
Major Project Authorization

In recent years, deregulation and global competition have forced defense industries to consolidate via merger, acquisition and joint venture on an unprecedented scale. Cross-border co-development, manufacturing and procurement increasingly characterize global defense trade.

Creating a more transparent architecture for licensing of defense teaming arrangements is essential to the US/ European objective of transnational defense cooperation. In recognition of this fact, the USG has devised a Major Project Authorization to seek to significantly limit the number of licenses industry will require in order to facilitate an Allied government's procurement of a U.S. defense firms' major product lines.

In any instance, when the US company can articulate the parameters of a NATO, Japan and/or Australia government's commercial acquisition, the USG is prepared to provide a Major Project Authorization to cover the entire scope of the project, including the subsequent temporary import and/or permanent or temporary export of hardware, technical data and defense services.

In acquiring this authorization, a U.S. prime contractor will be required to describe the scope and parameters of a commercial project at its inception to include: all parties to the project (e.g. subcontractors) that will have direct contact with the foreign customer requiring the export of defense articles. The defense articles that will be exported (hardware, tech data, defense services, to include development, manufacturing, and logistic support). Upon submission of the request from the U.S. prime contractor, the Department of State, in coordination with other government agencies, will develop a set of terms and conditions that will govern all aspects of the transaction. The standard terms and conditions will be structured in accordance with the items and services involved as well as phases of the program (e.g. RFPs, development, sales, training, etc.).

The USG intends to make the standard terms and conditions available to any U.S. exporter that intends to participate in the project, subject to proprietary limitations set forth by the U.S. prime contractor or any classified constraints of the USG. Any amendments to the terms and conditions (e.g addition of subcontractors, technical upgrades and/or changes to the scope of the defense services arrangements) will be made by the USG and will be provided, as applicable to all authorized exporters.

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Projects eligible for such authorization may include a commercial export of a major weapons system for a foreign government involving, for example, multiple U.S. suppliers under a commercial teaming agreement to design, develop and manufacture the defense article to meet a foreign government's requirements. A Major Program Authorization is valid for the life of the project but not to exceed 10 years. Exporters using this type of license would be required to establish an electronic system for keeping records of all exports of hardware, technical data and defense services. These records would be subject to remote monitoring by the Department of State to ensure compliance with US laws and regulations.