

**RECORD VERSION**

**STATEMENT BY**

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*“The Submarine Industrial Base and Its Ability to Support the AUKUS Framework”*

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SERVICES**

Chairman Kelly, Ranking Member Courtney, and distinguished Members of the Committee – thank you for the opportunity to speak with you today on our submarine industrial base and its ability to support this historic AUKUS partnership.

Today, I hope to reinforce three points: (1) the defense ecosystem is a critical enabler of our 2022 National Defense Strategy; (2) AUKUS contributes to building a more robust defense industrial base ecosystem that contributes to integrated deterrence; and (3) the submarine industrial base can and will support AUKUS.

The 2022 National Defense Strategy describes the need to act urgently to build enduring advantages across the defense ecosystem – the Department of Defense, the defense industrial base, and the array of private sector and academic enterprises that spur innovation and support the systems on which our military depends. As a subset of this, strengthening the submarine industrial base is an important aspect of achieving our National Defense Strategy objectives.

AUKUS provides an important means to build a more robust, resilient, and dynamic defense industrial base that contributes to our nation’s integrated deterrence. The 2022 National Defense Strategy highlights that our competitors, particularly the People’s Republic of China (PRC), are pursuing holistic strategies to weaken the free and open international system. Meeting these challenges requires a holistic response – integrated deterrence. Directly supporting the National Defense Strategy, the AUKUS security partnership enshrines one of the key competitive advantages of the United States, the ability to build enduring partnerships. Deeper ties with the United Kingdom and Australia serve to expand collective defense production and bolster supply chain resilience, essential elements of integrated deterrence.

AUKUS is a call to action to strengthen our trilateral defense ecosystem. What is needed now, more than ever before, is an approach that enhances our AUKUS partners’ conventional military capabilities, enables a more integrated defense industrial base, increases information sharing, and implements cooperative policies that reflect the concepts laid out in the National Security Strategy.

Through Pillar I of AUKUS, the United States, United Kingdom, and Australia have committed to conduct naval nuclear propulsion cooperation in a manner fully consistent with our respective legal obligations and in a manner that sets the highest nonproliferation standard. AUKUS partners are building a resilient framework that will benefit future generations and our teams have been clear eyed from the beginning that this monumental vision requires a matched monumental effort. The Optimal Pathway, announced in March 2023, the result of an 18-month consultation period, is a blueprint for how we achieve this effort, and we are moving out swiftly. Since the announcement, three Australian officers graduated from U.S. Nuclear Power School, eight Australian sailors started nuclear power training, members of the newly formed Australian Submarine Agency have observed submarine maintenance operations at Pearl Harbor Naval Shipyard, trilateral working groups are actively collaborating on critical issues supporting

industrial base readiness, and the USS North Carolina conducted the first Virginia class submarine port visit to HMAS Stirling under our promise to increase rotations in Australia. These milestones mark our commitment to this effort, but we know there is still much to be done and we look forward to collaborating with Congress to ensure we have the legislative authorities in place to execute this important work.

The submarine industrial base can and will support AUKUS. Today I am joined by my esteemed Navy colleagues who can speak to efforts to ensure readiness of the submarine industrial base to support U.S. undersea requirements, as well as our commitments under AUKUS. The Department of Defense is acutely aware of the challenges we must address in the submarine industrial base to meet U.S. and AUKUS commitments and ensure we are postured to provide our warfighters the necessary capabilities to defeat any nation that would threaten the security of the United States or our allies and partners. To that end, on October 20th, the President transmitted to Congress a request for \$3.4B in supplemental funding intended to support the submarine industrial base – including funding that will accelerate production and maintenance of attack submarines, one of our effective capabilities for ensuring deterrence. Similarly, Australia has committed to making a significant and proportionate financial contribution in the U.S. submarine industrial base to accelerate delivery of Virginia class submarines, in addition to paying the calculated replacement cost of each Virginia class submarine that we transfer. Through the continued support of Congress to invest in our submarine industrial base, the close collaboration with our partners to leverage industrial capabilities, and Australia’s historic investment into our submarine industrial base, we are ensuring the readiness needed to deliver deterrence at every phase of the Optimal Pathway and support the President’s vision.

The U.S. network of alliances and partnerships is a decisive strategic advantage that competitors cannot match. Maintaining these relationships requires an active, whole-of-government approach. We are working with 50 nations to ensure Ukraine receives the training, equipment, and munitions needed to defeat Russia’s illegal and unprovoked invasion. As our response to Russia’s invasion has proven, we must maintain the ability to cut off bad actors from dangerous capabilities – but we must also maintain the tools and vision to share and collaborate with our allies and partners. Preparation for future conflicts – and deterring future conflicts – will rely on our ability to expand and enhance military partnerships before any shots are fired.

Congress is a critical partner in enabling the success of our submarine cooperation through AUKUS. This year, the Administration submitted three critical legislative proposals to 1) authorize the transfer of conventionally armed, nuclear-powered submarines to Australia and modify Title 10 authorities to allow maintenance of U.S. submarines in Australia and the United Kingdom, 2) authorize the acceptance of Australian funding to support our submarine industrial base, and 3) allow for training of Australian workers in U.S. shipyards. These provisions are integral to the success of AUKUS; we urge Congress to pass these provisions this year. Congress passing the AUKUS legislative requests this year will show the world our bipartisan support for AUKUS, facilitate Australia building the necessary capacity and nuclear stewardship

to implement the Optimal Pathway, instill confidence in our partners, and demonstrate U.S. commitment to furthering peace and stability in the Indo-Pacific region.

AUKUS has provided a lens into not only what military capabilities our closest allies need, but also what barriers exist which hamper pursuit of our collective security – and how we need to adapt our approach to meet our national security objectives. American business is one of the strongest and most resilient assets in the national toolkit, but we need to widen the aperture, foster collaborative defense innovation, advance military interoperability with our closest allies and partners, and leverage our collective strengths as a force multiplier.

Implementing AUKUS requires robust, novel information sharing and technology cooperation. We are committed to collaboration that will leverage the advancements and expertise within the private sector and create opportunities for greater collaboration and integration while strengthening our security regimes. We have been very fortunate to have great partners in the Departments of State and Commerce who are working with us to ensure we create an enabling environment that streamlines and promotes deeper cooperation. As you are aware, the Administration submitted an ambitious fourth legislative proposal to streamline secure defense trade among our three nations. This proposal will enable advanced capability collaboration under Pillar II of AUKUS and expedite some elements of our cooperation on nuclear-powered submarines. Passing this legislation will build a strong foundation to further integrate our three nations' industrial bases and maximize the full potential of AUKUS.

AUKUS will strengthen our military, boost our defense industrial capacity, and help us achieve our National Defense Strategy objectives. Together, AUKUS will strengthen our combined capabilities and promote our shared goal of a free and open Indo-Pacific region. We appreciate the continued support of Congress to enable us to implement the Optimal Pathway. Mr. Chairman, and distinguished Members of the Committee – thank you for the opportunity to meet with you today and I look forward to answering any questions you may have.