

**AUKUS: A Generational Opportunity**  
**Senate Foreign Relations Committee Hearing**  
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Chairman Menendez, Ranking Member Risch, Honorable Members of the Committee,

Thank you for the opportunity to testify today. I'm delighted to be joined with my colleagues, Mara Karlin and Kin Moy. I'm excited to talk to you about the role of the State Department in AUKUS, one of the Biden-Harris Administration's hallmark national security and foreign policy initiatives.

One month ago, I was with Secretary Blinken and Secretary Austin as they met with their Australian counterparts in Brisbane. During our time in Australia, our leaders emphasized that AUKUS is poised to be a transformational initiative, perhaps our most consequential Indo-Pacific defense and security partnership in a generation. By modernizing our longstanding partnerships, AUKUS will help us meet the challenges of the future, strengthen our defense, enhance deterrence, and contribute to peace, security, and prosperity in the Indo-Pacific region and beyond. But make no mistake – the success of AUKUS is not predetermined, it must be carefully planned and implemented.

While AUKUS presents us with a generational opportunity, we also have a historic responsibility to get this right. We have already achieved remarkable momentum in the past two years, but there is more we

need to do. Today, I will start by laying out an AUKUS overview before discussing our plan to implement this partnership.

## **AUKUS Overview**

AUKUS, as you know, involves two pillars: Pillar I – supporting Australia in acquiring conventionally armed, nuclear-powered submarines (SSNs), and Pillar II – trilaterally developing and providing joint advanced military capabilities.

### **Pillar I**

Let me start with Pillar I. On March 13, 2023, President Biden, British Prime Minister Sunak, and Australian Prime Minister Albanese announced the optimal pathway to support Australia in acquiring conventionally armed, nuclear-powered submarine (SSN) capability at the earliest possible date. Modernizing Australia’s submarine fleet will be a long-term, multi-decade undertaking, and the AUKUS partners are moving full steam ahead to implement this phased approach. This pathway delivers on our commitment to set the highest non-proliferation standard and reflects our longstanding leadership in, and respect for, the global nuclear non-proliferation regime. We continue to consult with the International Atomic Energy Agency (IAEA) to develop a non-proliferation approach that sets the strongest precedent for the acquisition of a nuclear-powered submarine capability.

Pillar I is a clear win for each of our countries – it will strengthen our defense capabilities and our underseas presence, bolster regional deterrence and stability, and create high-skill, high-paying jobs by investing in our submarine industrial bases. While I will let my

Department of Defense colleague elaborate on all we are doing to implement the optimal pathway, I would like to add that we welcome the opportunity to consult with Members on all AUKUS-related legislation and amendments, including the ship transfer legislation now before Congress.

### *Pillar II*

As a historic security partnership, AUKUS will involve not only submarine cooperation, but also advanced and emerging capabilities that have the potential to revolutionize our defense—such as AI, hypersonics, quantum technologies, cyber, and more. Together with the collective power of our industrial bases, we will create a trilateral ecosystem that leverages the competitive and comparative advantages of each nation to strengthen our joint capabilities. The Administration will continue to engage Congress on legislation to meet the goals of Pillar II.

By investing in these alliances and our collective capacity, this partnership will make us all stronger and more stable. As a key line of effort in the Indo-Pacific strategy, AUKUS has the potential to be a transformational partnership that will pay dividends for decades to come, but we need to work together to make this a reality.

For AUKUS to succeed, we need to enable speedy, seamless, and secure technology and information sharing between our countries. Just as we are pooling technical expertise and industrial capacity, we are simultaneously enhancing our collective capacity to secure these technologies. Through AUKUS, the United States, United Kingdom, and Australia are deepening our longstanding cooperation on a range of

security and defense capabilities, and we are actively examining and streamlining our processes to optimize our defense trade and cooperation to make this partnership possible. Our three-part roadmap helps us thread the needle, promoting deeper cooperation while securing these critical technologies.

### **Our Roadmap for AUKUS**

The Bureau of Political-Military Affairs is pursuing a three-part approach to implement AUKUS. First, we have shared a legislative proposal with Congress that would significantly streamline defense trade with the UK and Australia, building a foundation for the success of AUKUS. Second, we are innovating within our existing regulatory system to create an interim measure to accelerate the implementation of AUKUS. In addition, we are also working with our partners to create shared standards and reciprocity on our export controls.

The Administration provided Congress with a legislative proposal that would dramatically increase technology sharing between and among the AUKUS partners, and we are grateful to this Committee for ensuring that the substance of our proposal was included in the version of the National Defense Authorization Act passed by the Senate in July. We look forward to continuing to work with Congress during the upcoming conference process to secure this win for AUKUS.

The Department of State is also implementing a novel use of existing authorities to expedite and optimize technology sharing and defense trade among our AUKUS partners. The State Department's AUKUS Trade Authorization Mechanism, or ATAM, is an interim solution to streamline defense trade while we pursue broader changes. We have

begun engaging with the Committee on our interim mechanism and will continue to consult closely with Congress as we finalize our approach.

In conjunction with proposed legislative changes, the Administration will also work with our AUKUS partners on shared standards and reciprocity for our export controls. Securing our critical technologies is a three-way street, and we have already begun these engagements to move AUKUS forward.

### Legislation

Legislation is at the center of our approach and let me start by thanking this committee and stating our strong support for this committee's bipartisan AUKUS export control legislation, which was passed by the Senate as part of the Defense Authorization bill. Let me also note that while my focus today is on the export control aspect of AUKUS, export controls are just one of four legislative proposals put forward by the Administration that are each critical to advancing this strategic partnership, as you will hear from my colleagues today. The Administration's legislative proposal regarding export controls, like AUKUS itself, is groundbreaking. This legislation will support the goals of AUKUS by providing a pathway for a range of license-free defense trade among Australia, the United Kingdom, and the United States, while retaining certain International Traffic in Arms Regulations – ITAR - requirements that help protect our most sensitive defense technology from re-export beyond the AUKUS partnership. It strikes the right balance, ensuring greater cooperation and innovation between our countries.

Let me highlight what this would mean in practice. The language incorporated in the Senate version of the NDAA would enable the license-free transfer of eligible unclassified and classified ITAR-controlled defense articles and defense services to eligible recipients. It would authorize eligible re-exports and re-transfers only between and among Australia, the United Kingdom, and the United States. It will take our scientific collaboration and defense trade to the next level to ensure AUKUS is not simply a security agreement, but a transformative partnership. To put it simply, most defense items will be able to move without needing a license from the State Department, and approved entities within the three countries will be able to move defense items, or re-transfer them, without needing a new authorization.

Building on some of our closest defense cooperation partnerships, we seek to facilitate unprecedented integration and responsible streamlining of our export control laws, regulations, policies, and processes. By clearing a path to new exemptions to licensing requirements for many areas of defense trade with the United Kingdom and Australia, we can open a door to swift and secure defense trade. This statutory language is a bold step forward in this direction, and we hope Congress will enact it in the final version of the NDAA. We look ahead to continuing our conversation with Congress to pass substantive legislation that will help us meet the ambitions of AUKUS.

*The State Department's AUKUS Trade Authorization Mechanism  
(ATAM)*

While legislation is at the center of our AUKUS roadmap, we are already moving this partnership ahead. While Congress continues to work on legislation, we are working to implement a novel use of existing

authorities, the AUKUS Trade Authorization Mechanism, or ATAM, to facilitate the implementation of AUKUS. ATAM is an interim measure, allowing us to act in the near-term as we pursue bold changes to streamline defense trade of U.S. origin items between AUKUS partners.

Let me tell you more about the mechanics of this policy. ATAM will provide a more consistent framework for defense trade in support of AUKUS, covering Direct Commercial Sales (DCS) (private sector-to-government or private sector-to-private sector transfers) as well as some items that were previously sold as Foreign Military Sales (FMS) (government-to-government agreements) but will be available as DCS under ATAM. This mechanism relies on existing authorities, both to increase the speed and efficiency of defense trade while doing so in a way that is familiar, and therefore easier, for U.S. exporters and partners. This approach will help accelerate the speed and efficiency of FMS and DCS processes.

Together, the governments of the United States, the United Kingdom, and Australia will take three steps to implement this mechanism:

- First, identify the AUKUS programs. This will optimize operations and compliance, as both government and industry will have a clear understanding of which uses or programs are authorized under this mechanism.
- Second, identify which technologies are not eligible under this mechanism.

- Third, identify which communities or entities are approved within each country to receive or access these technologies. This will help reduce the likelihood of unauthorized diversion of sensitive defense technologies, and, if necessary, help investigations into any potential diversion.

Once finalized, exporters must check proposed transfers against these three basic and transparent criteria (programs, technologies, and authorized communities). Transfers beyond the United Kingdom or Australia, or transfer to a non-AUKUS program or a community not eligible to receive it, would require standard, non-ATAM authorization.

This mechanism will enable AUKUS partners to have many transfers free from the case-by-case approval and license review processes, while preserving the records that are necessary to conduct appropriate compliance checks, to follow up on any concerns of third-party exploitation, and to otherwise abide by the standard requirements for operating under any ITAR exemption.

The ATAM will offer an immediate solution to expedite and secure defense transfers of U.S. defense items for AUKUS projects, leveraging existing authorities to enable nimble defense trade and information sharing. It is a concrete step that will enable the trilateral partners to work together to chart the path forward even as we pursue broader legislative change to advance AUKUS. The legislation currently included in the NDAA would build on this progress, introducing a new authority and offering a transparent, predictable pathway for defense transfers to AUKUS partners without a license.



### *Developing Shared Standards and Reciprocity*

Third, the Administration will also work closely with our AUKUS partners on shared standards for secure defense trade and reciprocity. AUKUS, at every level, involves a greater and deeper partnership between our countries. To meet the ambitions of AUKUS, we are working to synchronize our laws, policies, and processes to ensure that our scientific and industrial bases can collaborate while safeguarding our sensitive technologies.

We cannot do this alone – all three nations have a joint responsibility to safeguard these critical defense and security technologies, so we will work together to ensure that the export control frameworks within each of the three nations are consistent with those implemented by the United States. By increasing confidence in our security frameworks, we can facilitate unprecedented trade and integration with Australia and the United Kingdom. There is no daylight separating us on this issue – all AUKUS partners have agreed that we need to secure the gains of AUKUS to maximize the benefits of this partnership. I welcome Australia’s recent announcement that it will be reviewing its existing export control law as part of this process. Developing consistent standards across our three nations is central to this strategy, and it is more important than ever. In this era of strategic competition, a calibrated approach to export controls is vital to ensure we stay ahead and maintain the technological momentum our nations achieve.

We are also working with our Australian and British counterparts to ensure equal opportunity and access for American firms and workers within AUKUS efforts, in alignment with our respective domestic regulations and international trade obligations.

We all have a stake in the success of AUKUS, and we look forward to seeing this through together. Australia and the United Kingdom are two of our closest allies, and we are proud to stand shoulder-to-shoulder as we strengthen our longstanding alliances and implement this historic partnership. And I look ahead to working with this Committee and Congress to promote agile and secure defense trade and cooperation between, and among, the AUKUS partners.

### **Conclusion**

AUKUS is a major step forward in advancing our vision of a free and open Indo-Pacific. By modernizing our partnerships and deepening our diplomatic, security, and defense cooperation, we can promote security and prosperity not just in this critical region, but across the globe. AUKUS is a transformational partnership, but we need to get this right.

For this partnership to achieve seamless and secure defense trade, our cooperation will need to go deeper, including integrating elements of our defense industrial bases, as we research the technologies of the future and build cutting-edge military tools to keep our people safe. This cooperation is a vote of confidence in these relationships and will require concerted work from us and our allies to ensure that our systems enable it to move quickly, while also sustaining security guardrails and protections to safeguard these critical systems and the benefits yielded by this agreement.

There is more work to do, and we are confident that we will succeed. Our approach will help us act swiftly and decisively – by expediting defense trade in the short-term under existing authorities while

simultaneously seeking farther-reaching reforms through legislation and shared standards and reciprocity to streamline our processes.

In closing, AUKUS presents a generational opportunity to bind our countries closer together, reinforcing our collective diplomatic, economic, technological, and military strength and empowering us to meet the challenges of the 21st century. As a critical partnership, AUKUS will benefit our countries, our economic strength, and our national security for generations to come.

I want to thank the Committee for your steadfast, bipartisan support for AUKUS, and for your role in making this partnership possible.

Thank you, and I look forward to your questions.