Welcome to European Host Nation Compliance: What Does it Really Mean?

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Why Host Nation Compliance?

Mid-to-Late-1990s DoD Realized Host Nation Code Compliance Necessary

Example Germany: Reconfiguration and down-sizing of military presence

Example Italy: U.S. Navy SATCOM Triggers Host Nation Concern

DoD’s Conclusion: Long-Term Cost Savings and Easy Turn-Over to Host Nation

Results: Mixed Commissions and Host Nation Compliance Requirements Implemented
Host Nation Compliance: What does it mean and how do we implement it?

Over a Decade of Dilemma for U.S. Government

Host Nation’s View: Build facilities according to our codes, our regulations, our laws.

U.S. Government’s View: Provide a code comparison in design phase and apply the most stringent.

RFP Requirement: Contractor must comply with all host nation laws, codes and norms as well as those of U.S., UFC, IBC and other applicable legislation. **

** Translation: This problem is Contractor’s responsibility!
Comply with All Host Nation Laws?

The Impact: 5 Key Areas

● Eliminates all U.S. Firms from Competitions, in Most Cases
  ● Doubles Design Challenges…and Costs
  ● Increases Construction Challenges…and Costs
  ● Increases Safety Challenges…and Costs
  ● Dual Legal Systems
Eliminates U.S. Firms, in Most Cases

- Construction Firms Require Host Nation Registrations and Certification.

- Example: Chamber of Commerce Registration, Employee Contribution Certificate, SOA Certificates (Italy), and more…

- Options for US Firms? JV with existing EU Partner (Requires Long-Term Planning and Commitment most US Firms do not Want)
Double Design Challenges...and Costs

- U.S. Design Firms must now have Host Nation Partner
  - Double Design Team Covering Each Criteria
  - Increased Design, QC, and Delivery Time

- HN Code Compliance Reports, Dual Languages, Dual Measurements
  - HN DORs Must Sign & Stamp Design Package

- Challenges among Design, Design-Construction and Govt Partners
  - Increased Cost: Example: U.S. vs EU Materials (More to Come on This)
  - Partner Conflict: Example: Air Support Operations Squadron, Aviano AB
  - Code Conflicts: Example: Perimeter Lighting, NSA Naples
Increases Construction Challenges...and Costs

- Living in a EU Material World
  Example: FAR 25.2, Buy American Act
  - EU Made and Acquired

- Complying with US and EU codes
  Example: Aviano AB Fire System (Dual System)
  Example: Landstuhl SATCOM Terminal (NEC vs DIN)

- EU Certifications: EU Technicians Only, Please
  - No U.S. Engineer Certifiers: Even for Fire Protection
  Example: Camp Darby Fire Protection System

- Exceptions to Every Rule
  Example: Navy C4I Doors
Increases Safety Challenges...and Costs

- Host Nation Compliance Goes Beyond Codes, Design, and Materials...for Example, Safety

Example: USACE Huntsville, 31st Medical Group Hospital, Aviano, Italy
(OSHA and HN Required as well as Italian Language Safety Plans for City Approval)

Example: Host Nation Certified Design Safety Manager

Example: Host Nation Crane Approval
($5,000 documents, $500 registration, 4 month project delay - no urgency for HN)
Dual Legal Systems

“The Contractor shall comply with all Host Nation laws.”

- Contractors are Liable Under Two Legal Systems.

Example: The Siemens Case
Host Nation Compliance: Bottom Line

- It is *NOT* just a Code Comparison where Most Stringent is Applied
- It has *MAJOR* Impact on DoD Europe Design and Construction
- The traditional 1+1=2 pricing model no longer works in Europe. Host Nation Compliance must now be added to the equation.

**BOTTOM LINE**: Host Nation Compliance = Increased cost, increased time, increases challenges.
Questions