

EXPLANATORY MEMORANDUM ON THE DECISION OF THE BOARD OF SUPERVISORS MODIFYING ANNEX IV TO THE CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, THE GOVERNMENT OF THE FRENCH REPUBLIC, THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY AND THE GOVERNMENT OF THE ITALIAN REPUBLIC ON THE ESTABLISHMENT OF THE ORGANISATION FOR JOINT ARMAMENT COOPERATION (ORGANISATION CONJOINTE DE COOPÉRATION EN MATIÈRE D'ARMEMENT, OCCAR) (WITH FOUR ANNEXES) SIGNED AT FARNBOROUGH ON 9 SEPTEMBER 1998

Title of the Agreement

DECISION OF THE BOARD OF SUPERVISORS MODIFYING ANNEX IV TO THE CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, THE GOVERNMENT OF THE FRENCH REPUBLIC, THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY AND THE GOVERNMENT OF THE ITALIAN REPUBLIC ON THE ESTABLISHMENT OF THE ORGANISATION FOR JOINT ARMAMENT COOPERATION (ORGANISATION CONJOINTE DE COOPÉRATION EN MATIÈRE D'ARMEMENT, OCCAR) (WITH FOUR ANNEXES) SIGNED AT FARNBOROUGH ON 9 SEPTEMBER 1998

Command Paper No: 9146

Subject Matter

OCCAR is an international defence procurement organisation based in Bonn. It is run on behalf of its four founding members, France, Germany, Italy and the UK; and its two subsequent members, Belgium and Spain. It is not an EU institution. Its aim is to provide more effective and efficient arrangements for the management of collaborative armament programmes.

One of its key objectives is to manage programmes on the basis of competition rather than the fixed work-share system which had undermined previous defence collaborative programmes. It currently manages eight collaborative programmes. The UK is a member of two: A400M and FSAF-PAAMS<sup>1</sup>. It is expected that the UK-France Maritime Mine Counter Measures Programme will be delivered through OCCAR, following its integration into OCCAR in the next few months.

The OCCAR Convention, which came into force on 28 January 2001, provides OCCAR with its own legal status allowing it to place and manage its contracts and employ its own staff. It had been established by an Administrative Arrangement on 12 December 1996 by the Defence Ministers of France, Germany, Italy and the UK.

Annex IV to the Convention, the subject of this Explanatory Memorandum, sets out those OCCAR decisions that can be made by reinforced qualified majority. Those decisions which are not listed must be made unanimously.

Reinforced qualified majority works on a voting rights basis which ensures each of the founding members can veto any decision. Single non-founding

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<sup>1</sup> FSAF is a family of surface to air missile systems: Famille des systèmes Surface-Air Futurs; the Principle Anti Air Missile System is fitted to the UK's Type 45 destroyer.

members, currently Belgium and Spain but also any future member, do not have sufficient voting rights to block these decisions.

Under the existing Annex IV, decisions that can be made by reinforced qualified majority cover the admission of new members, rules & regulations of OCCAR and the appointment of the OCCAR Director.

The amendment to Annex IV extends the number of decisions that can be taken by a reinforced qualified majority to also include approval for the incorporation of new programmes; and agreements with third countries and international organisations and institutions.

#### Ministerial Responsibility

The Secretary of State for Defence has overall responsibility for policy relating to the OCCAR Convention.

#### Policy Considerations

##### General

The amendment is considered uncontroversial in that it has already been agreed unanimously by the existing OCCAR Member States. Its overall aim is to ensure that an increased membership of OCCAR does not unduly hinder its current decision making process.

The OCCAR Convention at Article 53 allows the opportunity for other European countries to apply to join. Increased membership would encourage the use of OCCAR in a wider range of collaborative programmes, while also encouraging those participating in its programmes to embrace a more competitive approach to collaborative programmes than traditional work share. An increased membership of OCCAR would also reduce the administrative costs of the OCCAR head Office in Bonn on its existing members since any member would also be expected to pay a share.

Nonetheless, one of the main strengths of OCCAR as an international procurement organisation is that it has a relatively small decision making body – its six Member States. The amendment is intended to ensure that this strength is not undermined, while ensuring OCCAR is attractive to new members.

Finally it should be stressed that the UK as a founding member has sufficient voting rights to block any reinforced qualified majority decision; and therefore retains control of OCCAR's policy.

##### Financial

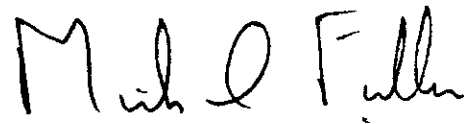
No addition financial costs; should a new member join then it may reduce UK contribution to the OCCAR running costs.

### Implementation

No specific legislation is required to implement the Amendment to the Convention. It shall enter into force on the date on which all Member States have notified each other in writing that their respective internal procedures have been fulfilled. France is the depositary for the Convention.

### Consultations

Relevant Government Departments and Agencies were consulted during the negotiations and have given their approval to the final draft of the amendment.

A handwritten signature in black ink, appearing to read "Michael Fuller". The signature is written in a cursive style with a large initial "M" and "F".

**Secretary of State for Defence**