

Center for Strategic and International Studies

TRANSCRIPT

## CSIS-DAPA 2025 Conference

### **Panel: How a Strong U.S.-ROK Industrial Partnership & RDP-MOU Can Support & Enhance the Trump Administration's Strategic Goals**

DATE

**Wednesday, September 17, 2025 at 11:00 a.m. ET**

FEATURING

#### **Keith Webster**

*President, Defense and Aerospace Council, and President, Federal Acquisition Council, U.S. Chamber of Commerce*

#### **Mike Vaccaro**

*U.S. Deputy Assistant Secretary of State for Defense Trade Controls*

#### **Kang Eun-ho**

*Professor and Director of the Defense Research Institute, Jeonbuk National University; Former Minister, DAPA*

#### **Captain Lee Sueok (ROK Navy)**

*Director, North America Cooperation Division, DAPA*

CSIS EXPERTS

#### **Jerry McGinn,**

*Director, Center for the Industrial Base (CIB), CSIS*

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Jerry McGinn: OK. Well, welcome back, everyone. Again, I want to thank Minister Seok for wonderful remarks and discussion, and Ambassador Harris for our keynote session. And hope you all had a great break, and now we're going to move into our panel discussion.

Again, for the translation devices, channel 2 is in English; channel 10 is in Korean. And then if you want to submit questions the QR code is in both directions.

And so now we're going to move to our panel discussion on how U.S.-ROK industrial partnership and a reciprocal defense procurement MOU can support and enhance the Trump administration's strategic goals. And so we have a tremendous panel of U.S. and Korean officials to discuss these topics.

And we're going to start with our good friend and longtime former colleague of mine Mr. Mike Vaccaro, who's the deputy assistant secretary of state for defense trade controls. So what I want to do is I'm going to introduce briefly each of the panelists, and then we'll start with opening remarks, and then move into Q&A.

So Mike oversees the – he's the DAS for defense trade controls. He started there in 2024. And he is in charge of the ITAR. So all the problems vis export control, just it's all his fault. But he's going to fix it all, so. (Laughter.) But anyway, so he's got a long history in the Senior Executive Service. Prior to being at Department of State he was at Department of Defense, where he was the director for international cooperation and even the principal deputy assistant secretary for industrial base policy. And then, prior to that, where we worked in government together was when he was the director of Office of Strategic Initiatives and Economic Security in the Department of Commerce, which has a big role in industrial base matters. And he had all the solutions for us in the Department of Defense at the time. So it's great to have Mike here, and it's a real honor, to be honest.

And then so next to him is Dr. Kang Eun-ho, who is the former director of DAPA. He spent his – most of his career in DAPA, but is now – is the director of the Defense Research Institute at Jeonbuk National University. So he works with colleagues here. And he has spent – he's got education here in the United States as well as Korea. He has an MPA from Duke University as well as from Yonsei Graduate School in Korea, and a B.A. in public administration from Yonsei University.

Next to him is Mr. Keith Webster, who's the president of the Defense and Aerospace Council at the U.S. Chamber of Commerce. And there – he's been there for seven years now, and where he's been working international cooperation industry for the – cooperation activities for the aerospace and defense industry. And he – many of you all will know him from his prior roles

in government, where he did tremendous – his career in international defense cooperation, culminating as the director of international cooperation in the Pentagon. So he worked on a lot of the issues that – you know, and we're trying to emulate his kind of level of success.

And then, finally, to his left is Captain – Navy Captain – incognito at the moment – Lee Sueok, who's captain in the Republic of Korea's Navy. And he went to the Korean Naval Academy, has a master's from the Korean Seoul National University, and has had significant experience in the shipbuilding world. And he's the – he's the director for North American cooperation at DAPA right now.

So, tremendous panel, and why don't we – why don't we start – go down left to right, if you don't mind? So, Mike, would love to hear your perspective.

Mike Vaccaro: Yeah. Thanks, Jerry, for the introduction. And I'd like to extend my appreciation to CSIS and DAPA for hosting us and organizing this timely forum. I think this is at least the third time in a row or fourth time that I've participated, so it's nice to be back. And it's great to share the stage with former Minister Kang, Keith, and Captain Lee – and you too, Jerry. Congratulations on your new role, too. You got big shoes to fill here. Cynthia's sitting right there, too.

Dr. McGinn: Absolutely. Absolutely.

Mr. Vaccaro: Yeah.

For those who haven't met me, I'm Mike Vaccaro. And as Jerry mentioned, I'm the deputy assistant secretary of state for defense trade controls. So I am Mr. ITAR, but hopefully by the time I finish my remarks everyone will realize I am not scary. So that's my – that's my goal. It's a test. (Laughter.)

And as Jerry highlighted, you know, I've been working in this defense industrial base/defense trade space for over 25 years, first with Commerce, then with Defense, and now with the State Department. But my, actually, history with Korea goes back even further. So I worked in the private sector for 10 years before I joined government, and a lot of that time was working with Korean trade associations. So I know all your companies from way, way back. And one of the last groups I worked with, we used to share office space with CSIS. We were at 1800 K Street. So I have a long history both with Korea and with CSIS, so I feel like I'm coming home, though this building is much nicer than the old one. (Laughter.)

You know, I wouldn't be joking to say, you know, this is really exciting times to work in the defense trade space – you know, the three executive orders that President Trump signed on April 9th focusing on how to reform the

defense trade processes, both our foreign military sales and direct commercial sales; how to accelerate our acquisition and contracting processes; and the third leg, you know, was on the maritime industrial base, but important to the defense industrial base. I mean, the fact that this administration early on, within the first hundred days, tasked us to work and address all three legs of this stool, which were together critical to delivering – to make sure we can deliver capabilities to our warfighters. And when I say “our warfighters,” I mean the United States, the ROK, and other forces around the world. That’s really been a great charge and it’s something we’ve been seized with.

It's a privilege to be here and highlight the enduring partnership between the United States and the Republic of Korea, especially as we navigate the challenges and opportunities of today's complex defense trade environment. Our collaboration on export controls remains vital to strengthen alliance security and supporting regional stability. In this rapidly evolving landscape, transparent dialogue and close coordination with our ROK counterparts are essential for advancing mutual interests in defense industry innovation and global competitiveness. And we're going to talk more about that.

And I had a great privilege of visiting Seoul in July for a Korea – for the first inaugural Korea Defense Industry Day and saw many of the people in the panel and Minister Seok over there. And I had a great opportunity to deliver one of the keynote addresses.

As our secretary of state, Marco Rubio, said on his first day in office, he committed that everything we do at the State Department should make America safer, stronger, and more prosperous. And I'm happy to say today that defense industrial collaboration is integral to this vision and at the core of these principles.

So I look forward to today's discussion on this panel.

Dr. McGinn: Great.

All right. Thank you.

Kang Eun-Ho: First of all, I would like to say thank you, CSIS and DAPA, for allowing me to take part in this wonderful seminar as a panelist. Frankly, in 2014 I was a member of Korea Chair in CSIS as – (Korean).

Basically, at that time I designed this seminar, firstly, and might be in 2015, January 31, with my real friend Andrew Hunter at that time. He is the director of defense-industrial research center in CSIS. We two organized this seminar firstly. After then, from 2015, the seminar become annual event. So

after then I eagerly want to take part in this seminar as a panelist. Today, I realized this dream.

As a panelist, I will give my frank answer. But in keynote speaking time, current defense minister of Korea already say almost everything what I want to say. So, basically, I do not have additional or another idea. But, if possible, as a professor now I'll give my personal answer frankly.

Once again, thank you very much.

Dr. McGinn: Certainly. Certainly.

Mr. Webster.

Keith Webster: Yeah. So, again, thank you for inviting me here, Jerry. It's good to be back in the building.

As Jerry noted – I'll just put a – just add a little bit more context or texture on my background. Thirty-two years in the Pentagon on international political military policy, FMS; DCS, international cooperative programs; last 11 years, six as the deputy assistant secretary of the Army for international and then, as Jerry noted, the last five years appointed by Ash Carter and Frank Kendall as the director, international cooperation when it stood as a(n) independent entity, which is not the case today. Retired in September of 2017. Founded a defense company with the former deputy secretary of defense, Bob Work, and others. It was a FOCI; mitigated entity of Hensoldt out of Germany. Joined the U.S. Chamber of Commerce during that period as well in February of 2018 as a lobbyist. It is – the U.S. Chamber of Commerce is the oldest and largest lobbying organization in the United States; it is not the Commerce Department. So a lot of people get that confused. I am a registered lobbyist, and I founded a defense and aerospace lobbying practice in February of 2018 which I run to this day as president of that council. I'm also president of Federal Acquisition Council at the Chamber as well. Fifty percent of my clients want help/advice specific to international business development and market share, and 50 percent are smaller companies that want domestic government relations support without having to set up a shop here in D.C.

So that's my background. I'm also part of a private equity group that's focused on second- and third-tier suppliers, which are hugely stressed as we try to ramp up production here in the United States. Which then leads to allied supply chains and the importance of allied supply chains as we ramp up. And the advantage of a reciprocal defense procurement MOU, if you haven't studied it, is that it enables the United States to consider what is produced with a nation under an RDP-MOU as if it was domestically produced. So this is a significant workaround under the buy America rules, especially as the United States administration over administration and with

congressional support has increased the regulatory mandate for what is considered U.S. content in major defense equipment. So for a nation with an RDP-MOU, legally your product would fit into that mandate of 60 percent or greater U.S. content in major defense equipment.

So that is the advantage in the relationship. They do work. They've worked for a long time. What I'm finding is we're getting very thin on individuals/experts in the federal government who understand how RDP-MOUs actually work and are implemented. That's where I'm able to help, along with my advisory board, which includes an attorney out of the Pentagon and State Department who's well-versed in this to help my clients navigate RDP-MOUs.

So I'm very happy to lend weight to this discussion. And again, it's an honor to be here. Thank you.

Dr. McGinn: Great.

Captain Lee?

Captain Lee Sueok: Thank you for your warm welcoming and introduction for me.

So it is a truly honor for me to join this – join this panel to discuss – to openly discuss regarding – yeah, regarding further defense industrial cooperation with the admirable panelists, absolutely, including my former Minister Kang. (Laughs.)

So I will speak in Korean, and I appreciate for your understanding as I do so.

(Note: Captain Lee's remarks from this point forward are made through an interpreter.)

From last year January, I am working as the North American cooperation director. There was a lot of thing happening from then until now with the United States. Between DAPA and DOD there was a – (inaudible) – which is a cooperation channel. From last year, because of the importance of defense cooperation, there's a lot of work to do.

From the day I started this work, there was this RDPA work that was in progress. And also, recently the hot issue is, like, shipbuilding cooperation – so including that, many kinds of defense cooperation. So we do have a lot of work.

Well, under the alliance in terms of coming up with a strategy, I am very excited and I have very high expectation on that. Thank you.

Dr. McGinn: OK. Great.

So, you know, Keith, you sort of laid out really well kind of what exactly an RDP-MOU is and what it isn't. And you know, given the level of cooperation historically between the U.S. and the Republic of Korea, it's a little surprising there isn't – hasn't been an RDP-MOU already in place. So I was just wondering kind of what is sort of, you know – you know, your perspective, respectively, on, you know, are we going to get there in terms of getting an RDP-MOU signed? How will that benefit the bilateral relationship and – you know, going forward? So, Mike, do you have any reaction? I know you don't specifically work on that RDP-MOU anymore, but –

Mr. Vaccaro: Yeah, no. No, thanks, you know. You know, as the export control person here, I'm the key enabler of cooperation. I will say that, you know, in my previous roles I did have responsibilities looking at RDP agreements both at the Pentagon and then at the Commerce Department. And I think your point that if you look at – I believe there are 29 countries today that the United States has RDP agreements with. I think that thinking who are our major defense trade partners, Korea is one that is – is the big one that's missing right now.

I will highlight that the key word there is "reciprocal," all right? So what does that mean is, you know, when we have these arrangements with partners we expect that our industry will be treated the same as their domestic industry is in competitions. So that's an area where I know there's been discussions in the past, you know, and, obviously, offset policy in Korea has been something that has been I'll say at least a challenge for U.S. industry historically. But again, from a – where the U.S. government stands, my colleagues at the Department of Defense are the lead for the RDP agreement in close cooperation with our White House and the other trade agencies.

But I do – I think your point taken, that Korea is really one of the outstanding – if you're looking at our major trading partners, Korea's the one who's missing right now.

Dr. McGinn: Mr. Kang, do you have any thoughts?

Mr. Kang: Yeah. Frankly, my English can endure just for two or three minutes, so my English already gone. So I'll stay in Korean. (Laughter.) Please allow me. (Laughs.)

(Note: Mr. Kang's remarks from this point forward are made through an interpreter.)

Regarding RDP-MOU, we have been discussing this for about two to three years now. So the fact that we've been talking about this for about two to

three years is that RDP-MOU will further enhance the bilateral relations between the two nations as a foundational sort of piece.

In terms of defense cooperation, if you look at the bilateral relations, we can think about the five phases of development in this aspect.

First phase is from about 1950s to '70s. That was when United States was unilaterally providing support to South Korea. The weapons system was provided and offered cooperation to South Korea.

Second phase was more for technology transfer and license production in South Korea. So that's the second phase.

And third phase around, like, late '80s and early '90s we talked about joint production of parts and assembly in South Korea, that sort of thing happened.

And for the phase four, Korea, based on its technology, was able to foray into the global market. And U.S. was very supportive of that move. And we were able to create the market together.

And now in 2020, we're moving into the phase five of this development. This phase five is focused on value chain, supply chain, and advanced technology, and coproduction thereof. And we're combining our strength so that we can secure better technologies and jointly promote the defense industry together. So this is the phase.

The reason why our DPA is important is – first, if you misunderstand this you can think that you're simply tapping into the other party's market more. That's a misunderstanding, in my mind. So at this phase five of the development, and from the perspective of cooperation, it's not about getting more market share of the pies. Rather, we are building new markets together. And we are combining our strength in the defense industry so that we can move into the new areas and fill the gaps of each other. That's the phase five, and sort of level up cooperation for both of us. And for that matter, we need to have this RDPA as a basic legal foundation. And for more detailed discussion, for this matter, we need to have this level of cooperation beginning from the RDPA. And that's going to be a great starting point.

Mr. Webster: So I've been retired eight years. And RDP MOU has been an issue for the eight years I've been retired. And then the five years I was director of IC, RDP MOU was being negotiated and discussed with South Korea. So it has been at least, what is that, 13 years – (laughs) – if I did my math right. And I think it even predated me going into IC. So this has been a long, long discussed topic.

And there are a number of reasons why it didn't really progress. Part of it is the reciprocity piece. And from the U.S. standpoint, you have to have legal reciprocity that is measurable. I would say that government, on our side, is not really super effective at auditing the issue of reciprocity. But there's more and more pressure to do so, to prove it – congressional pressure on the issue of reciprocity. So that's number one.

The good news is, over these 13-plus – 13 to 20 years, Korean – South Korean defense industry has really expanded capability. So today's defense industrial capacity in South Korea is very different – and I mean that in a positive way – than it was 20 years ago. So there's greater opportunity to legally achieve reciprocity. So that's a big change. And that's good news.

Offset policies are a couple – I mean, the offset policy issue, I think, over the past couple of years is the biggest challenge in the relationship. I'm not tracking that closely, but I understand South Korea is re-looking at that. So there's that point as well. And from a U.S. perspective, both congressionally and any administration, what we do with an RDP MOU, if negotiated and concluded, is we basically circumvent buy America and allow you and your industries to be treated as an American company, as an American producer – whether you're producing that product in South Korea or you're producing it here on American soil.

So from our – from the U.S. government perspective, it is a very generous opportunity. And it's treated maybe a little imbalanced in that negotiation from a U.S. position of generosity, to be quite honest. We, if concluded, will treat your defense industrial production as if it is American industrial production. That is unique. That is a preeminent relationship issue, as was mentioned. It is a huge enabler for supply chains and ramping up production, which are critical at this time, this time of crisis in the industrial base. So I do hope to see that we get there. It is up to the president and up to, really, the National Security Council to make that decision to move forward or not, based on the last administration's executive order.

When I was in the building, the secretary of defense had the sole responsibility and authority to negotiate and conclude RDP MOUs, That's not the case today. Hasn't been the case for quite some time. Yeah. So it has to – you have to convince the administration this is a good thing. And I can't speak to that.

Dr. McGinn: Gotcha.

Captain.

Capt. Lee: For RDPA, as you can see from the term, reciprocity is the most important aspect. Rather than more competitive matter, we need to understand what's

reciprocal aspects. And we need to have win-win results out of this. From early on last year we're just about to have the conclusion of the negotiations. We have many fluctuations, ups and downs, in the procedure, but in both countries' markets, labor unions and both countries' markets thought that they will have less opportunity to participate in their own countries. So we have to convince them that's not the case. And we'll need to fill the gap in terms of legal framework and foundation. And as of now, we have some sort of consensus in that aspect. And everybody has a general understanding as to what this is and what this is not.

And as we talked about earlier, Korean defense industry capabilities have expanded significantly. So based on the reciprocity principle, we can fill the gap with each other. Right now, within the U.S. the manufacturing, especially shipbuilding, has weakened a lot. And Korea, who has a strength in that, we can provide equipment and parts. And if we have RDPA in place, this can be further enhanced. And that will lead to win-win results for both countries. And U.S. has some limitations in terms of offset in that aspect, but for the offset trade as well for last year we improved and reviewed a lot of it. And some of the stuff that we haven't gotten to we already submitted how to upgrade and improve this. So we just need some decision made by the U.S. on these proposals and options. And NSC needs to review this as well, as was mentioned. And hope these steps can be addressed within a short amount of time so that we can move forward. Thank you.

Dr. McGinn:

I wonder if we could sort of combine this discussion with the prior discussion, because they were talking a lot about U.S. shipbuilding, a lot about, kind of, some of the practical activities that are going on already, right, both here in the U.S., with the investment of a number of Korean firms, as well as kind of government-to-government discussions around shipbuilding – maintenance, repair, and overhaul in Korea. How would an RDP MOU – how would that help these kind of collaborative activities? Anyone?

Capt. Lee:

OK, I'll go first. For these shipbuilding and other general aspects, without our RDPA, as you know, BAA will kick in. And we have no price competitiveness once the Buy American Act. So with the MOU in place, that entry barrier will get lower. So one of the biggest problems of the U.S. shipbuilding, which is a supply chain for the parts and equipment suppliers, those are not – almost nonexistent. But with the MOU in place, that will be addressed with the help of Korea. Especially Korea has a lot of shipyards, and we have a very strong supply chain regarding parts and equipment. So that will be a great opportunity for both countries, not just shipbuilding but in terms of aero-sort of matter.

Korea's Kai is doing coproduction on TF-50. So that aircraft will be used for training aircraft and other projects that U.S. is thinking of. Many of the parts for that is coming from Korea's Kai. But without RDPA, competitiveness will

go down in that aspect. So with the RDPA concluded, we'll be able to revitalize the market regarding that aspect as well, I believe.

Mr. Kang:

So if I can add a little bit more to Captain Lee, Korea's core part competitiveness can be tapped into by the U.S. And if U.S. wants to do it without the RDPA, although we might be able to do the cooperation, but you will have to pay more price. And the cooperation will be very limited. That's what I wanted to say. The other thing is that many people are asking about the impact of RDPA. I think people are over-scared by the potential disadvantage coming from RDPA. But like mentioned already, U.S. have RDPA with 29 countries. But Korea is one of the most closest ally to the United States, which is not understandable. And also, I think there is a lot of, like, gap in the perception as well.

Basically, there is a difference in terms of the institutions where laws of the two countries, I think because those are the laws intended to develop their own defense industries. Well, RDPA, I don't think it will remove all such – all of such obstacles, however, it can overcome some major obstacles, such as, like, Buy America Act or other barriers can be overcome through that. And in addition to that, I think you don't need to be over-scared with this, because even if you do have RDPA it doesn't necessarily mean that – all the institutions to protect the domestic industry is not going to be removed. So it's more about how you're going to apply this RDPA in a way to combine the strength of the two parties. If we can do that, I think that will be beneficial for both of our countries.

Mr. Vaccaro:

(Off mic) – Captain Lee's assessment of the benefits and the risks, if you don't have one. I totally agree. Maybe I'll just step back, just to get a little sense maybe from a goal of export control, kind of highlights some of the volume of trade issues. Again, one of my objective is you leave today's discussion and you'll say you've met Mr. ITAR, and he's not scary. But, you know, often U.S. export controls, and even Korean export controls, can be viewed as barriers to cooperation. You know, what I license under the ITAR, by definition, provides a critical military or intelligence advantage, right? We got to make sure it goes to authorized users for authorized purposes, because if it gets to a bad actor it puts all our warfighters at risk – U.S., ROK, other allies and partners around the world. So that's why we do this.

So our goals are that any country that has an advanced defense industrial base, like Korea, you know, you need to have robust export controls that can enable the cooperation, not be a barrier. So during the last three years, my team reviewed almost 3,000 license applications for Korea. And we approved 82 percent of them. We returned without action 28 percent. And that means the applicant – the package wasn't complete or we needed additional information, so we had to resubmit it. And if you do that math, that equals 100 percent. I denied – or, our team only denied three licenses to Korea over

that three-year period. And my recollection is they're not even related necessarily to our concern with Korea, but it may have been a program where you guys were pursuing another market.

So, again, so I wanted – just that number stands out. Eighty-two percent we approved, we returned without action 28 percent. And that was generally because of the U.S. applicant may have had some challenges. We denied only three of almost 3,000. Our averaging processing time during that – for those licenses was 39 days. So I know there's a lot of – you know, again, that's an average. But I know there's a lot of concerns out there it takes years to get a license from the State Department. The fact is, our average is 39 days. There are certain transactions that do require congressional notification. And that time can – that can take much longer. But that 39-day average does include those cases that require congressional notification. I don't have the ability of my IT system to stop the clock for something that goes to congressional notification.

Put it in perspective, our global average during that time period was 43 days. So I think it's a good sign that licenses that are supporting Korean programs or with Korean partners are actually moving through the system faster. And the value of those transactions was almost \$8 billion, so a lot. And, again, I'm doing direct commercial sales, not the foreign military sales, where Korea – when generally you buy end items, you're usually buying through the FMS sale. And the types of licenses we process, a good chunk were electronics, engines, thinking about the aircraft that's been discussed already, and then other aircraft related. Those are the big sectors.

So, like I said earlier, I've been doing this 25 years. The first meeting I went to as a U.S. government employee at the Commerce Department, but it was actually meeting with Korean officials, DOD, Commerce, and industry, talking about the KT trainer program, right? So thinking about how – so I've been there and seen the – how our evolution. I've had the pleasure of visiting Kai's facility, again, when I was there in July, and not only saw the T-50, but also because the KF-21. You know, and, you know, it just highlights how advanced our cooperation is right now. And I know there's opportunities. And spent a lot of time when I was in Korea recently too talking shipbuilding and Aircraft MRO, too. So we're all about strengthening this cooperation.

I will say, though, that Korea is not unique in the world who wants to strengthen cooperation with U.S. industry and the U.S. government in these spaces. And we, the U.S. government, cannot compel U.S. industry to cooperate with a specific country. Korea and other partners have to make a business case. So what we're looking for is a win-win for industry on both sides, win-win for government, clearly, but ultimately, supporting our warfighter requirements. That's the space I'm working in. And, again, I think that, you know, from an export control standpoint, I'm doing my best to be an

enabler to that, and actually in cooperation with DAPA talking tech security and re-export issues also. So I'll pause there.

Dr. McGinn: Keith, any?

Mr. Webster: Yeah. Just to kind of go back to the RDP MOU advantage, RDP advantage. Really initially I see shipbuilding and the issue of parts and components to augment U.S. shipbuilders, and then also the ability to achieve repair in theater with those same parts and components, thus meeting the buy America mandates. I don't see in the short term a decision to offshore manufacture of end items, meaning a vessel, at this point. There's been some chatter on that. Who knows where that'll end up. At the moment there's a lot of emphasis really on domestic manufacturing.

So I think the initial advantage, zero to five years, would be on components and parts, augmenting our supply chains and our ability to ramp up domestic production of end items. An RDP MOU covers not only end items being treated as U.S. material, but also those parts and components. So as our industries are required by law to comply, and by regulation, to comply – I think we're now up to 65 percent of the major defense equipment. As an end item, the components must equal to or greater than U.S. content. So that's very restrictive, and it's growing. I mean, there's some congressional interest in making it 100 percent, which is unreasonable. So, I really think getting this in place, having your industries, supporting our primes in shipbuilding helps them more easily meet these regulatory mandates under buy America.

Dr. McGinn: Mmm hmm. I think there's sort of – one of the things we talked about – you bring it up, Keith, on the kind of the parts and components, but I think you also kind of teased it a little bit, Mike, in terms of in theater. So – because there's – developing an MRO capacity in theater requires kind of some of the manufacturing, but it also requires kind of export controls, right? And so I wonder if we could talk a bit – I mean, so addressing – an RDP MOU will help with some of those barriers. But how – what are – working through some of the export – how is the current issues around export control reform and so on – AUKUS is an example. It does not apply to Korea, but it's the same general principle. How are these kind of being viewed and worked in the establishment of, like, the Regional Sustainment Framework and these other kind of initiatives that would kind of bring that practical nature of the – you know, to these efforts?

Mr. Vaccaro: Yeah, no, so we – obviously, with the Regional Sustainment Framework, and PIPIR, and other initiatives, my team and our RSAT colleagues from State are supporting DOD in these discussions with Korea, and a host of other countries. You know, I know that the Navy has had some MRO work on ships done in Korea. And my understanding is the work, from what I've heard from my Navy colleagues, the quality was outstanding. And I think they were

delivered ahead of schedule. Best of my knowledge, we had no export control challenges being able to support that work.

Now, again, when you actually are doing work with the Department of Defense and the Navy, you know, I think a lot of times the ITAR is thought of is the source of all challenges, and it's not necessarily. There could be security requirements that you have to have, government-furnished equipment and whatnot, and clearances. And so, you know, from a licensing standpoint, just, you know, the releasing of control technology or services, that's the role I would play. But there are other things that you need to think about that are associated with actually doing that work, that our Navy colleagues and others have to address. But at least I'm confident right now that, you know, our ability to be responsive – I'm not aware of any challenges that someone's not been able to do it because of a licensing issue.

Dr. McGinn: OK. Any comments?

Mr. Kang: Like Mr. Vaccaro just mentioned, about that – you said that only three were rejected out of 3,000 cases. And also you said that it takes 39 days on average, which is lower than the global average. About that, as one of the Korean people representing the defense industry, I would like to extend my appreciation to that. I hope we there is no three rejection in going forward. Well, our DPA or RDP MOU, if we have that signed between our two countries about the parts and components, mentioned by Mr. Keith, or about, like, part and component cooperation, I think the significance lies in the fact that if there is no RDPA in terms of the price competitiveness, like the Korean components, when we are trying to have this cooperation, that will serve as an obstacle. But we do have the RDPA, for example, in the Indo-Pacific Command when we can – we can you can have the vessels, we can have the MRO. When we have the completed product, I think that will be easier, you know?

It can be seen as Korean companies having access to the U.S. market, but it can be also seen as a contribution to improvement of the capability of the U.S. shipbuilding and others. And also, I think that through RDPA it's not going to be the simple production cooperation. Going beyond that, we can have more joint developed R&D in new technologies and new products going forward. So, like, the Korean capabilities in new technologies, like semiconductor or batteries. Basically, we cannot have the complete components, however this technology can have contribution to the overall completed products. So for the finished product can be more effective, more efficient, and more price competitive because of such components, then that will improve the overall military readiness of the United States. And also, so that's going to be a really win-win for both countries.

I think I'm repeating myself on this, but this fifth-generation cooperation perspective where – well, in the past it has been just filling the gap. However, going forward we can have the direction of creating more areas of cooperation. And for that, I hope we can have RDPA as a minimum legal foundation for that. And in terms of that, we can have more specific discussion on how we're going to cooperate in this regard as well.

Capt. Lee:

To add on that, in order to sign RDP there can be many ways to have cooperation. It can be, like, component supply, component production by Korea. And in order to do that there are some concerns from both sides about security, actually. So about export control also, there can be some concerns. However, from Korea's perspective, also, we do have an act on defense technology protection. So when we do that, we're trying to have a strict compliance on that, strict export control. And we're trying to block the possibility of transfer to third countries.

I understand your concerns, but I also want to let you know that we are prepared to prevent that. And there are so many things that we haven't tried yet. So I think as we go with our consultation going forward, there are so many things that we can coordinate with as we come to know about this knowledge, about what we are – what you are having concerns on. And actually, like, FMS or DCS, we got many of the weapon system from the United States. So as we have introduced and operated such systems, there was no single case of issues regarding these concerns, because of the act on defense technology protection.

Dr. McGinn:

You want to add something, Keith?

Mr. Webster:

OK. So the issue of R&D cooperation, research and development cooperation, is really separate from RDP. I mean, RDP is about production. But I think, to the point, having an RDP just is another enabler in the sense of the relationship. But the R&D cooperation is achieved under other mechanisms going forward. So just wanted to bring – just to clarify that point.

Dr. McGinn:

One of the questions we talked about, and this question comes from my former colleague at George Mason University Dr. Joshua Park. Is, you know, how can each country avoid or minimize kind of the domestic negative factors and fears over lost jobs or – that, you know, come up with sometimes when we talk about defense cooperation. You know, in terms of, like, you know, why are we doing this here – and, you know, or why aren't we doing this in – you know, in Korea? So any thoughts, reactions to that?

Mr. Vaccaro:

Maybe I'll start. You know, obviously there's no – I think it's very clear that this administration is very, very focused on strengthening manufacturing in the United States. Obviously, America first, but not America alone. And I think the Hanwha investment in the United States in the Philly shipyard is a

great example of, you know, you get some partner who could potentially help modernize our facilities, bringing in, you know, latest technology, highly skilled workers, is really a model.

So I think what we're looking at is, you know, our goal today has to be accelerating the delivery of capabilities to our warfighter, right? And I think that's the spirit behind the three executive orders that the president signed on April 9th.

And so I'm heavily involved in the approval process to making easier for our industry to sell overseas, right, so either as direct commercial sale or foreign military sale. But the other executive order is on, you know, the acquisition and contracting process. That's to help deliver capabilities quicker to our forces but also foreign partners will benefit too, and then, obviously, whether it's just a maritime defense industrial base or just defense industrial base writ large or industrial base writ large, we're looking more and more how we can do more.

So I will say as you're looking at these international opportunities if U.S. companies ask me, you know, how to be successful, you know, I think that – again, I alluded to it a little bit earlier – it's got to be win for win industry on both sides. You know, it has to be a win-win for government and it has to be linked to, you know, supporting a warfighter requirement.

But at the same time, I think that we've got to be cognizant is that as we're exploring these other opportunities or as industries are exploring these opportunities who to partner with it has to be additive so doing this work won't jeopardize any domestic existing supply chains or production lines.

We don't want to risk deliveries, right. So, one, we got to be finding that sweet spot where we can work together to accelerate delivery and I think this case is out there that makes sense.

I think a good example is the GEM-T example in Europe where you have, you know, Germany working with, you know, six or seven other European partners, have a requirement for GEM-T missiles, something that we only sell FMS right now. We don't have in our inventory. Work with the NSPA and NSPA NATO, do the contracting, our industry partner teamed with the European defense industry partner and it makes sense to reestablish a line or establish a line in Europe. So I think that's a great example and we need to find more examples like that.

You know, looking at, you know, what my mission set is right now and how I describe myself or my team's role to our new leaders is, you know, I processed 24,000 export licenses last year worth \$200 billion that supported high-paying American jobs, strengthened our defense industrial base, and

delivered capabilities to our allies and partners that we want them to have to help them assume more of the burden, right? That's how – that's what I'm doing. That's what I've always done no matter my role has really been and that's kind of the key message.

But, again, you know, it has to be looking for a win-win for industry and government and they're out there, but it's not just – it's going to take some time to make sure we have a successful story to explain it.

Dr. McGinn: Mmm hmm.

Eun-ho?

Mr. Kang: Just like Mr. Vaccaro just mentioned, win-win really matters and I agree with that. Also, regarding the negative perception I can go into one detail.

It's sort of like overrated negative expectation for the future that something hasn't happened. So through our DPA they think that Korean companies will just – will overrun the U.S. defense market, which is not true.

We can kind of think about it in more detail with advanced technology – can Korean companies come into the U.S. market using that technology? I don't think so.

Third strength for the Korean defense companies those are the gaps that cannot be filled by the U.S. companies so losing jobs in the U.S. will be very minimal or even nonexistent because of Korean companies foraying into the market.

And for the RDPA in Korea they are worried that we'll just lose our market through the U.S. companies. There is such concerns within South Korea. But if you look at it realistically, what we can cooperate with each other is about midlevel sort of technologies. That's the Korean market can – Korean companies can tap into, not the highest advanced technology level that U.S. has.

Another cooperation sector would be core components or some parts. That's where Korean companies have strengths. So these can be combined.

So for the final products made by Korean companies will overrun the U.S. market I do not think so. Even with the RDPA we have some strengths in different areas and lot of the highest advanced technologies in the Korean market is imported from the U.S.

So that's why Mr. Vaccaro is reviewing about 3,000 cases for the export license, and if we have that advanced technology it'll actually be helpful for

our defense industry. With the RDPA in place that's not going to be undermined. It'll further enhance and we can tap into our strength further and we will not be overwhelmed by the U.S. market or vice versa for the U.S. market either. We have different strengths.

What I would like to say is that as long as we have a proper structure for our win-win cooperation each country will be able to enjoy price competitiveness and we'll be able to tap into new markets using those core components and new technologies, and amongst the general public they'll be able to enjoy this more amicable sort of like cooperation positive opinions.

So if you look further into the details regarding this negative perception there is no real, like, fear. It's just expectation or imagination.

Mr. Webster: Yeah. (Off mic) – I'm not speaking for the Chamber or the administration by any means.

But my personal view is, first and foremost, we fail to focus on the crisis of the moment and the lack of readiness and lack of preparedness for a fight – a serious fight. Whether it's Putin going beyond Ukraine, the Middle East falling apart, or something happening in Asia, we're not ready.

And so where I'm concerned is we lack in the United States an honest narrative from our political establishment, whether congressional and/or the administration current or the prior administration, about the industrial crisis we're in today.

We are not honest with ourselves domestically about the fragility of the supply chain to support our big industries and ramping up at the pace and speed that they are being told they need to do so.

If it takes five years to produce an F-16 from contract award there are reasons and that isn't the timeline to be on a warfighter footing. Same with the Patriot missile system. We lost a sale in Europe recently not because of anti sentiment towards the U.S. and U.S. industry. It's because it's taking five years to deliver a Patriot system and the European system is available in a much shorter timeline theoretically.

So readiness, providing capability to our warfighters in our alliance, is priority number one and, yet, we are not putting emphasis at least in educating the American population of why this is such a serious situation.

Having allied participation in the industrial base is not necessarily a bad thing. Having China in our industrial base is a bad thing, OK. So that's pretty black and white. But I would argue that given the crisis in industrial capacity

our allies should be able to contribute to our collective urgency to produce at speed, period.

I think this is a campaign that is missing in the United States at the moment. We have operated under a continuing resolution for a year, and as I testified before the Senate Armed Services Committee in the spring when asked a question about CRs it's a bad thing.

It is not a wartime footing, and here we are yesterday the House dropped continuing resolution language with a list of anomalies to get us through to Thanksgiving in November when we really need to pass a defense budget now. I think that's what's missing.

OK. Sorry.

Dr. McGinn: No, it was very fair.

Capt. Lee: OK. Then I would continue that theme. So let's go back to our DPA.

So in Korea we have KDC similar to BAA – Korean defense capability, which is similar to Buy American Act. So these two can actually be exempted once we have RDPA in place. If we think about Korean market and U.S. market, U.S. market is actually greater but we can also export to a third country, not just the U.S. market with the RDPA. Then market size will grow exponentially.

Recently Korean-made weapons systems – we're trying to find a way to export to more countries and it's expanding. So we have to really think about how to structure this cooperation model for the benefit of both sides.

In recent days, although we'll talk about it more in the later session, unmanned systems of the United States is a hot buzz word. It's the strength of the U.S., and Korean manufacturing is a great strength in the bilateral relations. If we can combine these two and find a cooperation model it'll generate a lot of opportunities for both of us.

And earlier we talked about changes in the global security picture, et cetera, and U.S. is contributing a lot to the global peace and in that sense operational sustainment or sustainability is important. In that sense, MRO supply chains should be more dispersed globally. Focusing on the allies and partners would strengthen that matter.

So with that, U.S. will be able to have operational sustainability and then that – you will be able to better contribute to the global peace using that network. That's why RSF and PIPIR concepts are being led by the U.S. so that allies can participate in that concept.

Dr. McGinn: Really, really thoughtful kind of interjections by each of you on this important point to really kind of build up a campaign on the win-win nature of this kind of industrial collaboration.

So we got a question from Yuno (ph) from Hanwha Ocean getting to the practicalities of – you know, of – with an RDP.

How is it applied to, like, joint production of vessels, you know, and specifically like, you know, for joint production where you've got IP issues and so on? How does this kind of agreement help for the joint production efforts?

Mr. Webster: You want me to jump in on that?

Dr. McGinn: Mmm hmm.

Mr. Webster: All right.

First of all, my experience with RDP-MOU activity is its componentry and/or end items. This is not about sharing intellectual property and tech data to co-produce. All right. That's handled under a cooperative agreement, a different labeled framework.

So this is about you producing a component that our American shipbuilding industry wants and can benefit from, buying it from you, and even though it's manufactured in South Korea it's considered as part of that 65 percent of U.S. content.

All right. It's not about – the RDP-MOU, in my experience, does not facilitate the sharing of technology and cooperative development and cooperative production. That's all handled under other legal frameworks.

Dr. McGinn: Got you.

Mr. Kang: I fully agree with you. The question from Hanwha Ocean are going towards a vessel co-production. Well, I think for that RDPA will not resolve all the legal obstacles that's present now, and as we have covered in the Q&A from the keynote about the – like, the Johnson Act or the Tollefson Act there are acts related to shipbuilding. Well, they were there from 1920s, 1930s, right?

So that was the overall American shipbuilding development and also it was just for the Second World War to win in that battlefield. That's why those acts were introduced, and we do understand that, and we also agree with why they were introduced.

However, such legal frameworks are weakening the U.S. shipbuilding industry, ultimately. That is also true. So I think we need to recognize both, and I think in this regard maybe from the U.S. there should be some institutional improvement.

However, as we have discussion on RDPA I want to say that in our bilateral cooperation you have to have, like, more in-depth cooperation in order to facilitate that. It is important to have institutional framework resolved or removed such as the Buy America Act or others, that that will be very symbolic and that will facilitate more conversation between the two governments and in that process we can also remove other obstacles that are on our way. That's why I wanted to emphasize that we need to first resolve our first obstacle and in that way RDPA can be a good tool.

Capt. Lee: Yeah, I fully agree with that as well and also, like, the joint production, like you said, there should be other legal issues to be resolved before RDPA and also to be more competitive and we need RDPA.

And also practically speaking, these are the two countries in the cooperation in shipbuilding. There are many cooperation methods proposed, and also in terms of production there can be some partial production in Korea that can deliver to the United States, for example. Also in that process RDP can play a very important role as well.

Dr. McGinn: More specific question and then we're going to do a wrap-up question at the end.

So Professor Jang Woon-joon (ph) from the Jeongbon (ph) University asks, you know, RDP-MOU causes do not regulate offsets and offsets that we discussed in the keynote has sort of been talked about as a barrier to getting this done.

But, you know, it points out that, you know, there are some signatories that already have RDP – that some countries that have RDP-MOUs continue to maintain offset policies. So, you know, is there really a requirement for that to – for Korea to kind of change theirs to get this done?

Mr. Webster: Yeah. So the issue is achieving reciprocity. If – I'm not tracking your particular case closely, since I left the Pentagon eight years ago. My understanding is, and correct me if I'm wrong, that Korea's offset policy as it relates to defense is pretty onerous from a U.S. industry perspective, and if that's the case and U.S. industry and any administration, whether it's previous or current, says, well, that's going to be an impediment to achieving reciprocity because it's supposed to be an open pipe both ways, then that is an impediment to concluding the agreement.

Out of the 29 or so nations that have a reciprocal defense procurement MOU they have offset policies but those offset policies are not viewed as an impediment to achieving reciprocity. So you can benchmark against those nations' offset policies and they're not all 100 percent consistent. That may be one approach. But it's the issue of reciprocity and impact.

Dr. McGinn: OK.

Other reactions?

Mr. Kang: In the big picture I think that RDPA doesn't necessarily mean that other tools such as, like, KDC – Korean defense capability – institutions – I was one of the one who introduced that. Any country has institutional framework to protect their own industry.

But RDP doesn't necessarily mean that it's going to remove the over – all of such institutions and also offset as well. It's a separate system. So RDP does not mean that it will remove that.

However, when you have the RDP and when – as a way to improve reciprocity maybe we can discuss that further and also if it reinforces the cooperation between the two countries if it's an impediment to that and if U.S. industry's perspective is that compared to other signatories if there are, like, disagreements with that or if they feel that's an impediment, like, our minister just mentioned there are diverse options in other consideration.

I believe it's physical. Well, I cannot – I don't think it's appropriate for me to give you a strong personal perspective on that. However, I think that the Korean – we have introduced that to improve our technology development and it was pretty effective, too. But now maybe if it's an impediment to close cooperation between two country maybe we need to have put a lot of consideration on that.

So we need to maybe reflect much of the inputs from the United States. Maybe it's a good time for that. I will stop there with my personal perspective.

And also because those – and also this KDC institution, also if you do have RDP maybe we can have more open application of such that in developing that institution if we do have RDP with the United States.

So maybe we need to have more specific discussion of the details to make it not just an impediment in order to make a more advanced and open channel between the two countries so that we can have – like, co-produce production of such things and exporting to third countries, something like that.

The reason I'm mentioning the fifth-generation cooperation is because such cooperation where we can have new ways of cooperation and in that regard maybe we can reduce such impediment as well. I think that's an optional way of pursuing this.

Capt. Lee: And also the offset part, as we have discussed this RDP also there was many domestic discussion on that internally and I think there are many ideas to improve and revise that. I think already in AmCham, together with our defense ministry, I think we did have some discussion on that for three times, I guess, and there was many positive response from that as well.

So we already proposed many ideas to the United States but we didn't get the response yet from the U.S.

Dr. McGinn: Your points of consensus, one, we need much more – we need more U.S.-Korean defense collaboration. Number two, we need to do a better job of selling it in our respective countries the benefits of this industrial collaboration. And number three, we got to get the RDP-MOU done is what it sounds like.

But I want to kind of give you all – each give a couple closing remarks on where do you think that relationship goes forward and how do we kind of achieve our final objectives. So I'm going to start with Captain Lee and work our way this way.

Capt. Lee: I already mentioned everything I wanted to say. But anyway, I think these two countries are very closely related already and it's a matter of finding ways to cooperate further between the two countries. I think the first step will be signing the RDPA and that's my hope.

Mr. Webster: Again, appreciate the opportunity to sit here with you all. I think it was a very rich discussion. I think it was an educational discussion. I just hope that the two nations can figure it out and find a way to move forward such that our industries on both sides of the Pacific are able to provide capability to the warfighter at speed.

Mr. Kang: We have talked about possible ways of removing the impediment to RDP – our cooperation including RDPA. I think basically it's about having a win-win cooperation. I think that's where we need to really focus on rather than discussing the impediments.

So I think I really liked the discussion and also I hope we can have more peaceful and more stable environment around the Korean Peninsula. I hope we can have such cooperation, going forward, and that's why I was here and I'm very satisfied with the discussion we had.

One more thing I want to add is that when we have such cooperation, when we go into specifics we need to really identify what are each other's real strength so that we can coordinate and combine them very – in a granular way, not just saying that, oh, we do have RDPA and we're going to have a cooperation system.

We cannot guarantee there is not going to be any concerns or, like, conflicts in having the cooperation structure. So I think we need to have also the discussion on how the structure of cooperation is going to be and in that regard I hope, Mr. Vaccaro, when you looked at the 3,000 I hope there is zero case rejected.

Of course, Korea will also make efforts to give you more confidence, but at the same time I hope the United States also have more, like, trust in Korea and confidence in Korea as well, going forward.

Mr. Vaccaro: We reject licenses – like, it's about a half a percent globally so you guys are right on time. (Laughter.)

You know, you see me once a year at this conference but rest assured we are working on a regular basis, myself and my team with DAPA, and with Korean industry to help strengthen that international armaments cooperation industry to industry and government to government.

And, again, if your Korean companies are in the room, you know, and you're incorporating U.S. components and looking for international markets, you know, I'd encourage you to talk to DAPA but also to talk to me and my team so we can help you navigate through the process if you need U.S. approval for that sale.

We want you guys to be successful internationally, want U.S. companies to be successful internationally. I also want to stress the United States welcomes foreign investment in the United States. Hanwha is, obviously, a big one. I had a pleasure meeting with many companies in Korea who said they were exploring that. That's one way to get around the Buy America Act also, if you have operations in the United States. Just throw that out there.

But, again, I hope what you'll take away from today is, like I said at the beginning, you've met Mr. ITAR, and I'm not scary. Thank you. (Laughter.)

Dr. McGinn: All right. I don't think we were scared, but I think we are very enriched by this discussion. I want to thank our panelists for their time and their very, very thoughtful remarks. I want to thank the audience, a tremendous crowd here, and virtually as well. Great questions.

I think we've got – and I want to thank in particular for Mr. Kang and Andrew Hunter, who were there at the creation of this conference 10 years ago. And it's an honor to continue to carry the torch, and we look forward to future discussions on these issues and future progress.

So thank you very much. (Applause.)

(END.)