

Strengthening Allied Defense Cooperation

Strengthening the Allied Industrial Base requires targeted legislative and policy updates to allow the U.S. to leverage international expertise, lower costs, increase warfighter capability and production capacity, and streamline cooperation with allies. Key areas include improving DoD acquisition workforce and contractor information sharing with allied industries and refining regulatory frameworks to speed bi-directional allied defense trade.

A Broader, Stronger Supply Chain

A robust, diverse supply chain is an essential part of a healthy defense technology ecosystem. Supply chains with significant gaps or excessive sole-source situations are fragile and drive cost increases and schedule delays in acquisition programs. Supply chains can break or weaken in several ways, including Diminishing Manufacturing Sources and Material Shortages (DMSMS) as well as corruption, counterfeiting, and intellectual property theft. Strengthening the DoD's supply chain involves not only expanding domestic production capacity but also building collaborative partnerships with the defense industrial base of our allies and partner countries. A more diverse set of suppliers creates a more resilient ecosystem, increases production capacity, leverages innovation, reduces delays, and mitigates the risk of too many eggs in a single basket.

Enhancing DoD Acquisition Workforce Partnerships

A primary bottleneck in allied industrial integration is the DoD acquisition workforce's limited visibility into allied investments, capabilities, and gaps. Without structured engagement, acquisition professionals operate in silos, missing opportunities for interoperability and co-development. Policy updates should mandate systematic inclusion of allied capability assessments in acquisition planning and require workforce participation in structured knowledge-sharing platforms. Increasing awareness of – and access to – shared production capacity ensures the DoD can draw from a diverse set of suppliers who bring a wider range of capabilities to the table. Similarly, increasing mutual access to the American industrial base ensures allies and partners can contribute meaningfully to coalition activities, both financially and operationally. In combination, this sets the table for meaningful innovation

Key Questions

- How can industry from allies and partners strengthen the defense supply chain and overall defense posture?
- How can the defense acquisition workforce increase cooperation among allies and partners?
- How can policy and regulations be streamlined to leverage the combined strengths, capabilities, and investments of American and allied industry?

exchanges where the intersection of diverse perspectives leads to novel concepts and technologies.

AUKUS provides a current example of successful multi-national integration that benefits all involved parties in several ways. As an official DoD statement about AUKUS Pillar 2 explained, this collaboration produces “a more capable combined joint force for the future... [and] leverages the best of our defense industrial bases in combined innovation communities.”

Speaking about the recently established AUKUS-centric International Joint Requirements Oversight Council (I-JROC), Vice Chairman of the Joint Chiefs of Staff Adm. Christopher Grady expressed interest to “add more allies and partnerships to the conversation to address our future challenges and opportunities—together.” As he explained, “[Interoperability and interchangeability are easier to achieve when pursued from the beginning...](#)” and the requirements stage is very much the beginning. Addressing interoperability later in the process tends to require rework and inefficiency, undermining the goals of speedy delivery. With an I-JROC validating warfighter proposals with an allied perspective in mind, we also need program managers who have an informed international perspective as they develop programs that deliver capabilities.

Beyond AUKUS, the U.S. should also explore options through NATO and the NATO Defence Planning Process to accelerate and strengthen collective deterrence and defense. This should include leveraging AUKUS lessons-learned and applying them to improve sourcing and ensure readiness for critical capability gaps and emerging requirements across other alliances and partnerships.

Establishing a centralized digital portal for real-time allied defense industrial data—mirroring existing mechanisms like the Defense Exportability Features (DEF) program—could also enhance the coalition’s overall situational awareness. Additionally, formalizing exchange programs within the DoD acquisition workforce, modeled on existing military liaison officer programs, would embed ally and partner perspectives into acquisition decision-making. While current law dictates a 1:1 ratio of exchange officers, a more flexible posture would ensure the exchanges happen where needed, rather than established or declined simply to meet the ratio.

Institutionalizing International Collaboration

According to a recent Executive Order titled [Reforming Foreign Defense Sales to Improve Speed And Accountability](#), “effective defense cooperation between the United States and our chosen partners is foundational” to building a strong overall defense posture.

Despite longstanding alliances, acquisition professionals lack structured mechanisms for direct engagement with international counterparts. MITRE’s [Buy The Way We Fight](#) paper highlights that collaboration suffers without established relationships. A policy directive should institutionalize broader participation by acquisition professionals in recurring international acquisition forums, shifting from infrequent, ad hoc discussions to a standardized framework for regular engagement.

For instance, establishing annual working groups between U.S. acquisition leads and allied procurement officials would create

predictable venues for coordination. Further, expanding acquisition workforce exchange programs, akin to intelligence-sharing agreements, would foster long-term collaboration beyond episodic engagement.

Reforming Regulatory Frameworks

The U.S. acquisition community also needs to streamline policies and regulations around foreign military sales and export. The International Traffic in Arms Regulations (ITAR) is perhaps the best-known regulation related to international defense technology cooperation. Getting right to the point, the Center for Strategic and International Studies recently published a paper titled [Is ITAR Working In an Era of Great Power Competition?](#), which suggests “the review process is impeding U.S. efforts to prepare for—and therefore deter—potential future conflicts.”

Fortunately, progress is being made on streamlining ITAR. As an [Atlantic Council report](#) observes, “Effective September 1 2024, the AUKUS-relevant exemptions mark a welcome and significant step toward a genuine defense industrial and technology alliance among the three partner nations. Adjustments to the ITAR will allow Australia and the United Kingdom to be effectively granted the same privileged status as Canada within the U.S. defense industrial base. In short, the U.S. Department of State has certified that the export control systems in the United Kingdom and Australia are “comparable” to the export control systems in the United States.” Establishing a blanket Technical Assistance Agreement (TAA) would further streamline and accelerate the

process, effectively establishing a set of cleared defense contractors as an AUKUS DIB. Short of a blanket TAA, an expedited approval process for excluded topics could serve as an intermediate step. It is also important to address the “re-export issue,” in which non-U.S. products provided to the U.S. are restricted from re-export, even back to the originating nation.

These changes could serve as starting points to be expanded in ways that help the U.S. and our allies to “prepare for—and therefore deter—potential future conflicts.”

However, the United States’ ability to provide defense technology to allies and partners is shaped by more than just ITAR. The Export Administration Regulations (EAR) and Foreign Military Sales (FMS) processes remain equally cumbersome, often disincentivizing allied participation in joint programs. Therefore, in addition to expanding

ITAR exemptions to additional trusted allies with comparable export control systems, the U.S. could also address:

- Automating low-risk FMS transactions via a pre-approved vendor system, mirroring direct commercial sales efficiencies.
- Aligning EAR de minimis thresholds with ITAR exemptions, preventing regulatory mismatches that slow defense trade.

The following multilateral export control regimes also impact U.S. defense trade policy and are worth a similar review:

- **Missile Technology Control Regime (MTCR):** Regulates ballistic missiles and unmanned systems.
- **Wassenaar Arrangement:** Covers dual-use goods and technologies.
- **Nuclear Suppliers Group (NSG):** Focuses on non-proliferation of nuclear weapons.

- **Australia Group:** Addresses controls on chemical and biological weapons.

Conclusion

To materially improve acquisition outcomes, legislative and policy updates must enhance acquisition workforce integration with allies, formalize collaboration mechanisms, and modernize export controls. Codifying structured engagement, expanding ITAR exemptions, and streamlining FMS approvals will allow the U.S. and its allies to build a more resilient, integrated defense ecosystem. A comprehensive legislative approach—embedded in NDAA directives and Arms Export Control Act amendments—will ensure sustained progress toward a truly interoperable allied industrial base.

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