

The character and prospects of AUKUS as international industrial policy

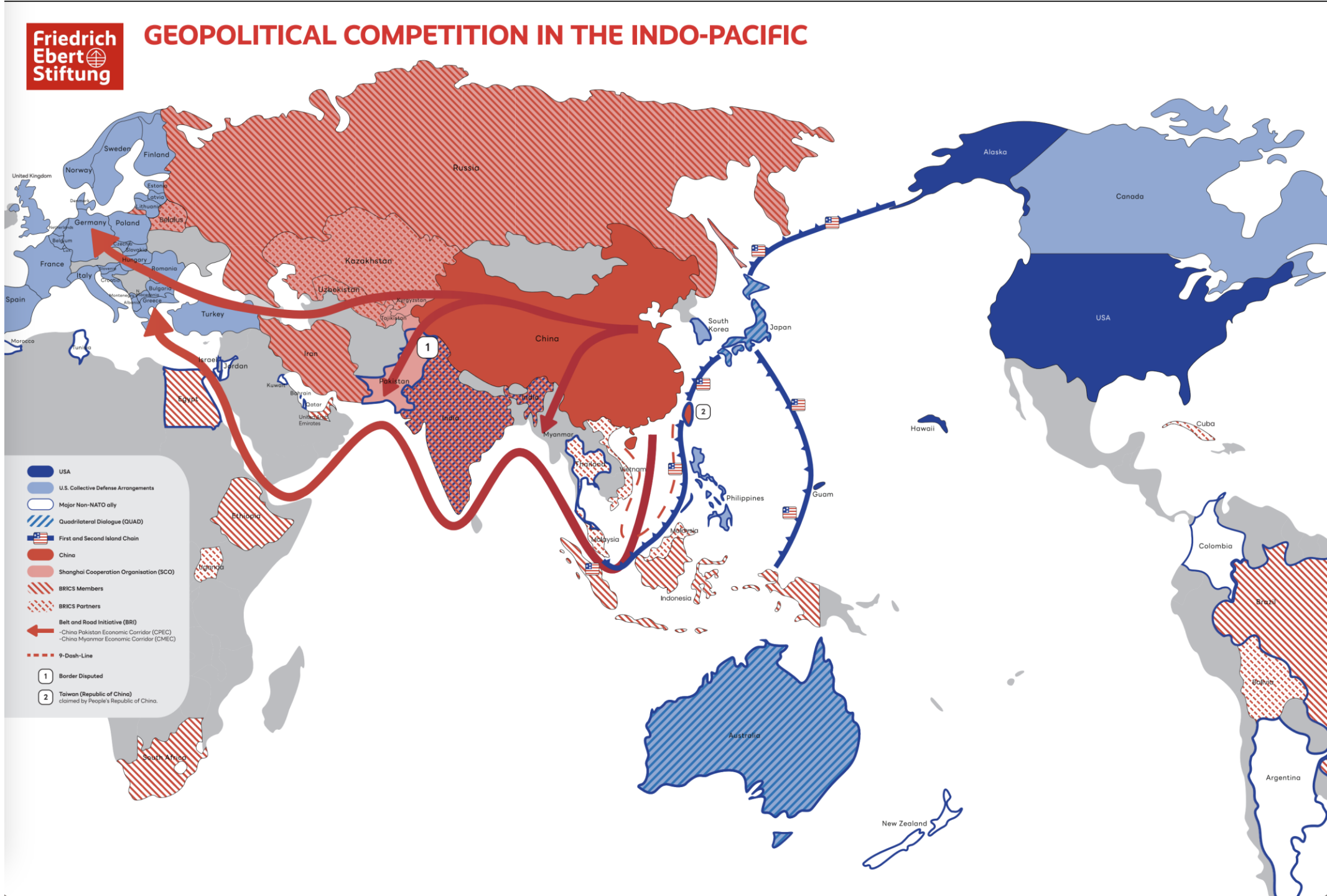
Professor Chris Wallace, University of Canberra
CJRES Conference, Cambridge, 17 July 2026

What is AUKUS?

- A trilateral defence and security partnership between Australia, the UK and the US 'with the overarching aim of preserving security and stability in the Indo-Pacific', comprising two pillars.
- Pillar 1: The US and UK to enable Australia to acquire nuclear-powered, conventionally armed submarines.
- Pillar 2: A trilateral partnership collaborating in the development of a range of advanced technology including hypersonics and AI.
- 'AUKUS promises specific strategic advantages for the partner nations: improved deterrence, closer relationships with allies, and accelerated technological advancement.' (House of Commons Defence Committee, 2026)

The AUKUS context

(Friedrich Ebert Foundation, 2025)



A history of AUKUS in six pictures... 1

PM Scott Morrison (A), Boris Johnson (UK) and President Joe Biden (US),
G7 sideline meeting, Cornwall, June 2021.

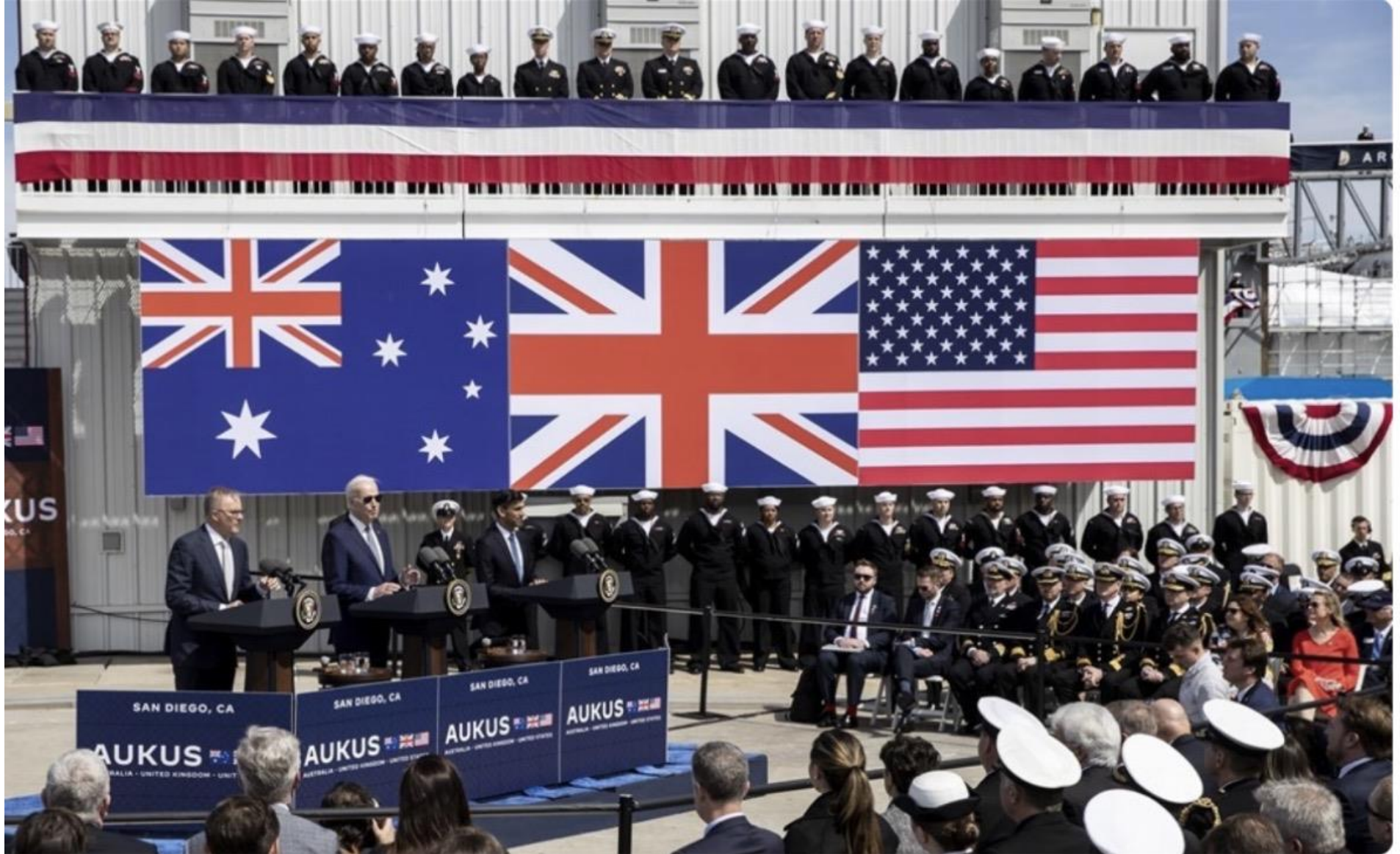
Morrison,
Johnson and
Biden "agreed
that the strategic
context in the
Indo-Pacific was
changing and that
there was a
strong rationale
for deepening
cooperation".



A history of AUKUS in six pictures... 2

Morrison, Biden and Johnson co-announce the creation of AUKUS, September 2021, to 'deepen diplomatic, security and defence cooperation in the Indo-Pacific region'. Biden thanks 'that fellow Down Under'...





A history of AUKUS in six pictures... 3

Australian PM Anthony Albanese, US President Joe Biden & UK PM Rishi Sunak announce the 'optimal pathway' to 'produce a nuclear-powered submarine capability in Australia', AUKUS Trilateral, San Diego, March 2023



A history of AUKUS in six pictures... 4

King Charles III addresses US Congress, April 2026:

'...we have agreed the most ambitious submarine program in history, AUKUS, in partnership with Australia, a country of which I am also immensely proud to serve as sovereign'.

In the US and UK, AUKUS is little known...

(US President Donald Trump reveals his lack of familiarity at a press conference, Washington, February 2025.)



...yet important enough for Charles III to highlight in his congressional address.

AUKUS – not just a geopolitical initiative but a (little analysed) industrial policy initiative too

- AUKUS as industrial policy addresses these problems.
 - The US has world-beating nuclear submarine technology but can't build subs fast enough to keep up with the fast-growing People's Liberation Army Navy (PLAN) of China.
 - The UK's once formidable nuclear sub fleet, incorporating coveted US defence tech, has been run down to the point of dysfunctionality, and needs urgent revival.
 - Australia wants submarines and the know-how to build their own, and is willing to pay the US and UK to help them do that.
- US tech transfer & oversight will help the UK design a new SSN AUKUS nuclear-powered sub in collaboration with Australia.
- Australia will invest in UK industrial uplift to design & build the first SSN AUKUS in Britain, and then with British help begin building its own AUKUS subs in Australia.
- The US will sell three Virginia class subs to Australia to cover us during the very long lead times involved in the SSN AUKUS class development.

AUKUS characteristics

- Trilateral: Australia, UK, US.
- Hierarchical: US on top, UK in the middle (dependent on cutting edge US nuclear sub & related technology), Australia 'junior'.
- Anglophone: built on familiar old, and more recent, imperial underpinnings, formal and informal.
- Integrative: brings three countries together to produce a complex big-budget product with a decades-long production cycle.
- Nuclear.
- Expensive, with Australia 'paying to play' with both the US & UK.
- Inherently unstable, with asymmetric risk. US has low lock-in; UK has modest lock-in; Australia has high lock-in, no credible Plan B, and growing domestic discontent re: AUKUS.
- Has putative benefits for jobs in 'left behind places', especially Barrow and Darby in England, Port Adelaide in South Australia, and Rockingham in Western Australia.

AUKUS prospects

- Trilateral: wrangling three countries rather than two adds complexity.
- Hierarchical: clear hierarchy improves odds of dealing with complexity.
- Anglophone: higher degree of mutual comfort collaborating without language barriers.
- Integrative: brings three countries together to produce a complex big-budget product with a decades-long production cycle with, *if successful*, big prospects re: joint capability, capacity and interoperability.
- Nuclear: Australia has no nuclear industry base beyond production of medical isotopes, so choosing nuclear-powered subs is a poor fit and contributes to defence-based nuclear proliferation.
- Expensive: Australia 'paying to play' with both the US & UK, without performance guarantees from either, is poor deal-making.
- Inherently unstable, with asymmetric risk.
 - Low US lock-in means Australia may not get the promised Virginia class subs to tide it over.
 - UK industrial uplift investment may face a 'pushing on a string' problem despite best efforts + AUKUS lacks a system champion to maintain momentum.
 - Australia has no credible Plan B for subs and faces growing domestic discontent re: AUKUS.
- Has putative benefits for jobs in 'left behind places'.
 - But can/will they respond – or be resourced well enough to give them a realistic chance to?
 - Or does the scale of the required socio-economic remediation in those places make AUKUS a bet with odds too long?

AUKUS is controversial in Australia:

- Australia's contract with France's Naval Group to build conventionally-powered subs was broken at big diplomatic and financial cost by Australia's conservative PM Scott Morrison.
- There was no perceived need to for nuclear-powered subs, and no proper process to change that, either politically or bureaucratically.
- SSN AUKUS subs will be finished far later and at much higher cost than under the Naval Group conventionally-powered subs deal.
- To avoid being wedged given a looming election, Labor endorsed AUKUS in opposition, then failed to review it after winning government in 2022 – and has now doubled down on it.
- The Australian labour movement is divided over AUKUS but critics, including former PM Paul Keating and former Foreign Minister Gareth Evans, are getting little traction with the Albanese Government.



A history of AUKUS in six pictures... 5

US Secretary of War Pete Hegseth, Australian Minister for Defence Richard Marles & UK Secretary of State for Defence John Healey, AUKUS Defence Ministers Meeting, Singapore, May 2026. Hegseth tells Marles it will be three used Virginia class subs, not one new and two used as originally promised.

A history of AUKUS in six pictures... 6

ABC Europe correspondent Kathryn Diss reports outside HM Naval Base Portsmouth, as Australian Defence Minister Marles tours it alone, after UK Secretary of State for Defence John Healey suddenly resigns over the Starmer Government's defence budget, June 2026.



Richard Marles jilted on AUKUS trip by resignation of UK counterpart | ABC NEWS