ENFORCEMENT DECREES OF THE DEFENSE ACQUISITION PROGRAM ACT

Presidential Decree No. 19321, Feb. 8, 2006
Amended by Presidential Decree No. 19507, Jun. 12, 2006
Presidential Decree No. 20120, Jun. 28, 2007
Presidential Decree No. 20675, Feb. 29, 2008
Presidential Decree No. 21087, Oct. 20, 2008
Presidential Decree No. 21214, Dec. 31, 2008
Presidential Decree No. 21255, Jan. 7, 2009
Presidential Decree No. 21351, Mar. 18, 2009
Presidential Decree No. 21596, Jul. 1, 2009
Presidential Decree No. 21641, Jul. 27, 2009
Presidential Decree No. 22151, May 4, 2010
Presidential Decree No. 22328, Aug. 11, 2010
Presidential Decree No. 22413, Oct. 1, 2010
Presidential Decree No. 22467, Nov. 2, 2010

CHAPTER I GENERAL PROVISIONS

Article 1 (Purpose)
The purpose of this Decree is to prescribe matters delegated by the Defense Acquisition Program Act and the particulars necessary for the enforcement thereof.

Article 2 (Classification of Weapons Systems)
The weapons systems pursuant to subparagraph 3 of Article 3 of the Defense Acquisition Program Act (hereinafter referred to as the “Act”) shall be as follows:
1. Weapons systems for command and control, and communications, such as communications networks:
2. Weapons systems for surveillance and reconnaissance, such as radar:
3. Mobile weapons systems, such as tanks and armored personnel carriers:
4. Ship weapons systems, such as battleships:
5. Air weapons systems, such as combat aircraft:
6. Firepower weapons systems, such as self-propelled artillery:
7. Defense weapons systems, such as guided anti-air weaponry:
8. Other weapons systems, such as software and equipment for simulation analysis and simulation exercises.

CHAPTER II TRANSPARENCY AND SPECIALIZATION OF EXECUTION OF DEFENSE ACQUISITION PROGRAM

Article 3 (Implementation of Real-Name Policy System)
(1) The major policies through which the real-name policy system shall be implemented pursuant to the provisions of Article 5 (1) of the Act shall be subject to deliberation and coordination by the Defense Acquisition Program Promotion Committee (hereinafter referred to as the “Committee”) pursuant to the provisions of Article 9 (2) of the Act.
(2) Where the plans, reports, etc. on the major policies are made out pursuant to the provisions of paragraph (1), the Minister of National Defense and the Administrator of the Defense Acquisition Program Administration shall have the position, post and names of the participants, and the details of opinions, plans, reports, etc. recorded and preserved by relevant department. When they are corrected or modified in the course of a decision or execution, he/she shall have the grounds for such correction or modification, the relevant persons and the relevant details recorded.
(3) Where the Minister of National Defense and the Administrator of the Defense Acquisition Program Administration hold public hearings, seminars, meetings of the relevant persons, etc. pursuant to the provisions of paragraph (1), he/she shall cause the department in charge to record the date and time when they are held, names of participants, details of remarks, voting, etc.

Article 4 (Presentation and Contents of Integrity Pledge)
(1) Where the Minister of National Defense has appointed or entrusted the members of the Committee or the subcommittees pursuant to the provisions of Article 10 (1) of the Act, he/she shall have them present a pledge of integrity.
(2) Where a public official belonging to the Defense Acquisition Program
Administration, an officer or staff belonging to the Agency for Defense Development or the Agency for Defense Technology and Quality Assurance is appointed, advanced, promoted, transferred, or his/her position is changed, the Administrator of the Defense Acquisition Program Administration shall have him/her present a pledge of integrity.
(3) Where a defense contractor, general enterprise (hereinafter referred to as a “defense contractor, etc.”) or research institute pursuant to the provisions of Article 6 (1) 4 of the Act participates in the defense acquisition program and registers for a bid, the Commissioner of the Defense Acquisition Program Administration shall have it submit a pledge of integrity.
(4) Matters to be included in the pledge of integrity pursuant to Article 6 (2) 3 of the Act shall be as listed in the following subparagraphs:
1. Matters concerning the prohibition of profiteering by the person himself/herself, or by a third person, by taking advantage of his/her position:
2. Matters concerning the prohibition of mediation and solicitation that obstruct fair execution of duties:
3. Matters concerning the prohibition of unjust conduct that obstructs free competition in bidding, such as revealing bid prices in advance and collusion for a successful bid by a specific person, etc.:
4. Matters concerning the prohibition of unjust subcontracting.

Article 5 (Formation, Term of Office, etc. of Ombudsmen)
(1) Ombudsmen under Article 6 (4) of the Act shall be three persons or less. *(Amended by Presidential Decree No. 22413, Oct. 1, 2010)*
(2) Ombudsmen under paragraph (1) shall be commissioned by the Commissioner of the Defense Acquisition Program Administration among the persons recommended by non-profit non-governmental organizations (hereinafter referred to as “non-profit non-governmental organization”) under Article 2 of the Assistance for Non-Profit, Non-Governmental Organizations Act.
(3) Deleted. *(by Presidential Decree No. 22413, Oct. 1, 2010)*
(4) The term of office of ombudsmen shall be two years, and they may be re-commissioned only once.
(5) Any ombudsman commissioned pursuant to paragraph (2) shall not be discharged from office against his/her will: Provided, That where an ombudsman falls under any of subparagraphs 2 through 4, the Commissioner of the Defense Acquisition Program Administration may discharge
him/her from office, and where he/she falls under any of subparagraph
1, 5, or 6, the Commissioner shall discharge him/her from office: *(Amended
by Presidential Decree No. 22413, Oct. 1, 2010)*
1. Where he/she has given or received money or other articles or en-
tertainment in connection with his/her duties:
2. Where he/she has been negligent in performing his/her duties due to
irresponsibility, or intentionally evaded the execution of duties:
3. Where he/she has performed an act in violation of security in the
course of execution of his/her duties:
4. Where he/she has violated the proviso to Article 7 (5):
5. Where it is recognized as being difficult for him/her to execute his/her
duties as usual due to physical or mental incapacity:
6. Where a reason pursuant to the proviso to Article 6 (5) of the Act
is disclosed or he/she comes to hold concurrent posts under the sub-
paragraphs of Article 6 (8) of the Act after he/she is commissioned
as an ombudsman.

**Article 6 (Representative Ombudsman)**

(1) For the purposes of the efficient operation of the ombudsman system,
there may be a representative ombudsman.
(2) The representative ombudsman shall be elected from the ombudsmen.
(3) The representative ombudsman shall represent other ombudsmen, and
take overall control over the business of the ombudsmen.
(4) Where the representative ombudsman fails to perform his/her duties
temporarily, the ombudsman whom the representative ombudsman has
appointed in advance shall perform his/her duties as proxy.
(5) The representative ombudsman shall submit details of the semi-annual
accomplishments of the ombudsmen to the Commissioner of the Defense
Acquisition Program Administration within one month after the end of
each half-year.

**Article 7 (Procedures for Handling, etc. Investigation of Civil Petitions)**

(1) Where ombudsmen request for correction or inspection pursuant to
the main sentence of Article 6 (6) of the Act, the representative ombuds-
man shall make such a request with the consent of all the ombudsmen.
(2) Where the results of an investigation on a civil petition does not require
a request for correction or inspection, but where the improvement of
institutions, policies, etc. is deemed necessary, ombudsmen may advise
the Commissioner of the Defense Acquisition Program Administration to make a reasonable improvement therein or pronounce their opinion to him/her.

(3) Where any ombudsman receives the original copies of the relevant documents in the course of an investigation pursuant to Article 6 (7) of the Act, he/she shall return them within seven days from the date he/she receives them.

(4) Where the Commissioner of the Defense Acquisition Program Administration receives a request for correction or inspection or such, from the representative ombudsman pursuant to paragraph (1), he/she shall notify the representative ombudsman of the result of such management within 30 days from the date he/she receives a request for correction or inspection, etc.

(5) The representative ombudsman may announce the details of a request for correction or inspection, etc. under paragraph (1) and the details of the result of management under paragraph (4); Provided, That this shall not apply to information under the objects which should not be disclosed pursuant to Article 9 of the Official Information Disclosure Act.

(6) For the efficient activities of ombudsmen, the Commissioner of the Defense Acquisition Program Administration may subsidize allowances, travel expenses and other necessary expenses and provide them with an office, etc. within budget limits.

[This Article Wholly Amended by Presidential Decree No. 22413, Oct. 1, 2010]

Articles 8 and 9 Deleted. (by Presidential Decree No. 22413, Oct. 1, 2010)

Article 10 Deleted. (by Presidential Decree No. 21087, Oct. 20, 2008)

Article 11 (Scope of Key Positions and Standards for Qualification)

(1) The positions particularly deemed to require expertise under Article 7 (1) of the Act (hereinafter referred to as “key position”) shall be positions such as director general or director of the Defense Acquisition Program Administration and the agencies under its control, and the head of the integrated project administration team.

(2) Persons to be eligible for key positions pursuant to Article 7 of the Act shall satisfy any of the following qualifications; Provided, That a person for whom five years have not elapsed since he/she was subject to a heavy disciplinary measure or sentenced to imprisonment without labor or heavier punishment pursuant to Article 57 (1) of the Military
Personnel Management Act or Article 1-2 of the Public Officials Disciplinary Decree shall not be appointed to any key position: *(Amended by Presidential Decree No. 21351, Mar. 18, 2009)*

1. Persons who have worked for three or more years in a field relating to the positions to be appointed;
2. Persons who hold qualifications or a bachelor’s or higher degree in a field relating to a defense acquisition program;
3. Persons who have been educated in a field relating to a defense acquisition program.

(3) Matters necessary for the extent of the fields relating to the positions to be appointed, qualifications, degrees, kinds of education, etc. under paragraph (2) shall be prescribed by the Commissioner of the Defense Acquisition Program Administration.

**Article 12 (Review of Legal Issues, etc. concerning Defense Acquisition Programs)**

Matters that require prior legal review for executing a contract, negotiation, etc. pursuant to Article 8 of the Act shall be as listed in the following subparagraphs: *(Amended by Presidential Decree No. 22413, Oct. 1, 2010)*

1. Matters relating to the basic strategy for the promotion of projects for improving defense capability, the total cost of which is ten billion won or more;
2. Matters relating to the preparation of requests for project proposals regarding defense acquisition programs and the evaluation thereof;
3. All kinds of contracts regarding defense acquisition programs;
4. Matters regarding major decision-making on projects for improving defense capability prescribed by the Commissioner of the Defense Acquisition Program Administration;
5. Matters regarding the transfer of national defense science and technology pursuant to Article 31 (3) of the Act;
6. Matters regarding the revocation of designation of defense contractors (hereinafter referred to as “defense contractors”), defense materials (hereinafter referred to as “defense materials”) or guarantee organizations under Article 48 of the Act;
7. Matters regarding the termination of commission of specialized research institutes under Article 63;
8. Other matters that the Commissioner of the Defense Acquisition Program Administration recognizes as necessary for the smooth execution of defense acquisition programs.
Article 13 (Formation, etc. of Committee)

(1) The members of the Committee pursuant to Article 9 (4) 1 of the Act shall be as follows:
1. The Director General of the Resources Management Headquarters of the Ministry of National Defense;
2. The Vice-Commissioner of the Defense Acquisition Program Administration and the director generals thereof;
3. The Army Deputy Chief of Staff, the Navy Deputy Chief of Staff and the Air Force Deputy Chief of Staff (hereinafter referred to as “each armed forces”).

(2) The term of office of the members commissioned pursuant to Article 9 (4) 4 and 5 of the Act shall be two years and they may be reappointed only once.

[This Article Wholly Amended by Presidential Decree No. 22413, Oct. 1, 2010]

Article 14 (Operation of Committee)

(1) The Chairperson of the Committee (hereinafter referred to as “Chairperson”) shall represent the Committee and exercise an overall control over its business.
(2) Where the Chairperson fails to perform his/her duties due to extenuating circumstances, the Vice Chairperson shall perform the duties as proxy.
(3) The Committee shall convene when at least one third of the members on the register so request, or when the Chairperson or Vice Chairperson recognizes this as necessary.
(4) Meetings of the Committee shall commence with a majority of the members on the register, and pass resolutions upon approval by a majority of those members present, and the vote shall be made by an open vote.
(5) Where the matters related to the Marine Corps are deliberated and adjusted at the Committee, the Deputy Commandant of the Marine Corps shall attend the Committee. [Newly Inserted by Presidential Decree No. 22413, Oct. 1, 2010]
(6) Where it is necessary for the deliberation upon and coordination of projects regarding the National Intelligence Service, the Committee may have a public official belonging to the National Intelligence Service attend a meeting and hear his/her opinions. [Amended by Presidential Decree No. 22413, Oct. 1, 2010]
(7) Other matters necessary for the operation of the Committee shall be prescribed by the Chairperson after the resolution by the Committee. [Amended by Presidential Decree No. 22413, Oct. 1, 2010]
Article 15 (Subcommittee)

(1) Subcommittees by field and the matters for deliberation and coordination by each subcommittee pursuant to Article 10 of the Act shall be as set out in the following subparagraphs:

1. Policy and planning subcommittee: Matters regarding Article 9 (2) 1 through 4, 10, 11 and 14 of the Act;
2. Project administration subcommittee: Matters regarding Article 9 (2) 5 through 7 and 14 of the Act;
3. Munitions procurement subcommittee: Matters regarding Article 9 (2) 8, 9 and 12 through 14 of the Act.

(2) Each subcommittee shall consist of between 5 and 20 members including one chairperson.

(3) The chairperson of each subcommittee shall be appointed from the members by the Chairperson on the recommendation by the Vice Chairperson, and the members of each subcommittee shall be appointed or commissioned by the Chairperson on the recommendation by the Vice Chairperson among the persons listed in the following subparagraphs:

1. Persons recommended by the members of the Committee belonging to the Ministry of National Defense, the Headquarters of the Joint Chiefs of Staff and each armed forces, among public officials at the level of director generals or minister-level generals under the control of the relevant institution;
2. Public officials at the level of director generals or minister-level generals belonging to the Defense Acquisition Program Administration;
3. Persons recommended by the members of the Committee under Article 9 (4) 2 and 3 of the Act, among public officials of director general level or officers and staff members belonging to the same agency;
4. Persons commissioned pursuant to Article 9 (4) 4 and 5 of the Act.

(4) The term of office of a member of a subcommittee commissioned pursuant to paragraph (3) 1 through 3 shall continue as long as he/she retains his/her position, and the term of office of a member of a subcommittee who has been commissioned pursuant to subparagraph 4 of the same paragraph shall continue during the term of office of the members of the Committee.

(5) Article 14 (1) through (4) and (7) shall apply mutatis mutandis to the operation of subcommittees. In such cases, “Committee” shall be construed as “subcommittee”, “Chairperson” as “chairperson of a subcommittee”.
“Vice Chairperson” as “member appointed in advance by the chairperson of a subcommittee”. *Amended by Presidential Decree No. 22413, Oct. 1, 2010*

**Article 16 (Specialized Members)**

1. The number of specialized members under Article 10 (3) of the Act shall be between two and five, and shall be commissioned by the Chairperson on the recommendation by the Vice Chairperson.
2. The term of office of specialized members under paragraph (1) shall be one year, and they may be reappointed: Provided, That where a specialized member is entrusted for consultation on a specific matter, he/she shall be deemed discharged from such commission on the completion of such consultation.

**Article 17 (Request, etc. for Submission of Data)**

1. Where necessary for deliberation and coordination, the Committee or a subcommittee may request the Ministry of National Defense, the Joint Chiefs of Staff, each armed forces, the Agency for Defense Development, the Defense Agency for Technology and Quality, defense contractors, etc. to submit data or present its opinions.
2. An agency or organization requested to submit data or present opinions under paragraph (1) shall cooperate with it unless any justifiable ground exists.

**Article 18 (Allowances and Travel Expenses)**

The members present at the Committee and subcommittees, specialized members and persons who have attended and submitted opinions to the Committee pursuant to Article 17 may be paid allowances and travel expenses within budget limits: Provided, That this shall not apply to a public official who attends the Committee in direct connection with his/her duties.

**CHAPTER III PROJECTS FOR IMPROVEMENT OF DEFENSE CAPABILITY**

**SECTION 1 Principles for Execution of Projects for Improvement of Defense Capability**

**Article 19 (Request for Assistance of Manpower, etc.)**

Where the manpower from the relevant organizations, such as each armed
forces, agencies under the direct control of the Ministry of National Defense (including the units under the direct control of the Ministry of National Defense; hereinafter the same shall apply), the Agency for Defense Development and the Defense Agency for Technology and Quality is needed for the purposes of efficient operation of the comprehensive project administration system pursuant to Article 12 of the Act in executing projects for the improvement of defense capability, the Commissioner of the Defense Acquisition Program Administration may request manpower assistance from the relevant agencies and organizations following deliberation by the Committee. In such cases, he/she shall request the Minister of National Defense to provide manpower assistance regarding the manpower belonging to each armed forces and the agencies under the direct control of the Ministry of National Defense.

SECTION 2   Medium-Term National Defense Plan and Budget

Article 20 (Formulation of Medium-Term National Defense Plan, etc.)

(1) For the purposes of formulating a medium-term national defense plan pursuant to Article 13 (1) of the Act, the Minister of National Defense shall prepare guidelines for the formulation of a medium-term national defense plan (hereinafter referred to as “guidelines for the medium-term national defense plan”).

(2) Where the Minister of National Defense intends to prepare the guidelines for the medium-term national defense plan pursuant to paragraph (1), he/she may receive in advance, and reflect the opinion of the Administrator of the Defense Acquisition Program Administration regarding the projects for the improvement of defense capability.

(3) Where the Minister of National Defense formulates the guidelines for the medium-term national defense plan or the Administrator of the Defense Acquisition Program Administration prepares the opinion pursuant to paragraph (2), he/she shall consider the matters in the following subparagraphs:

1. Matters regarding Article 22 (3) 1 through 5;
2. The order of priorities of requirements for weapons systems for the purposes of achieving goals regarding combined military strategy;
3. The medium- and long-term policies regarding the advancement of
national defense science and technology pursuant to Article 30 of the Act.

(4) Where the Commissioner of the Defense Acquisition Program Administration intends to formulate a medium-term plan in the fields of projects for the improvement of defense capability pursuant to Article 13 (2) of the Act, he/she shall cause each service and the agencies under the direct control of the Ministry of National Defense to submit the requirements for elements for facilitating military capability pursuant to Article 28 (1).

**Article 21 (Formulation of Budget)**

(1) Where the Minister of National Defense intends to draw up guidelines for the formulation of a budget pursuant to Article 14 (1) of the Act, he/she shall receive in advance, and reflect the opinions regarding the projects for improvement of defense capability from the Administrator of the Defense Acquisition Program Administration.

(2) Where the Administrator of the Defense Acquisition Program Administration intends to formulate a budget for projects for the improvement of national defense capability, he/she shall have the data on the formulation of a budget regarding the elements for facilitating military capability pursuant to the provisions of Article 28 (1) from each service and the agencies under the direct control of the Ministry of the National Defense.

**SECTION 3 Decisions on Requirements and Corrections Thereof**

**Article 22 (Procedures, etc. for Decisions on Requirements)**

(1) Where the Chairman of the Joint Chiefs of Staff intends to raise the requirements for weapons systems, etc. pursuant to the provisions of Article 15 (1) of the Act, he/she shall obtain, and reflect the requirements from the Ministry of National Defense, the Defense Acquisition Program Administration, the Joint Chiefs of Staff, each service and the agencies under the direct control of the Ministry of National Defense (hereinafter referred to as the “requirement-raising agencies”).

(2) Where a requirement-raising agency intends to propose requirements to the Chairman of the Joint Chiefs of Staff pursuant to the provisions of paragraph (1), it shall prepare an application for requirement contain—
ing the matters in the following subparagraphs. In this case, the application for requirement may indicate a scheme to innovate the operational performance pursuant to the provisions of subparagraph 2:

1. The necessity, range of management, timing for militarization and required quantity of weapons systems;
2. The performance of weapons systems necessary for operations (hereinafter referred to as the "operational performance");
3. The elements for facilitating military capability pursuant to the provisions of Article 28 (1).

(3) When a requirement- raising agency intends to prepare an application for requirement pursuant to the provisions of paragraph (2), it shall consider the matters in the following subparagraphs:

1. The basic direction of national defense policy;
2. Analysis on the domestic and overseas national defense situation;
3. The direction of realizing the building of military capability that has been formulated by the Joint Chiefs of Staff in consideration of the security situation, military strategy, etc.;
4. The level of advancement and procurement of national defense science and technology;
5. The appropriate rate of operation and manufacturing capacity of defense contractors, etc.;
6. Matters regarding the maintenance and repair of weapons systems.

(4) The Agency for Defense Development, the Agency for Defense Technology and Quality Assurance, defense contractors or research institutes pursuant to the provisions of Article 6 (1) 4 of the Act may submit opinions on the requirement to the requirement- raising agency.

(5) Other matters necessary for the procedures for decisions on requirements shall be prescribed by Ordinance of the Ministry of National Defense.

Article 23 (Modification of Requirements in Minor Matters)

(1) The term "such insignificant matters as prescribed by Presidential Decree" in the proviso to Article 16 (2) of the Act means the matters in the following subparagraphs:

1. The modification of annual quantity or timing for militarization regarding weapons systems, etc. on the grounds for changes in financial resources in the formulation of a medium-term national defense plan or formulation and execution of a budget pursuant to the provisions of Articles 13 (1) and 14 of the Act:
2. The modification of technical and incidental performance regarding weapons systems, etc.;

3. The modification of procurement plans for the elements for facilitating defense capability pursuant to the provisions of Article 28 (1). (2) Where there are modifications to the matters falling under each sub-paragraph of paragraph (1) in the course of deliberation upon and coordination of the medium-term plan for projects for the improvement of defense capability by the Committee or subcommittee, it shall be deemed that there has been a modification to the requirements thereof.

SECTION 4 Execution of Projects for Improvement of Defense Capability

Article 24 (Methods of Advancement of Projects for Improvement of Defense Capability)

(1) Where prior research pursuant to Article 17 (1) of the Act has been completed, the Commissioner of the Defense Acquisition Program Administration shall formulate the basic strategy for the advancement of projects for the improvement of defense capability and arrange it to be deliberated by the Committee.

(2) The basic strategy for project advancement pursuant to paragraph (1) shall include the following:

1. The details of investigation into research and development, or decisions on purchasing;

2. Matters regarding the form of research and development, methods of purchasing, etc.;

3. Detailed direction-setting for undertaking projects, following research and development, or purchasing;

4. Schemes for test and evaluation;

5. Schedules for undertaking projects;

6. Administration schemes covering the whole life cycle of weapons systems;

7. Step-by-step goals and strategies for development, in the case of the evolutionary enhancement of the performance of operation of weapons systems;

8. Interoperability among the weapons systems of each armed forces under the condition of joint battlefield.
(3) The form of research and development under paragraph (2) 2 shall be formulated by classification according to the following subparagraphs:

1. Domestic research and development (including cases of receiving international technological cooperation) or joint international research and development;

2. Research and development funded by the Government, research and development funded by defense contractors, etc. or joint research and development by the Government and defense contractors, etc.;

3. Research and development supervised by the Agency for Defense Development or by defense contractors, etc. through competitive bidding.

(4) Methods of purchase pursuant to paragraph (2) 2 shall be established by classifying into domestic purchase, offshore purchase and lease. <Newly Inserted by Presidential Decree No. 22413, Oct. 1, 2010>

Article 24-2 (Methods of Purchase)

(1) Where the Commissioner of the Defense Acquisition Program Administration purchases munitions produced in the Republic of Korea pursuant to the main sentence of Article 19 (1) of the Act, he/she may purchase a weapons system under development or developed in the Republic of Korea with partial remodeling.

(2) Where the Commissioner of the Defense Acquisition Program Administration purchases munitions produced overseas pursuant to the proviso to Article 19 (1) of the Act, he/she may purchase a weapons system under operation or under development in foreign countries with partial remodeling. In such cases, the Commissioner of the Defense Acquisition Program Administration may dispatch public officials under his/her control to foreign governments for the efficient execution of the offshore purchase.

(3) The Commissioner of the Defense Acquisition Program Administration may lease munitions where lease of munitions is more economical than expenses incurred in domestic purchase or offshore purchase or he/she deems it necessary for satisfying the time of strengthening military power, etc. [This Article Newly inserted by Presidential Decree No. 22413, Oct. 1, 2010]

Article 25 (Qualifications, etc. for Participants in Negotiation)

(1) Civilian specialists permitted to participate in purchase procedures for munitions pursuant to Article 19 (2) of the Act shall be those under any of the following subparagraphs:

1. A public official who has five or more years of work experience in the
division of an international contract or international negotiation;
2. A lawyer, patent attorney, or certified public accountant who has three or more years of work experience in the field of international contract or international negotiation;
3. A person who has a master’s degree or higher in a field relating to international contract or international negotiation, such as international trade, international commerce, etc., and has five or more years of work experience in the business of international contract or international negotiation;
4. A person who has ten or more years of work experience in the field of science and technology.

The Commissioner of the Defense Acquisition Program Administration shall select up to 15 civilian specialists under paragraph (1) on the recommendation by the Committee, and may have necessary persons participate where he/she purchases munitions.

**Article 25-2 (Procedures for Purchase)**

1. Procedures for purchase pursuant to Article 19 (3) of the Act shall follow the following steps in sequence:
   1. Formulation of a purchasing plan;
   2. A notice of tender;
   3. Receipt and evaluation of proposals;
   4. Selection of weapons systems or equipment subject to test and evaluation (referring to test and evaluation pursuant to Article 21 of the Act; hereafter the same shall apply in this Article);
   5. Test and evaluation, and negotiations;
   6. Determination of types of weapons systems or equipment to be purchased;
   7. Conclusion of a contract for purchase.

2. Weapons systems or equipment subject to test and evaluation under paragraph (1) 4 shall be selected in accordance with the result of evaluation of proposals under paragraph (1) 3, and the priority order as a result of evaluation shall not be imposed.

3. Negotiations pursuant to paragraph (1) 5 shall be negotiations for the purchase price, performance of weapons systems or equipment, offset trade (only applicable to offshore purchase) and other terms and conditions of a contract, etc. and may proceed simultaneously with test and evaluation.

4. Types of weapons systems or equipment to be purchased under paragraph (1) 6 shall be determined after integrating test and evaluation and
the result of negotiations.
(5) Methods of evaluation for the determination of types under paragraph (4) and other matters necessary for procedures for purchase shall be determined by the Commissioner of the Defense Acquisition Program Administration.

[This Article Newly Inserted by Presidential Decree No. 22413, Oct. 1, 2010]

Article 26 (Standards for Offset Trade)
(1) The amount by unit project of munitions for which offset trade is to be promoted pursuant to Article 20 (1) of the Act shall be not less than ten million US dollars: Provided. That in any of the following subparagraphs, such offset trade may be not promoted:

1. Where parts for repair are purchased;
2. Where basic raw materials, such as oil, etc. are purchased;
3. Where it has undergone deliberation by the Committee in consideration of national security, economic efficiency, etc.

(2) “Matters prescribed by Presidential Decree, such as export linkages for commodities other than munitions” in Article 20 (3) 6 of the Act means the following matters: [Newly Inserted by Presidential Decree No. 21596, Jul. 1, 2009]

1. Export linkages for commodities other than munitions, selected by the Administrator of Defense Acquisition Program Administration on the recommendation of the Administrator of Small and Medium Business Administration;

2. Inducement of foreign investments (limited to foreign investments under Article 2 (1) 4 of the Foreign Investment Promotion Act) determined by the Administrator of Defense Acquisition Program Administration in consultation with the Minister of Knowledge and Economy for the improvement of competitive power of the defense industry.

(3) Matters necessary for the promotion of offset trade, such as promotion procedures for offset trade, etc. shall be prescribed by the Administrator of the Defense Acquisition Program Administration. [Amended by Presidential Decree No. 21596, Jul. 1, 2009]

Article 27 (Formulation, etc. of Plans for Testing and Evaluation)
(1) Where the Administrator of the Defense Acquisition Program Administration intends to formulate a testing and evaluation plan for weapons systems and core technology pursuant to the provisions of Article 21 (1) of the Act, he/she shall formulate it by integrating and reflecting the step-by-step plans referred to in the following subparagraphs: Provided,
That where it is recognized as unnecessary to undergo all the testings and evaluations according to the step-by-step plans, the plan for testing and evaluation may be formulated by reflecting an individual plan for testing and evaluation:

1. Testing and evaluation plans for development: Plans to confirm whether the subject matter of testing and evaluation satisfies the technical goal of development, as formulated by the organization that took charge of such research and development:

2. Testing and evaluation plans for operation: Plans to confirm whether the subject matter of testing and evaluation satisfies the operational performance and are suitable for the operation of each service, as formulated by the service and the agency under the direct control of the Ministry of National Defense that raised the requirements (hereinafter referred to as “requirement-raising service”).

(2) Where the Commissioner of the Defense Acquisition Program Administration intends to formulate a testing and evaluation plan for the purchase of weapons systems pursuant to Article 21 (1) of the Act, he/she shall follow on a plan under any of the following subparagraphs:

1. A test and evaluation plan based on the subject matter:

2. A test and evaluation plan based on data:

3. A test and evaluation plan based on the subject matter and data.

(3) The test and evaluation plan pursuant to paragraphs (1) and (2) shall contain the matters in the following subparagraphs:

1. The items of equipment and number thereof to be tested and evaluated:

2. The time, place and method of test and evaluation:

3. The items of test and evaluation, and the standards for evaluation:

4. The person who shall execute the test and evaluation:

5. The budget needed for test and evaluation.

(4) Where the Commissioner of the Defense Acquisition Program Administration formulates a test and evaluation plan pursuant to paragraph (1), he/she shall consider the matters in the following subparagraphs, and where he/she formulates a test and evaluation plan pursuant to paragraph (2), he/she shall consider a written request for proposals: *(Amended by Presidential Decree No. 22413, Oct. 1, 2010)*

1. A plan for research and development:

2. A proposal for a project for research and development by an enterprise:

3. An execution plan for test and evaluation for development prepared...
by a research and development institute:

4. An execution plan for the test and evaluation for operations prepared
   by a requirement-raising agency.

(5) For the purposes of the efficient formulation of plans for test and evalu-
    ation, confirmation of the progress of test and evaluation, judgment of
    results, etc., the Commissioner of the Defense Acquisition Program
    Administration may operate a combined test and evaluation team consist-
    ing of the staff members belonging to the Defense Acquisition Program
    Administration, each armed forces and the agencies under Article 21 (2)
    of the Act, and the matters regarding the composition and operation there-
    of shall be prescribed by the Commissioner of the Defense Acquisition
    Program Administration.

(6) Where each armed forces or agency conducts the test and evaluation
    of weapons systems and core technology pursuant to Article 21 (2) of the
    Act, the Commissioner of the Defense Acquisition Program Administration
    shall provide the budget necessary for the smooth execution of test and
    evaluation.

(7) Matters necessary for the execution of test and evaluation, such as
    procedures for test and evaluation shall be prescribed by Ordinance of
    the Ministry of National Defense.

Article 28 (Securing, etc. of Elements for Facilitating Military Capability)

(1) The Administrator of the Defense Acquisition Program Administra-
    tion and a requirement-raising service shall secure the elements (herein-
    after referred to as “elements for facilitating military capability”) in the
    following subparagraphs to provide weapons systems with the military
    capability so that weapons systems are operational upon deployment. In
    such cases, the Administrator of the Defense Acquisition Program Ad-
    ministration shall secure the elements for facilitating military capability
    set forth in subparagraph 1 (a) and 2, and the requirement-raising service
    shall secure the elements for facilitating military capability set forth in
    subparagraph 1 (b):

1. The elements to facilitate combat development in the following items
    for the purpose of demonstrating instantaneous defense capability
    on the battlefield by the weapons systems acquired:

   (a) The hardware and software, etc. necessary for the inter-operativity
       of the facilities of military units and weapons systems:
(b) Organizations, equipment education and training and radio frequencies for the formation of military doctrine, and military units:

2. Combined elements for assistance with munitions, such as parts for repair, operating manuals, etc. necessary for the efficient and economical operation of the acquired weapons systems. 

(2) Where necessary for securing the elements for facilitating military capability pursuant to the provisions of paragraph (1), the Administrator of the Defense Acquisition Program Administration may request the requirement-raisingle service for assistance. In such cases, the requirement-raising service shall cooperate insofar as there exist no special grounds otherwise.

(3) Where the requirement-raising service intends to secure the elements for facilitating military capability, such as formulation of military units or education and training, etc. following the deployment of weapons systems, the Administrator of the Defense Acquisition Program Administration may assist with the necessary budget, and where the requirement-raising service agrees, the Administrator may have a defense contractor, etc. execute all or part of the follow-up assistance with materials for a certain period under contract.

(4) The Administrator of the Defense Acquisition Program Administration may present a guideline of the result, such as the target rate of operation for the main weapons systems, after consultation with the requirement-raising service so that a defense contractor, etc. execute all or part of the follow-up assistance with materials, and may pay the price according to the result thereof. (Newly Inserted by Presidential Decree No. 21596, Jul. 1, 2009)

CHAPTER IV PROCUREMENT AND QUALITY ASSURANCE

Article 29 (Methods, etc. of Procurement)

(1) Where the Commissioner of the Defense Acquisition Program Administration procures munitions in a lump pursuant to the main sentence of Article 25 (2) of the Act, he/she may procure munitions by methods of domestic procurement, offshore procurement or lease. In such cases, detailed procedures for procurement shall be determined by the Commissioner of the Defense Acquisition Program Administration.
(2) Munitions that each armed forces may directly procure pursuant to the proviso to Article 25 (2) of the Act (hereinafter referred to as “procurement by military unit”) shall be as the following subparagraphs:

1. Pilot products developed directly by the military unit that manages munitions;

2. Consumable materials necessary for the maintenance of munitions performed by a military maintenance unit (including the military maintenance depot; hereinafter the same shall apply), and for the manufacture of necessary parts therefor;

3. Items the planned amount of annual procurement of which by item is less than 30 million won, and unitary items with a track record of procurement by the military unit among items the planned amount of annual procurement of which by item is between 30 million won and 50 million won;

4. Items for which there are no national defense standards pursuant to Article 31 (1) and no sample is available for presentation;

5. Items for which emergency purchasing is necessary due to war, disaster, etc.;

6. Items which require the maintenance of security, such as coding equipment used by each armed forces, and items which require special manufacture and installation because the requirements of users are diverse;

7. Where equipment and parts procured by a military unit are serviced by entrusting an enterprise with such service, items necessary therefor;

8. Other items agreed with the armed forces which require them because the Commissioner of the Defense Acquisition Program Administration deems the procurement by military unit is efficient.

(3) Where the Commissioner of the Defense Acquisition Program Administration purchases munitions by requesting the Administrator of the Public Procurement Service pursuant to the proviso to Article 25 (2) of the Act, he/she shall decide the matters concerning munitions subject to purchase, and methods of and procedures for purchase in consultation with the Administrator of the Public Procurement Service. In such cases, the Commissioner of the Defense Acquisition Program Administration shall hear an opinion of the armed forces which require such munitions.

[This Article Wholly Amended by Presidential Decree No. 22413, Oct. 1, 2010]
Article 30 (Designation and Cancellation of Standard Articles)

(1) Where the Commissioner of the Defense Acquisition Program Administration formulates a plan for the standardization of munitions regarding non-weapon systems pursuant to Article 26 (1) of the Act, he/she shall hear and reflect the opinion of the Minister of National Defense thereon.

(2) Where the Commissioner of the Defense Acquisition Program Administration intends to designate a standard article on munitions, he/she shall consider the matters in the following subparagraphs. In such cases, the standard articles shall be designated by receiving the opinion of each armed forces for nonweapon systems procured by means of purchasing, but standard articles shall be designated in accordance with the requests by the Ministry of National Defense or each armed forces for the articles of non-weapon systems procured by means of research and development:

1. The appropriateness of the purchase requirements by each armed forces and the necessity of designation of standard articles;

2. The economy of the relevant munitions;

3. The fulfillment of elements for facilitating military capability;

4. The degree of utilization in civilian and military fields;

5. The relevance to the munitions in use.

(3) In any of the following cases, the Commissioner of the Defense Acquisition Program Administration shall cancel the designation of standard articles on the munitions:

1. Where munitions are replaced by a new standard article;

2. Where it is unnecessary to maintain a standard article as it fails to satisfy the military utility and is economically inappropriate;

3. Where it is necessary to convert the munitions to articles, etc. manufactured and distributed among civilians.

(4) The procedures necessary for the designation and cancellation of standard articles pursuant to paragraphs (2) and (3) shall be prescribed by the Commissioner of the Defense Acquisition Program Administration.

Article 31 (Enactment and Amendment of National Defense Standards)

(1) Where the Administrator of the Defense Acquisition Program Administration intends to designate standard of munitions pursuant to the provisions of Article 26 (3) of the Act (hereinafter referred to as the "national defense standard"), he/she shall target the designated standard articles, while following shall depend requests for designation from the
organizations in the following subparagraphs:

1. The Agency for Defense Development in the case of articles of research and development under the supervision of the Agency for Defense Development;

2. The relevant enterprise in the case of articles of research and development under the supervision of the enterprise, or articles, etc. procured en bloc by the Defense Acquisition Program Administration pursuant to the provisions of Article 25 of the Act;

3. The Ministry of National Defense or each service in the case of articles of nonweapon systems procured by the Ministry of National Defense or each service.

(2) For articles whose national defense standard is not designated but procured by the military unit, the Administrator of the Defense Acquisition Program Administration may have each service designate the standards.

(3) Where the effectiveness of the national defense standard has decreased due to changes in and development of the domestic industrial technology that manufactures the munitions, or changes in the national defense standard that each service requests, the Administrator of the Defense Acquisition Program Administration may modify or abrogate the national defense standard.

(4) The procedures necessary for the enactment, modification and abrogation of national defense standards pursuant to the provisions of paragraphs (1) and (3) shall be prescribed by the Administrator of the Defense Acquisition Program Administration.

Article 32 (Administration of Form and Shape)

(1) The Administrator of the Defense Acquisition Program Administration shall, pursuant to the following subparagraphs, administer munitions in accordance with their physical or functional characteristics (hereinafter referred to as the “shape”) so that the munitions shall fulfill the purpose of their utilities:

1. The discernment of shape so that the munition may satisfy the required level of performance of each service and show the utmost efficiency, etc. in operation;

2. The documentation of shape, such as the work, etc. of design drafting
for the purposes of concrete embodiment of discerned shape;
3. The confirmation, coordination and control of discerned details to be modified on the basis of the documented shape; and
4. Confirmation as to whether the munition coincides with the discerned shape and the administration of data.

(2) The administration of shape of munitions shall be executed from the time when the method of project promotion regarding the method of acquisition of weapons systems, etc. pursuant to the provisions of Article 17 of the Act is decided until the munitions become obsolete pursuant to the provisions of Article 13 (3) of the Act on the Management of Military Supplies.

(3) The detailed procedures necessary for the administration of shape shall be prescribed by the Administrator of the Defense Acquisition Program Administration.

Article 33 (Munitions Inventory Information)

(1) Where the Administrator of the Defense Acquisition Program Administration intends to allocate a stock number to munitions pursuant to the provisions of Article 27 (1) of the Act, he/she shall do so by classifying them in accordance with the drawing, price, packing unit, period of storage and information, etc. on the manufacturer.

(2) Where the Administrator of the Defense Acquisition Program Administration formulates a plan for the administration and utilization of munitions inventory information pursuant to the provisions of Article 27 (2) of the Act, he/she shall hear and reflect the opinion of the Minister of the National Defense.

(3) Where the relevant organization, such as each service, the agencies under the direct control of the Ministry of National Defense, the Agency for Defense Development, the Agency for Defense Technology and Quality Assurance, etc. has to correct or supplement munitions inventory information, it shall submit the relevant details to the Administrator of the Defense Acquisition Program Administration. The Administrator of the Defense Acquisition Program Administration shall decide whether to correct or supplement the information and notify the result to the relevant organization.

(4) Where defense materials are exported, the Administrator of the Defense Acquisition Program Administration may conclude an agreement on the
exchange of the munitions inventory information that can be supplied to the export partner country.

CHAPTER V ADVANCEMENT OF NATIONAL DEFENSE SCIENCE AND TECHNOLOGY

Article 34 (Formulation of Policy and Plan for Advancement of National Defense Science and Technology)

(1) The medium- and long-term policies on the advancement of national defense science and technology pursuant to the provisions of Article 30 (1) of the Act (hereinafter referred to as the “policy on the advancement of national defense science and technology”) shall be formulated every five years, and the matters to be included therein shall be as the following subparagraphs:

1. The medium- and long-term development goal and the basic direction of the policy on the advancement of national defense science and technology;

2. The policy on the national defense science and technology necessary for the reformation of military capability;

3. Matters regarding the distribution of financial resources and expansion of investment for the advancement of national defense science and technology; and

4. Other important policies necessary for the advancement of national defense science and technology.

(2) For the purpose of formulation of a policy on the advancement of national defense science and technology, the Minister of National Defense may request the presentation of necessary data to the Defense Acquisition Program Administration, the Joint Chiefs of Staff, each service, the Agency for Defense Development, the Agency for Defense Technology and Quality Assurance, etc.

(3) The action plan for the advancement of national defense science and technology pursuant to the provisions of Article 30 (1) of the Act shall be formulated every year on the basis of the policy on the advancement of national defense science and technology, and the matters to be included therein shall be as listed in the following subparagraphs:
1. Matters regarding plans for securing and schemes for advancing national defense science and technology;
2. Plans for the promotion of policies on national defense science and technology pursuant to the provisions of paragraph (1) 2;
3. Matters regarding the promotion plan for the advancement and internationalization of national defense science and technology;
4. Matters regarding plans for the organic supplementation and promotion of development between national science and technology and national defense science and technology;
5. Matters regarding investment in the research and development of national defense science and technology;
6. Matters regarding broadening of the foundations of national defense science and technology, such as the facilities, equipment, etc. for the advancement of national defense science and technology;
7. Matters regarding the fostering and improvement of treatment forward manpower for national defense science and technology.

(4) Policy, etc. regarding the advancement of national defense science and technology that must undergo the deliberation of the National Science and Technology Committee pursuant to the provisions of Article 30 (1) of the Act shall be as listed in the following subparagraphs: (Amended by Presidential Decree No. 20675, Feb. 29, 2008)
1. Matters falling under the subparagraphs of paragraph (1);
2. Matters falling under paragraph (3) 1, 4, 6, and 7;
3. Other matters determined by the Minister of National Defense after consultation with the Minister of Education, Science and Technology.

**Article 35 (Duties, etc. for Administration of Information on National Defense Science and Technology)**

(1) For the purposes of integrated administration of information on the national defense science and technology pursuant to Article 31 of the Act in a systematic way, the Commissioner of the Defense Acquisition Program Administration shall perform the duties in the following subparagraphs:
1. Collection and administration of information pursuant to the subparagraphs of Article 31 (1) of the Act, and the cataloging thereof;
2. Investigations into the level of domestic and foreign technology, and the analysis of trends in technological development;
3. Establishment of distribution channels for national defense scientific and technological information;
4. Publication and distribution of data regarding national defense scientific and technological information.

(2) Ownership of intellectual property rights arising from the research into and development of national defense science and technology shall be governed by Article 18 of the Act on the Agency for Defense Development and Article 20 of the Regulations on the Administration, etc. of National Research and Development Projects. \(\textit{Amended by Presidential Decree No. 22328, Aug. 11, 2010}\)

**Article 36 (Transfer of National Defense Science and Technology)**

(1) Anyone who intends to receive the transfer of national defense science and technology pursuant to Article 31 (3) of the Act (hereinafter referred to as “transfer of technology”) shall apply to each armed forces or government-invested research institute that holds such technology (hereinafter referred to as “technology-holding organization”) for the transfer of technology, along with the documents in the following subparagraphs:

1. The aim of transfer of technology:
2. Details of the technology intended for transfer:
3. Plans for utilization of the technology intended for transfer.

(2) A technology-holding organization shall review the following matters within one month from the date of receiving an application for the transfer of technology and then request the Commissioner of the Defense Acquisition Program Administration to approve the transfer of technology, and the Commissioner of the Defense Acquisition Program Administration shall decide whether to grant approval within two months from the date he/she receives the request and shall notify the technology-holding organization of such decision. \(\textit{Amended by Presidential Decree No. 21255, Jan. 7, 2009}\)

1. The extent and details of the transfer of technology:
2. Whether the applicant for the transfer of technology qualifies:
3. The necessity of the transfer of technology:
4. The royalties for technology:
5. The procedures for the transfer of technology and points at issue:
6. Matters that the organizations, etc. that receive the transfer of technology shall abide by at the time of the transfer of technology:
7. Other matters that the Administrator of the Defense Acquisition Program Administration requests.

(3) The technology-holding organization shall transfer technology in ac-
Article 37 (Operation, Supervision, etc. of Agency for Defense Technology and Quality Assurance)

(1) Projects that the Agency for Defense Technology and Quality Assurance executes in connection with the administration, etc. of national defense science and technology shall be the responsibility of technological assistance relating to the prior research, offset trade, improvement of performance, etc. that the Administrator of the Defense Acquisition Program Administration commissions.

(2) Contributions by the Government to the Agency for Defense Technology and Quality Assurance pursuant to the provisions of Article 32 (7) of the Act shall be made annually by the Administrator of the Defense Acquisition Program Administration paying funds to the budget.

(3) The President of the Agency for Defense Technology and Quality Assurance shall formulate an annual business plan and budget plan and submit them to the Administrator of the Defense Acquisition Program Administration by not later than ten months prior to the commencement of the relevant business year, and obtain approval from him/her. The same shall apply where an approved business plan and budget is modified.

(4) The President of the Agency for Defense Technology and Quality Assurance shall report the quarterly results of the execution of business plans to the Administrator of the Defense Acquisition Program Administration within one month from the completion of the quarter.

(5) The President of the Agency for Defense Technology and Quality Assurance shall have the settlements of each business year audited by a certified public accountant designated by the Administrator of the Defense Acquisition Program Administration, and submit the results to the Administrator of the Defense Acquisition Program Administration by the end of March of the following year.

(6) Details of settlement relating to national secrets and matters directly related thereto in the case of paragraph (5) shall be excluded from the subject matter of audits by the certified public accountant.
CHAPTER VI  FOSTERING OF DEFENSE INDUSTRY

Article 38 (Formulation, etc. of Basic Plan for Fostering of Defense Industry)

(1) A basic plan for fostering of the defense industry pursuant to the provisions of Article 33 of the Act shall be formulated every five years, and may be corrected and supplemented on an annual basis where necessary.

(2) Where the Administrator of the Defense Acquisition Program Administration intends to formulate a basic plan for fostering of the defense industry pursuant to the provisions of paragraph (1), he/she shall consult with the Minister of Knowledge Economy for matters falling under Article 33 (2) 2, 4, 5 and 7 of the Act. <Amended by Presidential Decree No. 20675, Feb. 29, 2008>

Article 39 (Designation of Defense Materials)

(1) Materials that can be designated as defense materials from among those that are not classified as weapons systems pursuant to the provisions of the proviso to Article 34 (1) of the Act shall be as listed in the following subparagraphs:

1. The materials involved in the process of research and development for military purposes, which are expected to be selected as weapons systems after the completion of research and development;

2. Other materials that satisfy the standards prescribed by Ordinance of the Ministry of National Defense.

(2) Materials falling under the subparagraphs of Article 35 (2) of the Act shall be the major defense materials pursuant to Article 34 (2) of the Act, and other defense materials shall be general defense materials.

(3) Anyone who manufactures, or intends to manufacture munitions may request the Commissioner of the Defense Acquisition Program Administration to designate such munitions as defense materials. In such cases, the Commissioner of the Defense Acquisition Program Administration shall decide within three months whether the designation of those munitions as defense material is appropriate and notify the applicant of such decision.

(4) Where the Commissioner of the Defense Acquisition Program Administration has designated defense materials pursuant to paragraph (3) of this Article or Article 34 (1) of the Act, he/she shall notify the Minister
Article 40 (Scope, etc. of Designation of Defense Materials)

(1) The Commissioner of the Defense Acquisition Program Administration shall designate defense materials by unit of a finished product or a main component (referring to a component comprised in one object connected by two combined bodies or more): Provided, That where the smooth procurement of munitions is necessary to increase the efficiency of the operation of defense materials and weapons systems, defense materials may be designated by unit of a combined body (referring to a component assembled by two parts or more connected each other) or parts (referring to a single part as a minimal unit that cannot be disassembled any more).<Amended by Presidential Decree No. 22413, Oct. 1, 2010>

(2) Parts used for defense materials and the following equipment required for the operation of defense materials shall be deemed to have been designated by being included in such defense materials: Provided, That where the relevant parts and equipment are not manufactured or serviced by the relevant defense contractor, or are used for materials that are not defense materials, the same shall not apply: <Amended by Presidential Decree No. 21596, Jul. 1, 2009; Presidential Decree No. 22413, Oct. 1, 2010>

1. Test and measuring equipment;
2. Inspection equipment;
3. Rectification equipment.

(3) The Commissioner of the Defense Acquisition Program Administration may choose not to designate items as defense materials, for which it is deemed that two or more enterprises are able to manufacture them, in consideration of domestic technological standards.

Article 41 (Designation of Defense Contractors)

(1) Anyone who intends to be designated as a defense contractor pursuant to Article 35 (1) of the Act shall apply to the Minister of Knowledge Economy along with the following documents: Provided, That where a defense contractor who has already been designated intends to be also designated so as to manufacture other defense materials, he/she may apply only with the documents under subparagraphs 1 and 4 through 7: <Amended by Presidential Decree No. 19507, Jun. 12, 2006; Presidential Decree No. 20675, Feb. 29, 2008>

1. An application form;
2. The articles of incorporation (limited to corporations);
3. A balance sheet and income statement;
4. Details and a description of the capacity of manufacturing facilities
   and the main facilities incidental thereto;
5. Results of use of raw materials and plans for procurement;
6. Kinds and specifications of products, and the results and plans for the
   manufacture and sale thereof;
7. A business plan;
8. Plans for upskilling engineers and technicians and a description of
   technical capability;
9. Plans for safety measures and explanation thereof.

(2) Where the Minister of Knowledge Economy has received an application
under paragraph (1), he/she shall inspect the manufacturing facilities,
etc. in accordance with the standards for facilities under Article 42, and
request the Commissioner of the Defense Acquisition Program Admin-
istration to inspect security requirements under Article 44. <Amended by
Presidential Decree No. 20675, Feb. 29, 2008>

(3) Where the Minister of Knowledge Economy has received an application
for designation of defense contractors under paragraph (2), he/she shall
decide whether to designate the applicant as a defense contractor within
six months and notify the applicant and the Commissioner of the Defense
Acquisition Program Administration of such decision and deliver the cer-
tificate of designation to the applicant if he/she decides to designate.
<Amended by Presidential Decree No. 20675, Feb. 29, 2008>

(4) The Minister of Knowledge Economy in receipt of an application for
the designation under paragraph (1) shall verify a certificate of corporation
register (limited to corporations) through joint use of administrative in-
formation under Article 36 (1) of the Electronic Government Act. <Amended
by Presidential Decree No. 19507, Jun. 12, 2006; Presidential Decree No. 22151, May 4,
2010; Presidential Decree No. 22467, Nov 2, 2010>

**Article 42 (Standards for Facilities)**

(1) The standards for facilities of defense contractors pursuant to the
provisions of Article 35 (1) of the Act shall be based on standards prescribed
by the Minister of Knowledge Economy regarding the following personnel
and material facilities: <Amended by Presidential Decree No. 20675, Feb. 29, 2008>
1. The general facilities and special facilities necessary for production
   of defense materials:
2. The facilities to inspect the quality of defense materials:
3. The technical manpower necessary for the manufacture of defense materials; and
4. Other facilities recognized as necessary by the Minister of Commerce, Industry and Energy.

(2) Where the Minister of Knowledge Economy prescribes the standards for facilities pursuant to the provisions of paragraph (1), he/she shall consult with the Administrator of the Defense Acquisition Program Administration. \textit{(Amended by Presidential Decree No. 20675, Feb. 29, 2008)}

\textbf{Article 43 (Modification of Standards for Facilities)}

(1) Where idle or surplus manufacturing facilities come into existence and are recognized as placing an undue burden on management, the defense contractor may apply for the modification of standards for facilities pursuant to the provisions of Article 42 (1) to the Minister of Knowledge Economy along with the relevant documentary evidence. \textit{(Amended by Presidential Decree No. 20675, Feb. 29, 2008)}

(2) Where the Minister of Knowledge Economy intends to modify standards for facilities pursuant to the request in paragraph (1), he/she shall consult with the Administrator of the Defense Acquisition Program Administration. \textit{(Amended by Presidential Decree No. 20675, Feb. 29, 2008)}

\textbf{Article 44 (Requirements for Security, Inspection, etc.)}

(1) The requirements for security pursuant to the provisions of Article 35 (1) of the Act shall be as listed in the following subparagraphs:
1. Measures for security regarding areas and facilities where defense facilities are fully protected;
2. Measures for security regarding personnel employed by defense contractors;
3. Measures for security regarding the treatment, keeping and management of secret documents;
4. Measures for protection of defense materials and raw materials;
5. Measures for protection of equipment and facilities;
6. Measures for security regarding communications facilities and method of communications;
7. Measures for procedures for processing all kinds of data and data arising from data processing;
8. Means of organic communications with relevant intellectual agencies in preparation for security accidents; and
9. Other measures for security recognized by the Administrator of the Defense Acquisition Program Administration as necessary for the main-
tenance of security.

(2) The Administrator of the Defense Acquisition Program Administration shall request to the Minister of National Defense to investigate and verify the requirements for security listed in the following subparagraphs relating to the designation, etc. of defense contractors, and the Minister of National Defense shall notify the Administrator of the Defense Acquisition Program Administration of the result of investigation and verification:

1. Inspection of requirements for security following the designation of defense contractors pursuant to the provisions of Article 41 (2) and the commissioning of specialized research institutes pursuant to the provisions of Article 46 (1); and

2. Verification of conditions necessary for the revocation of a designation as defense contractors pursuant to the provisions of Article 48 (1) 2 of the Act and the termination of commission of specialized research institutes pursuant to the provisions of Article 63 (1) 1.

Article 45 (Sale, Acquisition, etc. of Defense Contractors)

(1) The standards for changes in substance in the governance of management of defense contractor pursuant to the provisions of Article 35 (3) of the Act shall be based on the instances falling under any of the following subparagraphs:

1. When the stocks, etc. (including equities or all other property rights; hereinafter the same shall apply) of a defense contractor are intended to be disposed of or taken over en bloc by means of sale and acquisition, exchange or merger between enterprises, execution of security rights, receipt of payment in kind or by other means;

2. When a new corporation is established by spinning off the manufacturing sector of a defense contractor, or such manufacturing sector is intended to be disposed of or acquired en bloc by means of sale and acquisition, exchange or merger between enterprises, execution of security rights, receipt of payment in kind or by other means;

3. When the same person intends to possess 50/100 or more of the stocks, etc. of a defense contractor independently or jointly with a person (hereinafter referred to as a “person related to the same person”) falling under any of the following items (including when the same person possesses not more than 50/100 but becomes a major stockholder, and
is able to exercise controlling influence over the selection of executives or management of the defense contractor directly or through a person related to the same person):
(a) Spouse, blood relatives as far as third cousins and relatives as far as cousins of in-laws;
(b) A company where the same person exercises controlling influence over major decision making or conduct of the business, such as the organizational change of the company concerned, investment in the new business, etc. directly or through a person related to the same person; or
(c) A company where the same person appoints or dismisses the representative director, or appoints or dismisses 50/100 or more of the directors by contract or agreement with other major stockholders; or

4. When a defense contractor is intended to be managed by means of acquisition by transfer, hire or entrustment of management of all or part of the business.

(2) Anyone who intends to obtain approval from the Minister of Knowledge Economy in acquiring the controlling rights over a defense contractor pursuant to the provisions of Article 35 (3) of the Act shall submit an application for approval prescribed by the Ministry of National Defense along with the documents falling under Article 41 (1) 2 and 3 and the documentary evidence regarding acquisition of stocks, etc. of a defense contractor to the Minister of Knowledge Economy. Provided, That where a person intends to manage a defense contractor with modifying the manufacturing facilities or requirements for security after the acquisition of the defense contractor, he shall also submit the documents falling under Article 41 (1) 4 through 9. 〈Amended by Presidential Decree No. 20675, Feb. 29, 2008〉

(3) Where the Minister of Knowledge Economy has granted approval pursuant to the provisions of paragraph (2), he/she shall notify the applicant and the Administrator of the Defense Acquisition Program Administration of the fact. When the name, representative, address, etc. of the defense contractor are modified following such approval, he/she shall renew the certificate of designation of defense contractors. 〈Amended by Presidential Decree No. 20675, Feb. 29, 2008〉

Article 46 (Commissioning of Specialized Research Institutes)
(1) The Administrator of the Defense Acquisition Program Administration shall commission a specialized research institute from among the organizations with the requirements for security pursuant to the provisions of Article 44 (1) in consideration of the research facilities and level of technology; Provided, That in cases of commissioning of specialized research institutes to implement projects for research and development other than those involving military secrets, the requirements for security pursuant to the provisions of Article 44 (1) may not apply.

(2) Where the Administrator of the Defense Acquisition Program Administration intends to commission a specialized research institute pursuant to the provisions of paragraph (1), he/she may cause the relevant organization to submit the documents in the following subparagraphs. In such cases, the provisions of Article 41 (4) shall apply mutatis mutandis to the commission procedure of specialized research institutes: (Amended
by Presidential Decree No. 19507, Jun. 12, 2006)
1. The articles of incorporation (limited to corporations):
2. Details of research facilities and main annexed facilities, and a description of capacity:
3. A business plan and business outcomes; and

(3) Where the Administrator of the Defense Acquisition Program Administration intends to commission a research institute operated by the Government or a local government, or a government-funded research institute as a specialized research institute, he/she shall consult with the supervising organization in advance.

(4) Where the Administrator of the Defense Acquisition Program Administration has commissioned a specialized research institute, he/she shall deliver a certificate of commission of specialized research institute to the specialized research institute. In such cases, he/she shall notify the supervising organization in charge of the fact where he/she has commissioned pursuant to the provisions of paragraph (3).

Article 47 (Business Coordination System, etc.)

(1) The Administrator of the Defense Acquisition Program Administration shall, when he/she recommends agreement pursuant to the latter part of Article 36 (1) of the Act, present a mutual agreement proposal in the form prescribed by Ordinance of the Ministry of National Defense.
(2) Any person who intends to apply for business coordination pursuant to Article 36 (1) 2 of the Act shall present an application to the Administrator of the Defense Acquisition Program Administration with documents prescribed by Ordinance of the Ministry of National Defense attached thereto.

[This Article Wholly Amended by Presidential Decree No. 21596, Jul. 1, 2009]

Article 48 (Methods, etc. of Investigation of Facts)

(1) In cases where the Administrator of Defense Acquisition Program Administration conducts investigation of facts for business coordination pursuant to Article 36 (4) of the Act, he/she shall serve the relevant large enterprises, small and medium enterprises or defense contractors (hereinafter referred to as “person subject to investigation”) with documents stating the following matters at least ten days prior to the commencement of such investigation: Provided. That in cases where he/she conducts such investigation by obtaining voluntary cooperation of the person subject to investigation, he/she may present documents at the time of commencement of the investigation or orally notify objects of the investigation, etc.:  

1. Objects of the investigation;  
2. Period and place of the investigation;  
3. Name and position of the investigator;  
4. Scope and details of the investigation;  
5. Materials to be presented; and  
6. Other necessary matters in connection with the investigation.

(2) The Administrator of Defense Acquisition Program Administration shall not conduct investigation of facts under paragraph (1) before sunrise or after sunset: Provided. That this shall not apply in cases of falling under any of the following subparagraphs:  

1. Where the person subject to investigation has agreed thereto;  
2. Where he/she conducts the investigation during the business hours of the relevant office or place of business, etc.; and  
3. Where it is impossible to attain the objects of the investigation when he/she conducts such investigation from sunrise until sunset.

(3) Any person who conducts investigation of facts pursuant to paragraphs (1) and (2) shall present a certificate indicating his/her powers to the person subject to investigation.

(4) In cases where he/she conducts investigation of facts pursuant to
paragraph (1), when he/she conducts such investigation by having access to an office or a place of business of the person subject to investigation, he/she shall have the relevant persons be present at the relevant office or place of business, and in cases where he/she listens to a statement of the relevant persons in the process of the investigation, he/she shall prepare the details thereof on record.

(5) The Administrator of the Defense Acquisition Program Administration shall notify the person subject to investigation of the result thereof within seven days from the date when the result of the investigation has been confirmed.

(6) When the Administrator of the Defense Acquisition Program Administration conducts investigation of facts under paragraph (1), he/she shall include all the persons referred to in the following subparagraphs:

1. A certified public accountant;
2. A person who has qualifications for a lawyer; and
3. A specialist at a specialized research institution.

[This Article Wholly Amended by Presidential Decree No. 21596, Jul. 1, 2009]

Article 49 (Methods of Public Announcement of Execution, etc.)

(1) Deleted. 〈by Presidential Decree No. 21596, Jul. 1, 2009〉

(2) Where the Administrator of the Defense Acquisition Program Administration announces in public pursuant to Article 36 (5) of the Act, he/she shall cause it to be published in a nationwide daily newspaper at least twice, and notify the relevant large enterprises, defense contractors, etc. of the details thereof in writing. 〈Amended by Presidential Decree No. 21596, Jul. 1, 2009〉

(3) Where the Administrator of the Defense Acquisition Program Administration orders the execution of recommended matters to the large enterprises or defense contractors pursuant to the provisions of Article 36 (5) of the Act, he/she shall notify the large enterprises or defense contractors of the details in writing and confirm the status of execution.

(4) When the Administrator of the Defense Acquisition Program Administration has withdrawn the whole or part of the details of coordination pursuant to Article 36 (7) of the Act, he/she shall notify the relevant large enterprises or defense contractors of the details thereof in writing and announce them publicly. 〈Newly Inserted by Presidential Decree No. 21596, Jul. 1, 2009〉

(5) When the Administrator of the Defense Acquisition Program Admin-
Article 50 (Protection and Fostering of Defense Contractors)

1. The Government shall preferentially purchase defense materials manufactured by defense contractors.
2. The Administrator of the Defense Acquisition Program Administration shall notify the relevant defense contractors annually of the quantity of defense materials planned for manufacturing.
3. Where the defense contractor intends to manufacture the annual quantity before the procurement contract of the pertinent year is concluded from among the planned manufacturing quantity notified pursuant to the provisions of paragraph (2), he/she shall obtain approval therefor from the Administrator of the Defense Acquisition Program Administration.
4. Where the Administrator of the Defense Acquisition Program Administration intends to conclude a long-term contract pursuant to Article 60 (1), he/she shall notify the defense contractor concerned of quantities of defense materials planned for manufacturing by year and such defense contractor may secure raw materials and parts within budget of the year concerned by obtaining approval from the Administrator of the Defense Acquisition Program Administration prior to the conclusion of a procurement contract.  
   (Amended by Presidential Decree No. 21255, Jan. 7, 2009)
5. The defense contractor may request the Administrator of the Defense Acquisition Program Administration to grant a quality certification of the materials manufactured pursuant to paragraph (3) and raw materials and parts secured pursuant to paragraph (4), and the Administrator of the Defense Acquisition Program Administration shall comply with it insofar as there exist no special grounds otherwise.  
   (Amended by Presidential Decree No. 21255, Jan. 7, 2009)
6. Where there are materials manufactured pursuant to the provisions of paragraph (3) which are difficult to keep or they are prone to safety accidents, etc., the defense contractor may deliver or keep the materials in the place determined by the relevant Chief of Staff after consultation with the service where such materials are to be delivered.
Article 51 (Loans)

(1) “Materials as prescribed by Presidential Decree” in Article 38 (1) 4 of the Act means materials not designated as defense materials pursuant to Article 34 of the Act and fall under any of the following subparagraphs:

*Newly Inserted by Presidential Decree No. 21596, Jul. 1, 2009*

1. Weapons systems;
2. Strategic materials subject to permission for export of the Administrator of the Defense Acquisition Program Administration from among the strategic materials designated and publicly announced pursuant to Article 19 of the Foreign Trade Act; and
3. Other materials designated and publicly announced by the Administrator of the Defense Acquisition Program Administration for the promotion of investment in the defense industry and expansion of its export markets.

(2) Where an enterprise intends to have funds loaned pursuant to Article 38 of the Act, it shall apply for a loan to a financial institute handling the relevant fund after obtaining a recommendation of loaning from the Administrator of the Defense Acquisition Program Administration. *Amended by Presidential Decree No. 20675, Feb. 29, 2008; Presidential Decree No. 21596, Jul. 1, 2009*

(3) Interest determined by the Administrator of the Defense Acquisition Program Administration pursuant to the main sentence of Article 38 (1) of the Act and detailed matters concerning methods of and procedures for the recommendation of loaning under paragraph (2) shall be determined and publicly announced by the Administrator of the Defense Acquisition Program Administration. *Amended by Presidential Decree No. 21596, Jul. 1, 2009*

Article 52 (Grants, etc. of Subsidies)

(1) Expenses that may be subsidized for the fostering of the defense industry pursuant to the provisions of Article 39 (1) 4 of the Act shall be as listed in the following subparagraphs:

1. Expenses incurred in transferring defense facilities in accordance with orders under Article 49 (1) of the Act;
2. Interest on funds required for reserving raw materials pursuant to the provisions of Article 55 of the Act;
3. Maintenance expenses for exclusive-use equipment kept idle due to the suspension of procurement of defense materials by the Government or marked decreases in the placement of order, and labor costs for employees:
4. Expenses for restoration of destroyed or lost defense facilities or defense materials or purchase of new ones due to natural disaster or other accidents; and
5. Expenses for removal or scrapping of the facilities, machinery and tools used exclusively for the manufacture of defense materials, which have become idle due to a restructuring plan of the Government for the defense industry.

(2) The Administrator of the Defense Acquisition Program Administration shall determine the standards, etc. for grant of subsidies pursuant to the provisions of Article 39 (1) of the Act and other necessary matters after consultation with the Minister of Knowledge Economy. \(\text{Amended by Presidential Decree No. 21214, Dec. 31, 2008}\)

(3) Those who intend to receive subsidies shall apply to the Administrator of the Defense Acquisition Program Administration along with the documents listed in the following subparagraphs:
1. An application form;
2. A business plan; and
3. Details of required funds.

(4) Where substantial profits accrue to by a defense contractor or a specialized research institute due to their subsidies, the Administrator of the Defense Acquisition Program Administration, in granting subsidies, shall attach conditions that the amount equivalent to all or part of the subsidy should be refunded to the State.

**Article 53 (Transfer, etc. of Assets by Subsidies)**

(1) Anyone who intends to receive approval for disposal of assets acquired with subsidies or whose utility has been increased pursuant to the provisions of Article 39 (2) of the Act shall apply to the Administrator of the Defense Acquisition Program Administration, along with documents listed in the following subparagraphs:
1. An application form; and
2. A statement of grounds.

(2) Where the Administrator of the Defense Acquisition Program Administration has received an application for approval of disposal pursuant to the provisions of paragraph (1), he/she shall decide whether to approve the same within two months after consultation with the Minister of Knowledge Economy, and notify the applicant and the Minister of Knowledge Economy of the outcome. \(\text{Amended by Presidential Decree No. 20675, Feb. 29, 2008}\)
Article 54 (Payment of Bounty to Technical Human Resources, etc.)
(1) Technical human resources under the provisions of Article 40 (1) of the Act shall be engaged in the duties of research and development or the localization of parts, etc., and recognized by the Administrator of the Defense Acquisition Program Administration as core officials of the Agency for Defense Development, the Defense Agency for Science and Quality Assurance, defense contractors, specialized research institutes, military repair units or military procurement units.
(2) Standards and procedures for payment of bounty to human resources, researchers and developers, and other necessary matters shall be prescribed by the Administrator of the Defense Acquisition Program Administration: Provided, That for securing financial resources and determining the standards for payment of bounty, he/she shall consult with the Minister of Planning and Budget. (Amended by Presidential Decree No. 20075, Feb. 29, 2008)

Article 55 (Assistance to Defense Industry)
Where a defense contractor or a specialized research institute intends to receive technical assistance or manufacturing assistance pursuant to the provisions of Article 41 of the Act, it shall submit an application for such assistance including the matters in the following subparagraphs to the Administrator of the Defense Acquisition Program Administration, the Chief of Staff of each service, the President of the Agency for Defense Development, the President of the Defense Agency for Science and Quality Assurance, or the head of the military repair units:
1. Terms and period of assistance; and
2. Terms and conditions for the share of expenses.

Article 56 (Establishment, etc. of Associations, etc.)
(1) The association or organization pursuant to the provisions of Article 42 (1) of the Act shall have 20 or more members and have the object of fulfilling the duties in the following subparagraphs:
1. Duties of survey and research regarding the defense industry;
2. Duties to improve the competitiveness of the defense industry;
3. Duties to promote exports by the defense industry; and
4. Other duties recognized as necessary by the Administrator of the Defense Acquisition Program Administration.
(2) The association or organization established pursuant to the provisions of paragraph (1) shall obtain approval from the Administrator of
the Defense Acquisition Program Administration by drafting its articles of incorporation including the matters in the following subparagraphs.
The same shall apply when amending the articles of incorporation:
1. Purpose and title;
2. Address of its main office;
3. Matters regarding duties and the execution thereof;
4. Matters regarding executives;
5. Matters regarding the qualifications for membership;
6. Matters regarding the amendment of the articles of incorporation;
7. Other matters necessary for the operation of the association or organization.

(3) Where necessary for guidance and supervision of the association or organization established pursuant to the provisions of paragraph (1), the Administrator of the Defense Acquisition Program Administration shall cause the matters regarding its duties to be reported or request the submission, etc. of information.

**Article 57 (Designation, etc. of Guarantee Organization)**

(1) Anyone who intends to be designated as a guarantee organization pursuant to the provisions of Article 43 (1) of the Act shall satisfy the requirements in the following subparagraphs:

1. Paid-in capital (an endowment in the case of a nonprofit corporation) shall be five hundred million won or more;
2. To have sufficient human resources and material facilities for conducting guarantee businesses in the each of subparagraphs of Article 43 (2) of the Act;
3. To secure funds (hereinafter referred to as “guarantee funds”) necessary for conducting guarantee business for defense contractors, etc.

(2) Anyone who intends to be designated pursuant to paragraph (1) shall apply to the Commissioner of the Defense Acquisition Program Administration after preparing the documents listed in the following subparagraphs. In such cases, the Commissioner of the Defense Acquisition Program Administration shall verify a certificate of corporation register through joint use of administrative information under Article 36 (1) of the Electronic Government Act: *(Amended by Presidential Decree No. 20120, Jun. 28, 2007; Presidential Decree No. 22151, May 4, 2010; Presidential Decree No. 22467, Nov 2, 2010)*

1. An application for designation:
3. Documents that can verify the qualifications in the subparagraphs of paragraph (1);
4. Documents regarding guarantee regulations, such as the scope of guarantees, the terms of guarantee contracts, the limits on guarantees, guarantee fees.
(3) Where the Commissioner of the Defense Acquisition Program Administration has designated a guarantee organization pursuant to paragraph (1), he/she shall publicly announce it.

Article 58 (Measures, etc. for Assistance with Exports)
(1) The Commissioner of the Defense Acquisition Program Administration may take measures in the following subparagraphs, or request the heads of relevant agencies, etc. to take necessary measures, for the promotion of the export of defense materials, etc. (referring to defense materials, etc. under Article 38 (1) 4 of the Act; hereinafter the same shall apply) and national defense science and technology pursuant to Article 44 (1) of the Act: <Amended by Presidential Decree No. 21596, Jul. 1, 2009: Presidential Decree No. 22413, Oct. 1, 2010>
1. Tax deductions or exemptions for defense materials, etc. to be exported;
2. Counter-purchase and technology transfer which a purchasing country requests as a consideration following the export of defense materials, etc.;
3. Investigations into the grievances suffered by defense contractors and manufacturers of defense materials, etc. which have entered into foreign markets and assistance in the resolution thereof;
4. Cooperation in civilian trade and industries;
5. Education and training, and assistance in public relations.
(2) The Commissioner of the Defense Acquisition Program Administration may provide assistance in the following matters for the purposes of export promotion of defense materials, etc. pursuant to Article 44 (2) of the Act: <Amended by Presidential Decree No. 21596, Jul. 1, 2009>
1. Assistance with expenses for opening, participating in, etc. local and overseas exhibitions or conferences for the purposes of export promotion;
2. Assistance with education expenses for upskilling human resources specialized in export;
3. Assistance with visits to purchasing countries for export negotiation, and invitation calls of important persons from purchasing countries;

4. Other assistance recognized by the Commissioner of the Defense Acquisition Program Administration as necessary for export promotion.

(3) Where any person who intends to export defense materials, etc. pursuant to Article 44 (3) 1 of the Act intends to receive management of affairs related to subsequent support of munitions, he/she shall present a comprehensive management plan for subsequent support of munitions for export, in which all the following matters are stated, to the Commissioner of the Defense Acquisition Program Administration: *(Newly Inserted by Presidential Decree No. 21596, Jul. 1, 2009: Presidential Decree No. 22431, Oct. 1, 2010)*

1. The outline and scope of export:

2. The scope of subsequent support of munitions requested by the government of a purchasing country:

3. A plan for subsequent support of munitions of an export enterprise (including a plan in preparation for the discontinuance of parts):

4. Objects to be supported by the government or the relevant agency, timing of support and equipment required for support or a repayment method of such consideration, etc.

(4) Where a foreign government and any person who exports defense materials, etc. requests technical support for remodeling and development of defense materials, etc. for export pursuant to Article 44 (3) 2 of the Act, he/she and it may request a technology-holding organization to support technology together with an application for technology transfer. *(Amended by Presidential Decree No. 22413, Oct. 1, 2010)*

(5) If necessary for measures under any of the subparagraphs of Article 44 (3) of the Act, the Commissioner of the Defense Acquisition Program Administration may request the head of the relevant administrative agency, etc. to take necessary measures. *(Newly Inserted by Presidential Decree No. 22413, Oct. 1, 2010)*

**Article 59 (Transfer or Lease, etc. of State Assets)**

(1) General assets that can be leased without consideration pursuant to Article 45 (1) of the Act shall be as listed in the following subparagraphs: *(Amended by Presidential Decree No. 21641, Jul. 27, 2008)*

1. Information on national defense science and technology pursuant to Article 31 (1) of the Act:

2. Land, buildings and structures provided directly for the transfer of
defense facilities executed in accordance with an order under Article 49 (1) of the Act.

(2) The administrative assets that can be permitted for use without consideration pursuant to Article 45 (1) of the Act shall be as listed in the following subparagraphs:
   1. All kinds of test centers and laboratory facilities;
   2. Explosives disposal sites;
   3. Shooting ranges;
   4. Other assets prescribed by Ordinance of the Ministry of National Defense as necessary for the manufacture and testing of defense materials.

(3) The specialized equipment or goods that can be leased with or without consideration pursuant to Article 45 (2) of the Act shall be the raw materials, equipment, jigs and fixtures, measuring instruments, inspection machinery and tools, or articles and parts thereof for performance testing and inspection, which are used for the manufacture and research of defense materials or manufacture of prototypes.

(4) Where the specialized equipment or goods under paragraph (3) that can be leased with or without consideration shall be as listed in the following subparagraphs:
   1. Where the repair of disorder takes a long time or is impossible, or where it is apprehended to incur setbacks to the manufacture of defense materials due to difficulties in domestic purchase or in import from overseas;
   2. Where it is needed for the performance test or inspection of defense materials;
   3. Where it is impossible to manufacture defense materials as the manufacturing facilities have been destroyed due to natural disaster or other accidents;
   4. Where the lease thereof is stipulated as a condition in the procurement contract or in commissioning of research and development, etc. of defense materials.

(5) The specialized equipment or goods that can be transferred without consideration pursuant to Article 45 (2) of the Act shall be as listed in the following subparagraphs:
   1. Specialized equipment or goods that have been leased pursuant to Ar-
Article 45 (2) of the Act, but that cannot be returned or the return thereof is inappropriate after use as they fall under paragraph (4) 2 or 3:

2. The munitions that are equipment determined by the military as useless or surplus articles, but that can be used after repair or recycled by defense contractors or specialized research institutes.

(6) Where a defense contractor or a specialized research institute intends to use, lease or take over State assets pursuant to paragraphs (1) through (5), it shall apply to the relevant management agency along with the following documents after receiving recommendation by the Commissioner of the Defense Acquisition Program Administration:

1. An application form;

2. A plan for utilization.

(7) The management agency in receipt of an application under paragraph (6) shall permit the use thereof, lease or transfer unless extenuating circumstances exist otherwise.

Article 60 (Long-term Contracts)

(1) The Commissioner of the Defense Acquisition Program Administration may conclude a contract covering two or more fiscal years (hereinafter referred to as “long-term contract”) pursuant to Article 46 (1) of the Act in any of the following cases: <Amended by Presidential Decree No. 21596, Jul. 1, 2009: Presidential Decree No. 22413, Oct. 1, 2010>

1. When it takes several years to execute the contract for conducting research or manufacture of prototypes pursuant to Article 18 (4) of the Act, or procuring defense materials designated under Article 34 of the Act;

2. When it is determined to be inefficient to conclude a contract that terminates within the fiscal year concerned in light of the relevant long-term procurement plan, repeated demand forecasted for a long time, economic circumstances, etc.

(2) Articles 8 (2), 37 (1), 50 (3) and 69 of the Enforcement of the Act on Contracts to which the State is a Party shall apply mutatis mutandis where a long-term contract for defense materials is concluded.

(3) Matters necessary for the conclusion, etc. of a long-term contract under paragraph (1) shall be prescribed by Ordinance of the Ministry of National Defense. <Newly Inserted by Presidential Decree No. 22413, Oct. 1, 2010>

Article 61 (Kinds, Terms, Methods, etc. of Contracts)
(1) Contracts pursuant to Article 46 (1) of the Act shall be concluded as classified in the following subparagraphs:  

1. General conclusive contracts: Where the contract amount is agreed at the time of conclusion of the contract, and the agreed contract amount is to be paid to the party to the contract if the agreed contract terms are fulfilled;

2. Commodity price coordinated unit price contract: Where a contract is intended within the extent of a contract amount fixed by the Commissioner of the Defense Acquisition Program Administration by adjusting the recent unit price of contract according to the index fluctuation rate according to classification of producer prices without recalculating the unit price for an article that has previously been subject to contract after fixing the estimated price by means of unit price calculation method within the last two years;

3. Cost reduction compensation contract: Where the amount of cost reduction is deducted from the contract amount and the compensation within the extent of the cost reduction is intended, when there is new technology or development of engineering methods, business rationalization, etc. during the contract execution period after the conclusion of contract;

4. Conclusive incentive contract: Where a contract is concluded by fixing the highest payable contract amount, target cost and target profit, and the contract amount is intended to be paid by adding the cost that actually arises, target profit and incentive profit after the execution of the contract, when it is possible to fix the estimated amount, but a cost reduction is anticipated by means of incentive profit in view of the characteristics of the contract;

5. Ceiling amount contract: Where a ceiling amount is established in order to efficiently secure repair parts for main equipment and maintenance for the operation of weapons systems when a contract is concluded, and the repair parts and maintenance are to be requested from the contracting enterprise for a certain period within the scope of such ceiling amount;

6. Midway conclusive contract: Where the contract amount is to be determined in the course of execution of contract as it is difficult to conclude
at the time of conclusion of contract in view of the nature of contract:

7. Cost settlement incentive contract: Where the contract amount is impossible to be determined at the time of conclusion of contract, but the actual cost occurred is to be paid after the execution of the contract and the profit is to be paid after adding the target profit and the incentive profit as substitution of imported products with domestic products and activities to reduce cost are requested for the contracting party;

8. Indeterminate item contract: Where it is difficult to determine the cost of certain items that constitute the contract amount when concluding a contract, it is intended to determine only the items which are possible to determine the cost, and part of the items that are difficult to determine are to be determined after the execution of contract;

9. General approximation contract: Where the contract amount is to be determined after the execution of contract as there is no cost data to determine contract amount at the time of conclusion of contract;

10. Performance-based contract: Where it is required to accomplish a certain performance objective at the time of conclusion of contract and the consideration is to be paid commensurate with performance after the contract execution;

11. Long-term option contract: Where the period of a contract is determined within the extent not exceeding five years, and the conditions for change on the price for the demanded volume forecasted, the period thereof and the cancellation of a contract, etc. are established when concluding a contract.

(2) Upon completing execution of a contract after the conclusion of an approximation contract pursuant to paragraph (1) 7 through 10, the approval by the Commissioner of the Defense Acquisition Program Administration shall be obtained pursuant to Article 70 (3) of the Act on Contracts to which the State is a Party: Provided, That upon completing execution of a contract after the conclusion of an approximation contract for procurement by a military unit, the approval by the Chief of Staff of each armed forces or the head of agency under the direct control of the Ministry of National Defense shall be obtained, notwithstanding Article 70 (3) of the Act on Contracts to which the State is a Party.

(Amended by Presidential Decree No. 21596, Jul. 1, 2006)

(3) Article 7 of the Act on Contracts to which the State is a Party shall
apply to the method of a contract pursuant to the latter part of Article 46 (1) of the Act, and it may be concluded as a free contract in any of the following cases: 〈Newly Inserted by Presidential Decree No. 21596, Jul. 1, 2009〉
1. Where a contract for manufacturing (referring to manufacturing referred to in subparagraph 8 of Article 3 of the Act) and purchasing of defense materials is concluded with a defense contractor;
2. Where a ceiling amount contract referred to in paragraph (1) 5 is concluded;
3. Where a performance-based contract referred to in paragraph (1) 10 is concluded.
(4) Matters necessary for the conclusion of a contract, etc. pursuant to paragraph (1) shall be prescribed by Ordinance of the Ministry of National Defense. 〈Newly Inserted by Presidential Decree No. 22413, Oct. 1, 2010〉

Article 62 (Procedures for Revocation of Designation of Defense Contractors)
Where the Minister of Knowledge Economy revokes the designation of a defense contractor pursuant to Article 48 (1) of the Act, he/she shall notify the Commissioner of the Defense Acquisition Program Administration and the relevant defense contractor of such with the grounds therefor specified, and retrieve the certificate of designation of the defense contractor. 〈Amended by Presidential Decree No. 20675, Feb. 29, 2008〉

Article 63 (Termination of Commission of Specialized Research Institutes)
(1) The Commissioner of the Defense Acquisition Program Administration may terminate the commission where a specialized research institute under any of the following subparagraphs:
1. Where it fails to meet the requirements for security pursuant to Article 44;
2. Where it refuses or fails to execute the commission for research and development of defense materials or manufacturing of prototypes, etc. without justifiable grounds;
3. Where the Commissioner of the Defense Acquisition Program Administration deems that there is no need to retain it as a specialized research institute due to the insufficiency of research facilities or the level of technology, etc.
(2) Where the Commissioner of the Defense Acquisition Program Administration intends to terminate the commission of a specialized research institute, he/she shall clearly notify the specialized research institute
and the supervisory organization in charge thereof with the grounds therefor and retrieve the certificate of designation of the specialized research institute.

(3) Where the Commissioner of the Defense Acquisition Program Administration intends to terminate the commission of specialized research institute pursuant to paragraph (1), he/she shall hold a hearing.

Article 64 (Revocation of Designation of Defense Materials)

(1) The Commissioner of the Defense Acquisition Program Administration shall examine all defense materials every three years to determine whether to continue or revoke the designation thereof, and take measures accordingly.

(2) Where the Commissioner of the Defense Acquisition Program Administration intends to revoke the designation of defense materials, he/she shall notify the Minister of Knowledge Economy and the relevant defense contractor thereof by clarifying the reasons. *(Amended by Presidential Decree No. 21214, Dec. 31, 2008)*

Article 64-2 (Approval for Participation in National Strategic Arms Projects, etc.)

(1) The Commissioner of the Defense Acquisition Program Administration shall determine and announce types of projects subject to approval under Article 50-2 (1) of the Act, among the projects researching and developing strategically valuable arms pursuant to Article 18 of the Act.

(2) Any enterprise which a foreign enterprise or a foreigner who intends to obtain approval to participate in a national strategic arms project or a project corresponding thereto (hereinafter referred to as “strategic arms project”) substantially acquires control over management of (hereinafter referred to as “enterprise subject to approval”) pursuant to Article 50-2 (1) of the Act shall submit an application for approval prescribed by Ordinance of the Ministry of National Defense to the Commissioner of the Defense Acquisition Program Administration with documents referred to in the following subparagraphs attached thereto:

1. The articles of association, balance sheets and statements of profit and loss for the last three years of a foreign enterprise (hereinafter referred to as “foreign investing enterprise”) which has substantially acquired control over management of an enterprise subject to approval and the enterprise subject to approval;

2. Record of mergers and acquisitions of a foreign investing enterprise and an enterprise subject to approval for the last five years:
3. Management structure and the current status of subsidiaries of a foreign investing enterprise and an enterprise subject to approval;
4. Record of investments and a plan for investment of a foreign investing enterprise (including subsidiaries) in an enterprise subject to approval;
5. The current status of exchange of human resources (including dispatch and education) between a foreign investing enterprise (including subsidiaries) and an enterprise subject to approval for the last three years;
6. Materials referred to in the following items related to security of an enterprise subject to approval:
   (a) Security measures for the area where the relevant facilities may be fully protected and for the facilities;
   (b) Security measures for the personnel engaged in an enterprise subject to approval;
   (c) Security measures for handling, keeping and management of confidential documents;
   (d) Measures to protect manufactured goods and raw materials;
   (e) Measures to protect equipment and facilities;
   (f) Security measures for communications facilities and means of communications;
   (g) Measures to protect the process of information processing of various materials and to protect data resulting from information processing;
   (h) Means of organic communications with the relevant information agency against any security accident.

(3) If the Commissioner of the Defense Acquisition Program Administration receives an application for approval pursuant to paragraph (2), he/she shall decide whether he/she approves within 60 days from the date he/she receives such an application and notify the applicant concerned thereof, and when he/she has approved, he/she shall issue an applicant a letter of approval prescribed by Ordinance of the Ministry of National Defense.

(4) When an enterprise subject to approval submits a proposal to participate in a strategic arms project, it shall submit a letter of approval pursuant to paragraph (3).

(5) The criteria for the substantial acquisition of control over management pursuant to Article 50-2 (2) of the Act shall be any of the following cases:
   1. Where stocks, etc. (including stakes or all the other property rights;
hereinafter the same shall apply) of an enterprise are traded, exchanged or merged between enterprises, a security right thereof is exercised, payment in substitutes thereof is received, or are acquired in a lump by other methods:

2. Where a new corporation is incorporated by separating part of an enterprise therefrom, a separated part is traded, exchanged or merged between enterprises, a security right thereof is exercised, payment in substitutes thereof is received, or is acquired in whole by other methods:

3. Where the same person holds not less than 50/100 of the stocks, etc. of an enterprise, alone or jointly with any person (hereinafter referred to as “person who has relation with the same person”) under any of the following items (including cases where the same person becomes the largest stockholder, as cases where he/she holds less than 50/100, and becomes able to exercise a dominant influence over the appointment of executives of an enterprise or management thereof for himself/herself or through a person who has relation with the same person):

(a) A spouse, a blood relative within the eighth degree, a relative by marriage within the fourth degree;

(b) A firm which the same person exercises a dominant influence over the principal decision-making, such as change in organization of the relevant firm or investment in new business, or the management of business for himself/herself or through a person referred to in item (a) or (c);

(c) A firm which the same person may appoint or dismiss the representative director of the relevant firm or appoint not less than 50/100 of the executives by contract or agreement with other major stockholders.

4. Where an enterprise is managed by means of the acquisition by transfer or lease of the whole or important part of business thereof, or acceptance of entrustment of the management thereof.

[This Article Newly Inserted by Presidential Decree No. 22413, Oct. 1, 2010]

CHAPTER VII SUPPLEMENTARY PROVISIONS

Article 65 (Consultation, etc. on Manufacture and Sales Contracts for Defense Materials)
(1) Where a person other than a government agency, intends to obtain approval for conclusion of a contract for manufacturing and selling defense materials with a defense contractor in accordance with Article 51 of the Act, he/she shall submit an application for approval on the conclusion of a contract for manufacturing and selling defense materials to the Administrator of the Defense Acquisition Program Administration.

(2) Where the Administrator of the Defense Acquisition Program Administration has received an application for approval pursuant to the provisions of paragraph (1), he/she shall determine within three months whether to grant approval in consideration of the requirements of the military, and notify the applicant and defense contractor thereof.

Article 66 (Standards, etc. for Permission for Manufacturing of Military Firearms, Swords, Explosives, etc.)

(1) Cases where it is required to obtain permission of the Administrator of the Defense Acquisition Program Administration for military firearms, swords, explosives, etc. (hereinafter referred to as “military firearms, etc.”) pursuant to Article 53 (1) of the Act shall be as follows:

1. Where a person intends to engage in manufacturing of military firearms, etc.:

2. Where a person intends to add manufacturing items of military firearms, etc.:

3. Where a person intends to newly build or enlarge manufacturing facilities of military firearms, etc.:

4. Where a person intends to use manufacturing facilities of military firearms, etc. which have been newly built or enlarged:

5. Where a person intends to export or import military firearms, etc.:

6. Where a person intends to transfer or take over military firearms, etc. in addition to the following items:
   (a) Where a person has consulted on and obtained approval for a sales contract of defense materials pursuant to Article 51 (2) of the Act:
   (b) Where military firearms, etc. are to be delivered to armed forces according to a procurement contract:

7. Where a person intends to carry military firearms, etc. in addition to the following items:
   (a) Where a person carries military firearms, etc. manufactured by a
person who has obtained permission for manufacturing pursuant to subparagraph 1 in manufacturing facilities;
(b) Where a person who has obtained permission for export and import pursuant to subparagraph 5, permission for transfer and takeover pursuant to subparagraph 6 (including cases where he/she may transfer or take over without permission for transfer or takeover), permission for storage pursuant to subparagraph 8, permission for transport (including cases where he/she may transport without permission for transport) pursuant to subparagraph 9, permission for disuse (including cases where he/she may disuse without permission for disuse) pursuant to subparagraph 10, carries military firearms, etc.: 

8. Where a person intends to store military firearms, etc. in a place other than manufacturing facilities which obtained permission for use pursuant to subparagraph 4:

9. Where a person intends to transport military firearms, etc. in addition to the following items:
(a) Where he/she transports military firearms, etc. inside of manufacturing facilities which obtained permission for use pursuant to subparagraph 4:
(b) Where he/she transports military firearms, etc. being developed by the Agency for Defense Development:
(c) Where he/she intends to transport military firearms, etc. less than a quantity set by the Administrator of the Defense Acquisition Program Administration:

10. Where a person intends to disuse military firearms, etc. in addition to the following items:
(a) Where he/she disuses military firearms, etc. wherein defects are found in the manufacturing process in the manufacturing facilities which obtained permission for use pursuant to subparagraph 4:
(b) Where he/she disuses military firearms, etc. less than a quantity set by the Administrator of Defense Acquisition Program Administration.

(2) Any person who intends to obtain permission pursuant to paragraph (1) shall file an application for permission with the Administrator of the Defense Acquisition Program Administration as prescribed by Ordi-
nance of the Ministry of National Defense. In such cases, where he/she intends to obtain permission for use of manufacturing facilities of military firearms, etc. pursuant to paragraph (1) 4, he/she shall file an application within 20 days from the date when the new construction or enlargement of manufacturing facilities is completed.

(3) Where the Administrator of the Defense Acquisition Program Administration grants permission (only applicable to permission under paragraph (1) 1 through 4 and 8) pursuant to an application for permission under paragraph (2), he/she shall determine whether to grant such permission in consideration of the following requirements. In such cases, he/she shall require the president of the Agency for Defense Development to conduct a safety inspection of the manufacturing facilities and storage facilities of military firearms, etc. (hereafter referred to as “manufacturing facilities” in this paragraph) and shall reflect the result thereof:

1. To secure a safety distance between manufacturing facilities, and to the adjacent residential area;
2. To secure safety in the structure of manufacturing facilities and their incidental facilities;
3. To secure safety in protection of manufacturing facilities;
4. To secure maintenance of appropriate supply and quality assurance according to the demand of armed forces.

(4) Detailed matters concerning procedures for permission of military firearms, etc. under paragraph (1) and requirements for permission or such referred to in the subparagraphs of paragraph (3) shall be prescribed by Ordinance of the Ministry of National Defense.

(5) Where it is deemed that a state of national emergency has occurred or security is required, the Administrator of the Defense Acquisition Program Administration may request the commander of a military unit designated by the Minister of National Defense to escort the transport of military firearms, etc.

[This Article Wholly Amended by Presidential Decree No. 21596, Jul. 1, 2009]

Article 67 (Reserving of Raw Materials)

(1) The kind and quantity of raw materials that the defense contractor must reserve pursuant to Article 55 of the Act and other necessary matters shall be prescribed by the Commissioner of the Defense Acquisition Program Administration.
(2) The Commissioner of the Defense Acquisition Program Administration may notify the relevant defense contractors of the details of raw materials that they must reserve pursuant to paragraph (1), and order them to reserve raw materials accordingly.

(3) A defense contractor in receipt of the order under paragraph (2) shall reserve raw materials within one year from the day it is ordered to do so, and if it fails to reserve raw materials within the prescribed period, it shall notify the Commissioner of the Defense Acquisition Program Administration of the reason and the expected day of reserving.

Article 68 (Control of Exports, etc.)

(1) Anyone who intends to engage in an export business or brokerage business pursuant to Article 57 (1) of the Act shall submit a report of export business or brokerage business accompanied by the documents prescribed by Ordinance of the Ministry of National Defense to the Commissioner of the Defense Acquisition Program Administration. 〈Amended by Presidential Decree No. 22413, Oct. 1, 2010〉

(2) The Commissioner of the Defense Acquisition Program Administration in receipt of the report under paragraph (1) shall deliver a certificate of report of export business or brokerage business to persons who have reported. 〈Amended by Presidential Decree No. 22413, Oct. 1, 2010〉

(3) Permission for export of defense materials, etc., pursuant to Article 57 (2) of the Act shall be granted by the Commissioner of the Defense Acquisition Program Administration for the major defense materials and national defense science and technology under Article 39 (2), and by the Minister of Knowledge Economy for general defense materials. 〈Amended by Presidential Decree No. 21214, Dec. 31, 2008〉

(4) The scope of defense materials and national defense science and technology permitted to be exported pursuant to Article 57 of the Act shall be prescribed by the Commissioner of the Defense Acquisition Program Administration.

(5) Where the guarantee of the execution of contracts and of quality is requested from the government of the purchasing country when exporting defense materials and national defense science and technology pursuant to paragraph (4), the Minister of Knowledge Economy or the Commissioner of the Defense Acquisition Program Administration may comply with such request. 〈Amended by Presidential Decree No. 20675, Feb. 29, 2008〉

(6) Cases where the Commissioner of the Defense Acquisition Program
Administration may restrict or order coordination of the exports of major defense materials and national defense science and technology under Article 39 (2) of the Act shall be as set out in the following subparagraphs:

(Amended by Presidential Decree No. 21596, Jul. 1, 2009; Presidential Decree No. 22413, Oct. 1, 2010)

1. Where it is necessary for international peace, maintenance of safety and national security;

2. Where diplomatic friction is expected as a result of the export of major defense materials and national defense science and technology;

3. Where it is necessary for the observance of agreements concluded between governments regarding an agreement for importation of technology with a foreign country or export control of strategic materials;

4. Where it is apprehended that national interests might be damaged due to excessive competition between domestic enterprises that export major defense materials and national defense science and technology;

5. Where articles, the quality of which has not been guaranteed, are exported, or where disqualified articles are exported;

6. Where it is apprehended that assistance in subsequent supplies of war following the export of defense materials might be hindered;

7. Where a person breaches a contract for technology transfer under Article 36 (3).

**Article 69 (Recovery of Fraudulent Gains, etc.)**

(1) Where the Commissioner of the Defense Acquisition Program Administration intends to recover fraudulent gains and additional levies (hereinafter referred to as “fraudulent gains, etc.”) pursuant to Article 58 of the Act, he/she shall serve a written notification for payment clearly stating the fact of fraudulent gains, amount of fraudulent gains, etc., deadline for payment, and the method of and period for, etc. raising objections.

(2) Anyone who has been notified pursuant to paragraph (1) shall pay the fraudulent gains, etc. to the organization appointed by the Commissioner of the Defense Acquisition Program Administration within 30 days from the date of notification.

**Article 70 (Restriction, etc. of Qualification for Participation in Bidding)**

(1) Where the representative or an executive of an enterprise or research institute falls under any of the following subparagraphs by violating the pledge of integrity pursuant to Article 59 of the Act, the Commissioner
of the Defense Acquisition Program Administration may restrict his/her qualification for participation in bidding for between one month to one year as prescribed by Ordinance of the Ministry of National Defense, and revoke or terminate contract, if any, in relation to such violation:

(Amended by Presidential Decree No. 22413, Oct. 1, 2010)

1. Where agreement was made to give or he/she has given money or articles, entertainment, etc. to the relevant public officials (including the members of the Committee and subcommittees, and the specialized members pursuant to Article 16) in connection with decision making, bidding, successful bidding, or conclusion or execution of a contract relating to defense acquisition programs;

2. Where he/she has requested an offer of specific information regarding defense acquisition programs or such information has been requested;

3. Where he/she has arbitrarily provided a third party with specific information, such as results of research, which he/she has learned in the course of the execution of a contract, or divulged such specific information to a third party;

4. Where he/she has received money or articles from a subcontractor, or has done an unjust or unfair act, by taking advantage of his/her dominant position as a prime contractor when he/she enters into or performs a subcontract related to a national defense project.

(2) Matters not prescribed by this Decree concerning the restriction of qualifications for participation in bidding on the grounds of violation of pledge of integrity shall be governed by the Enforcement Decree of the Act on Contracts to which the State is a Party.

(3) The restricted period of qualifications for participation in bidding pursuant to paragraph (1) and other necessary matters shall be prescribed by Ordinance of the Ministry of National Defense. (Newly Inserted by Presidential Decree No. 22413, Oct. 1, 2010)

Article 71 (Entrustment of Authority)

(1) The Commissioner of the Defense Acquisition Program Administration shall entrust the following duties to the President of the Agency for Defense Development pursuant to Article 61 of the Act: (Amended by Presidential Decree No. 21596, Jul. 1, 2009)

1. Public announcements necessary for the selection of organizations in charge of research and development of core technology and receipt of proposals for the projects for research and development pursuant to the provisions of Article 18 (3) of the Act:
2. Contracts and management of research and development of core technology pursuant to the provisions of Article 18 of the Act:

3. Safety inspections on manufacturing facilities and storage facilities of military firearms, etc. pursuant to the latter part of Article 66 (3).

(2) The Commissioner of the Defense Acquisition Program Administration shall entrust the following duties with the President of the Agency for Defense Technology and Quality Assurance pursuant to Article 61 of the Act: (Amended by Presidential Decree No. 21596, Jul. 1, 2009)

1. The issuance of examination papers regarding weapons systems and non-weapon systems designated by the Commissioner of the Defense Acquisition Program Administration among the duties regarding quality assurance pursuant to Article 28 of the Act:

2. The control of the details of shape regarding obvious errors and corrections, etc. of the plan which do not influence the performance of the munitions in the mass production phase among the duties regarding the control of the details of shape pursuant to subparagraph 3 of Article 32:

3. The supervision on transport and disuse of military firearms, etc. pursuant to Article 53 (1) of the Act:

4. The confirmation of kinds and quantity of raw materials to be reserved by defense contractors pursuant to Article 67.

ADDENDA

Article 1 (Enforcement Date)
This Decree shall enter into force on the date of its promulgation.

Article 2 (Repeal of other Acts and Subordinate Statutes)
(1) The Enforcement Decree of the Act on Special Measures for Defense Industry shall be repealed.

(2) The Regulations of National Defense Investment Project Promotion Committee shall be repealed.

Article 3 (Transitional Measures concerning Specialized Enterprises and Systematized Enterprises, etc.)
The provisions of the former Enforcement Decree of the Act on Special Measures for Defense Industry shall apply to enterprises and materials that have been specialized and systematized pursuant to the provisions of the former Enforcement Decree of the Act on Special Measures for De-
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Defense Industry at the time this Decree enters into force from the date
this Decree enters into force until December 31, 2008. In such cases, the
Minister of National Defense shall be deemed the Administrator of the
Defense Acquisition Program Administration.

**Article 4 Omitted.**

**Article 5 (Relationship to other Acts and Subordinate Statutes)**
Where the provisions of the former Enforcement Decree of the Act on
Special Measures for Defense Industry are cited in other Acts or subordi-
nate statutes at the time this Decree enters into force and provisions
corresponding thereto exist in this Decree, this Decree or the relevant
provisions of this Decree shall be deemed to have been cited in place of
the former provisions.

**ADDENDUM 〈Presidential Decree No. 19507, Jun. 12, 2006〉**
This Decree shall enter into force on the date of its promulgation.

**ADDENDUM 〈Presidential Decree No. 20120, Jun. 28, 2007〉**
This Decree shall enter into force on July 4, 2007.

**ADDENDA 〈Presidential Decree No. 20675, Feb. 29, 2008〉**
**Article 1 (Enforcement Date)**
This Act shall enter into force on the date of its promulgation.
**Articles 2 through 4 Omitted.**

**ADDENDA 〈Presidential Decree No. 21087, Oct. 20, 2008〉**
**Article 1 (Enforcement Date)**
This Decree shall enter into force on the date of its promulgation. (Proviso
**Articles 2 through 4 Omitted.**

**ADDENDA 〈Presidential Decree No. 21214, Dec. 31, 2008〉**
**Article 1 (Enforcement Date)**
This Decree shall enter into force on the date of its promulgation. (Proviso
Omitted.)
**Articles 2 through 5 Omitted.**

**ADDENDUM 〈Presidential Decree No. 21255, Jan. 7, 2009〉**
This Decree shall enter into force on the date of its promulgation.
ADDENDA 〈Presidential Decree No. 21351, Mar. 18, 2009〉

Article 1 (Enforcement Date)
This Decree shall enter into force on April 1, 2009.

Article 2 Omitted.

ADDENDA 〈Presidential Decree No. 21596, Jul. 1, 2009〉

Article 1 (Enforcement Date)
This Decree shall enter into force on July 2, 2009: Provided, That the amended provisions of Article 66 shall enter into force on January 1, 2010.

Article 2 (Transitional Measures concerning Recommendation of Loaning)
Any enterprise which has obtained a recommendation of loaning from the Minister of Knowledge Economy pursuant to the previous provisions as at the time this Decree enters into force shall be deemed to have obtained a recommendation of loaning from the Commissioner of the Defense Acquisition Program Administration pursuant to the amended provisions of Article 51 (2).

Article 3 (Transitional Measures concerning Permission of Military Firearms, etc.)
Any person who has obtained permission for manufacture, export, import, transfer, takeover, possession, storage, transport, and disuse of military firearms, etc. pursuant to the previous provisions as at the time the amended provisions of Article 66 enter into force under the proviso to Article 1 of Addenda shall be deemed to have obtained permission pursuant to the amended provisions of Article 66.

ADDENDA 〈Presidential Decree No. 21641, Jul. 27, 2009〉

Article 1 (Enforcement Date)
This Decree shall enter into force on July 31, 2009. (Proviso Omitted.)

Articles 2 through 15 Omitted.

ADDENDA 〈Presidential Decree No. 22151, May 4, 2010〉

Article 1 (Enforcement Date)
This Decree shall enter into force on May 5, 2010.

Articles 2 through 4 Omitted.

ADDENDA 〈Presidential Decree No. 22328, Aug. 11, 2010〉

Article 1 (Enforcement Date)
This Decree shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 10 Omitted.

ADDENDA 〈Presidential Decree No. 22413, Oct. 1, 2010〉

Article 1 (Enforcement Date)
This Decree shall enter into force on October 1, 2010.

Article 2 (Applicability to Reappointment of Members)
The amended provisions of Article 13 (2) shall apply beginning with the first member appointed after this Decree enters into force.

Article 3 (Applicability to Restrictions on Qualifications for Participation in Tender of Unjust Business Operators)
The amended provisions of Article 70 (1) 3 and 4 shall apply beginning with cases where such a reason for restriction arises after this Decree enters into force.

ADDENDUM 〈Presidential Decree No. 22467, Nov. 2, 2010〉
This Decree shall enter into force on the date of its promulgation.