

Submission to the House of Commons Defence Committee's AUKUS Inquiry

Author

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1. Geopolitical Context

- a) AUKUS is a political project formed to address a geopolitical challenge.
- b) The original impetus behind AUKUS was to equip Australia with nuclear submarine capabilities, in order to support its national resilience and capacity to project deterrence towards an increasingly assertive China.
- c) The decision to make AUKUS a trilateral endeavour reflected an effort to bridge the Indo-Pacific and Euro-Atlantic security theatres, and to harness the Five Eyes partnership as the basis for a new era of more intensive allied cooperation.
- d) The expansion of AUKUS into a two-pillared project embedded both deterrence and competition towards China in the project's DNA.
- e) China has never been explicitly mentioned in the public rhetoric surrounding AUKUS, in part due to initial concerns about the reception the pact would receive amongst regional partners.
- f) In reality, most Indo-Pacific partners have welcomed AUKUS – whether publicly or privately – as an endeavour focused on avoiding conflict, in the same manner that the UK's Indo-Pacific 'tilt' was greeted warmly given the nation's strong reputation as a defender of international norms.
- g) It is plainly evident that, in the four years since AUKUS was announced, China has continued to escalate its international activities in a manner that only heightens the need for credible deterrence and competition initiatives from allies.
- h) At the same time, other geopolitical developments – namely Russia's illegal, full-scale invasion of Ukraine, and the deteriorating situation in the Middle East following Hamas' October 7th terror attack towards Israel – have placed more pressure on the capacity of the UK and US to prioritise and focus their investments into AUKUS and into the Indo-Pacific region more generally.
- i) In the British context, this has necessitated a reframing of AUKUS as a project that links the two security theatres, producing capabilities that can be used to assert power and resilience towards multiple adversaries in distinct geographies.
- j) There is no issue per se with AUKUS spanning the two security theatres, only that it may affect the capacity of the partners to agree on a set of priorities for the AUKUS capabilities, given the distinct demands of each environment.
- k) This will require the UK to advocate for AUKUS interoperability and coordination with NATO, and to take an active role in avoiding the United States' recalibration of its European security presence from precipitating a bifurcation of the American and European defence industrial bases.
- l) It is also true that there has been an evolution to the approach taken by each of the governments towards China since the conception of the pact, which affects their political willingness to engage in certain aspects of both competition and deterrence initiatives.
- m) The current UK Government has pursued a new engagement strategy towards China, and has been inconsistent at times in its public rhetoric. By contrast, the current American administration is pursuing a more overtly combative public relationship towards China, while the Australian Government remains focused on the China threat, but cautious in its approach to public diplomacy towards the superpower.
- n) It will be important to devise an effective new strategic narrative for the UK Government to speak about AUKUS in the public domain, which aligns with the wider context of its forthcoming National Security Strategy and Strategic Defence Review.

2. Strategic Narratives

- a) AUKUS' origins as a top-secret nuclear-related project meant that public communications about the pact remained limited for much of the first 18-months following its announcement, missing a crucial opportunity to establish a robust strategic narrative and secure buy-in amongst citizens and other stakeholders.
- b) This caution around communications was exacerbated by institutional anxieties about the need to control messaging towards other regional partners in the Indo-Pacific, as well as the awareness of the dissatisfaction of France, which had previously held a submarine contract with the Australian Government, and the sensitivities towards the other Five Eyes partners not included in the partnership.
- c) The resulting public education deficit has largely persisted, interrupted by intermittent trilateral press conferences in grand settings, in which very little detail is revealed regarding the substance of the project's progress.
- d) In the UK, the lack of public communications has contributed to scarce Parliamentary understanding of the AUKUS, which has made it more challenging to provide adequate scrutiny and accountability functions towards the Government's progress.
- e) It has been evident at the set-piece AUKUS events that many British journalists required to report on AUKUS developments are poorly informed about the pact, and struggle to determine where to challenge or reinforce the information that has been provided.
- f) The British people, while generally favourable to AUKUS, are not especially knowledgeable about the project or its current state. Crucially, while Government has tended to emphasise the job creation prospects of the pact, it is its strategic value as an allied vehicle to achieve greater collective resilience, to deter adversaries, and to become more competitive, which is most resonant.
- g) Moving forward, the partners should invest in a new strategic framework for AUKUS, which reflects a more confident position with established allies and regional partners, and sets out a clear vision for how it will support the resilience and prosperity of the three allies, as well as contributing to the security of the international order.
- h) Government must develop communication and engagement strategies for all stakeholder groups, including citizens, industry, universities, and Parliamentarians.

3. Political Resilience

- a) Despite its origins as a political project, the political aspects of AUKUS have been gravely underestimated, which has made the project more vulnerable to drift and derailment.
- b) The policy and political incentives for all three partners to pursue the pact were clear in 2021; however, there have been changes to the political party in power in all three nations (with the UK also changing leader an additional time) in the subsequent three-and-a-half years.
- c) While there have been efforts to frame AUKUS as a bipartisan project, it is undeniable that political buy-in for the pact was not guaranteed at any elections, and has had to be earned.
- d) There are obvious motivations for political parties and leaders to project continuity in defence initiatives, however the degree of political enthusiasm for AUKUS has played a significant role in the prioritisation of its mission, and the resources afforded to its implementation.
- e) It is extremely dangerous for a project of this scale, ambition, and projected length to be subject to disruption and delay in the face of political events. There has been considerable variability of pace and focus, in the lead-up to and aftermath of national elections.

- f) In the British context, it would be preferable for a setting to be established in which a select group of senior representatives from His Majesty's Opposition are able to receive semi-regular briefings about AUKUS progress and delivery.
- g) It is also essential that stronger relationships are formed at a Parliamentary level between the three nations. An AUKUS Parliamentary-Congressional Engagement Initiative would help to facilitate relationship-building between the bipartisan AUKUS Caucus in Washington, the APPG on AUKUS in London, and the Friends of AUKUS group in Canberra.
- h) The need to secure greater resilience for the pact is most evident in the American context, where transfers of power are resulting in considerably greater policy deviation, and such a significant proportion of officials are political appointments.
- i) At the time of writing, a considerable portion of the appointments required to drive AUKUS in the US system have not been proposed nor approved, which has left a skeleton staff to continue to shepherd the project.
- j) It is also evident that AUKUS will need to be reset both in narrative and structural terms to align with the priorities and rhetoric of the Trump administration.
- k) While there has been considerable anxiety regarding the question of whether AUKUS would 'survive' under President Donald Trump, there has been ample room for optimism.
 - i. First, AUKUS is largely oriented towards the Indo-Pacific and the pursuit of both competitiveness and effective deterrence towards China, which is clearly a major priority of his administration.
 - ii. Second, the mutual capability uplift at the heart of AUKUS reflects the demands made by the Trump administration towards allies, and provides material benefits to the United States through additional capacity of defence industrial production, maintenance and basing.
 - iii. Third, AUKUS is a modern project with a disruptive core and spirit, which aims to enhance America and its allies' competitiveness towards China in many of the vital technologies where the authoritarian superpower is pulling ahead.
- l) The most significant risk to the future of AUKUS is not conceptual, but rather the challenges the project has experienced in pace, focus and delivery.
- m) Rather than focusing on the question as to whether AUKUS could be abandoned, more effort should be directed towards exploring how to effectively harness the energy and zeal of the Trump administration, and its strong relationships with the technology and venture capital ecosystems, to inject new momentum and a stronger focus on results.
- n) Ultimately, the deterrence ambition at the heart of AUKUS is only credible if the pact visibly and tangibly delivers on its objectives.

4. Government Architecture

- a) The decision to embark on AUKUS was made at the highest levels of government by the three political leaders, and yet the responsibility for the implementation of AUKUS was then devolved to departments and officials, with an inconsistent and vastly reduced role at the top.
- b) Delivering on the AUKUS pact is a whole-of-government exercise, and will require centralised oversight and an empowered and engaged political culture to drive institutional delivery.
- c) The need for a whole-of-government approach becomes evident when one considers the breadth of the touchpoints the project will demand, including in education, infrastructure, housing, science and technology, defence, geopolitics, and, of course, the Treasury.
- d) AUKUS is also a project that will address themes of economic and national security, the projection of power, alliances, competitiveness towards adversaries, and national prosperity.

- e) For both these practical and substantive reasons, the central AUKUS team must sit in the Cabinet Office, ideally within the National Security architecture.
- f) The appointment of Sir Stephen Lovegrove as a Special Representative on AUKUS is a crucial step forward. His team must be given considerable political power to galvanise the systems of government to deliver, and ensure Ministers are held accountable for their areas.
- g) In addition, there must be a strong leadership team in the Ministry of Defence, ideally with integrated relationships with the Department of Science and Technology – which has been curiously under-utilised in AUKUS thus far – and the Foreign, Commonwealth and Development Office, which should monitor the evolving strategic context in which AUKUS is advanced.
- h) There is currently an opportunity for the UK to take the lead in providing a dynamic example of AUKUS architecture on which the new US administration could model its own AUKUS structures and the development of counterparts.
- i) In the British context, it is important for the UK Government to recognise is that AUKUS has the capacity to serve as an organising principle by which we evolve our institutions to meet the realities of the challenges we currently face.
- j) Aside from its principal objectives, there are three key agendas which AUKUS can support:
 - i. The integration of economic and national security infrastructure in our institutions, to support our sovereign capability to engage holistically in strategic competition towards China and ensure the UK is more resilient to economic coercion.
 - ii. The integration of the civilian technology ecosystem into an innovation architecture producing capabilities with defence applications, and strengthening the role of the private sector as a strategic instrument involved in supporting national aims.
 - iii. Restoring and enhancing the national security capabilities within our higher education system, and embedding our world-leading universities at the intersection of state-driven missions and private sector innovation.
- k) It is extremely difficult for our institutions to embark on such agendas without an organising principle, and AUKUS will be the means by which we can achieve all three of these vital objectives – with the responsibilities to our allies driving efficient pace and delivery.
- l) For this reason, the idea that AUKUS may ‘fail’ is simply impossible to accept, because it would imply that the UK has also failed to undertake these necessary processes, and therefore will be making itself profoundly vulnerable to falling behind on core prosperity and security requirements.

5. Industry and Innovation

- a) It is a testament to the strength of the UK’s institutions that British industry responded so enthusiastically to the demand signal of the announcement of the launch of AUKUS, with many firms launching AUKUS practices, recruiting AUKUS personnel, and opening new initiatives in the other two partner markets.
- b) There was, however, a long period that followed the announcement in which British industry did not feel that it had been sufficiently engaged on AUKUS by Government. This partly reflected the aforementioned omerta around Government communications, but also the sensitivity of the engagement process leading up to the Optimal Pathway Announcement.
- c) Industry felt that they were being regarded by Government as delivery partners, but not strategic partners. They sought a larger role in shaping the project design.
- d) What was missing for a long time was a serious effort of engagement around Pillar II, which is where the largest number of possible industry partners of all sizes are able to contribute.

- e) Government appears to have become stuck at various points on the question of its role in the formation of the AUKUS ecosystem, and the best means of balancing industry capability with Government need.
- f) There have, at various points over the past three-and-a-half years, been times when Government wanted industry to show them what they were capable of, as it could not anticipate innovation, while industry was waiting for requirement signals from Government, as it could not anticipate demand. This led to inertia and frustration on both sides.
- g) The reality is that the process needs to be considerably more flexible and iterative. For this to be possible, Government will need to find a way of overcoming the fundamental design of Ministry of Defence procurement and contracting systems, which provides inherent obstacles for firms to engage with Government in this way.
- h) The creation of an AUKUS contracting mechanism, with a considerably higher tolerance for risk and a structure more suited for SMEs and non-traditional defence actors, would be a simple way to overcome these challenges.
- i) Serious thought must also be given to the design of the Innovation Challenges. These are a considerable opportunity to leverage AUKUS to support the UK innovation ecosystem, and particularly the growth of SMEs.
- j) The inclusion of SMEs in AUKUS delivery will require significant due diligence processes to ensure that the firms can deliver in a complex and changeable environment. It would be wise for the Government to charge the existing Primes with such a task, nurturing a new cadre of promising SMEs and requiring them to integrate them into their supply chains in order to secure Innovation Challenge contracts. This will help to strengthen the Primes, vital drivers of growth, jobs and resilience, while also helping a new generation of SMEs to emerge.
- k) Many of the most intractable challenges pertaining to AUKUS delivery relate to issues that have been voiced by industry since the first months of the project. The lack of progress on these issues is unacceptable and must be addressed with the same degree of energy and enthusiasm as was directed towards the ITAR reforms.
- l) Chief among these are the problems pertaining to information-sharing and personnel, the essential underpinnings of a trilateral enterprise of this nature.
- m) Government must prioritise the establishment of an AUKUS 'passport' or 'visa' for industry and other senior AUKUS personnel, which essentially enables the mutual recognition of security clearances and classifications, as well as immigration pathways to support open movement for AUKUS projects between the three nations.
- n) Without these harmonisations, it will be extremely difficult for industry to deliver on AUKUS and take full advantage of the significant legislative reforms that have been enacted.
- o) It is clear that Pillar II has suffered from the broad and expansive nature of its identified capabilities, and there needs to be a concrete prioritisation process both within and between the three partners. We should seek to pursue fewer projects but adequately resource them, and ensure they are projects which can reach the hands of the war-fighter as quickly as possible.
- p) It may also be helpful to reframe the list of capabilities around the outcomes that are sought, or the domains in which they would operate. This would also help to address the fact that the specificity of the capabilities often belies the fact that so many of them overlap or are co-integrated, such as AI, and also the fact that there are key gaps from the original list development process, such as space, which have only increased in significance.
- q) The question of industry involvement in AUKUS cannot be addressed without also confronting the issue of defence innovation financing and how to drive private capital into the sector.
- r) Government will need to play an important role in enabling the development of this ecosystem, in part by empowering conduits to the innovation sector to identify the demand signals and requirements needed to build sustainable funding streams.

- s) It will also be essential for the Government to influence pension funds, banks, and investors to understand that defence should not be de-prioritised as part of ESG criteria.
- t) With the City of London, the UK has the opportunity to take the lead in building a model to support this important work, once again using AUKUS as the principle by which to drive a wider change.

6. Workforce and Universities

- a) The Government must also address the opportunities and requirements for AUKUS in both higher and further education.
- b) AUKUS is a generational undertaking, and should be regarded as a vocational pathway for careers in manufacturing and industrial roles, as well as knowledge economy industries.
- c) It is essential that Government recognises how important it will be to develop a sustainable and sovereign workforce to support national security and defence endeavours, and to be in a position to secure research labs and sensitive sites to domestic citizens.
- d) It is evident that the advancement of the submarine and defence industrial manufacturing base will require the recruitment of a well-paid, secure, and motivated workforce, supported by career development, housing, quality of life, and family opportunities.
- e) For higher education, there are existing examples of past programmes between Government, universities, and industry, which could be adapted into an AUKUS Advanced Capabilities Doctoral Programme.
- f) Candidates could spend half their time in traditional academic research settings, and the other half in industry placements, with the opportunity to secure guaranteed careers at the end of their studies. There could also be a secondment option to recognised institutions in Australia and the United States.
- g) Industry support for these programmes would help to drive much-needed funding into a sector facing considerable financial distress, while reconnecting universities with the UK's national security objectives.
- h) Initiatives such as these would also considerably assist in building citizens' and community engagement with AUKUS, and in conveying its significance as a national endeavour.

7. Other Alliances

- a) There was much institutional concern when AUKUS was first announced at the reception it would receive from other allies. Despite some initial turbulence, as noted above, the project has mainly received positive endorsements from both established allies and regional Indo-Pacific partners.
- b) Indeed, several allies have publicly expressed their desire to explore opportunities to collaborate with AUKUS under the Pillar II capabilities endeavour – namely, Japan, South Korea, Canada, and New Zealand.
- c) The barrier to entry thus far has been the willingness to buy into a shared strategic outlook, to possess vital capabilities that add value to the partnership, to have a common approach to security – particularly digital security – and to be willing to invest state funding to support capability development.
- d) The primary focus of the three AUKUS partners must be to start to visibly deliver on the original intent of the project, in order to fulfil its deterrence objective. Once some significant achievements in Pillar II capability development are banked, it is both feasible and desirable to bring other allies into the conversation.

- e) AUKUS should remain a project with a trilateral core, and therefore the participation of other allies should be limited to cooperation on specific project endeavours, in an AUKUS+ framework. It is important to maintain the trilateral focus of AUKUS, because it provides the best means of ensuring its future resilience and the flexibility to adapt into the future.
- f) It must also be recognised that AUKUS provides significant benefits to the wider group of democratic allies.
- g) AUKUS will be the project by which the United Kingdom and Australia are able to demonstrate to the United States the value that alliances add to its competition and deterrence missions.
- h) Moreover, AUKUS will provide the blueprint for new forms of allied co-creation and co-development projects.
- i) The ideal state is for the democratic partners in the Euro-Atlantic and Indo-Pacific to generate several pacts similar to AUKUS as a means of driving acceleration in defence innovation and capability development. All allies will benefit from the capacity to collaborate and/or procure these capabilities from trusted partners.