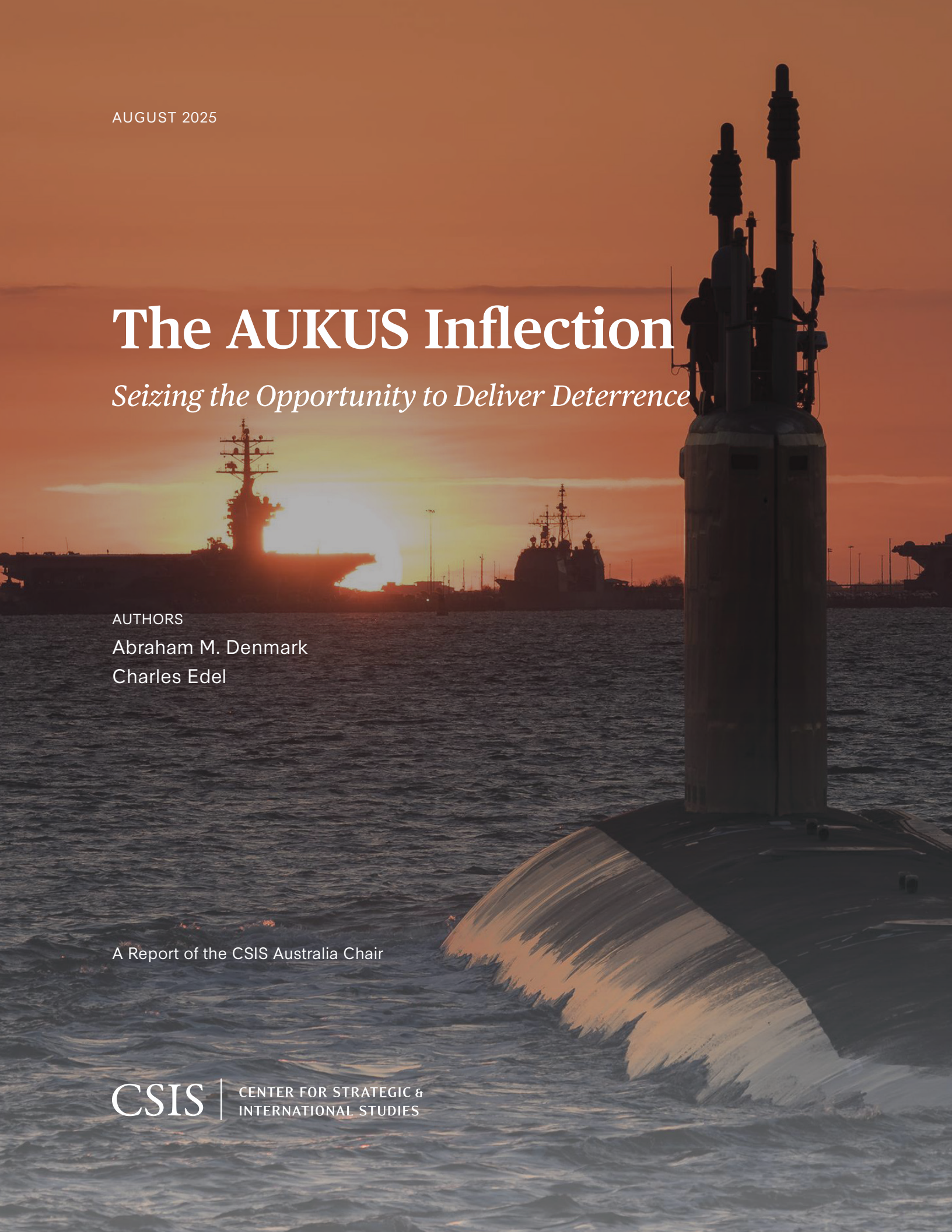


AUGUST 2025

The AUKUS Inflection

Seizing the Opportunity to Deliver Deterrence

AUTHORS

Abraham M. Denmark

Charles Edel

A Report of the CSIS Australia Chair

CSIS | CENTER FOR STRATEGIC & INTERNATIONAL STUDIES

AUGUST 2025

The AUKUS Inflection

Seizing the Opportunity to Deliver Deterrence

By Abraham M. Denmark and Charles Edel

In an era defined by accelerating great power competition, AUKUS—the trilateral security partnership between Australia, the United Kingdom, and the United States—stands as perhaps the boldest strategic declaration of the twenty-first century by the United States and its allies. As originally conceived, and as affirmed by multiple administrations and supported by the major parties in all three capitals, AUKUS was intended to strengthen deterrence, inject stability into the Indo-Pacific region, and bolster allied integration.

Now, nearly four years after it was first announced, AUKUS has reached a critical juncture. Some concerns have surfaced around the initiative's viability in the wake of reports that the Pentagon plans to review the program. But questions about the future of AUKUS go beyond a single department's report: The scale of the project's ambition, coupled with the stakes at play for Washington, London, and Canberra, demand a sober assessment both of the agreement's potential and the very real challenges it has faced in implementation.

> *Shoring up AUKUS and ensuring its success is therefore a strategic imperative.*

Considering its geopolitical impact as well as the significant resources involved, a thorough review of AUKUS by the Trump administration is necessary. Should AUKUS fail or be scrapped, the United States would become less capable in the Indo-Pacific, its defense posture and diplomatic presence would become less deeply embedded, its international credibility would be dramatically undercut, deterrence would be undermined, and propaganda from Beijing and Moscow declaring the unreliability of American commitments would gain significant credibility. On the other hand, ensuring the success of AUKUS would boost the United States' defense industrial base, strengthen its closest allies, send a powerful deterrent message to Beijing, and help stabilize the region. Shoring up AUKUS and ensuring its success is therefore a strategic imperative.

CSIS | CENTER FOR STRATEGIC & INTERNATIONAL STUDIES

In fact, AUKUS might be the most strategic play yet by the United States to regain advantages in the Indo-Pacific and to inject stability into a region that has been severely disrupted by Beijing's continued and increasing set of provocations. But to say that AUKUS must succeed is not the same thing as saying that it is succeeding. A thorough review can highlight key areas where AUKUS has failed to deliver and enable revision to ensure it is enhancing deterrence in a way that is sustainable, timely, and impactful.

State of Play

Questions about the future of AUKUS, while somewhat muted over the last several years, resurfaced following **news** in June this year that the U.S. Department of Defense had initiated a review of the partnership. A U.S. defense official **clarified** that this review "means ensuring the highest readiness of our servicemembers, that allies step up fully to do their part for collective defense, and that the defense industrial base is meeting our needs." They added, "This review will ensure the initiative meets these common sense, America First criteria."

This announcement sent shockwaves across Australia and the United Kingdom, with long-standing **critics** of the pact immediately **proclaiming** it as the death knell for AUKUS and as confirmation that the United States is an unreliable ally. Uncertainty surrounding the review has intensified concerns that Washington will use AUKUS as leverage to force Australia into increasing its defense budget. It has also been complicated by general unease at President Donald Trump's ruthlessly unsentimental approach to dealing with U.S. allies. For those who are already skeptical about AUKUS, this review reinforces preexisting concerns about the United States' willingness to coerce its most trusted partners, treat alliances as protection rackets, and, most troublingly, abandon allies to their own fate.

Yet such fears ignore the robust support for AUKUS already given by several senior Trump administration officials—and the president himself. Marco Rubio, in his confirmation hearing to become secretary of state, **called** AUKUS "almost a blueprint" for how the United States can work with partners to confront global challenges. In his first meeting with a foreign counterpart, Secretary of Defense Pete Hegseth **noted** that "the President is very aware, [and] supportive of AUKUS," and concluded that maintaining advantages in the Indo-Pacific region is not something "that America can undertake by itself. It has to be [with] robust allies and partners." And, at least according to British Prime Minister Keir Starmer, President Trump has **agreed** that "we're proceeding with" AUKUS, U.S. review notwithstanding.

> *In fact, the only AUKUS member that has not conducted its own review of the agreement since its inception is the United States.*

It is far more likely that this internal Pentagon assessment is a genuine policy review that new administrations often undertake, especially on initiatives as significant and complex as AUKUS. Indeed, both new governments in **Australia** and the **United Kingdom** have recently conducted similar, nonpublic reviews of AUKUS with the intent of evaluating the initiative, understanding where it is most at risk, and making political and policy recommendations to move things forward. In fact, the only AUKUS member that has not conducted its own review of the agreement since its inception is the United States.

The time is therefore ripe for a U.S. review of AUKUS to examine its alignment with U.S. policy goals, study the challenges it faces, and ensure that it is focused, above all else, on delivery and deterrence. To understand how to make AUKUS succeed, it is critical to examine its original aspirations, understand where it has fallen short, and adjust course where necessary.

The USS South Dakota*, a Block III* Virginia*-class attack submarine, surfaces during sea trials.*
Photo: U.S. Navy.

The Promise

At its core, AUKUS has always been about deterrence against aggression from potential adversaries who threaten wars of expansion against their neighbors, such as Russia's invasion of Ukraine or China's looming threat against Taiwan. From an American perspective, Washington sought to create a far more complex and challenging strategic and operational environment for its potential adversaries and to diminish the prospects of successful military adventurism. The United States' subsurface capabilities provide an asymmetric military advantage in the Indo-Pacific that can operate with stealth and avoid detection—despite Beijing's decades of investments in a layered anti-access/area denial (A2/AD) capability.

AUKUS is also intended to restore a balance of power in the Indo-Pacific region that has grown less favorable for the United States and its allies as China has plowed money into military modernization. This buildup of **conventional and nuclear forces** is unprecedented in modern history, with policymakers **repeatedly** drawing comparisons to the rise of German and Japanese military power prior to World War II. But in the end, it is not only the size of China's military that is most concerning; it is also the increasingly assertive use of the military as a tool of Chinese statecraft over the past decade.

Under President Xi Jinping's leadership, China has used its military to **press disputed claims**, **coerce its neighbors**, and **expand its goals**. Xi has **declared** that no one can stop Taiwan's "reunification"

with the People's Republic of China and has backed up his rhetoric by regularly sending planes and warships into the airspace and waters around the island. Deterring China from using its newfound military might to forcibly alter the region's structure requires convincing Beijing that the United States and its allies have both the will and the capability to resist such moves.

AUKUS is one of the most significant initiatives undertaken thus far to enhance this deterrence. It aims to enable multiple objectives that, taken together, increase the combined capacity of the United States and its most trusted allies. The partnership's most significant element, known as Pillar I, is focused on supporting Australia's acquisition of a conventionally armed, nuclear-powered submarine capability. While simple on its face, this initiative will be highly complex and consequential for all three countries. The plan, described as the Optimal Pathway, is designed to occur in three phases.

The first phase, which started in 2023, initiated the increased tempo of visits by American nuclear-powered attack submarines (SSNs) to HMAS Stirling, Australia's submarine base located on the Indian Ocean in Western Australia. With the United Kingdom beginning visits of its own submarines in 2026, this phase will help Australia develop the skills and knowledge to safely host, operate, and sustain SSNs and help build public support for nuclear-powered submarines among the Australian people.

The second phase will see HMAS Stirling host a rotational deployment of U.S., and later UK, SSNs in an entity to be known as Submarine Rotational Forces-West (SRF-W) as early as 2027. This will provide the United States with a profound operational and strategic capability—a major submarine sustainment facility west of the international dateline. With these rotational deployments, Australia will accelerate its capacity to operate and maintain SSNs.

The Royal Australian Navy frigate HMAS Warramunga is docked at HMAS Stirling in Garden Island, Australia.
Photo: Handout/Getty Images

Once Australia's capacity has grown sufficient to safely operate, regulate, and sustain its own sovereign nuclear-powered submarines—a condition known as "sovereign ready," which could come as soon as the early 2030s—Australia will, over the course of a decade, purchase three to five *Virginia*-class submarines from the United States. These SSNs will be sovereign Australian submarines, under the command of the Royal Australian Navy and under the direction of the Australian government.

The final phase, which will take place while the first two phases are underway, will see Australia building the capability to construct its own submarines. This new submarine, currently named SSN-AUKUS, will be based on the United Kingdom's next-generation design, incorporate technology from all three nations, and be operated by Australia and the United Kingdom. The SSN-AUKUS submarines will be delivered as a joint build program involving shipyards in Barrow-in-Furness, United Kingdom, and Adelaide, Australia.

This arrangement has significant operational and strategic advantages for Australia. Most immediately, Pillar I will help Australia avoid an undersea capability gap created by the **retirement** of its existing conventional *Collins*-class submarines. Over time, it will dramatically strengthen Australia's ability to defend itself at great distances. Pillar I is key to the Australian Defence Force's shift to a strategy of denial, as described in its **2024 National Defence Strategy**. It provides persistent, long-range undersea surveillance and strike, bolstering Australia's A2/AD capabilities.

For the United Kingdom, Pillar I will be critical to reviving its industrial capacity, enabling it to play a more significant role in establishing deterrence in Europe, revitalizing its global standing, and allowing the United States to concentrate its own resources where they are most needed. Though far smaller than the U.S. submarine industrial base, the United Kingdom's industrial base has experienced similar shortfalls in production and sustainment. Indeed, the United Kingdom's key shipyard in Barrow-in-Furness requires the execution of an integrated plan that ensures its capacity to meet historic demand levels and sufficiently mobilize industrial partners. Workforce concerns also loom over the facility, complicating the shipyard's revival.

For the United States, AUKUS Pillar I will create stronger allies, a more equitable balance in burden sharing, and a revitalized defense industrial base. Most importantly for deterrence, a rotational presence from HMAS Stirling will quickly provide the United States access to an operational base for its SSNs in a critical location: west of the international dateline, astride the Indian Ocean, and close to the South China Sea. From this location, U.S., UK, and eventually Australian submarines will be able to reach critical areas of potential crisis and conflict undetected, creating a far more complex and challenging operational environment for Beijing.

Though smaller and less mature than Pillar I, trilateral initiatives surrounding advanced military capabilities—referred to collectively as AUKUS Pillar II—offer more immediate opportunities for the development, production, and fielding of relevant warfighting capabilities at scale. Pillar II also serves to integrate capital and expertise to retain a leading technological edge and to field more assets more quickly than Pillar I. While progress on the Pillar II has been slower than Pillar I, it has potential to bring forth key advanced capabilities such as quantum technologies, hypersonics, and AI through trilateral cooperation, leading to greater interoperability among AUKUS members.

Crucially, Pillar II promises to lower barriers to defense cooperation among the three nations, enabling their defense industries, scientists, and innovators to collaborate more effectively and share critical technologies.

USS North Carolina, a U.S. Navy Virginia-class submarine, docked at HMAS Stirling.

Photo: Tony McDonough/AFP/Getty Images

A significant win for Pillar II has been reforms to the old export control regime. The United States has already **carved** out historic International Trafficking in Arms Regulations exemptions to facilitate the seamless transfer of most defense capabilities and information. The **United Kingdom** and **Australia** have also worked to change their export control regimes. More work remains, but advancing Pillar II priorities serves as an important impetus for modernizing export controls to facilitate defense cooperation among AUKUS members while enhancing trilateral capacity in critical technologies and deterrence.

Overall, AUKUS will create a dramatically enhanced combined military capability that boosts collective defense, bolsters deterrence by putting more players in the field, and increases defense industrial base resilience across all three countries. Australia will have achieved a strong sovereign deterrence capability in the form of SSNs, providing critical strategic capabilities, not to mention the immense uplift of its local industrial base with the skills and knowledge necessary to operate nuclear-powered submarines. The United States and United Kingdom will enhance their force projection capabilities through the establishment of SRF-W while also benefitting from Australian investment in their industrial bases. All three countries will benefit from closer technological cooperation and burden-sharing.

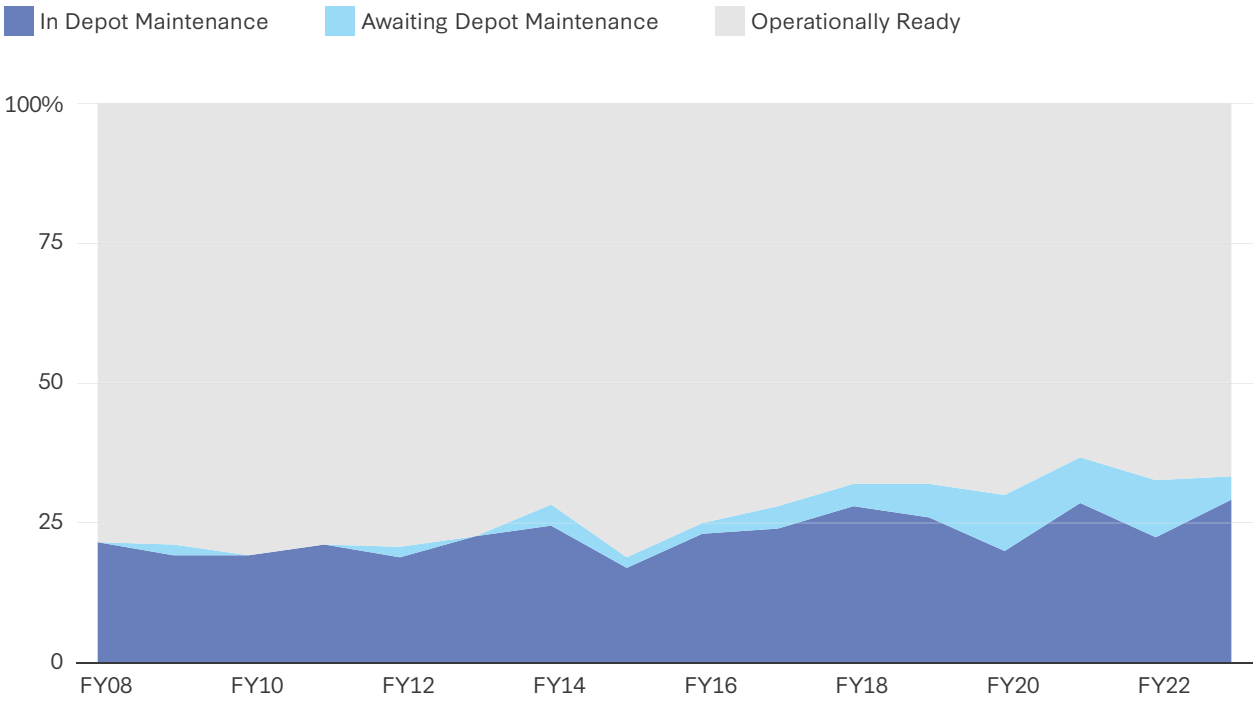
> *AUKUS is a strategic promise as much as an economic one.*

Successfully implemented, AUKUS would inject stability into the region and bolster allied integration. The defense industrial bases of all three nations would see a revitalization involving thousands of new jobs and renewed economic investment in local economies. Likewise, its members would develop a technological edge in innovation and warfighting that could be critical in a future conflict. AUKUS is a strategic promise as much as an economic one.

The Peril

And yet, for all the promise that AUKUS holds, in practice it has been beset by several issues. While difficulties should be expected with any initiative as significant and complex as AUKUS, thus far Canberra, London, and Washington have failed to provide sufficiently robust responses to five critical questions. It is incumbent on all three governments to be clear-eyed about the challenges they face and to address them with energy and alacrity.

Figure 1: Number of SSNs in Maintenance or Awaiting Maintenance



Source: Ronald O'Rourke, *Navy Virginia-Class Submarine Program and AUKUS Submarine (Pillar 1) Project: Background and Issues for Congress*, CRS Report No. RL32418 (Washington, DC: Congressional Research Service, February 2025), https://sgp.fas.org/crs/weapons/RL32418.pdf.

First, United States has fallen significantly behind in the acquisition and sustainment of its submarine fleet. This is a problem that predates AUKUS, as the U.S. submarine industrial base (SIB) has faced significant shortfalls for several years. Despite Congress **procuring** two *Virginia*-class submarines per year since 2011, the SIB has never reached that level. Production rates worsened after Covid-19 exacerbated workforce shortages, and according to estimates, the United States built *Virginia*-class submarines at a rate of roughly 1.13 per year in 2024. At the same time, the U.S. SIB has fallen short on maintaining its existing fleet. Of the 48 attack-class submarines in the U.S. Navy in FY 2023, **only 32** were operationally ready. That represents less than half of the Navy's goal of 66, significantly limiting the number of operational boats in the water and diminishing deterrence. Given the imbalance between existing numbers and operational requirements, it is entirely reasonable to question whether the United States can produce enough submarines for its own needs before it is able to sell three to five *Virginia*-class vessels to Australia in the early-to-mid 2030s.

Related to this is the sensitive question of whether Australian-owned and operated submarines would contribute to collective efforts to deter Chinese acts of aggression. That is, would American-made

Table 1: Actual and Projected *Virginia*-Class Procurement Quantities

FY 1998	1	FY 2014	2
FY 1999	1	FY 2015	2
FY 2000	0	FY 2016	2
FY 2001	1	FY 2017	2
FY 2002	1	FY 2018	2
FY 2003	1	FY 2019	2
FY 2004	1	FY 2020	2
FY 2005	1	FY 2021	2
FY 2006	1	FY 2022	2
FY 2007	1	FY 2023	2
FY 2008	1	FY 2024	2
FY 2009	1	FY 2025	1
FY 2010	1	FY 2026	2
FY 2011	2	FY 2027	2
FY 2012	2	FY 2028	2
FY 2013	2	FY 2029	2

Note: Projected quantities for FY 2025–FY 2029 as shown in the Navy's FY 2025 budget submission.

Source: O'Rourke, *Navy Virginia-Class Submarine Program.*

Virginia-class submarines sold to Australia be made available during a possible conflict in the Indo-Pacific? Or would Canberra decide to withhold its submarines and stay out of a conflict? Political leaders will of course refrain from answering hypothetical questions about potential contingencies for the very good reason that such dire circumstances would necessitate a full understanding of the context in which hostilities broke out. Australia has steadfastly refused any proposal to place submarines that it owns under U.S. operational control during a crisis, citing sovereignty—a request U.S. policymakers have **accepted**. While there is no doubt the United States would like to see its close security ally contribute to any type of conflict in the Indo-Pacific, there is a recognition that ensuring Australian sovereignty over its submarines is crucial for the longevity of AUKUS. Nevertheless, despite a robust history of allied cooperation, this question—awkward though it may be—will play a role in how Washington thinks about the allied forces it can muster in a crisis.

There have also been persistent questions about the price tag associated with AUKUS. Critics and supporters alike have long expressed concerns about the massive budgets associated with the venture. Only six countries currently possess the ability to build nuclear-propulsion submarines. Doing so requires an extraordinarily complex knowledge base, a nuclear-trained workforce, a robust industrial base, and the requisite budget to support such endeavors. This does not come cheap. The United States

has spent **$9 billion** on its submarine industrial base since 2018, and the U.S. Navy expects to spend an additional **$6.3 billion** on top of the annual cost of buying and repairing submarines.

In the early days of AUKUS, the Australian government **laid out** its estimate that the venture would cost Australians $240 billion (A$368 billion) over more than 30 years, including everything from materials to personnel costs but not accounting for inflation. Yet Australia's investments into its submarine industrial base have, to date, fallen short of its needs. In addition to the $3 billion it has committed to contributing to the U.S. SIB, Australia has **invested** $19 billion (A$30 billion) in its defense industrial base in support of AUKUS efforts. The Australian government's funding for AUKUS was **$1.6 billion** (A$2.59 billion) in FY 2025–26, with total spending commitments totaling $8.8 billion (A$13.6 billion) across several years. More funding on a faster timeline with specific delineated benchmarks would reassure Australia's partners it is doing enough.

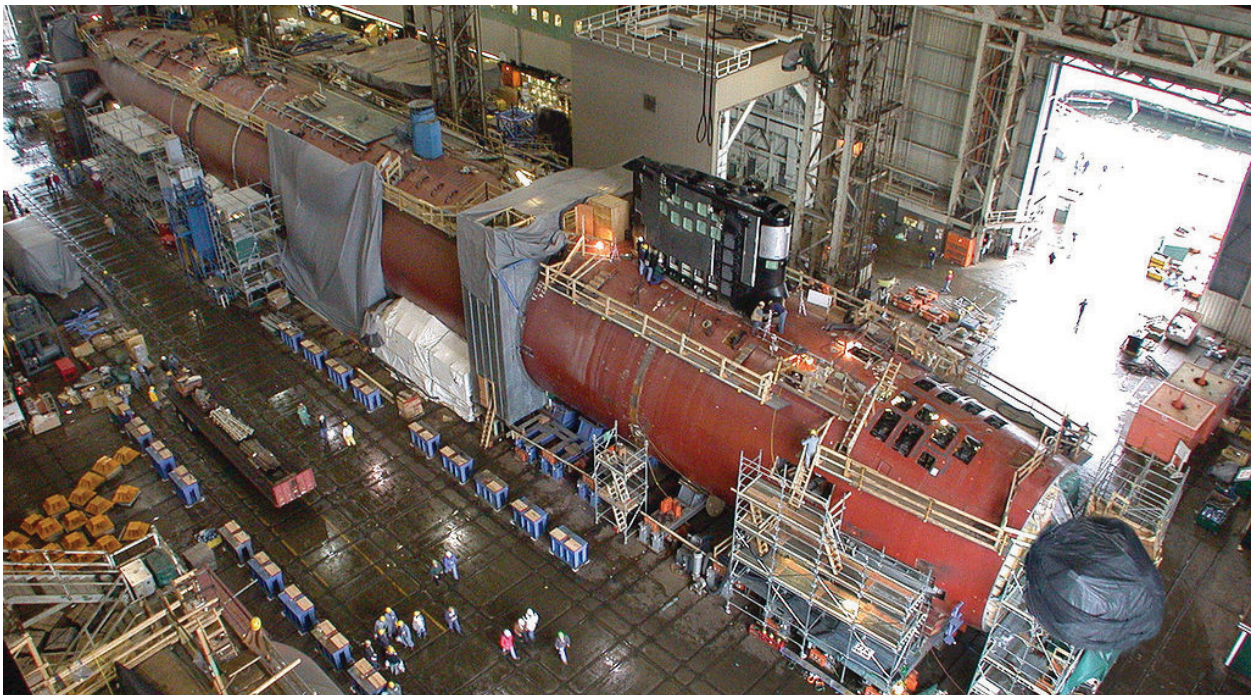
For its part, the United Kingdom recently **announced** it would be investing an additional $8 billion to boost its submarine-building capacity. This is on top of a $5 billion **allocation** toward design work and the time-intensive production of components for SSN-AUKUS and $4 billion earmarked for defense nuclear enterprise funding in 2023. The United Kingdom will need to ensure that a consistent drumbeat of funding continues, particularly given security concerns related to Russian aggression in Europe—far closer afield than the Indo-Pacific—that have recently taken on a larger role within the United Kingdom's foreign policy.

Additionally, questions about Pillar II's viability have dogged AUKUS. While investing in emerging technologies undoubtedly holds great promise, and the three governments have had some successes in conducting experiments and exercises that highlight the promise of trilateral defense cooperation, they have yet to produce a new trilateral capability that will enhance deterrence and the lethality of warfighters.

Several factors have hindered this realization, including a focus on building out a trilateral defense innovation ecosystem over prioritizing specific capabilities. Part of the challenge stems from Pillar II expanding in scope before producing tangible results. Just as important, Pillar II has held out the tantalizing possibility of more countries contributing additional resources and know-how to produce more capabilities. Japan, New Zealand, South Korea, and Canada have all formally signaled their interest in exploring participation in aspects of Pillar II. But the lack of definition around Pillar II's focus, including what is required to join and what it will deliver, has slowed trilateral planning and hindered other countries' ability to assess and join such efforts.

> *Until and unless the timeline is significantly condensed, the goal of enhancing deterrence, and doing so quickly, will remain rhetorical rather than tangible.*

Finally, concerns over the timeline for AUKUS have dogged the endeavor. Submarines take a long time to build. But it is not as if there is a deterrence problem that might materialize in the late 2030s. The need for the United States and its allies to deter China from invading Taiwan and prevent further Russian aggression along NATO's flanks is a clear and present danger. And timeliness concerns are



First of class Virginia submarine being built in Groton, Connecticut.

Photo: U.S. Navy/Wikimedia Commons

not limited to submarines: The promise of Pillar II has always been that collaboration could produce cutting-edge capabilities quickly and deliver deterrent effects that need not wait for a significantly expanded submarine fleet. And yet, until and unless the timeline is significantly condensed, the goal of enhancing deterrence, and doing so quickly, will remain rhetorical rather than tangible.

While these are sizable challenges, none of them, individually or taken together, are insurmountable. But overcoming them can only happen if the scale is understood and addressed with urgency, creativity, and a willingness to acknowledge what has worked and what has not—with a ruthless focus on delivery.

The Way Forward

The United States has a unique opportunity to lead significant changes to how AUKUS is implemented and supported. Below are recommendations designed to make AUKUS more successful and impactful and ensure that it is a significant driver of enhanced trilateral military capabilities and, therefore, deterrence.

THE NUMBERS GAP

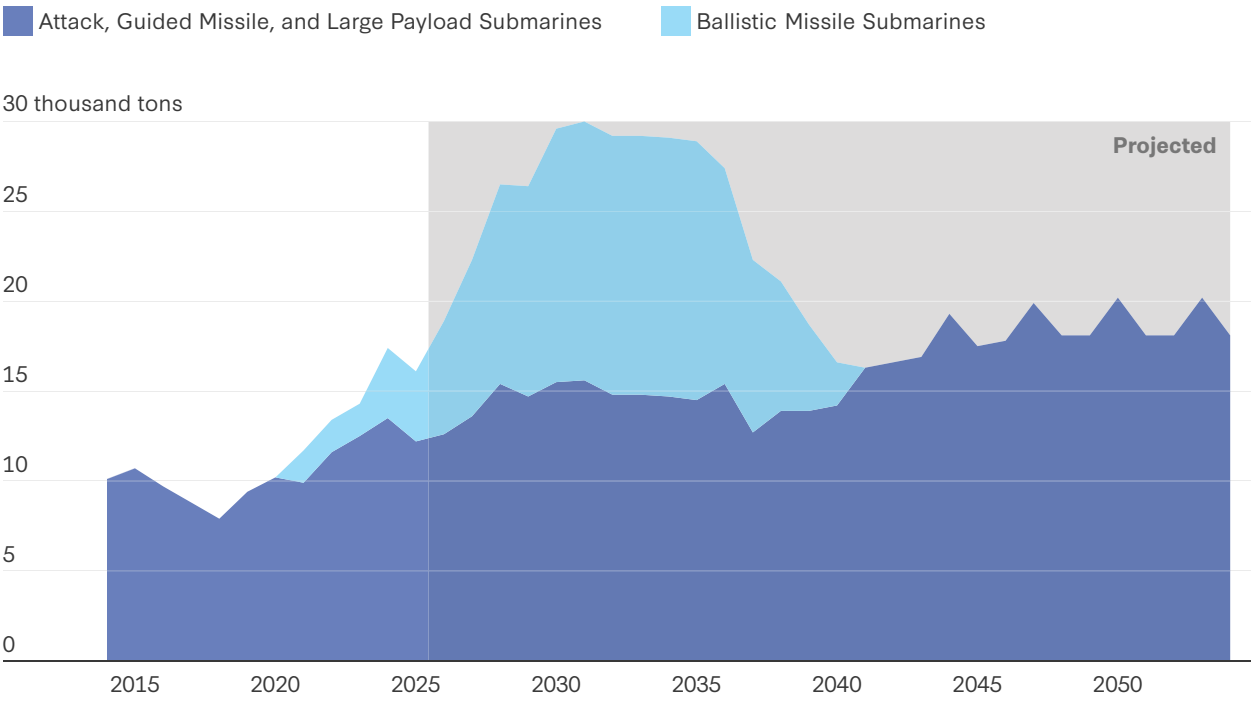
A key U.S. mission is to position its industrial base to produce more submarines more quickly. This will neither be easy nor cheap, but these shortfalls did not originate with AUKUS. Rather, they are the result of decisions made decades ago to reduce the number of U.S. shipyards capable of producing and maintaining nuclear-powered submarines, and to slim down U.S. supply chains in the name of efficiency over resilience. In other words, these are American problems that will require American solutions.

Congress has already invested billions in the SIB, which should eventually result in improved output and productivity. Congress took another step in the right direction following the passage of the One

Big Beautiful Bill Act, which will provide $29 billion for the entire shipbuilding and maritime industrial base, including $4.6 billion for a new *Virginia*-class submarine for FY 2026. Because the funds are part of reconciliation, they are a one-time injection into the SIB. This makes it imperative that Congress continue to work with the administration to provide consistent funding for the U.S. SIB, ensuring that the U.S. Navy can meet its own needs and those of its allies.

The other key goal for the U.S. SIB is to address the existing maintenance backlog. This might seem like a minor issue, but it is critical to the entire endeavor. It does not matter how many submarines the United States can produce if they cannot be maintained. The U.S. Navy's recently announced **plans** to build a new dry dock on the West Coast is a major step in the right direction, but it will take several years to reach fruition, even assuming Congress fully funds this initiative.

Figure 2: Amount of Displacement Tonnage of Submarines Under Construction Under the U.S. Navy's 2025 Plan



Source: Congressional Budget Office, *An Analysis of the Navy's 2025 Shipbuilding Plan* (Washington, DC: Congressional Budget Office, January 2025), https://www.cbo.gov/publication/60732.

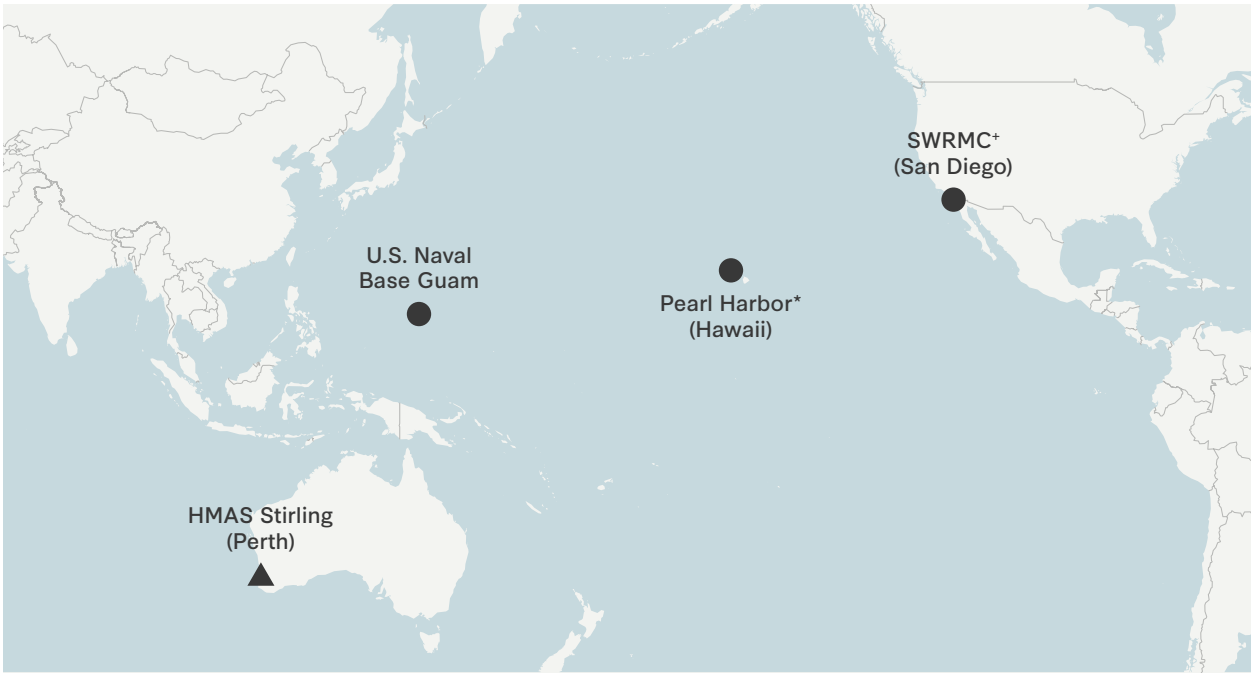
When it comes to maintenance, AUKUS can be part of the solution. According to Australian Minister for Defence Industry **Pat Conroy**, the country's submarine maintenance facility at HMAS Stirling will contribute 1,800 maintenance days over five years of SRF-W, which is significant: In 2022, a U.S. Navy leader stated that the U.S. attack submarine force had about **1,100 days** of maintenance delays.

With Australia building a maintenance facility for *Virginia*-class submarines at HMAS Stirling, and a supply chain to support it, the United States has an opportunity to utilize these facilities to address its backlog. Indeed, U.S. Navy planners should consider *HMAS Stirling* as a fourth Indo-Pacific shipyard (in addition to San Diego, Pearl Harbor, and Guam) that adds maintenance capacity. That construction

could be significantly accelerated, but U.S. planners need to note that *HMAS Stirling* is unlikely to materialize as a maintenance hub for American SSNs unless and until Canberra receives a clear signal from Washington that it plans on selling submarines to them. Senior Australian officials have privately stated that without such a signal, Australia is likely to prioritize its defense dollars elsewhere.

Figure 3: Sub Maintenance Facilities

● Current ▲ Considered



+ Southwest Regional Maintenance Center

* Pearl Harbor Naval Shipyard and Intermediate Maintenance Facility

Source: CSIS Australia Chair.

Similarly, the *Virginia*-class supply chain being built in Australia can also be used as a resilient and distributed supply chain for U.S. shipyards and facilities. If undertaken effectively, AUKUS will help get more U.S. SSNs in the water more quickly, significantly strengthening deterrence.

TALENT

Australia must also make additional, critical investments to build its own SIB. To start, perhaps the largest and most daunting investment priority for Australia's SIB is its workforce. The country has an estimated need for an additional 20,000 jobs to provide direct support to the nuclear-powered submarine initiative. Australia's lack of an existing civilian nuclear industry means the country is starting nearly from scratch. As it stands, workers most suited for manufacturing and production work in the SIB are concentrated in the mining sector, an industry with greater opportunity and compensation in the country than defense manufacturing and production. More sailors are also needed to ensure that Australia can operate its first submarines.

Workforce challenges are not limited to Australia, even if the country has the most work to do in this regard. The rapidly retiring SIB workforce in the United States has contributed to delays and cost overruns in the *Virginia*-class submarine program and requires revitalizing, as does the United Kingdom's—though perhaps to a lesser extent than the other two members.

Addressing these challenges requires the build-up of connective tissue between the three SIBs, facilitating the exchange of personnel and knowledge particularly needed for Australia to operate a fleet of nuclear-powered submarines. While the Australian government has made important progress on its own already, its capacity is limited, and significant additional investments and reforms will be required. A **recent review** by a former Australian defense secretary will be essential to getting Australia on a more productive path.

Several policies would be of great help in addressing workforce challenges, such as an **AUKUS Visa**, a streamlined multi-country visa to facilitate the movement of researchers and industry professionals between Australia, the United Kingdom, and the United States for collaborative AUKUS-related projects, or **digital IDs**, which would contain trained workers' skills, credentials, and security clearances in one place. These efforts would be further complemented by a neutral integrator that operates across AUKUS countries while building up each country's indigenous SIB. The AUKUS Visa has been brought up during AUKUS conversations before, including by members of Congress; however, little progress has been made in its realization. AUKUS members and their legislative bodies should work to resurrect visa efforts. If implemented, a visa would significantly facilitate the needed knowledge and talent transfer among AUKUS countries.

SOVEREIGN CONCERNS AND ALLIED PLANNING

Australian domestic politics are especially sensitive to issues of sovereignty. The Trump administration's emphasis on clarifying Australia's commitment to support the United States in a possible defense of Taiwan is therefore an especially difficult issue for Canberra and goes far beyond AUKUS in its implications.

Yet history suggests that these sensitivities may be overblown. Since World War I, U.S. and Australian armed forces have fought side by side in every major conflict. The first instance of this cooperation was at the Battle of Hamel on France's Western Front, where units from both countries fought under the command of one of Australia's most revered military leaders, General Sir John Monash. In World War II, roughly 3,200 Australians—primarily airmen and sailors—played critical roles in air and naval support for the Allied invasion under the overall command of U.S. General Dwight Eisenhower. There have been numerous instances of Australian forces operating under U.S. operational command ever since, and there is no reason that should stop.

To navigate U.S. requests for a more concrete commitment from Australia, and Canberra's sensitivities to issues of sovereignty, the United States and Australia should initiate a robust contingency planning process that incorporates Australian SSNs. Planning, in which military strategists from the United States and Australia would jointly undergo a comprehensive process of strategizing and organizing military operations to achieve specific objectives, would provide U.S. officials with more concrete reassurances that submarines sold to Australia would not disappear if and when needed. It could also preserve Australian sovereignty in developing the plan and, if necessary, in determining implementation during a crisis.

GIVING PILLAR II TANGIBLE FORM AND REAL CAPABILITIES

A key lesson of the first years of AUKUS Pillar II is that it is too broad and unfocused. Leaders in all three countries should therefore narrow its focus to a smaller set of capability areas. The selection of these areas should be informed by the warfighters of each nation, based on shared requirements and priorities that cut across the nations' different geographies.

> *AUKUS nations should consider focusing on three capability areas: autonomy, long-range strike, and integrated air defense.*

AUKUS nations should consider focusing on three capability areas: autonomy, long-range strike, and integrated air defense. These represent critical requirements for each nation and will substantially increase deterrence in both Europe and the Indo-Pacific. These areas have already seen some level of trilateral progress or have been identified as a priority.

For instance, Exercise Maritime Big Play in October 2024 allowed AUKUS partners to jointly test and operate uncrewed maritime systems. Private sector entities, including both emerging defense disruptors and traditional primes, are well positioned to contribute. Initiatives such as the **AUKUS Maritime Innovation Challenge**—a collaboration between the U.S. Defense Innovation Unit, the United Kingdom's Defence and Security Accelerator, and Australia's Advanced Strategic Capabilities Accelerator—are promising ways for industry to demonstrate capabilities in promising areas and for governments to identify where best to focus their efforts. To date, however, such efforts have lacked ambition. The dollar figures involved have been relatively modest; the 2025 Maritime Innovation Challenge only offers up to $8 million in funding. These efforts have also lacked integration: Instead of a single challenge, they are in fact three parallel challenges by the three national organizations. Going forward, these initiatives should be integrated into a coherent, unified whole.

On the missile defense side, Trump's proposed Golden Dome initiative offers opportunity for Pillar II in integrated air defense. Australia already works closely with U.S. missile defense systems and could complement the initiative. The United Kingdom's **2025 Strategic Defence Review** highlighted the importance of more effective air defense capabilities for a force fit for war in the twenty-first century, and a **greatly expanding rotational presence** of U.S. military forces in Australia will also increase demand for air defense capabilities to protect these critical positions.

With respect to capitalizing on long-range strike, the Hypersonic Flight Test and Experimentation project, signed in November 2024, enables AUKUS partners to utilize each other's testing ranges and share technical information in developing these missiles. Already, a funding pool of $252 million has been allocated, and six testing campaigns are scheduled to be completed by 2028. Further collaboration on this scale for anti-hypersonic capabilities would enhance the effectiveness of an AUKUS integrated air defense system.

Narrowing areas of focus will not be sufficient to make Pillar II more effective. AUKUS leaders should seek to rapidly identify two or three tangible marquee capabilities that will demonstrate AUKUS Pillar II's viability and effectiveness—and more importantly contribute to the capabilities and lethality of warfighters. At the same time, they should build an open, trilateral information-sharing architecture

that would enable each nation to transmit significant amounts of classified and unclassified data in real time. For their part, industry leaders should consider creating specific mechanisms or companies to advance these projects. The next six months will be a critical period for Pillar II.

TIMELINES, OVERSIGHT, AND SHAPING DISCOURSE

As the AUKUS initiative progresses, the need for strong oversight and governance mechanisms will become critical to ensure success. With the United Kingdom appointing a prime minister's special representative to AUKUS, Trump and Australian Prime Minister Anthony Albanese should follow suit to appoint their own special representatives who would answer to them and be responsible for driving efforts and be accountable for the success of AUKUS.

AUKUS leaders should also consider releasing an annual trilateral written report on the initiative that details progress made over the course of the previous year and looks ahead to the next. Having a written document created with input and consensus from all parties will provide a strong annual benchmark from which to measure progress and ensure alignment on priorities. A public report laying out successes and plans for the steps ahead would also help maintain public acceptance and approval for the project.

Additionally, AUKUS-related budgets and workforce initiatives will require oversight. To date, such efforts have been ad hoc, based on hearings and not on the systematic, sustained structural efforts of any government. The three countries' legislative bodies should establish trilateral dialogue mechanisms to provide needed connectivity and mutually reenforcing oversight over growing budgets and workforce programs.

Strategically, the promise of AUKUS to enhance deterrence needs to be recentered in policy discussions. This has been overshadowed by constant debate around whether the United States will sell its *Virginia*-class submarines to Australia. Instead, the intellectual attention should shift toward the real strategic effects that are being created from the AUKUS initiative and how to capitalize on them. The "real" work being done in the militaries and across the Track 1.5 and 2.0 spaces has the potential to create strategic and operational dilemmas for the People's Liberation Army (PLA). All members need to think through how to get these developments on the PLA's radar, particularly as it pertains to advancing Pillar II within the next two years.

Similarly, debates over the wisdom or potential of the U.S. sale of *Virginia*-class SSNs to Australia have been overly focused on U.S. submarine production rates. This is not a strategic approach—production is only a part of the equation. The key strategic question is whether AUKUS would increase or decrease the number of boats available for operations during a crisis or contingency. Even if the United States is unable to improve its own SSN production capabilities, the answer is still unequivocally positive: AUKUS will put more U.S. boats in the water by addressing its maintenance backlog and will provide the United States with an additional critical location from which to operate its SSNs. A new planning initiative would provide a more concrete and predictable understanding of how Australian submarines would be used in such a conflict. Adding considerations of the strategic impact that AUKUS has already had in binding the participant nations more closely together and the potential short-term operational impact of Pillar II, there is no doubt that AUKUS will strengthen deterrence in the Indo-Pacific.

The first stage of AUKUS—creation and conception—is now complete. Next is the hard part—execution. Achieving the full potential of AUKUS will require a monumental mobilization of resources and energy across three nations. Now is the time for government, industry, academia, and others who are invested

in its success to be bold. The best way to do so is to ensure AUKUS is understood by all stakeholders as a net positive for the national security of all three nations, and not a zero-sum game. Everyone stands to benefit from AUKUS—it is an opportunity waiting to be seized. ■

Abraham M. Denmark *is a senior associate (non-resident) with the Asia Program at the Center for Strategic and International Studies (CSIS) in Washington, D.C., and is a partner at the Asia Group. He previously served as senior AUKUS advisor to the U.S. secretary of defense.* ***Charles Edel*** *is a senior adviser and the inaugural Australia Chair at CSIS. He previously served on the U.S. Secretary of State's Policy Planning Staff and taught strategy at the U.S. Naval War College.*

This report was made possible due to the generosity of Pratt Industries and general funding to CSIS.

Cover Photo: U.S. Navy