Council on Geostrategy

PRIMER
Indo-Pacific Project
No. 2026/03
April 2026

Assessing the contribution of defence industrial base collaborations for Britain's deterrence posture

By Dr Euan Graham and Patrick Triglavcanin

EXECUTIVE SUMMARY

- Major international Defence Industrial Base (DIB) collaborations between the United Kingdom (UK) and its allies, such as AUKUS and the Global Combat Air Programme (GCAP), generate significant combat capabilities and economies of scale.
- Initiatives such as these will benefit Britain upon delivery of capabilities – starting in the 2030s – but in the short term detract from addressing current threats posed by the UK's adversaries.
- As such, the contribution of DIB collaborations to deterrence is not a given, as their purpose is to produce capabilities to withstand conflict. However, the essence of deterrence is to prevent conflict occurring.

The desirability of Defence Industrial Base (DIB) collaborations with international partners for the United Kingdom (UK) is difficult to argue against as a means of generating meaningful combat capability through pooled resources, and thus securing economies of scale by maximising comparative advantage among like-minded states. However, their contribution to deterrence is also contestable, and should not be assumed as automatic, especially given long lead times to frontline delivery.

In its latest defence and defence industry policy pronouncements, His Majesty's (HM) Government asserts a positive connection between deterrence and DIB collaborations. While deterrence is primarily the purview of states, the private sector has significant agency, and does not simply react to government command signals. Some have even claimed that defence industry constitutes a sixth warfighting domain in its own right.[1]

The Strategic Defence Review (SDR), published in June 2025, states that international capability partnerships such as AUKUS and the Global Combat Air Programme (GCAP) 'underpin the UK's relationships and ultimately strengthen collective security'.[2] In the context of the 'special relationship' – the transatlantic relationship between the UK and the United States (US) – and the North Atlantic Treaty Organisation (NATO), the SDR claims that building collective defence industrial capacity 'maximise(s) the relationship's potential as a force multiplier in renewing deterrence'.[3] HM Government's Defence Industrial Strategy 2025 observes, in the context of the prolonged conflict in Ukraine, that 'innovation and industrial power are central to deterrence'.[4] Industrial resilience, including the security of supply from overseas, is identified as a central component of British deterrence.[5] The UK's appointment of a National Armaments Director (NAD) through the SDR is evidence of the thinking within HM Government that a more overarching, directed national project will enable greater harmonisation between industry and national strategy.

This view of deterrence is one shared by partner nations, including Australia and the US. In its 2024 Defence Industry Development Strategy (DIDS), the Australian Government speaks of defence industry as a 'critical partner in providing the deterrence our strategic circumstances demand.'[6] The DIDS makes additional outward-facing claims that 'close industrial collaboration with trusted international partners will help build the strategic weight Australia needs to shape

[1] Franklin D. Kramer, 'The sixth domain: The role of the private sector in warfare', Atlantic Council, 04/10/2023, https://www.atlanticcouncil.org/ (checked: 14/04/2026).
[2] 'The Strategic Defence Review 2025 – Making Britain Safer: Secure at home, strong abroad', Ministry of Defence, 02/06/2025, https://www.gov.uk/ (checked: 14/04/2026).
[3] Ibid.
[4] 'Defence Industrial Strategy 2025: Making Defence an Engine for Growth', Ministry of Defence, 08/09/2025, https://www.gov.uk/ (checked: 14/04/2026).
[5] Ibid.
[6] 'Defence Industry Development Strategy', Department of Defence of Australia, 29/02/2024, https://www.defence.gov.au/ (checked: 14/04/2026).

the future…deter[ring] conflict by increasing the cost of aggression against Australia and its interests.'[7]

In 2024, in a significant development towards bolstering its defence industrial base, Australia established the Guided Weapons and Explosive Ordnance (GWEO) Enterprise to enhance the Australian Defence Force's 'ability to sustain its strike, missile defence, and underwater weapons capabilities in conflict' through production in Australia.[8] Although backed by AU$21 billion (£11 billion) in funding over a decade, GWEO's output thus far has been limited to manufacturing Guided Multiple Launch Rocket Systems (GMLRS) projectiles for the Australian Army's High Mobility Artillery Rocket System (HIMARS).[9] GWEO does, however, have expansion potential, including with foreign partners such as Britain.

Although the American DIB is much larger, and has traditionally relied on its own research and development, Washington has explicitly begun to pursue the strategic leveraging of allied defence industrial bases, notably through the Regional Sustainment Framework (RSF), launched under the Biden administration, and its associated concept of 'integrated deterrence', which intends 'to begin development of a global network of regionally aligned maintenance, repair, and overhaul capabilities.'[10] The Trump administration has endorsed the initiative, but focused it more on the Indo-Pacific, reflecting the long-term focus on strategic competition with the People's Republic of China (PRC).[11] Such a bipartisan approach suggests growing awareness in the US that it needs to enter into more partner collaborations to maintain its own strategic competitiveness. However, such awareness must still contend with protectionist impulses at the political level, as well as the Trump administration's onus on defence export promotion.

'Production is deterrence' was the claim of Kathleen Hicks, Deputy Secretary of Defence under Joe Biden, then President of the US.[12] This was a precursor to the launch of the Partnership for Indo-Pacific Industrial Resilience (PIPIR) some months later. The PIPIR, although still relatively low-profile, was also embraced by the Trump administration, and has since been conceptualised as a forum of 16 Indo-Pacific and Euro-Atlantic partners, including the UK. It aims 'to accelerate Indo-Pacific contributions to global defence industrial base resilience', to help 're-establish deterrence by reviving the United States' defence industrial base to

[7] 'Defence Industry Development Strategy', Department of Defence of Australia, 29/02/2024, https://www.defence.gov.au/ (checked: 14/04/2026).
[8] 'Guided Weapons and Explosive Ordnance Enterprise', Department of Defence of Australia, No date, https://www.defence.gov.au/ (checked: 14/04/2026).
[9] 'Australia starts missile production', Department of Defence of Australia, 05/12/2025, https://www.minister.defence.gov.au/ (checked: 14/04/2026).
[10] Jim Garamone, 'DOD Developing Regional Sustainment Framework in Indo-Pacific', US Department of War, 18/07/2024, https://www.war.gov/ (checked: 14/04/2026).
[11] Pete Hegseth, Speech: 'Remarks by Secretary of Defence Pete Hegseth at the 2025 Shangri-La Dialogue in Singapore', US Department of War, 31/05/2025, https://www.war.gov/ (checked: 14/04/2026).
[12] Kathleen Hicks, Speech: 'Remarks by Deputy Secretary of Defence Kathleen Hicks "Why America Needs The Defence Industrial Base" 2024 National Security Innovation Base Summit', US Department of War, 20/03/2024, https://www.war.gov/ (checked: 14/04/2026).

rapidly provide [*sic*] and enhance the capabilities of the US and its allies and partners.'[13] A 'resilient and competitive defence industrial base' was central to Australia's DIDS, and voices within the Australian Defence Force have also begun to conceptualise production-based deterrence, claiming 'resilience has the potential to deter', provided that there is a clear national project to act as a guide.[14]

Conceptualising DIB collaboration and deterrence

Despite such widespread claims for their deterrent potential, the proposition that defence industrial partnerships are independently capable of generating deterrence effects is contestable, and warrants conceptual interrogation.

Deterrence's conceptual essence is to dissuade potential adversaries from pursuing aggressive or escalatory actions by convincing them that the costs outweigh the benefits. Deterrent responses do not need to be exclusively military, but potential aggressors must be convinced that retaliation will stand a good chance of either denying them the gains of aggression or inflicting punishments so costly it is not worth instigating action. Defence industrial stamina forms part of an adversary's calculations, except in very short duration conflicts.

During the Cold War, deterrence was largely synonymous with nuclear deterrence. Now that strategic competition has returned to the forefront of international security, there is an urgent need to re-familiarise with the basic concept of deterrence in response to Chinese and Russian conventional and nuclear buildups, coordinated sub-threshold warfare campaigns, and the Kremlin's full-scale invasion of Ukraine and nuclear threats aimed at NATO countries.

While it has been essential to update and broaden the Cold War modus operandi of deterrence to meet this expanding spectrum of threats from revisionist states, the definition of deterrence has become conceptually over-burdened, and somewhat muddled into the bargain. Deterrence is now routinely applied as a catch-all suffix to almost any domain of defence and security policy, often without an accompanying intellectual rationale. It has acquired an instinctive appeal to politicians as a 'Goldilocks' formula for explaining the purpose of defence policy, because it signals resolve without appearing too provocative.[15]

Deterrence carries significant limitations if serving as the basis for defence policy initiatives and overall strategy. Successful deterrence does not define a permanent end state, but merely describes the continuing absence of undesirable

[13] 'Fact Sheet: Partnership for Indo-Pacific Industrial Resilience (PIPIR)', Partnership for Indo-Pacific Industrial Resilience, 01/06/2025, https://media.defense.gov/ (checked: 14/04/2026).
[14] 'Defence Industry Development Strategy', Department of Defence of Australia, 29/02/2024, https://www.defence.gov.au/ (checked: 14/04/2026); and Andrew Buckley, 'Deterrence and the case for Australian Industry Policy', *The Forge*, 26/11/2025, https://theforge.defence.gov.au/ (checked: 14/04/2026).
[15] Lawrence Freedman, 'Beyond Deterrence', *Comment is Freed*, 04/12/2024, https://samf.substack.com/ (checked: 14/04/2026).

activity. If deterrence fails to prevent armed aggression, what should be the counter-strategy that replaces it to resist and reverse adversary gains? A deterrence-based strategy needs to be connected to a theory of victory, and based on firmer, less yielding ground than simply the avoidance of conflict or enhancing the ability of allied production to sustain war once it begins.

It is within this framework that the deterrent value of AUKUS and GCAP, as well as the relatively new, low-profile production and logistics-based initiatives of the PIPIR and the RSF, will be analysed.

AUKUS and GCAP

How AUKUS and GCAP deter

The tripartite AUKUS initiative, in the opinion of Sir Stephen Lovegrove, Special Representative on AUKUS, marks the most significant multinational security collaboration anywhere since the 1950s.[16] AUKUS breaks fresh ground among DIB collaborations, as it includes an operational component in the form of a British and American commitment to forward deploy nuclear-powered attack submarines (SSNs) to Australia well in advance of the industrial submarine collaboration bearing fruit. This puts it into a different, if not unique, category that is closer in function to a collective security commitment than a traditional capability development initiative. Deterrence has been explicitly linked to AUKUS as an objective since its foundation in September 2021, but there is a tension between the long timelines for delivering the SSN-AUKUS class submarines and the potential for a military crisis to occur in the Indo-Pacific beforehand.

GCAP was formalised in April 2026 through the signing of a short-term design contract. The initiative is almost certain to bring the UK into a long-term defence partnership with Italy and Japan – already Britain's closest defence partner in Asia – to deliver a sixth-generation long-range combat aircraft.[17] Unlike AUKUS, it excludes the US, and thus represents an ambitious hedge against dependence upon the American DIB by some of Washington's closest allies.

For the UK's global deterrence posture, the most noteworthy aspects of both AUKUS and GCAP is that they include Indo-Pacific nations as founding partners. This ties Britain more closely into Indo-Pacific security, including via the logistics of trans-regional defence production and sustainment. The indispensability of AUKUS and Australia to generating the UK's next class of SSN, as well as the host of military technologies under AUKUS Pillar II, helps to explain why the Royal Navy

[16] 'UK Prime Minister's Special Representative for AUKUS Sir Stephen Lovegrove | Pacific Policy Pulse', YouTube, Centre for Strategic and International Studies, 09/12/2025, https://www.youtube.com/ (checked: 14/04/2026).
[17] George Allison, 'Design contract for next-generation British fighter jet', *UK Defence Journal*, 02/04/2026, https://ukdefencejournal.org.uk/ (checked: 14/04/2026).

spared HMS Anson, one of its few available Astute class submarines, to undergo a period of maintenance at HMAS Stirling in February and March 2026. This commitment to forward deployment in Australia was honoured – Britain's increasingly acute threat perception focused on the North Atlantic area notwithstanding – although the need to respond to recent events in the Middle East shortened its visit, highlighting tensions between increasing operational demands here and now and the need to invest in future defence capabilities.

Although the UK now frames the deterrent potential of AUKUS in broader terms than the Indo-Pacific and the PRC, SSNs are highly mobile assets. The fact that AUKUS includes new infrastructure for sustaining British as well as American SSNs in Western Australia clearly enhances the potential of the partnership to strengthen military deterrence. Industrial collaboration, through AUKUS but also other UK-Australia bilateral programmes, such as the Hunter class frigate programme,[18] is therefore helping to drive Britain's commitment to maintaining a regular naval presence in and around Australia, despite the severe challenges that the Royal Navy currently faces in maintaining a credible operational presence even in UK waters.

A more entrenched and sustainable British military presence in the Indo-Pacific reinforces the prevailing logic within HM Government that the security of the Euro-Atlantic and Indo-Pacific are interconnected.[19] The current Labour administration accepted this argument upon coming into power; it emphasises how certain capabilities are theatre-agnostic, mitigating calls from some quarters to deprioritise the Indo-Pacific.[20] This bolsters HM Government's view that expeditionary conventional capabilities, as well as Britain's nuclear forces, should be able to respond globally.

Limitations of AUKUS and GCAP to deterrence

AUKUS and GCAP will contribute to deterrence primarily through the advanced, long-range strike and other capabilities they deliver. However, delivery is still far off, limiting the deterrence contribution both DIB collaborations can make in the short to medium term. International defence industrial partnerships like AUKUS and GCAP operate with long lead times, so have negligible impact on the immediate availability of defence capability for deterrence or the political will to use armed forces for deterrence purposes if a crisis manifests. In other words, they have little or no effect on the willingness and ability to muster and use force that underpins the value of deterrence at a specific time and place (other than generally tying the UK's security more closely to the Indo-Pacific).

[18] 'Hunter class frigate', Royal Australian Navy, No date, https://www.navy.gov.au/ (checked: 14/04/2026).
[19] See: 'The Strategic Defence Review 2025 – Making Britain Safer: Secure at home, strong abroad', Ministry of Defence, 02/06/2025, https://www.gov.uk/ (checked: 14/04/2026).
[20] Ben Coxon, William Freer, and James Rogers, 'Labour embraces the dawn of the Atlantic-Pacific', *Britain's World*, 12/08/2024, https://www.britainsworld.org.uk/ (checked: 14/04/2026).

GCAP will not start to deliver combat aircraft until the mid-2030s, while the first SSN-AUKUS class submarine will not be completed until 2037 at the earliest. The PRC could even be perversely incentivised to make a military move on Taiwan sooner rather than later if Beijing perceives that investments in long-term capability development by close US allies are drawing resources away from important gap areas, such as Integrated Air and Missile Defence (IAMD), current readiness levels, and ammunition stocks. Concerns that AUKUS is consuming Australia's defence budget are well established within the country's defence debate.[21] Similar concerns about opportunity cost can be found in Britain's resource-constrained defence environment.

Long lead times also raise the risks that the capability itself never gets delivered, or that complications arise along the way, further diminishing the ability of such partnerships to deter. Australia's DIB is relatively small in comparison to the UK's and, despite the official emphasis on maintaining a sovereign industrial capability, Canberra's experience of managing large-scale defence projects – in particular the construction of submarines and surface combatants – has on multiple occasions resulted in budget blowouts and come close to project failure.[22] This is a concern within AUKUS, notwithstanding Australia's direct investment into Britain's DIB.

AUKUS has emerged as the clear centrepiece among Australia's international industrial partnerships, but the Department of Defence of Australia is engaged in two major parallel industrial collaborations that will continue to consume significant bandwidth.[23] To mitigate the risks of project failure, Australia may need to show greater flexibility about the share of overseas build that it is prepared to accept for its future nuclear submarines. There is also cause for concern in Canberra about the ability of the UK's DIB to deliver SSN-AUKUS on time, particularly as continued delays to the Defence Investment Plan destabilise long-term industry planning and discourage investors.[24]

One possibility to mitigate the risks of lengthy delays or project failure in international DIB collaborations is to expand core membership. This possibility has already been discussed under AUKUS Pillar II, which has opened the door to limited

[21] Matthew Knott, 'The Fourth Service: How AUKUS is consuming the defence budget', *Sydney Morning Herald*, 17/04/2025, https://www.smh.com.au/ (checked: 14/04/2026).
[22] Andrew Davies, 'Nobody wins unless everybody wins: The Coles review into the sustainment of Australia's Collins class submarines', Australian Strategic Policy Institute, 28/05/2024, https://www.aspi.org.au/ (checked: 14/04/2026).
[23] The first project, with BAE Systems, is to build six large Hunter class frigates (adapted from the UK's Type 26 design) for the Royal Australian Navy in South Australia. In addition, Australia is acquiring 11 'general purpose' frigates built to a Japanese design, the first few of which will be built in Japan and the remainder constructed in Western Australia, 'subject to the right conditions'. See: 'General purpose frigate', Royal Australian Navy, No date, https://www.navy.gov.au/ (checked: 14/04/2026); and 'Hunter class frigate', Royal Australian Navy, No date, https://www.navy.gov.au/ (checked: 14/04/2026).
[24] 'Oral evidence: Impact of the delay to the Defence Investment Plan on industry', House of Commons Defence Committee, 24/03/2026, https://committees.parliament.uk/ (checked: 14/04/2026).

future participation by other Five Eyes countries, as well as Japan and South Korea.[25] However, expansion brings its own risk of delays, diluted focus, and concerns around information security protocols. For Britain and Australia, Pillar I (the future submarine collaboration) remains their particular priority as all three AUKUS countries move urgently to close looming undersea warfare capability gaps. Therefore, AUKUS should continue to be governed by a 'small yard, high fence' ethos, with expansion restricted to ad hoc project participation under Pillar II, where additional partners can bring genuine value and combat capability to the table.

GCAP is not immune to similar considerations, but it is more amenable to partner expansion at its current stage. For the UK at least, there is an acute fiscal imperative to generate economies of scale and to widen the funding base. However, the search for more partners should not be allowed to delay the progress of GCAP any longer.

Production-based PIPIR and RSF: Too reactive to deter?

The PIPIR and RSF aim eventually to establish globe-spanning networks that will enhance the ability of the US and its allies and partners to sustain a conflict once the shooting has started through the greater harmonisation of production and logistics networks. They have potential deterrent value, but will require sustained political and economic commitment to realise their ambitions, and in the case of the RSF, clearer contingency plans to ensure the network is able to 'go online' effectively and at pace when needed.

The focus on sustaining conflict – not preventing it – is understandable given the duration of high-intensity wars such as Russia's full-scale invasion of Ukraine and the problem of limited American 'magazine depth', now compounded by the conflict against Iran.[26] However, such conflicts are also fundamentally reactive.

The PIPIR's objective is to enhance the ability of the US and its partner nations to sustain an active fight rather than reducing the likelihood of one, with parallels drawn between it and the Ukraine Defence Contact Group.[27] The weaknesses that the conflict in Ukraine have exposed among the American and allied DIBs have been absorbed by the PIPIR as lessons learned, allegedly enhancing

[25] Aaron Mehta and Ashley Roque, 'South Korea eyes pathway for AUKUS Pillar II with new defence tech agreement', *Breaking Defence*, 30/10/2024, https://breakingdefense.com/ (checked: 14/04/2026).
[26] Dan Lamothe, Tara Copp, and Noah Robertson, 'US uses hundreds of Tomahawk missiles on Iran, alarming some at Pentagon', *The Washington Post*, 27/03/2026, https://www.washingtonpost.com/ (checked: 14/04/2026).
[27] See: Connor Fiddler, 'Pay the PIPIR: US and Indo-Pacific Defence Industrial Base Cooperation', *Hub-and-Spokes*, 15/11/2024, https://www.hub-and-spokes.com/ (checked: 14/04/2026).

deterrence through positioning these DIBs as ready for the next fight by being aware of requirements.

Here, deterrence is informing defence policy and strategy. This is a problematic nexus, as if deterrence fails there is no counter-strategy other than attrition based on industrial heft. Whether a DIB can absorb the shocks of conflict is also difficult to determine, further diminishing the deterrent value of this framework as the end goal's worth is somewhat intangible. The same is true of the RSF; the sustainability and availability of allied maintenance, repair, and overhaul facilities compatible with US and allied systems in a time of crisis is unpredictable, with many nodes at threat of being disrupted or destroyed.

Another factor is that both initiatives are intended to tailor partner nations' DIBs and defence infrastructure to complement American interests, potentially at the expense of their own broader interests. Inter alia, this risk underlines GCAP's benefits for Britain as a hedge against dependency on the US during a time when the political trust deficit between Washington and its partners is rising, including doubts about the dependability of the American DIB to deliver for the US' allies and partners while also meeting its own requirements – doubts that are likely to intensify if the ongoing US-Israel-Iran conflict is protracted.

Conclusion

The deterrence value of large DIB collaborations stems predominantly from delivered capabilities and the ability to sustain operations beyond the short term. Their signalling value, in deterrence terms, is debatable. However, there are options available to the UK and its partner nations in better coordinating and driving such projects to ensure timely delivery.

Governments involved in long-term collaborations should ensure symmetry of counterparts where possible, by creating analogues to the British NAD and Special Representative on AUKUS. Australia should approach AUKUS Pillar I with greater flexibility regarding share of overseas build, just as it has done with the general purpose frigate and its bilateral partnership with Japan. This, in turn, requires a shift among all three AUKUS participant countries towards regarding it as a three-way, high-security, free-trade area for co-developing advanced defence technology and capability. Integrating their DIBs to this higher level and facilitating skilled labour mobility among AUKUS workforces will strengthen deterrence in the long term.

Recommendations

1. On GCAP, HM Government should not allow the financial imperative of identifying more prospective founder partners to delay its full, long-term commitment to the project further. If GCAP proceeds according to plan, it will deliver capabilities on a quicker timeline than AUKUS, strengthening deterrence from the mid-2030s. It is important that momentum is established towards long-term commitments as soon as possible. New partners could be added via a tiered expansion model, defraying development costs and exploiting export opportunities from an early stage.

2. On a more general level, HM Government and the Australian Government should publicly pressure each other to increase defence spending, with a particular view to closing short-term gaps in credible defence that are undermining deterrence. Given both countries' overlapping security interests (including Australia's status as a NATO Indo-Pacific Four member), this would send a strong reinforcing signal of the strategic connection between the Euro-Atlantic and Indo-Pacific theatres. The UK and Australia share deep historical and defence links, so can pressure each other less confrontationally than the current US administration.

3. Britain could also look to engage with Australia and its GWEO enterprise in working on an Anti-Submarine Warfare (ASW) missile, which is being considered by the Royal Navy.[28] This missile would be cross-compatible, as the Hunter class frigate and Type 26 class frigate will both use the Mark 41 Vertical Launching System.

4. Defence industry needs greater certainty and predictability from governments on procurement contracts, but equally, industry should step up its own efforts to ensure supply chains are adequately diversified and able to scale up production if necessary. The increasing importance of the British DIB to national security places a greater onus on industry to understand the wider geopolitical context of their work. The commencement of 'regular wargames with industry' by the Ministry of Defence through the Defence Industrial Strategy is an encouraging start, but more should be done to strengthen links.[29]

[28] 'Royal Navy considers purchase of vertical launch anti-submarine rocket', *Navy Lookout*, 19/06/2024, https://www.navylookout.com/ (checked: 14/04/2026).
[29] See: 'Defence Industrial Strategy 2025: Making Defence an Engine for Growth', Ministry of Defence, 08/09/2025, https://www.gov.uk/ (checked: 14/04/2026).

5. Finally, the NAD should ensure its industry-wide narrative for progressing HM Government's defence export agenda does not curtail private sector agency and innovation by setting demand requirements that are too rigid.

ABOUT THE AUTHORS

Dr Euan Graham is an Adjunct Fellow at the Council on Geostrategy, non-resident senior fellow at the Australian Strategic Policy Institute (ASPI), and an Australia-based commentator and analyst of Indo-Pacific defence and security.

Patrick Triglavcanin is an International Fellow at the Council on Geostrategy, and Research Assistant at the Defence and Strategic Institute at the University of Western Australia.

“Dedicated to making Britain, as well as other free and open nations, more united, stronger, and greener.

ISBN: 978-1-917893-19-0

Address: Alliance House, 12 Caxton Street, London, SW1H 0QS
Phone: 020 3915 5625
Email: info@geostrategy.org.uk