



Australian Government
Department of Defence

DECO

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THE DEFENCE TRADE COOPERATION TREATY (DTCT)

Changes to Australia's Export Controls: The Defence Trade Cooperation Treaty (DTCT) and what it means for Industry.

The Treaty is a significant step towards better cooperation between Australian and US defence industry.

What are the aims of the Treaty?

Once in force, the treaty will create a framework for two-way, licence-free trade in certain defence articles between Australian and US members of an 'Approved Community'. The Approved Community will include government agencies and private companies in both countries.

Potential benefits of the Treaty include:

- Reduced time delivery for new defence projects;
- Improved sustainment by permitting transfers within the Approved Community without further US approvals;
- Improved business opportunities – by permitting Australian and US companies to share technical data without licences; and
- Greater opportunities for Australian companies to tender for US contracts.

Under the Treaty, Australian companies will avoid having to seek US Government approval for each transaction.

The Treaty will remove the administrative delays associated with the existing Australian and US export licensing systems, while ensuring that sensitive defence technology is appropriately protected.

How does it work?

Australian defence companies will be able to apply to become members of the 'Approved Community.' The Approved Community allows government agencies and private companies in both countries to trade in defence articles without the administrative delays caused by US and Australian export controls.

Applying for membership in the Approved Community will be a voluntary commercial decision. Those entities that choose not to join the Treaty will continue to operate within existing Australian and US defence export controls.

To qualify for membership, companies must be accepted and comply with security standards, marking and handling requirements, and regular audit and compliance obligations.

Entry into the Australian Approved Community will be a commercial cost-benefit decision for individual companies, based on the level of business a company is likely to undertake with the US Government or with US defence companies.

The implementation costs to individual companies will vary depending on the level of access to Treaty articles and the level of security they currently have in place.

Way Ahead

Although the Treaty was signed in September 2007, it has not yet entered into force.

It will come into effect once the domestic legislative requirements of both countries have been met.

Implementation needs to be done well in order to realise the advantages that both the Australian and US Governments envisage.

Australia can ratify the Treaty once the Parliament has passed the implementing legislation. The legislation also proposes to strengthen export controls in a number of key areas including brokering, the intangible transfer of technology, and the provision of services. These enhancements will ensure Australia's position is at the forefront of international best practice. The passing of this legislation will allow the Treaty to be enacted and it is anticipated that it will be introduced to Parliament this year.

Industry Consultation

In December 2010, the Defence Export Control Office (DECO) conducted consultation sessions with industry in each State and Territory. DECO will continue to engage with industry throughout 2011. The Australian Government wants the Treaty to work as effectively as possible to provide better access to US defence technology while still maintaining assurances that it will be protected appropriately. The consultation process is not just about informing industry, it is an opportunity for those who will be affected by the arrangements to help shape how these measures will be applied in practice.

Get Involved

To get involved in this consultation process, please register your interest by emailing DECO with your details. We will provide you with further updates as more information on the proposed arrangements become available including new information derived from further discussion with US officials.



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