



AUSTRALIA-UNITED STATES DEFENCE TRADE COOPERATION TREATY

FACT SHEET

At the 2010 Australia-United States Ministerial Consultations, held in Melbourne on 8 November, Minister for Defence Stephen Smith and Secretary of Defense Dr Robert Gates restated their commitment to ratify the Australia-United States Defence Trade Cooperation Treaty.

The Treaty was signed in 2007 by then Prime Minister John Howard and former President George W. Bush. On 29 September 2010 (US time), a resolution ratifying the Treaty was passed by the US Senate, following the passage of the Treaty's implementing legislation through the US Senate on 27 September and the US House of Representatives on 28 September.

The Treaty is a significant step forward for practical defence and trade cooperation between Australia and the United States and will strengthen our Alliance. The treaty will provide:

- operational benefits from greater access to US capability for sustainment and support;
- improvements to capability development due to earlier access to US data and technology;
- cost and time savings from significant reductions in the number of licences, required for export of Defence equipment; and
- improved access for Australian companies involved in bidding on US defence requirements, or in supporting US equipment in the ADF inventory.

Under the Treaty, an Approved Community of government facilities and private companies will be established in both countries, within which trade in defence articles, including equipment, spare parts, services and related technical data, can be undertaken without the administrative delays caused by US and Australian export control regulations.

The treaty is important because:

- approximately 50 per cent of Australia's warfighting assets are sourced from the United States;
- as set out in the Defence White Paper, it is essential Australia maintain and build our defence capability and streamlined trade with the United States is critical to achieving this; and
- it is anticipated that the treaty will halve Australia's requirements for US export licences. This will create significant time and cost savings for Government and industry.

Eligible exports will include exports for:

- Mutually determined security and defence projects where the Commonwealth of Australia is the end-user;
- Cooperative security and defence research, development, production and support programs; and
- Combined military or counter-terrorism operations.

By creating a framework for two-way trade in defence articles without the need for export licenses, the Treaty is expected to offer reduced delivery times for new defence projects.

Both the US and Australian Governments will now take all necessary steps to complete domestic ratification requirements to enable the Treaty to enter into force.