

118TH CONGRESS
1ST SESSION

S. _____

To bolster the AUKUS partnership, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. RISCH (for himself and Mr. HAGERTY) introduced the following bill; which
was read twice and referred to the Committee on _____

A BILL

To bolster the AUKUS partnership, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Truncating Onerous Regulations for Partners and En-
6 hancing Deterrence Operations (TORPEDO) Act of
7 2023”.

8 (b) TABLE OF CONTENTS.—The table of contents for
9 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Definitions.
- Sec. 3. Findings.
- Sec. 4. Statement of policy.
- Sec. 5. Department of State personnel and resources.

- Sec. 6. Reporting requirements.
- Sec. 7. Exemption for license requirements for export of defense items to the United Kingdom and Australia.
- Sec. 8. United States Munitions List.
- Sec. 9. Open general license for the export, reexport, transfer, and retransfer of certain defense articles to Australia, Canada, and the United Kingdom under ITAR.
- Sec. 10. License exception for export, reexport, and in-country transfer of items on Commerce Control List to or between Australia, Canada, and the United Kingdom under Export Administration Regulations.
- Sec. 11. Treatment of national technology and industrial base as domestic source under Defense Production Act of 1950.
- Sec. 12. Expedited release of advanced technologies to Australia, Canada, and the United Kingdom through the Foreign Military Sales program.
- Sec. 13. Anticipatory disclosure policy for Australia, Canada, and the United Kingdom.
- Sec. 14. Report on AUKUS strategy.
- Sec. 15. Australia, United Kingdom, and United States submarine security training.

1 **SEC. 2. DEFINITIONS.**

2 In this Act:

3 (1) APPROPRIATE CONGRESSIONAL COMMIT-
4 TEES.—The term “appropriate congressional com-
5 mittees” means—

6 (A) the Committee on Foreign Relations,
7 the Committee on Appropriations, and the
8 Committee on Armed Services of the Senate;
9 and

10 (B) the Committee on Foreign Affairs, the
11 Committee on Appropriations, and the Com-
12 mittee on Armed Services of the House of Rep-
13 resentatives.

14 (2) AUKUS; AUKUS PARTNERSHIP.—The terms
15 “AUKUS” and “AUKUS partnership” means the

1 trilateral security partnership between the United
2 States, the United Kingdom, and Australia, which
3 includes the following two pillars:

4 (A) Pillar One of AUKUS is focused on
5 developing a pathway for Australia to acquire
6 conventionally armed, nuclear powered sub-
7 marines.

8 (B) Pillar Two of AUKUS is focused on
9 enhancing trilateral collaboration on advanced
10 defense capabilities to include hypersonic and
11 counter hypersonic capabilities, quantum tech-
12 nologies, undersea technologies, and artificial
13 intelligence.

14 (3) AUKUS PARTNER.—The terms “AUKUS
15 partner” refers to a member of AUKUS.

16 (4) DEFENSE ARTICLE; DEFENSE SERVICE.—
17 The terms “defense article” and “defense service”
18 have the meanings given those terms in section 47
19 of the Arms Export Control Act (22 U.S.C. 2794).

20 **SEC. 3. FINDINGS.**

21 Congress makes the following findings:

22 (1) The United States has entered into a period
23 of intense strategic rivalry with China that includes
24 military competition on a scale unseen in genera-
25 tions.

1 (2) The perpetuation of a military balance of
2 power in the Indo-Pacific favorable to the United
3 States and its allies and partners can no longer be
4 assumed as China continues to invest massive re-
5 sources in its military.

6 (3) China has undertaken a nuclear breakout,
7 fields the world's largest navy, and is fielding a fully
8 modernized air force.

9 (4) North Korea remains an urgent and gath-
10 ering threat as it fields an increasingly diverse and
11 advanced nuclear and missile force backed by a mas-
12 sive conventional army.

13 (5) Iran continues to pursue a nuclear weapons
14 capability while fomenting unrest in the Middle East
15 and beyond.

16 (6) While China remains the pacing threat for
17 the United States, Russia's unprovoked and brutal
18 invasion of Ukraine makes clear that multiple dissat-
19 isfied powers are coalescing into an informal bloc de-
20 signed to challenge the existing United States-led
21 global order.

22 (7) United States efforts to help Ukraine de-
23 fend itself against Russian aggression and strength-
24 en Taiwan's ability to resist the coercion of the Chi-
25 nese Communist Party have exposed the production

1 constraints inherent in the United States defense in-
2 dustrial base.

3 (8) The capacity limitations of the United
4 States defense industrial base require urgent remedy
5 to include a renewed examination of burden sharing
6 roles with United States allies.

7 (9) To meet this comprehensive challenge to
8 American interests, we must act at the speed of rel-
9 evance to expand the resilience and capacity of our
10 defense industrial base. United States allies should
11 be full partners in this effort and the AUKUS part-
12 nership is a necessary first step to share the respon-
13 sibility of perpetuating the existing rules-based
14 order.

15 (10) The security partnership between Aus-
16 tralia, the United Kingdom, and the United States
17 (referred to as the “AUKUS partnership”) is meant
18 to bolster capability of the United States and allies
19 in the Indo-Pacific and beyond through technology
20 sharing, cooperation, and defense exports.

21 (11) The AUKUS partnership’s focus on con-
22 ventionally armed nuclear-powered submarines and
23 advanced capabilities, known respectively as Pillars
24 One and Two, rightly centers on cooperation at the
25 highest end of security and geostrategic competition.

1 (12) Pillar One, while bold, is complex, highly
2 contingent and unlikely to produce additive sub-
3 marine capability in the Indo-Pacific until the
4 2030s.

5 (13) The Pillar One initiative will rely on the
6 expertise developed by the United State and United
7 Kingdom in operating their submarine fleets to
8 bring an Australian capability into service at the
9 earliest achievable date.

10 (14) Pillar Two proposes that AUKUS partners
11 will also deepen cooperation and integration on ad-
12 vanced defense technologies to include hypersonic
13 missiles, space technology, artificial intelligence,
14 quantum technologies and additional undersea capa-
15 bilities.

16 (15) Pillar Two, if executed with the vision de-
17 scribed by the three allies in the AUKUS announce-
18 ment of September 2021, offers the potential to
19 produce meaningful capability and increase indus-
20 trial capacity during the current decade.

21 (16) Pillar Two can also expand and build resil-
22 ience across the supply chain of the AUKUS part-
23 ners.

24 (17) However, certain statutory components of
25 the United States export control and regulatory sys-

1 tem are overly cumbersome for industries in the
2 United States, Australia, and the United Kingdom,
3 delaying and complicating the United States from
4 achieving national security objectives at the speed of
5 relevance.

6 (18) Australia and the United Kingdom have
7 legal, regulatory, and technology control regimes
8 that are sufficiently comparable to those of the
9 United States.

10 (19) United States technology controls and ex-
11 port licensing decisions must balance the relatively
12 low risk of compromise that exists across all three
13 AUKUS partners regulatory regimes against the re-
14 quirements to respond at the speed of relevance to
15 the rapid military advances made by the Chinese
16 People's Liberation Army.

17 (20) In order to implement the AUKUS agree-
18 ment and realize the value of increased cooperation
19 between the United States, the United Kingdom,
20 and Australia, the United States must ensure co-
21 operation is fostered, not inhibited, by the United
22 States regulatory system.

23 (21) The United States export control system,
24 encompassing both the International Traffic and
25 Arms Regulations and the Export Administration

1 Regulations, is largely based on a bilateral govern-
2 ment-to-government relationship, is not optimized
3 for a trilateral arrangement, and must reflect the
4 new era of allied partnership continuing evolution of
5 United States export control regulation.

6 (22) The Department of State, in concert with
7 the Department of Defense, the Department of
8 Commerce, and other relevant United States agen-
9 cies, should clearly communicate to our AUKUS
10 partners any United States requirements to address
11 matters related to the technology security and export
12 control measures of Australia and the United King-
13 dom.

14 (23) Further, the Department of State, in con-
15 cert with the Department of Defense, the Depart-
16 ment of Commerce, and other relevant United States
17 agencies, should work to reduce barriers to defense
18 innovation, cooperation, trade, production, and
19 sustainment with the governments and industry
20 partners of the United Kingdom and Australia.

21 (24) These barriers include the overuse of “no
22 foreign nationals” (NOFORN) and Controlled Un-
23 classified Information (CUI) determinations that in-
24 hibit collaboration among AUKUS partners in deter-
25 mining requirements, design, development, acquisi-

1 tion, testing, operation, and sustainment of capabili-
2 ties designed to be interoperable.

3 (25) The successful implementation of the
4 AUKUS partnership requires regulatory and licens-
5 ing changes on the part of all AUKUS partner coun-
6 tries and the continued enhancement of the export
7 control and technology security regimes of all three
8 nations.

9 (26) If AUKUS realizes its potential, it will set
10 a precedent and incentivize similar agreements with
11 other close United States allies, which will be nec-
12 essary if we are to prevail in the long-term competi-
13 tion with China, Russia and its partners.

14 **SEC. 4. STATEMENT OF POLICY.**

15 It is the policy of the United States—

16 (1) to support a transformation and expansion
17 of our already close cooperation on a range of de-
18 fense and security issues with the United Kingdom
19 and Australia, including enhancing cooperation in
20 the development and fielding of advanced commer-
21 cial and defense capabilities and in pursuing deeper
22 integration of our defense industrial bases and sup-
23 porting supply chains;

24 (2) to use AUKUS to enhance trilateral co-
25 operation across the submarine fleets of the partner

1 countries and to support Australian efforts to ac-
2 quire nuclear-powered submarines for the Royal
3 Australian Navy;

4 (3) to reassess, and as needed revise, existing
5 regulatory and legal regimes, to include licensing,
6 technology release and contracting procedures to
7 meet the objectives outlined in the September 15,
8 2021, announcement of the AUKUS partnership;

9 (4) to reinvigorate burden sharing with United
10 States allies as a key component of adopting a sus-
11 tainable long-term strategy to compete with China,
12 Russia, and other revanchist dissatisfied powers; and

13 (5) to modernize the United States export con-
14 trol system to reflect the new era of cooperation with
15 partners and allies, incorporating commercial and
16 defense technology that preserve, and enhance our
17 way of life.

18 **SEC. 5. DEPARTMENT OF STATE PERSONNEL AND RE-**

19 **SOURCES.**

20 (a) SENIOR ADVISOR AT THE STATE DEPARTMENT
21 FOR AUKUS.—

22 (1) DESIGNATION.—The Secretary of State
23 shall appoint a senior advisor at the Department of
24 State to oversee and coordinate the implementation
25 of the AUKUS agreement by the Department of

1 State (referred to in this Act as the “Senior Advi-
2 sor”).

3 (2) REPORTING.—The senior advisor shall re-
4 port directly to the Secretary of State.

5 (3) RESPONSIBILITIES.—It shall be the respon-
6 sibility of the senior advisor—

7 (A) to coordinate AUKUS implementation
8 between relevant Department of State bureaus,
9 directorates, and offices;

10 (B) to represent the Department of State
11 on matters relating to AUKUS in the inter-
12 agency process;

13 (C) to engage with relevant government
14 and industry entities in the United Kingdom
15 and Australia; and

16 (D) to issue guidance, including promul-
17 gating regulations, in order to reduce barriers
18 to defense collaboration, innovation, trade, and
19 production with the Governments and industry
20 partners of the United States, United Kingdom,
21 and Australia.

22 (4) SALARY.—The annual salary of the senior
23 advisor described in this section shall not exceed sal-
24 aries authorized in the Office of Personnel Manage-
25 ment’s Executive pay scale.

1 (b) DIRECTORATE OF DEFENSE TRADE CONTROLS
2 STAFFING.—Section 45 of the State Department Basic
3 Authorities Act of 1956 (22 U.S.C. 2717) is amended—

4 (1) in the first sentence, by striking “100 per-
5 cent of the registration fees collected by the Office
6 of Defense Trade Controls of the Department of
7 State” and inserting “100 percent of the defense
8 trade control registration fees collected by the De-
9 partment of State”;

10 (2) in the second sentence, by inserting “man-
11 agement, licensing, compliance, and policy activities
12 in the defense trade controls function, including”
13 after “incurred for”;

14 (3) in paragraph (1), by striking “contract per-
15 sonnel to assist in”;

16 (4) in paragraph (2), by striking “; and” and
17 inserting a semicolon;

18 (5) in paragraph (3), by striking the period at
19 the end and inserting “; and”; and

20 (6) by adding at the end the following new
21 paragraphs:

22 “(4) the facilitation of defense trade policy de-
23 velopment, implementation, and cooperation with a
24 specific focus on Canada, Australia, and the United
25 Kingdom, review of commodity jurisdiction deter-

1 minations, outreach to United States industry and
2 foreign parties, and analysis of scientific and techno-
3 logical developments as they relate to the exercise of
4 defense trade control authorities; and
5 “(5) contract personnel to assist in such activi-
6 ties.”.

7 **SEC. 6. REPORTING REQUIREMENTS.**

8 (a) REPORT ON DEPARTMENT OF STATE IMPLEMEN-
9 TATION OF PARTNERSHIP.—

10 (1) IN GENERAL.—Not later than 90 days after
11 the date of the enactment of this Act, the Secretary
12 of State, in coordination with the Secretary of De-
13 fense and, as appropriate, the Secretary of Com-
14 merce and the Secretary of Energy, shall submit to
15 the appropriate congressional committees a report
16 on efforts of the Department of State to implement
17 the AUKUS partnership.

18 (2) ELEMENTS.—The report required under
19 paragraph (1) shall include the following elements:

20 (A) Regarding the achievement of Phase
21 One goals for of the Optimal Pathway for
22 AUKUS Pillar One for each of calendar years
23 2023, 2024, 2025, 2026, and 2027, the fol-
24 lowing:

14

1 (i) A description of progress by the
2 Government of Australia in negotiating an
3 Article 14 Arrangement with the Inter-
4 national Atomic Energy Agency.

5 (ii) A description of the status of ef-
6 forts by the Government of Australia to
7 build the supporting infrastructure to base
8 conventionally armed nuclear powered at-
9 tack submarines.

10 (iii) Updates on the efforts by the
11 Government of Australia to train a work-
12 force that can build, sustain, and operate
13 conventionally armed nuclear powered at-
14 tack submarines.

15 (iv) A description of progress by the
16 Government of Australia in building a new
17 submarine facility to support the basing
18 and disposition of a nuclear attack sub-
19 marine on the east coast of Australia.

20 (v) The number of Australian per-
21 sonnel embedded on United States Navy
22 ships during Phase One of the Optimal
23 Pathway.

1 (vi) A description of progress in estab-
2 lishing basing to support submarine rota-
3 tional forces in western Australia by 2027.

4 (vii) A description of how the United
5 States plans to provide up to five Virginia
6 Class submarines to Australia by the early
7 to mid-2030's.

8 (viii) A strategy for AUKUS partners
9 to integrate newly built SSN-AUKUS sub-
10 marines and five United States Virginia
11 Class submarines into a single, cohesive
12 fleet.

13 (ix) A detailed assessment of how
14 Australia's sovereign conventionally armed
15 nuclear attack submarines contribute to
16 United States defense and deterrence ob-
17 jectives in the Indo-Pacific region.

18 (B) For each of the calendar years 2021
19 and 2022—

20 (i) the average and median times for
21 the United States Government to review
22 applications for licenses, disaggregated by
23 license type and other agreements, to ex-
24 port defense articles or defense services to
25 persons, corporations, and the governments

1 (including agencies and subdivisions of
2 such governments, including official mis-
3 sions of such governments) of Australia
4 and the United Kingdom;

5 (ii) the number of applications from
6 Australia and the United Kingdom for li-
7 censes to export defense articles and de-
8 fense services that were denied, returned
9 without action, or approved with provisos,
10 listed by year;

11 (iii) the average and median times for
12 the United States Government to review
13 applications from Australia and the United
14 Kingdom for foreign military sales begin-
15 ning from the date Australia or the United
16 Kingdom submitted a letter of request that
17 resulted in a letter of acceptance; and

18 (iv) the number of requests from Aus-
19 tralia and the United Kingdom for foreign
20 military sales that were denied.

21 (C) A list of relevant United States laws,
22 regulations, and treaties and other international
23 agreements to which the United States is a
24 party that govern authorizations to export de-

1 fense articles or defense services that are re-
2 quired to implement the AUKUS partnership.

3 (D) An assessment of key recommenda-
4 tions the United States Government has pro-
5 vided to the Governments of Australia and the
6 United Kingdom to revise laws, regulations, and
7 policies of such countries that are required to
8 implement the AUKUS partnership.

9 (E) An assessment of—

10 (i) recommended improvements to ex-
11 port control laws and regulations of Aus-
12 tralia, the United Kingdom, and the
13 United States that such countries should
14 make to implement the AUKUS partner-
15 ship and to otherwise meet the require-
16 ments of section 38(j)(2) of the Arms Ex-
17 port Control Act (22 U.S.C. 2778(j)(2));
18 and

19 (ii) the challenges the Governments of
20 Australia and the United Kingdom have
21 conveyed in meeting these requirements,
22 including with respect to sensitive defense
23 technology security controls.

24 (b) REPORT ON INTERAGENCY ACTIONS.—

1 (1) IN GENERAL.—Not later than 90 days after
2 the date of the enactment of this Act, the Secretary
3 of State, in coordination with the Secretary of De-
4 fense, the Secretary of Energy, and the Secretary of
5 Commerce, shall submit to the appropriate congress-
6 sional committees a report on actions taken at the
7 interagency level to implement the advanced capa-
8 bilities pillar of the AUKUS agreement.

9 (2) ELEMENTS.—The report required under
10 paragraph (1) shall include the following elements:

11 (A) A description of changes to the Inter-
12 national Traffic in Regulations (ITAR) and the
13 United States export control regime that are
14 necessary to implement the AUKUS agreement
15 and to permit AUKUS member states and Can-
16 ada to exchange defense items at classified and
17 unclassified levels.

18 (B) A plan for reducing barriers and im-
19 plementing the changes as described in ITAR,
20 including a description of any changes that will
21 require new authorities from Congress.

22 (C) A description of the progress the De-
23 partment of Defense, the Department of En-
24 ergy, and the Department of Commerce have

1 made in implementing any changes as described
2 in subparagraphs (A) and (B).

3 (D) A list of actions the Departments have
4 requested the Governments of the United King-
5 dom and Australia to take in order to amend
6 their export control systems in a way that is
7 comparable to that of the United States.

8 (E) An assessment of the efforts of
9 AUKUS partners to enhance collaboration
10 across the following eight trilateral Lines of Ef-
11 fort:

12 (i) Undersea capabilities.

13 (ii) Quantum technologies.

14 (iii) Artificial Intelligence and auton-
15 omy.

16 (iv) Advanced cyber capabilities.

17 (v) Hypersonic and counter-hypersonic
18 capabilities.

19 (vi) Electronic warfare.

20 (vii) Innovation.

21 (viii) Information sharing.

22 (F) An annex describing the content and
23 timing of consultations amongst AUKUS part-
24 ners on Pillar One and for the eight Lines of
25 Effort in Pillar Two.

1 (C) by redesignating subclauses (I) and
2 (II) as clauses (i) and (ii) and moving such
3 clauses, as so redesignated, two ems to the left.

4 **SEC. 8. UNITED STATES MUNITIONS LIST.**

5 (a) EXEMPTION FOR THE GOVERNMENTS OF THE
6 UNITED KINGDOM AND AUSTRALIA FROM CERTIFI-
7 CATION AND CONGRESSIONAL NOTIFICATION REQUIRE-
8 MENTS APPLICABLE TO CERTAIN TRANSFERS.—Section
9 38(f)(3) of the Arms Export Control Act (22 U.S.C.
10 2778(f)(3)) is amended by inserting “, the United King-
11 dom, or Australia” after “Canada”.

12 (b) UNITED STATES MUNITIONS LIST PERIODIC RE-
13 VIEWS.—

14 (1) IN GENERAL.—The Secretary of State, act-
15 ing through authority delegated by the President to
16 carry out period reviews of items on the United
17 States Munitions List under subsection (f) of section
18 38 of the Arms Export Control Act (22 U.S.C.
19 2778) and in coordination with the Secretary of De-
20 fense, the Secretary of Energy, the Secretary of
21 Commerce, and the Director of the Office of Man-
22 agement and Budget, shall carry out such reviews
23 not less than every 2 years.

24 (2) SCOPE.—The periodic reviews described
25 under paragraph (1) shall focus on interagency re-

1 sources to address current threats faced by the
2 United States, the evolving technological and eco-
3 nomic landscape, and the widespread availability of
4 certain technologies and items on the United States
5 Munitions List.

6 (3) CONSULTATION.—The periodic reviews de-
7 scribed under paragraph (1) shall be conducted in
8 coordination with the Defense Trade Advisory Group
9 (DTAG), who shall provide relevant industry exper-
10 tise and recommendations for improvements to fa-
11 cilitate cooperation.

12 **SEC. 9. OPEN GENERAL LICENSE FOR THE EXPORT, REEX-**
13 **PORT, TRANSFER, AND RETRANSFER OF CER-**
14 **TAIN DEFENSE ARTICLES TO AUSTRALIA,**
15 **CANADA, AND THE UNITED KINGDOM UNDER**
16 **ITAR.**

17 (a) IN GENERAL.—Not later than 90 days after the
18 date of the enactment of this Act, the Secretary of State
19 shall publish in the Federal Register a notice of proposed
20 rulemaking relating to amending the International Traffic
21 in Arms Regulations (ITAR) to establish a Final Rule es-
22 tablishing an Open General Export License for export, re-
23 export, transfer, and retransfer of certain defense articles
24 and services to or between the United States, Australia,
25 Canada, and the United Kingdom. The Open General Li-

1 cense shall be available for exports, reexports, transfers,
2 and retransfers of defense articles and services between
3 or among—

4 (1) the Government of Australia;

5 (2) the Government of Canada;

6 (3) the Government of the United Kingdom;

7 (4) members of the Australian Community as
8 defined in part 126.16(d) of the ITAR, at all loca-
9 tions in Australia;

10 (5) members of the United Kingdom Commu-
11 nity as defined in part 126.17(d) of the ITAR, at all
12 locations in the United Kingdom; and

13 (6) Canadian-registered persons as defined in
14 part 126.5(b) of the ITAR.

15 (b) APPLICABLE REQUIREMENTS AND LIMITA-
16 TIONS.—The export, reexport, transfer, or retransfer of
17 any unclassified defense article pursuant to subsection (a)
18 to any of the parties listed in such subsection shall be sub-
19 ject to the following requirements and limitations:

20 (1) Compliance with the requirements of part
21 123.9(b) of the ITAR.

22 (2) Maintenance of the following records with
23 respect to each export, reexport, transfer, and re-
24 transfer:

1 (A) A description of the defense article or
2 service, including technical data.

3 (B) The name and address of the recipient
4 and the end-user, and other available contract
5 information.

6 (C) The name of the person responsible for
7 the transaction.

8 (D) The stated end use of the defense arti-
9 cle.

10 (E) The date of the transaction.

11 (F) The method of transfer.

12 (3) Ensuring that such records are made avail-
13 able upon request to the Directorate of Defense
14 Trade Controls (DDTC) of the Department of State.

15 (4) Defense articles may not be exported, reex-
16 ported, transferred, or retransferred under the li-
17 censes under subsection (a) if they will be used to
18 support the design, development, engineering, manu-
19 facture, production, assembly, testing, repair, main-
20 tenance, modification, operation, destruction or proc-
21 essing of missile or space launch vehicles listed as
22 missile technology on the United States Munitions
23 List (USML) maintained under part 121 of the
24 ITAR.

1 (5) The export, reexport, transfer, or retransfer
2 must take place wholly within or between the phys-
3 ical territory of Australia, Canada, or the United
4 Kingdom and the United States except for the pur-
5 poses of maintenance, repair, replacement, or over-
6 haul.

7 (6) Any export, reexport, transfer, or retransfer
8 of a defense article other than technical data shall
9 be for end use by, or operation on behalf of, the
10 Government of Australia, the Government of Can-
11 ada, the Government of the United Kingdom, or the
12 Government of the United States.

13 (7) A license issued pursuant to subsection (a)
14 may not be utilized by persons to whom a presump-
15 tion of denial is applied by DDTC pursuant to parts
16 120.1(c) or 127.11(a) of the ITAR, including,
17 among other reasons, for past convictions of certain
18 United States criminal statutes or because the per-
19 sons are otherwise ineligible to contract with or re-
20 ceive an export or import license from an agency of
21 the United States Government.

22 (8) No exporter may use a license issued pursu-
23 ant to subsection (a) to export, reexport, transfer,
24 retransfer, or otherwise provide defense articles, de-
25 fense services, or technical data to any foreign per-

1 son subject to any United States sanctions as ad-
2 ministered by the Office of Foreign Assets Control
3 (OFAC), subject to any embargo maintained by the
4 United States, or otherwise ineligible to receive de-
5 fense articles, defense services, or technical data
6 under ITAR license or authorizations.

7 (c) CONGRESSIONAL NOTIFICATION.—The export, re-
8 export, transfer, or retransfer pursuant to subsection (a)
9 of any major defense equipment (as defined in part 120.8
10 of the ITAR) valued (in terms of its original acquisition
11 cost) at \$25,000,000 or more or any defense article or
12 related training or other defense service valued (in terms
13 of its original acquisition cost) at \$100,000,000 or more
14 shall be notified to Congress for a 15 day formal review
15 period as outlined in the Arms Export Control Act (22
16 U.S.C. 2751 et seq.).

17 **SEC. 10. LICENSE EXCEPTION FOR EXPORT, REEXPORT,**
18 **AND IN-COUNTRY TRANSFER OF ITEMS ON**
19 **COMMERCE CONTROL LIST TO OR BETWEEN**
20 **AUSTRALIA, CANADA, AND THE UNITED KING-**
21 **DOM UNDER EXPORT ADMINISTRATION REG-**
22 **ULATIONS.**

23 (a) IN GENERAL.—Not later than 90 days after the
24 date of the enactment of this Act, the Secretary of Com-
25 merce shall publish in the Federal Register a notice of

1 proposed rulemaking relating to amending the Export Ad-
2 ministration Regulations to establish a license exception
3 for the export, reexport, and in-country transfer of items
4 on the Commerce Control List to or between covered per-
5 sons in Australia, Canada, and the United Kingdom.

6 (b) REQUIREMENTS.—A person that exports, reex-
7 ports, or in-country transfers an item on the Commerce
8 Control List under the license exception established under
9 subsection (a), and a recipient of such an item, shall—

10 (1) comply with all applicable requirements of
11 the Export Administration Regulations;

12 (2) maintain, for each such export, reexport, or
13 in-country transfer, a record of—

14 (A) the exporter;

15 (B) a description of the item, including
16 technology

17 (C) the name and address, and other avail-
18 able contact information, of the recipient and
19 the end-user of the item;

20 (D) the name of the person responsible for
21 the transaction;

22 (E) the stated end use of the item;

23 (F) the date of the transaction; and

24 (G) the method of transfer; and

1 (3) ensure that such records are made avail-
2 able, upon request, to the Under Secretary of Com-
3 merce for Industry and Security.

4 (c) LIMITATIONS.—

5 (1) LIMITATION ON REEXPORTS THROUGH
6 THIRD COUNTRIES.—The export, reexport, or in-
7 country transfer of an item under the license excep-
8 tion established under subsection (a) is required to
9 take place wholly within or between the physical ter-
10 ritory of Australia, Canada, the United Kingdom, or
11 the United States, except for the export, reexport, or
12 in-country transfer of such an item for the purposes
13 of maintenance, repair, replacement, or overhaul.

14 (2) PROHIBITION ON EXPORTS TO RESTRICTED
15 PERSONS.—An item may not be exported, reex-
16 ported, or in-country transferred under the license
17 exception established under subsection (a) to any
18 foreign person—

19 (A) with respect to which sanctions have
20 been imposed by the Office of Foreign Assets
21 Control of the Department of the Treasury;

22 (B) on any restricted parties list;

23 (C) subject to any embargo maintained by
24 the United States; or

1 (D) that is otherwise ineligible to receive
2 controlled dual-use or commercial articles or
3 technology on the Commerce Control List.

4 (d) DEFINITIONS.—In this section:

5 (1) COMMERCE CONTROL LIST.—The term
6 “Commerce Control List” means the list maintained
7 by the Bureau of Industry and Security of the De-
8 partment of Commerce and set forth in Supplement
9 No. 1 to part 774 of the Export Administration
10 Regulations.

11 (2) COVERED PERSON.—

12 (A) IN GENERAL.—Except as provided by
13 subparagraph (B), the term “covered person”
14 means—

15 (i) the government of Australia, Can-
16 ada, or the United Kingdom;

17 (ii) a citizen or national of Australia,
18 Canada, or the United Kingdom; or

19 (iii) an entity organized under the
20 laws of, or otherwise subject to the juris-
21 diction of, Australia, Canada, or the
22 United Kingdom.

23 (B) EXCLUSIONS.—The term “covered per-
24 son” does not include any person on any a re-
25 stricted parties list.

1 (3) RESTRICTED PARTIES LIST.—The term “re-
2 stricted parties list” means any of the following lists
3 maintained by the Bureau of Industry and Security:

4 (A) The Entity List set forth in Supple-
5 ment No. 4 to part 744 of the Export Adminis-
6 tration Regulations.

7 (B) The Military End-User List set forth
8 in Supplement No. 7 to part 744 of the Export
9 Administration Regulations.

10 (C) The Denied Persons List maintained
11 pursuant to section 764.3(a)(2) of the Export
12 Administration Regulations.

13 (D) The Unverified List set forth in Sup-
14 plement No. 6 to part 744 of the Export Ad-
15 ministration Regulations.

16 (4) OTHER TERMS.—The terms “export”, “Ex-
17 port Administration Regulations”, “in-country trans-
18 fer”, “item”, and “reexport” have the meanings
19 given those terms in section 1742 of the Export
20 Control Reform Act of 2018 (50 U.S.C. 4801).

21 **SEC. 11. TREATMENT OF NATIONAL TECHNOLOGY AND IN-**
22 **DUSTRIAL BASE AS DOMESTIC SOURCE**
23 **UNDER DEFENSE PRODUCTION ACT OF 1950.**

24 Section 702(7)(A) of the Defense Production Act of
25 1950 (50 U.S.C. 4552(7)(A)) is amended by striking

1 “Canada” and inserting “a country of the national tech-
2 nology and industrial base (as defined in section 4801 of
3 title 10, United States Code)”.

4 **SEC. 12. EXPEDITED RELEASE OF ADVANCED TECH-**
5 **NOLOGIES TO AUSTRALIA, CANADA, AND THE**
6 **UNITED KINGDOM THROUGH THE FOREIGN**
7 **MILITARY SALES PROGRAM.**

8 (a) PRECLEARANCE OF CERTAIN MILITARY SALES
9 ITEMS.—

10 (1) IN GENERAL.—Not later than 90 days after
11 the date of the enactment of this Act, and annually
12 thereafter, the Secretary of State, in coordination
13 with the Secretary of Defense, and in conjunction
14 with coordinating entities such as the National Dis-
15 closure Policy Committee, the Arms Transfer and
16 Technology Release Senior Steering Group, and
17 other appropriate entities, shall compile a list of
18 available and emerging military platforms, tech-
19 nologies, and equipment that are pre-cleared and
20 prioritized for sale and release to Australia, Canada,
21 and the United Kingdom through the Foreign Mili-
22 tary Sales program.

23 (2) RULES OF CONSTRUCTION REGARDING SE-
24 LECTION OF ITEMS.—

1 (A) NO LIMITATION ON FOREIGN MILITARY
2 SALES PROGRAM ACTIVITIES.—The list com-
3 piled pursuant to paragraph (1) shall not be
4 construed as limiting the type, timing, or quan-
5 tity of items that may be requested by, or sold
6 to, Australia, the United Kingdom, and Canada
7 under the Foreign Military Sales program.

8 (B) CONGRESSIONAL NOTIFICATION RE-
9 QUIREMENTS.—Nothing in this Act shall be
10 construed to supersede congressional notifica-
11 tion requirements under the Arms Export Con-
12 trol Act (22 U.S.C. 2751 et. seq.).

13 (b) EXPEDITED PROCESSING OF FOREIGN MILITARY
14 SALES REQUESTS.—The Secretary of State and the Sec-
15 retary of Defense shall expedite the processing of requests
16 of Australia, the United Kingdom, and Canada under the
17 Foreign Military Sales program.

18 (c) RELEASE POLICY FOR AUSTRALIA, CANADA, AND
19 THE UNITED KINGDOM.—The Secretary of State, in con-
20 sultation with the Secretary of Defense, shall create an
21 anticipatory release policy for key Foreign Military Sales
22 capabilities for Australia, the United Kingdom, and Can-
23 ada. Review of these capabilities for releasability shall be
24 subject to a “fast track” decision making-process with a

1 presumption of approval. The capabilities subject to this
2 policy should include—

3 (1) Pillar One technologies associated with sub-
4 marine and associated combat systems; and

5 (2) Pillar Two technologies, including
6 hypersonic missiles, cyber capabilities, artificial intel-
7 ligence, quantum technologies, and undersea capa-
8 bilities, and other advanced technologies.

9 (d) INTERAGENCY POLICY.—The Secretary of State
10 and the Secretary of Defense shall jointly review and up-
11 date interagency policies and implementation guidance re-
12 lated to Foreign Military Sales requests, including incor-
13 porating the anticipatory release provisions of this section.

14 **SEC. 13. ANTICIPATORY DISCLOSURE POLICY FOR AUS-**
15 **TRALIA, CANADA, AND THE UNITED KING-**
16 **DOM.**

17 The Secretary of Defense, in consultation with the
18 Secretary of State, shall direct the National Disclosure
19 Policy Committee (NDPC) to adopt a classification cat-
20 egory for the purposes of anticipatory disclosure policy to
21 facilitate information sharing on Pillar One, Pillar Two,
22 and other critical technologies for Australia, Canada, and
23 the United Kingdom.

1 **SEC. 14. REPORT ON AUKUS STRATEGY.**

2 (a) IN GENERAL.—Not later than 180 days after the
3 date of the enactment of this Act, the Secretary of Defense
4 and the Secretary of State shall submit a report to the
5 appropriate congressional committees an AUKUS strategy
6 identifying .

7 (b) ELEMENTS.—The strategy required under sub-
8 section (a) shall include the following elements:

9 (1) An identification of the defensive military
10 capability gaps and capacity shortfalls that AUKUS
11 seeks to offset.

12 (2) An explanation of the total cost associated
13 with Pillar One of AUKUS and the operational ra-
14 tionale for Australia’s acquisition of nuclear sub-
15 marines.

16 (3) An assessment of possible opportunity costs
17 for other defense capabilities associated with invest-
18 ing in the SSN-AUKUS program.

19 (4) A detailed explanation of how the Aus-
20 tralian industrial base will contribute to strength-
21 ening the United States strategic position in Asia.

22 (5) A detailed explanation of the military and
23 strategic benefit provided by the improved access
24 provided by Australian naval bases.

25 (6) An assessment of how sovereign United
26 Kingdom and Australian submarines contribute to

1 the achievement of United States military objectives
2 as defined in United States strategy and planning
3 documents.

4 (7) A net assessment contrasting the invest-
5 ments the Government of the People's Republic of
6 China is making in its submarine, hypersonic mis-
7 sile, and unmanned antisubmarine technologies rel-
8 ative to that of the AUKUS partners.

9 **SEC. 15. AUSTRALIA, UNITED KINGDOM, AND UNITED**
10 **STATES SUBMARINE SECURITY TRAINING.**

11 (a) IN GENERAL.—The President may transfer or
12 authorize export of defense services to the Government of
13 Australia under the Arms Export Control Act (22 U.S.C.
14 2751 et seq.) that may also be directly exported to Aus-
15 tralian private sector personnel to support the develop-
16 ment of the Australian submarine industrial base nec-
17 essary for submarine security activities between Australia,
18 the United Kingdom, and the United States, including
19 where such private-sector personnel are not officers, em-
20 ployees, or agents of the Government of Australia.

21 (b) APPLICATION OF REQUIREMENTS FOR FURTHER
22 TRANSFER.—Any transfer of defense services to the Gov-
23 ernment of Australia pursuant to subsection (a) to persons
24 other than those directly provided such defense services
25 pursuant to such subsection shall only be made in accord-

- 1 ance with the requirements of the Arms Export Control
- 2 Act (22 U.S.C. 2751 et seq.).