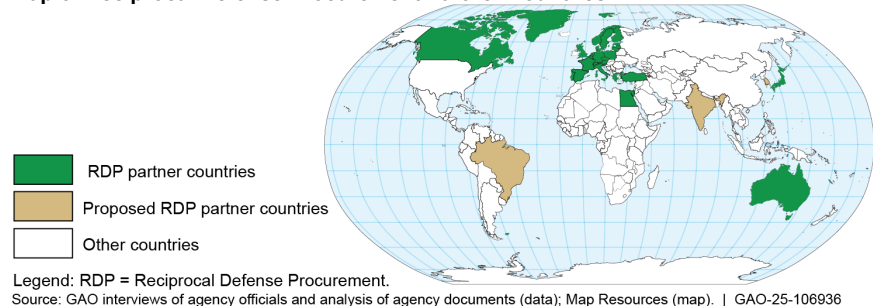# INTERNATIONAL TRADE

## Agencies Should Improve Oversight of Reciprocal Defense Procurement Agreements

# GAO Highlights

## Why GAO Did This Study

The Department of Defense (DOD) has entered into RDP Agreements with 28 partner countries. The agreements are intended to create more favorable conditions for defense procurement. DOD is responsible for entering into and assessing RDP Agreements, including considering the effect of existing or proposed agreements on U.S. industry. The Department of Commerce and the Office of Management and Budget (OMB) also have roles for evaluating the effects on U.S industry.

GAO was asked to review RDP Agreements and how they are initiated, monitored, and assessed. This report examines (1) the provisions of RDP Agreements and how the agreements vary, (2) the degree to which U.S. agencies have developed and followed processes to initiate and renew RDP Agreements, and (3) the extent to which U.S. agencies have assessed and monitored the effects of RDP Agreements on U.S. industry. GAO reviewed the 28 RDPs and analyzed additional documents and data from DOD and Commerce. GAO interviewed officials from these agencies, a U.S. defense industry association, and an association of RDP officials from several partner countries.

## What GAO Recommends

GAO is making four recommendations, including that DOD and OMB improve oversight of RDP Agreements to better assess and monitor the effects of RDP Agreements and that Commerce address weaknesses in its methodology. DOD and Commerce concurred, and OMB partially concurred with GAO's recommendations.

## What GAO Found

Every year the U.S. engages in billions of dollars in defense trade with countries such as the United Kingdom, Germany, and Japan. To facilitate this trade, DOD and 28 partner countries have signed Reciprocal Defense Procurement (RDP) Agreements, which include similar provisions to open opportunities and waive "buy national" laws. For the U.S., the Secretary of Defense waives the Buy American Act—which generally requires U.S. federal agencies to buy U.S. goods and services—for RDP partner countries. As a result, these agreements may have significant trade implications for defense markets. Most RDP Agreements have been in place for decades and include automatic extension provisions.

**Map of Reciprocal Defense Procurement Partner Countries**



- RDP partner countries
- Proposed RDP partner countries
- Other countries

Legend: RDP = Reciprocal Defense Procurement.
Source: GAO interviews of agency officials and analysis of agency documents (data); Map Resources (map).  |  GAO-25-106936

Since 2018, DOD has skipped important due diligence steps for entering into and renewing RDP Agreements. For example, for three agreements DOD did not solicit input from industry and for another agreement, DOD did not seek analysis from Commerce, as required. Industry input and Commerce's analysis are important to determine if the agreements help or hurt U.S. industry.

U.S. agencies' efforts to monitor and assess the economic effects of RDP Agreements are limited. DOD is required to monitor and assess the effects of RDP Agreements on U.S. defense technology and industry and to solicit input from Commerce. However, the information and methods agencies rely on to evaluate the effects of RDP Agreements have limitations. Specifically,

- DOD has done little to monitor and assess the effects of RDP Agreements on U.S. defense technology and the U.S. industrial base.

- Commerce's methodology to assess RDP Agreements has several weaknesses. For instance, it does not cover the effects of RDP Agreements on services, even though 49 percent of the value of DOD procurements was for services in fiscal 2022.

- Further, the Office of Management and Budget (OMB) had not developed a plan to facilitate its statutorily required reviews of RDP Agreements.

Unless U.S. agencies improve methods to assess proposed agreements and do more to monitor existing agreements, the U.S. government cannot be sure whether these and future agreements, such as those proposed for Brazil, India, and the Republic of Korea, achieve their purposes.

_____ **United States Government Accountability Office**