

(1) Creating in-country compatibility with the U.S. standardized equipment, thereby creating Allied capability of supporting deployment of U.S. forces.

(2) Promoting the standardization of materiel or equipment to integrate and strengthen international military operations in times of emergency or hostilities.

(3) Encouraging multinational acceptance of strategic and tactical concepts and doctrine through the utilization of common military materiel.

(4) Encouraging the creation of complementary forces in Allied countries.

(5) Establishing or broadening the base for common and interchangeable logistics among free or Allied nations.

(6) Serving to improve procurement, production, contract administration and mutual support capability of friendly Allied nations.

(c) Co-production is considered to be an important component of the U.S. military foreign sales program and, as such, represents an essential element of U.S. foreign policy. Accordingly, it is DoD policy that initiation of co-production project agreements will be encouraged and supported by all elements of DoD under the following circumstances. When they:

(1) Advance the objectives outlined in paragraphs (a) and (b) of this section.

(2) Supplement and reinforce the U.S. FMS program.

(3) Are in the best interest of the United States.

§ 194.5 Responsibilities and procedures.

(a) Co-production projects may be initiated by ASD(ISA) or, subject to prior ASD(ISA) approval, by the Military Departments; the Military Assistance Advisory Groups; and by authorized representatives of foreign governments and international organizations.

(1) The cognizant DoD component will ensure appropriate coordination with ASD(ISA) and furnish technical and negotiating assistance as required.

(2) After the agreement is signed, the appropriate DoD component will perform necessary managerial and reporting functions.

(b) In conformance with responsibilities assigned in DoD Directive 5100.27.

(1) The Assistant Secretary of Defense (International Security Affairs) will:

(i) Develop and coordinate DoD positions for the negotiation of co-production agreements with foreign governments and international organizations; and

(ii) Either conduct negotiations for specific agreements, or delegate this responsibility to an appropriate DoD component.

(2) The Assistant Secretary of Defense (Installations and Logistics) will:

(i) Assure during coordination of formal agreements, that the materiel to be committed under the co-production project will not adversely affect the U.S. defense supply or production base, or further limit critical materiel; that consideration had been given to the future logistical support of the equipment to be produced; and

(ii) Monitor and act as OSD coordinator for implementation of co-production projects under formal agreements, in coordination with other elements of the Office of the Secretary of Defense, as required.

(3) The Office of the General Counsel of the Department of Defense will assure necessary legal clearance, as required, prior to formalization of co-production project agreements.

(4) The Assistant Secretary of Defense (Comptroller) will assist the ASD(ISA) and the ASD(I&L) during coordination, as required, of formal co-production agreements by providing necessary DoD representation and financial guidance with respect to pricing policies for U.S. military services and equipment, cost sharing, and reporting requirements under co-production agreements as they relate to international balance of payments.

(5) Other OSD organizational elements will assist ASD(I&L), as required, in assuring that the terms and conditions of co-production project agreements are met.

§ 194.6 Security.

(a) Classified information and materials will be treated as exchanges between those governments involved and will be safeguarded by each government in accordance with existing agreements.