



Operationalizing AUKUS

Recommendations for the U.S. System

Building on the strategic imperatives set forth by the Aerospace Industries Association (AIA), U.K. Trade Association for Aerospace, Defence, Security and Space Organisations (ADS), and Australian Industry Group (Ai Group), AIA identified initial recommendations to operationalize AUKUS both multilaterally and singularly for the United States by streamlining regulatory burdens that inhibit cooperation. Overall, the interagency should support and encourage any efforts by the Administration to simplify and harmonize defense and dual-use trade rules by and among the United States (U.S.), Australia, the United Kingdom (U.K.).

Multilateral

1. Establish an AUKUS Industry Forum. The forum would convene government interagency officials across the U.S., U.K., and Australia and industry stakeholders. Participants would preside at the Undersecretary and Chief Executive Officer level. Much like the NATO Industry Forum, the venue would serve as the primary dialogue for AUKUS capability planning, development, and delivery with an additional focus on regulatory processes inhibiting cooperation.
2. Provide stronger U.S. statutory support for the U.K. and Australia, such as an exemption to the licensing requirements of the Arms Export Controls Act (AECA), and reduce statutory scope that places limitations on cooperation for the purposes of executing AUKUS. In parallel, the U.K. and Australian export system should be examined to ensure they protect technology and enable cross-border collaboration with AUKUS partners.
3. Establish a trusted body, composed of AUKUS government and industry officials, to develop certification standards for platforms, manufacturing, systems integration, cybersecurity, parts and components, and maintenance repair and overhaul activities among AUKUS partners, utilizing industry feedback.
 - a. Ensure recommendations are provided in an accelerated timeframe to incentivize changes in practice and culture within 12 months.
4. Establish an AUKUS visa that would allow the U.S., U.K., and Australia to share, rather than compete for, workers in high-end technology and defense cooperation (e.g., artificial intelligence, quantum, cyber, undersea surveillance, and hypersonics) and eliminate dual taxation as critical talent is moved where needed at tempo.

United States of America

1. Revise 22 U.S.C § 2778 – Control of arms exports and imports subsection (j) that states, as it currently does for Canada, the following language:

- a. *EXCEPTION FOR CANADA, UNITED KINGDOM, AUSTRALIA. The requirement to conclude a bilateral agreement in accordance with subparagraph (A) shall not apply with respect to an exemption for Canada, the United Kingdom, or Australia from the licensing requirements of this Act for the export defense items.*

Current International Traffic in Arms Regulations (ITAR) exemptions associated with the U.K. and Australia ('Treaty Exemptions') are not widely utilized within industry due to their stringent requirements and disproportionate administrative burdens. Modification of 22 U.S. Code § 2778 would create the most streamlined approach for controls to facilitate the demands of the AUKUS mission. However, any exemption vehicle crafted to support AUKUS must implement only limited administrative burdens on U.S. industry to be utilized effectively and allow for enhanced cooperation.

2. Direct the Department of Defense (DoD) to invest in projects outside of the currently defined industrial base (U.S. and Canada) using authority outlined in Title III of the Defense Production Act of 1950 as amended (50 U.S.C. App. 2061 et seq).
 - a. Revise the definition of "domestic source" in section 7(a) U.S.C §2152 of the Defense Production Act of 1950 as amended (50 U.S.C. App. 2061 et seq) to include Australia, the United Kingdom, and New Zealand, statutorily defined members of U.S. National Technology and Industrial Base in 10 USC 4801.
3. Establish a list of AUKUS technologies that can be exported via ITAR exemption or a streamlined Foreign Military Sales (FMS) system to lessen restrictions. This could include expanding the U.S. Open General License (OGL) pilot program to include OGLs that work for all three countries and remove unnecessary administrative burdens.
4. Establish audit assist teams for FMS platforms to educate new auditors on the FMS process and U.S. strategic imperatives to enable DoD program offices to efficiently complete audits and reviews for repeat proposals.
5. Revise U.S. government acceptance criteria for original equipment manufacturer (OEM) pricing and availability (P&A) to expedite responses to partners and reassess how the DoD factors in risk for pricing data. P&A quotes offer an opportunity to provide information to potential partners quickly but can artificially inflate cost and undermine U.S. competitiveness during the down select process.
6. Provide a general license exception in the Export Administration Regulations (EAR) for equipment and technology exports to AUKUS partners across the entirety of the product lifecycle to facilitate co-development, co-production, and exchange of information across the three industrial bases.

7. Utilize Letter of Acceptance (LOA) pricing to immediately authorize prime contractors (Truth in Negotiations Act (TINA) waiver) to reduce costs and schedule delays in the contracting and proposal process.
 - a. Apply lessons learned from other competitive selection processes to avoid hurdles and roadblocks.
8. Expedite the review and issuance for license requests intended for the AUKUS partners.
 - a. Licenses for technologies identified in the “AUKUS Technologies List” (See Item #3) will not require staffing to other agencies or departments outside of the Directorate of Defense Trade Controls (DDTC) nor require Congressional Notification based on the licensed value.
 - b. For all other requests, DDTC should ensure all the reviewing agencies provide input on the application no later than 30 calendar days from the date the case was staffed. DDTC will issue/return/deny the case within five (5) days after the 30-day clock has elapsed.

While these recommendations are not exhaustive, they represent the critical first steps to operationalizing AUKUS and must be considered and implemented with haste to better equip industry to support the partnership’s evolving defense and security objectives.