified geographic region. The office of the Secretary of Defense will designate the officials authorized to make this determination within 90 days after signing of the MOU.

C. In all instances, when a government intends to procure an item for which non-domestic sources may not compete, the procuring Government shall state in its solicitation that the procurement is limited to domestic sources only.

D. It is the responsibility of government owned entities or industry representatives in each country to acquire information concerning the other country's proposed research, development, and purchases for items or services for which its firms are eligible to compete in accordance with procurement procedures and applicable law. However, the responsible government agencies in each country will assist sources in the other country, to obtain information concerning intended research and development, proposed purchases, and necessary qualifications and appropriate documentation, as provided by law and regulations.

## 2. ACTION

DoD and MOD will review and, where considered necessary and to the extent provided by law, revise their respective policies, procedures, and regulations and develop implementation procedures to ensure that the principles and objectives of the MOU, which are intended to promote the cost effective and rational use of funds allocated to defense, are taken into account. DoD and MOD agree that the following measures shall be taken, recognizing that, among other factors, delivery date requirements for supplies, the interest of security and the timely conduct of the procurement process are considerations that may preclude full and open competition for the award of contracts:

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

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

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

D. Ensure wide dissemination of the basic understanding of this MOU to their respective industries producing or developing approved defense items or services.

E. Ensure that, consistent with national laws, regulations, and this MOU, offers of conventional defense supplies produced and services performed 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, to the extent that existing laws and regulations permit the waiver of such import duties. Full consideration will be given to qualified industrial or governmental sources in each other's country. Provisions will be made for duty-free entry certificates and related documentation to the extent that existing laws and regulations permit.

F. Assist industries in their respective countries to identify and advise the other government of their production capabilities and assist such industries in carrying out the supporting actions for industrial participation.

G. Identify requirements and proposed purchases to the other country in a timely fashion to ensure that the industries of such country are afforded adequate time to be able to participate in the research, development, production and procurement processes.

H. The DoD will publish in a publicly available publication a summary of the notice of proposed purchases. Similarly, the MOD will submit to a designated point of contact at the US Embassy, in Tel Aviv, a summary of the proposed purchases, at least 30 days prior to the issuance of the solicitation. In both cases, at least the following information will be given:

1. Subject matter of the contracts;
2. Time limits set for the submission of offers or application for solicitation; and
3. Addresses from which solicitation documents and related data may be requested.

I. 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:

1. the nature and quantity of the products to be supplied,
2. whether the procedure is by sealed bids or negotiation;

3. any delivery date;  
4. - the address and final date for submitting offers  
as well as the language or languages in which they must be  
submitted;

5. the address of the agency awarding the contract  
and providing any information required by the suppliers;

6. any economic and technical requirements,  
financial guarantees and information required from suppliers;

7. the amount and terms of payment of any sum  
payable for solicitation documentation.

J. Publish conditions for participation in  
procurements in adequate time to enable interested suppliers to  
initiate and, to the extent that it is compatible with efficient  
operation of the procurement process, complete the bidding  
process.

K. Provide upon request by any supplier, pertinent  
information concerning the reason why that supplier's application  
to qualify for the suppliers' list was rejected, or why that  
supplier was not invited or admitted to tender.

L. Establish a contact point to provide additional  
information to any unsuccessful offeror dissatisfied with the  
explanation for rejection of his offer or who may have further  
questions about the award of the contract.

M. Provide upon request by an unsuccessful tenderer,  
pertinent information concerning the reasons why the offeror was  
not selected, including information on the characteristics and  
the relative advantages of the offer tender selected, as well as  
the name of the winning offeror.

N. Use best efforts to assist in negotiating licenses,  
royalties, and technical information exchanges among their  
respective industries, and research and development institutes.

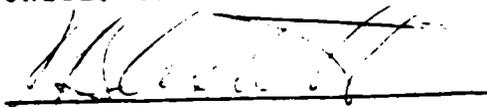
### III. MEMBERSHIP AND POINTS OF CONTACT

The Governments will appoint the members of this committee  
and points of contact under separate cover and will update these  
appointments as necessary.

FOR THE GOVERNMENT OF ISRAEL

  
DATE: 14 DEC 1967

FOR THE GOVERNMENT OF THE  
UNITED STATES OF AMERICA

  
14 DEC 1967