

AUKUS Series—Part 1: What is AUKUS?

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On 15 September 2021, Australia, the United Kingdom (UK), and the United States (US) (each a member State) announced AUKUS as a new security partnership that will promote a free and open Indo-Pacific that is secure and stable.¹

Nearly three years later, on 15 August 2024, the US Department of State submitted to the US Congress a determination that Australia and UK export control systems are comparable to those of the US and have implemented a reciprocal export exemption for US entities. This is a required step for the retransfer and reexport of controlled defence related goods, software, and technology among and between member States without the need for a US export control licence.

The AUKUS partnership is implemented through two fundamental ‘pillars’ as explained below.

Pillar One

The first pillar of AUKUS, which has been the subject of much recent media attention, involves Australia acquiring conventionally armed nuclear powered submarines (SSN). Historically, SSN technology and intelligence has been closely guarded between the US and UK government, since they entered the US-UK nuclear partnership in 1958.

This first pillar allows SSNs to be trilaterally developed, incorporating technology from all three member States.

Australia intends to develop the infrastructure, technical capabilities, industry, and human capital necessary to produce, maintain, operate, and steward a sovereign fleet of SSNs.²

Throughout the 2030s, the Australian government is seeking to acquire three to five US Virginia class submarines and to embed members of the Australian defence force and civilian personnel with their US and UK counterparts to train and build an Australian nuclear submarine workforce. Australia has appointed UK company BAE Systems in partnership with Adelaide-based ASC to build the SSN-AUKUS submarines in the Osborne shipyard in Adelaide.

Pillar Two

Of greater economic importance, the second pillar of AUKUS responds to the demand for interoperability between the member States by creating a trilateral technology accelerator between each member State's governments, research organisations, and companies to create technological innovation.

The key target areas of AUKUS include cyber capabilities, artificial intelligence, quantum technologies, and undersea, hypersonic and electronic warfare capabilities.³

The impact of Pillar Two cannot be understated, with the Center for Strategic and International Studies, a leading bipartisan think tank, arguing that the technologies taken together "could be game-changing, securing the future military and economic advantage of the AUKUS nations and recasting the nature of this competition for global influence."⁴ Collective technological advancement will be a vital tool to quickly outpace international peers in this space.

What's Changing in Australia?

Significant legislative change has arisen to facilitate the second pillar of AUKUS, with amendments to the Defence Trade Controls regime that have been accelerated to now commence on 1 September 2024.

Similarly, the US Department of State will shortly publish an interim final rule to amend the International Traffic in Arms Regulations (ITAR) and implement an export licensing exemption for Australia and the UK. The ITAR exemption will be effective on 1 September 2024.

Member States have initiated amendments to their respective export controls to create licence free trade between and amongst the member States to the maximum extent possible. This will support Australian defence companies doing business with UK and US companies and increase investments and innovations in this growing export industry.

The regulatory environment governing the trading of defence goods, services, and intelligence has also broadened, with new offence provisions in Australia scheduled to commence six months later. It will be important to ensure that Australian companies, and those trading with them, do not breach such expanded offences.

These changes will be considered in greater detail in future instalments of the AUKUS Series, which are to follow.

We are closely monitoring the developments of this legislative regime and our Australian team can advise at all stages of defence sector engagement.

Footnotes

¹ <https://www.pm.gov.au/media/joint-leaders-statement-aucus>.

² [Joint Leaders Statement On AUKUS | Prime Minister of Australia \(pm.gov.au\)](#)

³ [AUKUS partnership to consult with other nations including Japan on military capability collaboration - GOV.UK \(www.gov.uk\)](#)

⁴ [AUKUS Pillar Two: Advancing the Capabilities of the United States, United Kingdom, and Australia \(csis.org\)](#)

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