



INTERNATIONAL SECURITY AFFAIRS

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

12 DEC 1975

19 DEC 1975

In reply refer to:
I-12576/75ct

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Response to House Armed Services Committee Query on US-UK Memorandum of Understanding for Cooperation in R&D, Production and Procurement - ACTION MEMORANDUM

Attached at TAB B is a letter from Congressman Melvin Price, Chairman of the House Armed Services Committee requesting information on the recently signed US-UK Memorandum of Understanding (MOU).

Mr. Price has raised a serious question with regard to our recently concluded agreement with the United Kingdom. I feel that this matter deserves careful review, in order that we may give a full and complete reply for his use with representation of U.S. labor and industry.

I will have a final reply to you for signature within a week. I, therefore, recommend your signature on the attached interim reply at TAB A.

Arnold Jordan
Acting Assistant Secretary of Defense
International Security Affairs

Enclosure
as stated

Interim Reply

OK *(W)*

(HAG)



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U.S. House of Representatives

COMMITTEE ON ARMED SERVICES

Washington, D.C. 20515

NINETY-FOURTH CONGRESS

MELVIN PRICE, CHAIRMAN

November 26, 1975

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Honorable Donald H. Rumsfeld
The Secretary of Defense
Department of Defense
Washington, D. C. 20301

Dear Mr. Secretary:

I have reference to a "Memorandum of Understanding Between the Government of the United States and the Government of the United Kingdom of Great Britain and Northern Ireland relating to the Principles Governing Cooperation in R&D, Production, and Procurement of Defense Equipment." This Memorandum of Understanding became effective on September 24, 1975, with the signatures of Mr. Schlesinger for the Government of the United States, and Mr. Mason for the Government of the United Kingdom of Great Britain and Northern Ireland.

Various representatives of labor and industry have contacted the Committee on Armed Services expressing their concern over the possible adverse implications of this agreement. Allegations have been made that among other things the effect of the agreement is to permit a blanket waiver of the provisions of the Buy American Act in respect to future off-shore procurements encompassed by the agreement. Furthermore, it is alleged that the absence of any publicized implementing documents places industry in an unfair competitive position in that, at the present time, it is not aware of the manner in which this agreement will actually be implemented in connection with specific solicitations made by the Department of Defense for research and development, production, or procurement of defense equipment.

In view of these circumstances, it is requested that you provide a comprehensive response to the general allegations and concerns expressed by labor and industry together with a review of the manner in which your



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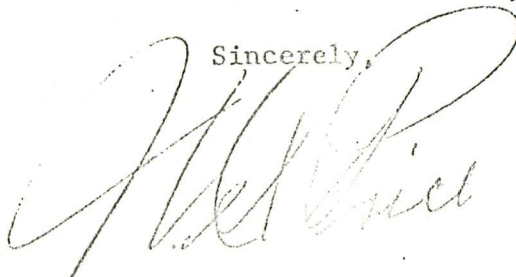
The Secretary of Defense

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department proposes to implement and monitor this agreement to prevent the adverse impact feared by the defense industrial community.

Sincerely,

A large, stylized handwritten signature in cursive script, appearing to read "Melvin Price".

Melvin Price
Chairman

MP:fsk

