



Raytheon Australia Submission to the Defence Trade Controls Act Amendment Bill

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1 RAYTHEON SUBMISSION

1.1 OVERVIEW

Raytheon Australia supports the Commonwealth of Australia's changes to the Defence Trade Controls Act (DTCA) proposed in the DTCA Amendment Bill. The benefits of a license-free operating environment between Australia, the United Kingdom, and the United States (AUKUS) outweigh any increased regulatory burden. The changes proposed in the DTCA Amendment Bill will support the prevention of the unauthorised proliferation of controlled goods and technology to safeguard Australia's national security.

As a company managing ITAR and EAR-controlled material on a regular basis, Raytheon Australia recommends Option 2A as the most suitable path to ensure the Australian defence industry can support the Australian Government in achieving its stated aims outlined in the DTCA Amendment Bill.

Option 2A offers significant opportunities for Australian defence industry to gain streamlined access to US technical data, enabling industry to expedite local delivery of significant defence capability – and ultimately provide long-term cost savings for the Australian Government.

1.2 BENEFITS

The proposed changes to the DTCA are aimed at strengthening and modernising the existing regulatory framework; covering the transfer of controlled goods and technology, aligning it with Australia's international obligations, and ensuring the framework remains effective in safeguarding Australia's national security.

Raytheon Australia has identified the following benefits resulting from the implementation of the proposed amendments to the DTCA:

- The removal of licensing timeframes and barriers will provide the Australian Defence Force with expedited access to US technical data and services, resulting in greater access to advanced technologies, better data to assess US-based technology options, and potentially shortened program delivery schedules.
- Reduced barriers for technical and services exchange to existing programs for upgrades or adjacent products traditionally requiring additional licensing.
- Greater opportunities for technical solution sharing across the AUKUS industrial base.
- Increased opportunities for Australian industry involvement in the AUKUS supply chain.
- Increased access to technical data for Australian citizen employees who hold citizenship(s) or permanent residency in non-AUKUS countries, enabling access to AUKUS data for a larger workforce to support Defence work in Australia.

These benefits are expected to have a significant impact on access to AUKUS military technology, the speed and quality of Australian Defence Force acquisitions and upgrades, the capabilities of the Australian defence industry and the contribution of the Australian industry to the global supply chain. In principle, allowing greater, expedited access to technical data and services will drive innovation and growth within the Australian defence industry and facilitate increased collaboration and knowledge-sharing between Australian companies, their international partners, and the local supply chain.

1.3 OTHER CONSIDERATIONS

The revisions outlined for the DTCA Amendment Bill are geared towards improving the current framework's functionality. To maximise these benefits, there are possible impacts that require consideration:

- Alignment between the legislation and implementation plans of all three AUKUS nations will be important to avoid confusion and potential duplication of DTCA related requirements in the transition phase.

- In the short term, there will be an increase in the administrative burden on Australian defence industry to ensure compliance with the new regulations, particularly in the transition phase.
- There will be an increase in the costs associated with compliance and enforcement measures, such as training, certification of personnel and upgrades to IT systems.
- Additional ongoing resources will be required for end-use monitoring and enforcement of the extra-territorial controls introduced by the DTCA Amendment Bill by the Australian regulator (Defence Export Controls).
- A clear definition of controlled goods and technology will be essential, as this impacts the ability of companies to access and share technical information and services.

1.4 RECOMMENDATIONS

Raytheon Australia makes the following recommendations to support the successful implementation of the proposed changes in the DTCA Amendment Bill:

1. **Align Australian legislative changes with US legislative changes** to ensure consistency and minimise confusion for companies operating in both countries.
2. **Synchronise policy start dates**, where possible, align changes in US and UK policy to minimise legislative mismatch between countries.
3. **Clearly outline the implementation plan** for the new arrangements in a timely manner for industry to facilitate understanding of and adherence to the new framework, including any changes to permit and authorisation requirements.
4. **Create a transition plan** from the current framework to the new framework to ensure there is no overlap or gaps and provide the Australian defence industry with sufficient time to adjust to the new requirements.
5. **Communicate a clear timeframe** for the implementation of the new arrangements and the impact on Australian defence industry, including any additional costs or administrative burden associated with compliance and enforcement measures. Any changes to the definition of controlled goods and technology should be communicated clearly and in a timely manner to allow companies to adjust their business practices accordingly. This could include a 12-month period to allow existing programs to become compliant.
6. **Establish an efficient and streamlined licensing process** with timelines for processing licence applications and transparent licence application progress information.
7. **Resource monitoring and enforcement activities.** Ensure regulatory agencies are appropriately resourced to undertake monitoring of imports, exports, and end-use controls under the new regulatory framework, with proportionate penalty options available for enforcement action.
8. **Ensure interagency coordination.** Interagency coordination should be improved to minimise duplication and delays in the licensing process. This includes establishing clear lines of communication between agencies and developing common standards and procedures.
9. **Take a priority-based approach.** A priority-based approach should be used to implement the new regulatory framework to ensure regulatory resources are focused on the areas of highest importance. This could involve identifying priority technologies, products, and destinations for export and allocating resources accordingly.

1.5 SUMMARY:

Raytheon Australia fully supports the proposed changes in the DTCA Amendment Bill and sees significant benefits for the Australian Government and Australian defence industry. These benefits include expedited access to technical data and services, decreased timeframes for decision-making, increased industry agility, greater employment opportunities for Australian citizens, and reduced barriers for the exchange of regulated articles and services.

Raytheon Australia is committed to supporting the Australian Government and Australian defence industry in implementing the proposed changes in the DTCA Amendment Bill and looks forward to the benefits these changes will bring to the industry and the broader Australian economy.

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