

AUKUS announces its first Pillar II signature project: Uncrewed undersea capabilities

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The trilateral security partnership between Australia, the UK and the US, known as AUKUS, was established in 2021 and is organised into two strands. Pillar I supports Australia's acquisition of a conventionally armed, nuclear-powered submarine capability; Pillar II pools the three nations' work on advanced military capabilities. Pillar II has, to date, attracted criticism in some quarters for slow progress by comparison with the submarine programme. On 30 May 2026, at the Shangri-la Dialogue Security Summit in Singapore, the three nations announced the first signature project under Pillar II: the joint development of payloads and enabling systems for uncrewed undersea vehicles (UUVs), with first capabilities expected in service from 2027. The accompanying joint statement also recorded progress across the submarine programme and a commitment to widen the trilateral licence-free environment for defence trade.¹

Background

AUKUS was announced in September 2021 and set two objectives: the delivery to Australia of nuclear-powered submarines, and trilateral cooperation on a defined set of advanced capabilities. Under the submarine pathway announced in March 2023, Australia is to host a rotational presence of UK and US submarines at HMAS Stirling in Western Australia from 2027, to purchase three US Virginia-class submarines in the early 2030s, and, with the UK, to build a new class of submarine known as SSN-AUKUS for delivery at around the same time. Pillar II, by contrast, covers a defined set of advanced-capability areas, among them undersea warfare, hypersonic and counter-hypersonic systems, quantum technologies, artificial intelligence and autonomy, advanced cyber- and electronic warfare, together with an innovation strand under which the partners run periodic competitions for industry. The submarine programme is making more visible progress; Pillar II, until now, has not moved with the same tempo, hence some of the criticism since the inception of AUKUS.²

The Singapore meeting was attended by the UK defence secretary, John Healey, the Australian deputy prime minister and minister for defence, Richard Marles, and the US secretary of defence, Pete Hegseth. Mr Healey acknowledged the criticism directly, stating that "for too long in AUKUS, we talked too much and delivered too little," and that "that has now changed under our three governments."³

The first Pillar II signature project

The signature project is the first capability project to be formally designated under Pillar II. According to the joint statement, the partners will develop payloads and enabling systems for their UUVs, with delivery beginning in 2027. The stated purpose is to protect critical national seabed infrastructure, to carry surveillance, reconnaissance and strike capabilities, to conduct logistics tasks, and to strengthen the partners' position in antisubmarine and antisurface warfare, mine countermeasures, electronic warfare and operations in contested coastal waters. The payloads, which include sensors and weapons systems, are intended to be interoperable across the three nations' UUV fleets, and the UK has said that it will contribute £150 million to the project.⁴

1 Australian government, UK government and US government, "AUKUS Defence Ministerial Joint Statement: 30 May 2026", policy paper, 30 May 2026; Tessa Wong, [US, UK and Australia to Develop Underwater Drone Technology](#), BBC News, 30 May 2026.

2 Australian government, "[AUKUS nuclear-powered submarine pathway](#)", media release, 14 March 2023; House of Commons Library, "AUKUS pillar 2: Advanced capabilities", briefing paper CBP-9842, 2 September 2024.

3 Wong, *supra* n. 1; "AUKUS Defence Ministerial Joint Statement: 30 May 2026", *supra* n. 1.

4 "AUKUS Defence Ministerial Joint Statement: 30 May 2026", *supra* n. 1, Section 1.2 (Pillar II – Advanced Capabilities).

The designation of the first signature project will doubtless be viewed by industry as an encouraging signal that the advanced capabilities strand of AUKUS has begun to move from concept to delivery. That signal was reinforced by a parallel announcement at the same meeting, where the UK named the winners of the 2025 AUKUS Maritime Innovation Challenge, a competition under the Pillar II innovation strand directed at the command, control and teaming of undersea systems. Four suppliers will share £3 million in development funding, three of them UK companies: Decision Analysis Services Ltd, a small enterprise based in Basingstoke; SEA Ltd, a larger enterprise based in Frome; and A-2i, a microconsultancy based in Dorchester. The fourth, MSI Transducers, is based near Boston in the US.

The licence-free environment and the excluded technologies list

For industry, the most consequential element of the Singapore meeting may be the least visible. The joint statement recorded a commitment to widen the trilateral licence-free environment for defence trade by narrowing what is known as the list of excluded technologies. Since 2024, the three nations have had in place reciprocal mechanisms that allow most defence goods, technology and services to move between them without individual export licences. On the US side, the enabling statute was the National Defense Authorization Act for Fiscal Year 2024, which created an exemption under the International Traffic in Arms Regulations (ITAR); the implementing rule took effect on 1 September 2024 and was finalised on 30 December 2025. On the UK side, the Department for Business and Trade issued an Open General Licence (AUKUS Nations) in August 2024, in force from 1 September 2024 and since revised. Australia enacted the Defence Trade Controls Amendment Act 2024, with accompanying offences commencing on 1 March 2025. A separate US reform, effective in April 2024, removed many licence requirements for dual-use items destined for Australia and the UK.⁵

However, the licence-free environment comes with certain requirements (e.g. UK and Australian entities must join an Authorised User Community) and it does not cover everything. To ensure ITAR compliance, parties may rely on it only where they and all other parties to the transaction are authorised users, or registered with the Directorate of Defense Trade Controls in the USA, and where the item is not on the excluded-technologies list, a schedule of sensitive articles and services not allowed under the exemption. More than 700 UK and Australian entities are now enrolled as authorised users, and the US Department of State has reported that, in a sample period, only around 18% of relevant requests fell outside the exemption because of the excluded list.

The list nonetheless continues to include classified payloads for UUVs and related signature-reduction techniques, which runs the risk of capturing the category of technology that the new signature project is intended to develop. The commitment to narrow the list may therefore directly be connected with the project: without it, the most sensitive collaborative work on UUV payloads may fall back into the ordinary licensing regime rather than moving licence-free. Industry will no doubt be performing careful analysis in this space following the announcements at Shangri-La.

That commitment is, for the present, a political undertaking rather than a regulatory change. No amendment to the original excluded-technologies list has been published as at the date of this alert, and the obligations of the licence-free environment continue to apply.

Outlook

The Singapore meeting is best read as part of a shift in emphasis from announcement to delivery. Alongside the signature project, the partners confirmed that the rotational submarine presence at HMAS Stirling, known as Submarine Rotational Force-West, is on track to be established in 2027, with the first US personnel arriving later this year. The partners also highlighted the maintenance conducted on the UK submarine HMS Anson at HMAS Stirling earlier in 2026, the first such work on a British submarine in Australia. These milestones build on the bilateral Australia-UK treaty signed at Geelong in July 2025, which set the framework for the SSN-AUKUS programme.⁶

In April 2026, the UK House of Commons Defence Committee reported that the programme faced “shortcomings and failings,” that submarine availability was low, and that investment in the Barrow-in-Furness shipyard had slipped, and it called on the government to do more and to do it faster. On the US side, the rate of Virginia-class submarine production has run below the level the US Navy considers necessary to supply both its own fleet and the boats promised to Australia, and the partners used the Singapore meeting to propose acquiring three in-service submarines in place of a mixture of new and in-service vessels. These constraints may impact the timetable for Pillar I, but they do not diminish the significance of the first Pillar II deliverable.⁷

The undersea focus of the signature project reflects a wider concern with the security of seabed infrastructure. The UK government accused Russia of surveying undersea cables in the waters around the UK, and in December 2025, the UK and Norway agreed to operate a joint antisubmarine fleet in the North Atlantic.

5 National Defense Authorization Act for Fiscal Year 2024, Pub. L. No. 118-31, Section 1343 (22 December 2023); Bureau of Industry and Security, “[Export Control Revisions for Australia, United Kingdom, United States \(AUKUS\) Enhanced Trilateral Security Partnership](#)”, interim final rule, effective 19 April 2024; Department for Business and Trade, “[Notice to exporters 2024/18: update on AUKUS and publication of new open general licence](#)”, 16 August 2024 (Open General Licence (AUKUS Nations), in force 1 September 2024); Department of State, “[International Traffic in Arms Regulations: Exemption for Defense Trade and Cooperation Among Australia, the United Kingdom, and the United States](#)”, final rule, 90 Fed. Reg. 61053 (30 December 2025).

6 “AUKUS Defence Ministerial Joint Statement: 30 May 2026”, supra n. 1, section 1.1 (Pillar I); Australian government and UK government, “[Joint Statement on the Australia–United Kingdom Nuclear–Powered Submarine Partnership and Collaboration Treaty](#) (the Geelong Treaty), 26 July 2025.

7 House of Commons Defence Committee, “[AUKUS: Eighth Report of Session 2024–26](#)”, 28 April 2026; “AUKUS Defence Ministerial Joint Statement: 30 May 2026”, supra n. 1, section 1.1.

For defence suppliers, the practical opportunities are threefold: the payloads, sensors and weapons systems at the centre of the signature project; the enabling and common-standard systems that make trilateral interoperability possible; and the submarine infrastructure and sustainment work in Western Australia, South Australia and the UK. The reach of the licence-free environment, and any narrowing of the excluded-technologies list, will determine how readily a company in one partner nation can supply a prime contractor in another. Workforce mobility across the three jurisdictions also remains a key topic, which the Defence Committee proposed to address through a dedicated AUKUS visa.⁸

How we can help

Our International Trade & Foreign Investment Practice Group advises defence suppliers, contractors and investors on the legal architecture of the AUKUS partnership and on the export-control regimes that govern defence trade between Australia, the UK and the US. We advise on how to become an authorised user under AUKUS and the conditions of the licence-free environment; on ITAR, the US Export Administration Regulations, the UK Open General Licence (AUKUS Nations), and the Australian Defence Trade Controls regime; on the excluded technologies list and the licensing of items that fall outside the exemption; on how to get closest to AUKUS breaking developments and key government stakeholders; and on the security, compliance and workforce requirements that accompany trilateral defence work. If you would like to discuss the implications of the developments described in this alert for your business, please contact any member of the team listed below or your usual contact at the firm.

⁸ Ministry of Defence statements on Russian undersea activity, April 2026; the United Kingdom and Norway agreement on a joint anti-submarine capability in the North Atlantic (the Lunna House Agreement), 4 December 2025; House of Commons Defence Committee, "AUKUS: Eighth Report of Session 2024–26".

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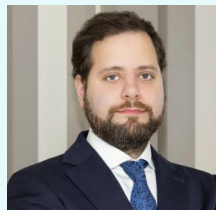
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