

**“Executing AUKUS Pillar II: ITAR Exemptions for the UK and Australia”
House Foreign Affairs Committee**

**Statement by
Mr. Mark J. Webber
Vice President, International
Global Programs & Policy
Lockheed Martin Corporation
April 17, 2024**

Chairman McCaul, Ranking Member Meeks, Members of the Committee – it is my great pleasure to be here with such a distinguished group of industry panelists to discuss “Executing AUKUS Pillar II: ITAR Exemptions for the UK and Australia.” Thank you for the opportunity to speak on this critical issue.

Today, I hope we will be able to discuss the opportunities and challenges of the Australia-United Kingdom-United States (AUKUS) trilateral security pact and highlight the importance of modernizing and streamlining export controls to support defense cooperation among the AUKUS nations. In particular, you have asked for U.S. industry’s perspective on the value of a broad AUKUS export licensing exemption and how this might strengthen international security cooperation and facilitate defense technology innovation.

Our History in the UK and Australia

It is my honor to be here on behalf of the over 120,000 employees of Lockheed Martin. Lockheed Martin is a global defense technology company driving innovation and advancing scientific discovery. Our all-domain mission solutions and 21st Century Security vision accelerate the delivery of transformative technologies to ensure those we serve always stay ahead of ready.

Lockheed Martin has over 100 years of experience supporting U.S. national security solutions and fulfilling the defense requirements of our allies and international security cooperation partners around the world. Our work with both the United Kingdom and Australia spans much of this history. In Australia, our commercial partnership extends over 70 years with programs or suppliers in every state and territory. In total, Lockheed Martin works with over 800 unique suppliers across the country, 75 percent of which are small and medium enterprises. These partners help support numerous Lockheed Martin programs, including the F-35, MH-60R maritime helicopter, AIR 6500 Joint Battle Management program, and JP9102 MILSATCOM.

Similarly, in the UK, Lockheed Martin has over 80 years of cooperative experience. From mail sorting technology to helping build the UK’s first commercial spaceport, our innovations and partnerships have long contributed to the UK’s defense, security and prosperity. And while the F-35 is currently providing game changing, 5th generation capability to the UK Armed Forces, our legacy was forged decades ago as RAF pilots took to the skies in the Lockheed Hudson and Martin Marauder.

Modernizing and Streamlining Defense Trade

This robust history of cooperation has been made possible by the long-standing defense partnership between our countries. Over the years, we have realized that we must improve the way we authorize defense cooperation with our closest allies. Members of this committee have recognized that the United States and our allies should take additional steps to prevent sensitive technologies from falling into the hands of potential adversaries and malfeasant actors by strengthening our export controls and sanctions regimes. It

is equally as important that we make it easier to cooperate with our international partners on defense and sensitive technologies to compete with these same hostile entities and develop and deploy next generation capabilities that deter – and if necessary, defeat – these threats. Our greatest strength is in staying ahead of technological advancement by working with our friends while also denying countries of concern access to the tools they need to do us harm.

As noted in the AUKUS defense ministerial statement in December 2023, AUKUS presents a “generational opportunity to modernize and enhance longstanding partnerships and cooperation to address global security challenges.” That same month, Mr. Chairman, you noted that the inclusion of AUKUS-related provisions in the National Defense Authorization Act, “. . . will save time and resources across government and industry and give the U.S. better tools to deter China and help our partners and allies through joint high-tech development across the spectrum of innovative technologies.” I whole-heartedly agree. Indeed, the export control changes envisioned in Pillar II of AUKUS are instrumental to the success of the entire initiative. It is imperative that we get it right.

I understand that the U.S. Government intends to publish draft regulations in the coming weeks that will begin the process for implementing the NDAA-mandated AUKUS exemption and expedited licensing procedures for sensitive technologies that may still warrant transactional licenses. With that in mind, I’d like to make a few initial observations about our expectations:

First, the new exemption process should be simple, broad in scope, and broad in applicability. By that I mean that the exemption process cannot be more complex than getting an export license. And it must account for the already wide-ranging areas of defense cooperation among the AUKUS nations. Previous efforts to streamline export licensing requirements have been challenged by their limited availability and complex procedures. We should not make the same mistake again.

Second, new expedited licensing procedures should not seek to just go faster. Rather, for the narrow set of sensitive technologies that are not eligible for the exemption, it is critical that the U.S. Government seek to limit the necessity for multiple authorizations that follow. While the new exemption focuses on the head of the licensing beast, it is the tail of the process that can be most cumbersome with the need for multiple amendments and renewals. One “yes” should be sufficient to permit a free flow of cooperation among the AUKUS partners.

Third, U.S. technology release and export policies that govern the review of export license applications are just as important as the licensing requirements themselves in streamlining authorization. Too often, the “ITAR” is blamed for unpredictable, opaque, and onerous export licensing requirements. But the challenge may not necessarily come from the license requirement itself, but from the myriad of policy reviews that accompany that requirement. We should expect and support the need for the U.S. Government to review proposed exports of the most sensitive defense items to our allies. But we must also have in place proactive and forward-leaning policies that authorize this cooperation with a clear presumption of approval.

Finally, we must ensure that the new procedures are compatible with the existing licensing frameworks. For example, the U.S. already implements special exemptions for defense cooperation with Canada. It is critical that we not create multiple licensing systems that complicate industry compliance. This is true not just of the U.S. procedures, but the UK and Australian systems as well. Understanding how all the pieces of the puzzle fit together will be particularly important when other partners are involved in defense cooperative projects in AUKUS countries.

Conclusion

In closing, we should consider the important work the U.S. Government and Congress are doing now to improve defense cooperation with the UK and Australia as a start to this process, not the end. The licensing exemption and expedited licensing procedures expected to be released next month should be updated as time goes by to ensure they support the need for seamless integration among the allies and are responsive to modern business practices. And we should continue to look for other ways to improve international defense cooperation and the Foreign Military Sales process, such as expanding export financing options that can match foreign competition and make US products more attractive.

At Lockheed Martin, we continue to believe that the U.S. defense sector is strongest when we are working in seamless collaboration with our international partners. Our customers look for U.S. defense partners not just because we deliver the best capabilities, but because of the ease and transparency of working with us. Our other international security cooperation partners will be looking to see if we can deliver on these AUKUS commitments. What we do this year will speak volumes for how we meet these expectations. Our potential adversaries are watching as well. Ensuring the successful implementation of AUKUS export control reforms sends a clear signal to those who wish to put strain our alliances and undermine our defense cooperative relationships.

Mr. Chairman, I commend you and all the Members of this Committee who have shaped this historic initiative. Thank you again for the opportunity to participate in today's roundtable discussion. I very much look forward to our exchange of ideas and answering any questions you and the Committee Members have.