

U.S. - Australia Treaty on Defense Trade Cooperation

President Bush and Australia's former Prime Minister Howard signed a Treaty on Defense Trade Cooperation in September 2007. Both countries are now completing processes, under respective domestic laws, to bring the Treaty into force. Under U.S. law the Treaty must be approved by the Senate.

The Treaty opens up new avenues for industrial cooperation between the defense industries of the U.S. and Australia allowing companies in both countries to share technical data without the need for an export license. This will reduce considerably the lead times before companies can discuss potential business opportunities or capability solutions for their respective Defense Forces.

The Treaty creates a comprehensive framework for two way trade between the U.S. and Australia in defence articles, including equipment, spare parts, services and related technical data, within an 'approved community' of government facilities and private companies. However, in order to be eligible, any trade completed under the Treaty must support combined American-Australian counter-terror operations; "research and development, production and support programs"; and American-Australian Government-only end-uses. The 'approved community' includes the American and Australian Governments and companies in both countries that have been qualified to receive license-free exports under the Treaty. Qualification criteria for the 'approved community' program have still to be mutually determined.

Arrangements for approving the export of U.S. defense equipment to Australia on a government-to-government basis under the Foreign Military Sales (FMS) program will not be included under the Treaty. However, once the equipment has been received in Australia, retransfers of the FMS-origin technology within the approved community of Australian companies will be permitted without the need for further approvals. By reducing the export control burden on American companies, the Treaty could also encourage smaller U.S. companies to enter the export market and enhance their potential to team with Australian companies of a similar size. Furthermore, while U.S. defense technology and serviced covered by the Australian-U.S. Free Trade Agreement still required a U.S. export license before it could be exported to Australia, under the Treaty, many of these exports will be license-free. For additional information view:

<http://www.state.gov/t/pm/rls/fs/91763.htm> and
<http://www.fas.org/sqp/crs/natsec/RS22772.pdf>