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# U.S.-Australia Relations: Background and Issues for Congress

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## U.S.-Australia Relations: Background and Issues for Congress

The Commonwealth of Australia is a long-standing diplomatic, economic, and security partner of the United States with joint military cooperation dating back as early as World War I. Throughout the 20<sup>th</sup> century, U.S.-Australian relations advanced with Australia becoming a major non-NATO U.S. ally through the Australia, New Zealand, United States (ANZUS) alliance of 1951. In the past decade, Australia has grown increasingly aligned with the United States over shared concerns of a militarily and economically capable People’s Republic of China (PRC, or China). The U.S.-Australia defense partnership is multi-faceted and includes bilateral and multilateral engagement to advance what the United States and its allies refer to as a Free and Open Indo-Pacific. In 2021, the allies adopted a new element of U.S.-Australia defense cooperation with the Australia-United Kingdom-United States partnership, or AUKUS. Under AUKUS, the United States and the United Kingdom (UK) are to help procure nuclear-powered propulsion technology for Australia and cooperatively develop advanced defense capabilities. Other shared foreign policy and security initiatives include the Quadrilateral Security Dialogue (Quad) with India and Japan, and the Five Eyes Intelligence Grouping with Canada, the UK, and New Zealand.

Since re-assuming office for his second term in January 2025, President Donald Trump has pursued foreign policies that have strained U.S.-Australian bilateral relations, particularly the imposition of tariffs on Australia as part of U.S. global tariffs despite having a bilateral free trade agreement (which entered into force in 2005), and having a trade surplus with Australia. In June 2025, the Trump Administration announced it would conduct a review of AUKUS to ensure that the partnership aligns with an “America First foreign policy.” While the Australian government has expressed confidence in the U.S. commitment to AUKUS, there are rising voices in Australia calling into question U.S. reliability as a security partner and advocating for greater strategic autonomy.

In Australia, the Labor government under Prime Minister Anthony Albanese was re-elected in May 2025 in a landslide victory. Prime Minister Albanese faces several major issues that were accentuated during his campaign, such as the high-cost of living and housing prices for Australians as well as foreign policy and environmental sustainability concerns. Domestic economic concerns around U.S. tariffs and the Labor Party’s climate priorities may put the United States and Australia at odds over some issues, while shared geopolitical perspectives on China’s rising influence in the Indo-Pacific, particularly the Pacific Islands, and supply-chain security, may foster continued and expanded collaboration.

Congressional interest in shaping the U.S.-Australia bilateral relationship has been instrumental in advancing key developments in the U.S.-Australia alliance. Some Members have introduced legislation and resolutions and otherwise advocated for policies that advance U.S.-Australia bilateral cooperation, including through Congressional Member Organizations, such the Friends of Australia Caucus and the AUKUS Working Group. In the 119<sup>th</sup> Congress, Members may consider issues related to authorizing or overseeing AUKUS and related military technology transfers, supporting alliance commitments, funding and supporting strategic cooperation in the Indo-Pacific, and setting and overseeing policies related to trade, tariffs, and economic security. Relatedly, Congress may consider how the Trump Administration’s policies impact broader U.S.-Australia relations.

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## The United States and Australia

The Trump Administration characterizes Australia as “a vital ally, partner, and friend,” noting that relations are “underpinned by shared democratic values, common interests, and cultural affinities.”<sup>1</sup> The core of the U.S.-Australia bilateral relationship is the 1951 Australia-New Zealand-United States Security Treaty (ANZUS).<sup>2</sup> ANZUS is a mutual defense treaty, ratified by the U.S. Senate in 1952, that commits Australia and the United States to consult on mutual threats and, in accordance with respective constitutional processes, act to meet common dangers.<sup>3</sup> Since ratification, ANZUS has been formally invoked once, in the wake of the September 11, 2001, terrorist attacks; 10 Australians were killed in the attacks.<sup>4</sup>

The Australia-United States Ministerial Consultation (AUSMIN) was developed in 1985 as a regular meeting led by the U.S. Secretaries of Defense and State and the Australian Ministers of Defence and Foreign Affairs. AUSMIN has catalyzed developments in the U.S.-Australian relationship and provided a space for sharing perspectives on the geopolitical landscape. At the most recent AUSMIN held in December 2025, principals marked the 40<sup>th</sup> year of AUSMIN consultations and committed to a range of initiatives, including development projects in the Indo-Pacific, strengthening partner disaster management capacity, and expanding U.S.-Australian economic cooperation.<sup>5</sup> U.S. and Australian officials also coordinate through a range of other engagements, including annual Strategic Policy Dialogues (SPDs), on topics such as extended deterrence, arms control, and regional stability.<sup>6</sup>

U.S.-Australia cooperation extends beyond bilateral engagement to supporting each other’s policy goals in multilateral forums. In the Indo-Pacific, the United States and Australia cooperate through membership in the Quadrilateral Security Dialogue with India and Japan. Australia characterizes the Quad as “a diplomatic partnership... committed to supporting a peaceful, stable and prosperous Indo-Pacific that is inclusive and resilient.”<sup>7</sup> At the 2025 Quad Foreign Ministers Meeting, the leaders announced new initiatives including the Quad Critical Minerals Initiative, and announced Australia will host the next Quad Foreign Ministers Meeting in 2026.<sup>8</sup>

People-to-people relations between the United States and Australia are another significant facet of bilateral relations, and the two countries have historically been bound by shared histories and cultural similarities. One poll conducted in Australia between March 3 to 16, 2025, for example, indicated that despite low trust in the United States government acting as a globally responsible

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<sup>1</sup> U.S. Embassy and Consulates in Australia, *U.S.-Australia Relations*, <https://au.usembassy.gov/u-s-australia-relations/>, accessed on February 25, 2026.

<sup>2</sup> U.S. Embassy and Consulates in Australia, *U.S.-Australia Relations*, <https://au.usembassy.gov/u-s-australia-relations/>, accessed on February 25, 2026.

<sup>3</sup> Embassy of Australia, *Australia and the United States*, <https://usa.embassy.gov.au/australia-and-united-states>.

<sup>4</sup> National Museum of Australia, *Australia and September 11 Collection*, <https://www.nma.gov.au/explore/collection/highlights/australia-september-11>.

<sup>5</sup> U.S. Department of State, “Joint Fact Sheet on Australia-U.S. Ministerial Consultations (AUSMIN) 2025,” December 8, 2025, <https://www.state.gov/releases/office-of-the-spokesperson/2025/12/joint-fact-sheet-on-australia-u-s-ministerial-consultations-ausmin-2025>.

<sup>6</sup> U.S. Department of State, “2024 U.S.-Australia Strategic Policy Dialogue,” press release, February 28, 2024, <https://2021-2025.state.gov/2024-u-s-australia-strategic-policy-dialogue/>.

<sup>7</sup> Australian Department of Foreign Affairs and Trade, *Regional Architecture: The Quad*, <https://www.dfat.gov.au/international-relations/regional-architecture/quad>.

<sup>8</sup> U.S. Department of State, “Joint Statement from the Quad Foreign Ministers’ Meeting in Washington,” press release, July 1, 2025, <https://www.state.gov/releases/office-of-the-spokesperson/2025/07/joint-statement-from-the-quad-foreign-ministers-meeting-in-washington/>.

state, 80% of respondents maintained the U.S.-Australia alliance is “very” or “fairly” important for Australia’s security.<sup>9</sup>

**Figure I. Map of Australia and its Major Cities**



**Source:** Database of Global Administrative Areas, the U.S. Department of State, and ESRI.

**Notes:** The Coral Sea Islands and Ashmore and Cartier Islands are both Australian External Territories.

## Defense and Security Relations

The U.S. government describes U.S.-Australia defense ties as “exceptionally close.”<sup>10</sup> One analyst notes that Australia is increasingly important to U.S. efforts to “counter China’s military strategy and deter potential aggression.”<sup>11</sup> In the U.S. 2022 National Defense Strategy, the Biden Administration pledged to “deepen our Alliance with Australia through investments in posture, interoperability, and expansion of multilateral cooperation; and foster advantage through advanced technology cooperation.”<sup>12</sup> The Trump Administration’s 2025 National Security Strategy mentions defense relations with Australia explicitly in the context of discussions about

<sup>9</sup> Ryan Neelam, *2025 Preview*, Lowy Institute, April 16, 2025, <https://poll.lowyinstitute.org/report/2025/pre-election-release/>.

<sup>10</sup> U.S. Embassy and Consulates in Australia, *U.S.-Australia Relations*, 2026.

<sup>11</sup> Courtney Stewart, *Think Bigger, Act Larger: A U.S.-Australia Led Coalition for a Combined Joint Deterrence Force in the Indo-Pacific*, Carnegie Endowment for International Peace, October 2, 2024, <https://carnegieendowment.org/research/2024/10/us-australia-led-coalition-for-a-combined-joint-deterrence-force-in-the-indo-pacific?lang=en>.

<sup>12</sup> U.S. Department of Defense, *2022 National Defense Strategy*, pp. 14-15, <https://media.defense.gov/2022/Oct/27/2003103845/-1/-1/2022-NATIONAL-DEFENSE-STRATEGY-NPR-MDR.pdf>.

multilateral cooperation in the Quad, the rebalancing of global trade relationships, and increasing allied burden-sharing.<sup>13</sup>

U.S. and Australian forces conduct bilateral and multilateral military exercises aimed at enhancing interoperability, including Exercise Talisman Sabre, the largest bilateral military exercise between the United States and Australia, and joint combined operations in the South China Sea with the United Kingdom, Japan, and the Philippines.<sup>14</sup> During the August 2025 Talisman Sabre exercise, the United States reportedly deployed its long-range hypersonic weapon system, “Dark Eagle,” abroad for the first time.<sup>15</sup> Some observers suggested the deployment was intended to signal growing U.S. hypersonic capability and commitment to deterring the People’s Republic of China (PRC, or China).<sup>16</sup>

The U.S. Force Posture Initiative (USFPI), first announced in 2011, is a suite of six cooperative initiatives aimed at contingency planning and interoperability training between the U.S. military and the Australian Defence Forces (ADF).<sup>17</sup> USFPI facilitates joint investments on infrastructure works and supporting arrangements in Australia. As part of the initiative, the allies maintain a rotational U.S. military presence of roughly 2,500 Marines at several military sites owned and operated by Australia, including in Darwin.<sup>18</sup> Under USFPI, the allies are collaborating on enhanced space cooperation, and both U.S. Cyber Command and U.S. Space Command have cooperative agreements with their ADF counterparts.<sup>19</sup>

U.S.-Australia defense relations encompass several industrial and technology initiatives aimed at developing allied defense capabilities. According to congressional notifications, between 2015 and 2025, Australia was the sixth-largest purchaser of U.S. defense equipment through the Foreign Military Sales program.<sup>20</sup> The United States is assisting with development of Australia’s Guided Weapons and Explosive Ordnance (GWEO) initiative, which aims to strengthen Australia’s munition and missile stockpiles and domestically manufacture guided weapons while also supplementing Australia’s international partners’ supply chains through technical assistance, manufacturing support, and access to global supply chains.<sup>21</sup> Australia participates in the Partnership for Indo-Pacific Industrial Resilience (PIPIR), and Defense Secretary Pete Hegseth announced in June 2025 that one of two PIPIR “marquee projects” will create a regional sustainment hub for the P-8 AN/APY-10 radar system in Australia,<sup>22</sup> the first outside of the continental United States, which the Department of Defense (DOD) says will reduce reliance on

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<sup>13</sup> White House, *National Security Strategy of the United States of America*, November 2025, pp. 21, 22, 24.

<sup>14</sup> U.S. Navy, “US, Australia, and UK Forces Conduct Joint Combined Operations,” press release, February 11, 2025, <https://www.cpf.navy.mil/Newsroom/News/Article/4062934/us-australia-and-uk-forces-conduct-joint-combined-operations/>.

<sup>15</sup> Seth Robson, “Dark Eagle Hypersonic Missile System Makes Overseas Debut During Talisman Sabre,” *Stars and Stripes*, August 4, 2025.

<sup>16</sup> Anna Ahronheim, “US Deploys ‘Dark Eagle’ Hypersonic Missiles to Australia in Strategic Move Against China,” *Jerusalem Post*, August 17, 2025.

<sup>17</sup> Australian Department of Defense, *United States Force Posture Initiative*.

<sup>18</sup> For more information, see CRS Report R47589, *U.S. Defense Infrastructure in the Indo-Pacific: Background and Issues for Congress*, by Luke A. Nicastro. For follow up, congressional staff may contact Jared Tupuola.

<sup>19</sup> U.S. Space Command, “USSPACECOM and Australian Defence Space Command Sign Enhanced Space Cooperation MOU,” press release, April 20, 2023.

<sup>20</sup> CRS analysis of Defense Security Cooperation Agency’s Major Arms Sales notifications, <https://www.dsca.mil/Press-Media/Major-Arms-Sales>.

<sup>21</sup> Australian Department of Defense, *Guided Weapons and Explosive Ordnance Enterprise*.

<sup>22</sup> The Department of Defense (DOD) and Secretary of Defense are using secondary “Department of War (DOW)” and “Secretary of War” designation under Executive Order 14347, dated September 5, 2025.

U.S.-based repair capability and capacity and enhance operational flexibility.<sup>23</sup> In June 2025, Australia and the United States signed a memorandum of understanding (MOU) establishing a new cooperative program for Precision Strike Missile production, sustainment, and follow-on development, the first agreement of its kind for DOD.<sup>24</sup> The Trump Administration’s National Defense Strategy does not explicitly reference Australia, but it does state, amongst other things, that the United States will work closely with Indo-Pacific allies and partners to “incentivize and enable them to do more for our collective defense, especially in ways that are relevant to an effective denial defense.”<sup>25</sup>

The United States and Australia share intelligence through the Five Eyes intelligence group, an intelligence-sharing partnership that also includes Canada, New Zealand, and the UK.

## AUKUS<sup>26</sup>

In 2021, Australia, the UK, and the United States announced an enhanced trilateral security partnership intended to “deepen diplomatic, security, and defense cooperation in the Indo-Pacific region.”<sup>27</sup> The partnership, known as AUKUS, has been described by some defense experts and Members of Congress as a response to the growing military capabilities of China and what one Senator described in a press statement as the “urgent challenge China poses.”<sup>28</sup> Similarly, other analysts have described AUKUS as rooted in a theory of collective deterrence against aggressors in the Indo-Pacific and a desire to shore up U.S. and allied military power against China.<sup>29</sup>

AUKUS consists of two pillars of cooperation. Pillar I is to provide Australia with a conventionally armed nuclear-powered submarine capability through a three-phased “Optimal Pathway.”<sup>30</sup> This includes Australian bases hosting increased U.S. and UK nuclear-powered attack submarines (SSNs) visits and rotations, the sale of three to five U.S. Virginia-class SSNs to the Royal Australian Navy by the 2030s, followed by plans for Australia to develop (with U.S. and British assistance) a new class of SSNs (SSN-AUKUS) for delivery to its navy in the late 2030s and early 2040s. Australian personnel are to embed within the U.S. Navy and defense industrial base for training. In support of AUKUS Pillar I, in February 2025 Australia reportedly delivered an initial \$500 million to the United States as part of a 2023 pledge of \$3 billion to

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<sup>23</sup> U.S. Department of Defense, *Partnership for Indo-Pacific Industrial Resilience (PIPIR)*, June 1, 2025, <https://media.defense.gov/2025/Jun/02/2003730341/-1/-1/1/FACT-SHEET-PARTNERSHIP-FOR-INDO-PACIFIC-INDUSTRIAL-RESILIENCE.PDF>.

<sup>24</sup> U.S. Department of Defense, “Readout of Secretary of Defense Pete Hegseth’s Bilateral Meeting with Australia,” press release, June 2025, <https://www.defense.gov/News/Releases/Release/Article/4202734/readout-of-secretary-of-defense-pete-hegseths-bilateral-meeting-with-australia/>.

<sup>25</sup> Department of War, 2026 National Defense Strategy, January 23, 2026, p. 18, <https://media.defense.gov/2026/Jan/23/2003864773/-1/-1/0/2026-NATIONAL-DEFENSE-STRATEGY.PDF>.

<sup>26</sup> The following text related to AUKUS is largely excerpted from CRS In Focus IF12113, *AUKUS and Indo-Pacific Security*, by Derek E. Mix and Jared G. Tupuola.

<sup>27</sup> White House, “Joint Leaders Statement on AUKUS,” September 15, 2021, <https://bidenwhitehouse.archives.gov/briefing-room/statements-releases/2021/09/15/joint-leaders-statement-on-aucus/>.

<sup>28</sup> United States Senate Committee on Armed Services, “Reed, Wicker Praise Senate Passage of the Fiscal Year 2025 National Defense Authorization Act,” press release, December 18, 2024, <https://www.armed-services.senate.gov/press-releases/reed-wicker-praise-senate-passage-of-the-fiscal-year-2025-national-defense-authorization-act>.

<sup>29</sup> Abraham M. Denmark and Charles Edel, *The AUKUS Inflection*, Center for Strategic and International Studies, August 2025, [https://csis-website-prod.s3.amazonaws.com/s3fs-public/2025-08/250825\\_Edel\\_Aukus\\_Inflection.pdf?VersionId=M3uUfqM.d2LGmG7ySjFr0x64YhS\\_5k21](https://csis-website-prod.s3.amazonaws.com/s3fs-public/2025-08/250825_Edel_Aukus_Inflection.pdf?VersionId=M3uUfqM.d2LGmG7ySjFr0x64YhS_5k21).

<sup>30</sup> U.S. Department of Defense, “Statement by Secretary of Defense Lloyd J. Austin III on AUKUS Optimal Pathway Announcement,” press release, March 13, 2023, <https://www.defense.gov/News/Releases/Release/Article/3327747/statement-by-secretary-of-defense-lloyd-j-austin-iii-on-aucus-optimal-pathway-a/>.

support the U.S. submarine industry over a five-year period.<sup>31</sup> Australia reportedly made a second payment of \$525 million to the United States in July 2025 and a reported third payment of roughly \$1 billion in December 2025.<sup>32</sup> In July 2025, Australia and the UK signed the Bilateral Nuclear-Powered Submarine Partnership and Collaboration (informally known as the Geelong) Treaty, a bilateral commitment formalizing the next 50 years of bilateral defense cooperation under Pillar I of AUKUS.<sup>33</sup>

Pillar I also includes nuclear cooperative elements amongst the three governments.<sup>34</sup> To facilitate the transfer of nuclear material and naval nuclear reactors under Pillar I, a 2025 trilateral agreement permits “the continued communication and exchange of Naval Nuclear Propulsion Information (NNPI) and Restricted Data (RD),” among other provisions.<sup>35</sup> This non-legally binding agreement, set to expire in 2075, builds upon a history of U.S. bilateral nuclear cooperation with both Australia and the UK, including civil nuclear cooperation agreements between the United States and each partner, as well as the U.S.-UK Mutual Defense Agreement of 1958.

Pillar II focuses on cooperation to develop advanced military capabilities such as hypersonic weapons, undersea capabilities, electronic warfare, cyber capabilities, artificial intelligence, and quantum technologies. Pillar II also seeks to foster investment and expertise among the allies to retain a technological edge over possible competitors and adversaries and lower the barriers to defense cooperation.<sup>36</sup> Under Pillar II, AUKUS partners have expressed interest in possible defense cooperation with other countries, such as Japan.<sup>37</sup>

Since AUKUS’ announcement, each National Defense Authorization Act (NDAA) has included provisions to support AUKUS.<sup>38</sup> In the 119<sup>th</sup> Congress, the FY2026 NDAA (P.L. 119-60) incorporated within its text the AUKUS Improvement Act of 2025 (S. 2130; H.R. 5013), which exempts Australia and the UK from certain arms transfer and certification requirements under the Arms Export Control Act,<sup>39</sup> in effect streamlining defense industrial base collaboration between

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<sup>31</sup> Kristy Needham, “Australia Makes \$500 Mln AUKUS Payment Ahead of US Defence Secretary Meeting,” Reuters, February 7, 2025; Colin Clark, “Aussies to Pour \$3B into US Nuke Boat Yards, Long-Lead Items for AUKUS Subs,” September 15, 2023.

<sup>32</sup> “Australia Makes Second \$525 Million AUKUS Payment amid US Review,” Reuters, July 23, 2025; Katina Curtis, “Australia Quietly Sent Non-refundable \$1.5 Billion to US for AUKUS ‘Down Payment’ Last Month,” *The Nightly*, January 2, 2026.

<sup>33</sup> Government of Australia, “Bilateral Nuclear-Powered Submarine Partnership and Collaboration Treaty,” press release, July 30, 2025, <https://www.asa.gov.au/bilateral-nuclear-powered-submarine-partnership-and-collaboration-treaty>.

<sup>34</sup> For more information, see CRS In Focus IF11999, *AUKUS Nuclear Cooperation*, by Paul K. Kerr and Mary Beth D. Nikitin.

<sup>35</sup> RD is defined by the Atomic Energy Act (AEA) of 1954, as amended (P.L. 83-703; 42 U.S.C. §§2153 et seq) as “all data concerning ... the use of special nuclear material in the production of energy.”

<sup>36</sup> Abraham M. Denmark and Charles Edel, *The AUKUS Inflection*, Center for Strategic and International Studies, August 2025, [https://csis-website-prod.s3.amazonaws.com/s3fs-public/2025-08/250825\\_Edel\\_Aukus\\_Inflection.pdf?VersionId=M3uUfqM.d2LGmG7ySjFr0x64YhS\\_5k21](https://csis-website-prod.s3.amazonaws.com/s3fs-public/2025-08/250825_Edel_Aukus_Inflection.pdf?VersionId=M3uUfqM.d2LGmG7ySjFr0x64YhS_5k21).

<sup>37</sup> U.S. Department of Defense, “AUKUS Partners Consider Cooperation with Japan,” press release, April 8, 2024, <https://www.defense.gov/News/News-Stories/Article/Article/3734336/aukus-partners-consider-cooperation-with-japan>.

<sup>38</sup> Office of Congressman Joe Courtney, “AUKUS in 2024: Rep. Joe Courtney Pens New Op-Ed on Bipartisan AUKUS Progress in 2024,” press release, January 9, 2025, <https://courtney.house.gov/media-center/press-releases/aukus-2024-rep-joe-courtney-pens-new-op-ed-bipartisan-aukus-progress>.

<sup>39</sup> 22 U.S.C. §2778.

the partners.<sup>40</sup> Section 1085(b)(3) of the FY2026 NDAA also permits exports of defense articles pursuant to the exemption, notwithstanding certain retransfer requirements in AECA Section 3(a)(2) and FAA Section 505(a)(1)(B). The FY2026 NDAA provisions are modifications of the FY2024 NDAA (P.L. 118-31) that “strengthen[ed] the expedited review process for AUKUS transfers, exports, and other activities involving advanced technologies and defense articles and services.”<sup>41</sup> To permit the transfer of U.S. arms under certain regulatory restrictions as stipulated in the Arms Export Control Act (AECA; P.L. 90-629, as amended; 22 U.S.C. §§2751 et seq.) and the Foreign Assistance Act of 1961 (FAA; P.L. 87-195, as amended; 22 U.S.C. §§2151 et seq.), the FY2026 NDAA amended the AECA to eliminate the congressional notification requirements of AECA Sections 36(c) and 36(d) for “the export or transfer of defense articles or defense services subject to” the above-described licensing exemption.<sup>42</sup>

The House-passed AUKUS Reform for Military Optimization and Review (ARMOR) Act shares a similar intent to the AUKUS Improvement Act. If adopted, it would require “modification of provisions relating to defense trade and cooperation among Australia, The United Kingdom, and the United States” to expedite AUKUS defense cooperation.<sup>43</sup>

## Trade and Economic Relations

U.S. goods and services trade with Australia totaled \$89.6 billion in 2024, a 3.7% (\$3.2 billion) rise from 2023.<sup>44</sup> That same year, the United States had a goods trade surplus with Australia of \$17.9 billion (a 1.2% increase from the previous year) and a services trade surplus with Australia worth \$14.8 billion (a 4% increase from the previous year). The United States also is the largest source of foreign direct investment (FDI) for Australia accounting for more than a quarter of Australia’s total FDI.<sup>45</sup>

For 2024, the Australian Bureau of Statistics reports the United States was Australia’s fifth-largest destination for goods exports, with the top goods exports to the United States for the past five years being meat, gold, and pharmaceutical products.<sup>46</sup> Bilateral trade is facilitated by the 2005 Australia-United States Free Trade Agreement (AUSFTA), which commits Australia and the United States to provide reciprocal duty-free access to nearly all each other’s exports.<sup>47</sup> A joint commission under AUSFTA monitors implementation of the agreement and manages the overall

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<sup>40</sup> Office of Senator Tim Kaine, “Kaine & Ricketts Introduce Bipartisan AUKUS Improvement Act,” press release, June 20, 2025, <https://www.kaine.senate.gov/press-releases/kaine-and-ricketts-introduce-bipartisan-aukus-improvement-act>.

<sup>41</sup> Office of Representative Young Kim, “Rep. Young Kim, Colleagues Lead Bipartisan ARMOR Act to Strengthen AUKUS,” press release, June 30, 2025, <https://youngkim.house.gov/2025/06/30/rep-young-kim-colleagues-lead-bipartisan-armor-act-to-strengthen-aukus/>.

<sup>42</sup> For more information, see CRS In Focus IF12483, *U.S. Arms Transfer Restrictions and AUKUS Cooperation*, by Paul K. Kerr.

<sup>43</sup> H.R. 4233.

<sup>44</sup> United States Trade Representative (USTR), *Australia*, <https://ustr.gov/countries-regions/southeast-asia-pacific/australia>.

<sup>45</sup> Australian Department of Foreign Affairs and Trade, “Foreign Investment Statistics, 2025,” <https://www.dfat.gov.au/trade/trade-and-investment-data-information-and-publications/foreign-investment-statistics/statistics-on-who-invests-in-australia>,

<sup>46</sup> Australian Bureau of Statistics, “Australia’s Trade with the United States of America,” June 5, 2025, <https://www.abs.gov.au/articles/australias-trade-united-states-america#overview>.

<sup>47</sup> USTR, *Australia*, <https://ustr.gov/countries-regions/southeast-asia-pacific/australia>.

trade relationship, and is complemented by strategic commercial dialogues to address shared economic security concerns.<sup>48</sup>

In April 2025, the Trump Administration announced that imports from Australia would face a baseline 10% tariff with some exceptions, as part of a global tariff policy, despite AUSFTA and the United States' trade surplus with Australia.<sup>49</sup> In July 2025, the White House issued Executive Order 14326, *Further Modifying the Reciprocal Tariff Rates*, which revised and in some cases imposed higher tariffs on certain trading partners, but did not reference Australia, leaving it with a 10% tariff rate. The government of Prime Minister Anthony Albanese has touted that rate as a victory in the bilateral trade relationship.<sup>50</sup> During a congressional hearing, U.S. Trade Representative Jamieson Greer defended U.S. tariffs on Australia and noted that Australia places biosecurity restrictions on U.S. beef and pork products and is “getting ready to impose measures on our digital companies.”<sup>51</sup> In July 2025, Australian officials announced the government would reduce restrictions on American beef products, which President Trump and some Members of Congress applauded on social media.<sup>52</sup>

As of June 2025, the Trump Administration imposed 50% global tariffs on steel and aluminum imports under Section 232 of the Trade Expansion Act of 1962 (amongst other Section 232 tariffs), but has not provided Australia with a tariff exemption as it did during the President's first administration.<sup>53</sup> Some in Australia have argued the U.S. tariffs on Australian steel may add to market volatility and harm Australian producers.<sup>54</sup> Section 232 investigations are ongoing and could potentially result in sector-specific tariffs.<sup>55</sup> Australia's Health Minister reportedly expressed concerns about President Trump's comments that he may impose pharmaceutical import tariffs, potentially up to 250%.<sup>56</sup> Australian pharmaceutical exports to the United States were worth roughly \$1.4 billion in 2024. After a Supreme Court ruling in February 2026 found that the president does not have authority to impose tariffs under the International Emergency Economic Powers Act (IEEPA),<sup>57</sup> the Trump Administration issued proclamation *Imposing a*

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<sup>48</sup> U.S. Department of Commerce, “Joint Statement on Australia-United States Strategic Commercial Dialogue,” press release, June 6, 2024, <https://www.commerce.gov/news/press-releases/2024/06/joint-statement-australia-united-states-strategic-commercial-dialogue>.

<sup>49</sup> President Trump imposed such tariffs after declaring a national emergency “arising from conditions reflected in large and persistent annual U.S. goods trade deficits,” citing the International Emergency Economic Powers Act (IEEPA). E.O. 14257 of April 2, 2025, “Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices That Contribute to Large and Persistent Annual United States Goods Trade Deficits,” 90 *Federal Register* 15041, April 7, 2025.

<sup>50</sup> Ben Doherty, “Australia Dodges Latest Trump Tariff Hikes as Trade Minister Heralds ‘Vindication’ for Albanese’s Approach,” *The Guardian*, July 31, 2025.

<sup>51</sup> U.S. Congress, Senate Finance Committee, *The President’s 2025 Trade Policy Agenda*, hearings, 119<sup>th</sup> Cong., 1<sup>st</sup> sess., April 8, 2025.

<sup>52</sup> USTR, “President Trump Securing Market Access in Australia for U.S. Beef Draws Praise,” press release, July 25, 2025, <https://ustr.gov/about/policy-offices/press-office/press-releases/2025/july/president-trump-securing-market-access-australia-us-beef-draws-praise>; Rep. Marlin Stutzman (@RepStutzman), “BREAKING: AUSTRALIA NOW BUYING AMERICAN BEEF,” X Post, July 24, 2025, <https://x.com/RepStutzman/status/1948353389319815357>.

<sup>53</sup> CRS Report R48549, *Presidential 2025 Tariff Actions: Timeline and Status*, by Keigh E. Hammond and William F. Burkhardt.

<sup>54</sup> Lisa Toohey, “With Australian Steel and Aluminum Set to Incur US Tariffs, Global Uncertainty Will Be Our Next Challenge,” *University of New South Wales Sydney*, March 12, 2025, <https://www.unsw.edu.au/newsroom/news/2025/03/australian-steel-aluminium-tariffs-and-global-uncertainty>.

<sup>55</sup> CRS Insight IN12519, *Expanded Section 232 Tariffs on Steel and Aluminum*, by Kyla H. Kitamura and Keigh E. Hammond.

<sup>56</sup> “Australia Worried by Trump Threat to Raise U.S. Pharma Tariffs to 250%,” Reuters, August 7, 2025.

<sup>57</sup> CRS Legal Sidebar LSB11332, *Court Decisions Regarding Tariffs Imposed Under the International Emergency Economic Powers Act (IEEPA)*, by Christopher T. Zirpoli.

*Temporary Import Surcharge to Address Fundamental International Payments Problems.*<sup>58</sup> Under the proclamation, the Administration is imposing a 10% tariff under Section 122 of the Trade Act of 1974 for a period of 150 days (through July 24, 2026) effective on February 24, 2026. Under this new tariff structure, most Australian goods remain tariffed at 10%.<sup>59</sup>

In January 2026, President Trump also announced Section 232 actions related to imports of processed critical minerals and their derivative products, which included directing USTR to negotiate agreements with trading partners, with the aim in part of ensuring the United States has adequate critical mineral supplies.<sup>60</sup> Australia has joined the United States on several initiatives aimed at securing critical mineral supply chains while also investing in its own production and refinery capabilities, which some analysts argue could become an alternative to PRC-dominated supply chains.<sup>61</sup> In 2023, the allies committed to enhanced mineral cooperation under a Climate, Critical Minerals and Clean Energy Transformation Compact.<sup>62</sup> As part of the compact, a Critical Minerals Taskforce pursues supply chain diversification and investment opportunities and addresses barriers to cooperation.<sup>63</sup> At the Quad Foreign Ministers Meeting in July 2025, the partners announced a new Quad Critical Minerals Partnership.<sup>64</sup> Australia also has bilateral critical minerals partnerships with several other countries, including India and Japan.<sup>65</sup>

## U.S.-Australia Relations During the Second Trump Administration

During the second Trump Administration, U.S. engagement with Australia has centered on bilateral defense cooperation (particularly the AUKUS partnership) and economic and resource policies. President Trump and Prime Minister Albanese met for the first time in October 2025, whereupon they signed a Critical Minerals Framework to improve the security of supply chains of critical minerals and rare earths needed for shared defense-industrial goals, with an expectation for a joint investment of more than \$3 billion within the first six months of the framework.<sup>66</sup>

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<sup>58</sup> Presidential Proclamation 11012, “Imposing a Temporary Import Surcharge to Address Fundamental International Payments Problems,” 2026.

<sup>59</sup> Australian Department of Foreign Affairs and Trade, “Latest on US Tariffs,” 2026, <https://www.dfat.gov.au/trade/trade-and-investment/latest-us-tariffs>.

<sup>60</sup> Proclamation 11001 of January 14, 2026, “Adjusting Imports of Processed Critical Minerals and Their Derivative Products Into The United States,” 91 *Federal Register* 2439, January 20, 2026.

<sup>61</sup> Suranjana Tewari, “Inside Australia’s Billion-Dollar Bid to Take on China’s Rare Earth Dominance,” *BBC*, August 18, 2025.

<sup>62</sup> Office of the Prime Minister of Australia, “Australia-United States Climate, Critical Minerals and Clean Energy Transformation Compact,” press release, May 20, 2023, <https://www.pm.gov.au/media/australia-united-states-climate-critical-minerals-and-clean-energy-transformation-compact>.

<sup>63</sup> U.S. Department of Defense, “Joint Statement on Australia-U.S. Ministerial Consultations (AUSMIN) 2024,” press release, August 2024, <https://www.defense.gov/News/Releases/Release/Article/3863759/joint-statement-on-australia-us-ministerial-consultations-ausmin-2024/>.

<sup>64</sup> U.S. Department of State, “2025 Quad Foreign Ministers’ Meeting,” press release, July 1, 2025, <https://www.state.gov/releases/office-of-the-spokesperson/2025/07/2025-quad-foreign-ministers-meeting>.

<sup>65</sup> Prime Minister’s Office of Japan, “Partnership Between Japan’s Ministry of Economy, Trade and Industry and Australia’s Department of Industry, Science and Resources and Department of Foreign Affairs and Trade Concerning Critical Minerals,” press release, October 22, 2022, [https://japan.kantei.go.jp/101\\_kishida/documents/2022/\\_00019.html](https://japan.kantei.go.jp/101_kishida/documents/2022/_00019.html); International Energy Agency, *Australia-India Critical Minerals Investment Partnership*, December 23, 2023, <https://www.iea.org/policies/17873-australia-india-critical-minerals-investment-partnership>.

<sup>66</sup> White House, “Fact Sheet: President Donald J. Trump Closes Billion-Dollar Deals with Australia,” October 20, 2025, <https://www.whitehouse.gov/fact-sheets/2025/10/fact-sheet-president-donald-j-trump-closes-billion-dollar-deals-with-australia/>.

Prior to that meeting, Secretary of State Marco Rubio held his first meetings with Quad counterparts, including Australian Foreign Minister Penny Wong. The two officials reaffirmed their commitment to the alliance and discussed AUKUS, bilateral defense initiatives, critical minerals, and global supply chain security in addition to opportunities for collaboration in the Indo-Pacific.<sup>67</sup> Secretary Hegseth also has engaged his counterpart, Minister for Defence Richard Marles (who also is Deputy Prime Minister) on several occasions, including on the margins of the 2025 Shangri-La Dialogue where Secretary Hegseth conveyed Australia “should increase its defense spending to 3.5 percent of its GDP as soon as possible.”<sup>68</sup> Some Australian observers have characterized Secretary Hegseth’s statements as “bullying,” noting that Australia already had plans to increase defense spending to 2.3% over the next decade.<sup>69</sup> Defence Minister Marles has stated publicly that the government will stick to its defense spending approach.<sup>70</sup>

On June 10, 2025, the Department of Defense (which is “using a secondary Department of War designation,” under Executive Order 14347 dated September 5, 2025) announced it would initiate a 30-day review of AUKUS, led by Under Secretary of Defense for Policy Elbridge Colby, who is using “Under Secretary of War for Policy” as a “secondary title” under Executive Order 14347 dated September 5, 2025, to assess the partnership’s alignment with an “America First” agenda.<sup>71</sup> Under Secretary Colby has argued that the United States must ensure that supporting U.S. allies does not come at the expense of the United States’ own deterrence capacity against China.<sup>72</sup> Admiral Daryl Caudle, the U.S. Navy’s Chief of Naval Operations, stated during his July 2025 confirmation hearing before the Senate that the United States must double its industrial base output of attack submarines to meet AUKUS obligations.<sup>73</sup>

Congressional actions to oversee the Trump Administration’s AUKUS review included a bipartisan letter sent to Secretary Hegseth by the Chairman and Ranking Member of the House Armed Services Committee, in addition to three other Members, expressing their support for the partnership and noting DOD’s “commitment to consult” with Congress on the review.<sup>74</sup> In July 2025, the House passed the Department of Defense Appropriations Act of 2026 (H.R. 4016); the accompanying committee report to that legislation, (H.Rept. 119-162), directed new reporting

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<sup>67</sup> U.S. Department of State, “Secretary Rubio’s Meeting with Australian Minister for Foreign Affairs Wong,” press release, January 21, 2025, <https://www.state.gov/secretary-rubios-meeting-with-australian-minister-for-foreign-affairs-wong/>.

<sup>68</sup> U.S. Department of Defense, “Readout of Secretary of Defense Pete Hegseth’s Bilateral Meeting with Australia,” press release, June 2025, <https://www.defense.gov/News/Releases/Release/Article/4202734/readout-of-secretary-of-defense-pete-hegseths-bilateral-meeting-with-australia/>.

<sup>69</sup> See for example Allan Behm, *Australia Must Resist US Bullying to Increase Military Spending*, The Australia Institute, June 3, 2025, <https://australiainstitute.org.au/post/australia-must-resist-us-bullying-to-increase-military-spending/>.

<sup>70</sup> Sunil Awasthi and Naveen Razik, “Australia Remains Firm on Defence Spending Targets Despite US Pressure,” *SBS News*, June 26, 2025.

<sup>71</sup> Mallory Shelbourne, *Defense Department Conducting Review of AUKUS Security Pact*, U.S. Naval Institute, June 18, 2025, <https://news.usni.org/2025/06/11/defense-department-conducting-review-of-aukus-security-pact>.

<sup>72</sup> U.S. Congress, Senate Armed Services Committee, *To Consider the Nomination of Mr. Elbridge A. Colby*, hearings, 119<sup>th</sup> Cong., 1<sup>st</sup> sess., March 4, 2025, pp. 62-64.

<sup>73</sup> Mallory Shelbourne, “CNO Nominee Caudle Says Sub Construction Pace Needs to Grow to Deliver on AUKUS Promise,” *U.S. Naval Institute News*, July 24, 2025; U.S. Congress, Senate Armed Services Committee, “To Consider the Nomination of Admiral Daryl L. Caudle, Usn, for Reappointment to the Grade of Admiral and to Be Chief of Naval Operations,” 119<sup>th</sup> Cong., 1<sup>st</sup> sess., July 24, 2025, p. 73.

<sup>74</sup> Letter from Mike Rogers, Chairman of the House Armed Services Committee, Adam Smith, Ranking Member of the House Armed Services Committee, and Michael T. McCaul, Member of Congress, et al. to Pete Hegseth, Secretary of Defense, June 23, 2025, <https://courtney.house.gov/sites/evo-subsites/courtney.house.gov/files/evo-media-document/06-23-25-letter-to-secdef-on-aukus-review.pdf>.

requirements for DOD to provide updates on Pillar II progress. The same report also said the House Appropriations Committee “recognizes the importance of international initiatives and the trilateral AUKUS security partnership in particular.”

During his October 2025 meeting with Prime Minister Albanese, President Trump reportedly stated that AUKUS was “full steam ahead” and Secretary of the Navy John Phelan reportedly noted that the Pentagon had plans to work with Australia and the UK to “improve” the original AUKUS framework.<sup>75</sup> The intent to move “full steam ahead” was reiterated in a Pentagon press release after the AUKUS Defense Ministers’ Meeting Joint Statement.<sup>76</sup> Recommendations from the review have not been made public, but appears to have been shared with at least some Members of the House Armed Services Committee, according to the press.<sup>77</sup> Ranking Member Joe Courtney of Connecticut said, “the statutory authority enacted by Congress in 2023 will remain intact, including the sale of three Virginia-class submarines starting in 2032.”<sup>78</sup> Public reporting on the review indicates the review has “identified opportunities to put AUKUS on the strongest possible footing,” including identifying critical deadlines for all three countries to meet and clarifying “some ambiguity that was in that prior agreement.”<sup>79</sup>

While Australian officials expressed confidence the U.S. review would not lead to the termination of the partnership, the review re-ignited criticism from Australian and U.S. observers.<sup>80</sup> Some Australian skeptics expressed concern, for example, that the U.S. industrial base is not capable of meeting AUKUS commitments and that the partnership threatens Australian sovereignty by making its military modernization goals overly dependent on foreign partners.<sup>81</sup> Other observers argued Pillar II of AUKUS lacks a specific purpose to drive its implementation, and that bureaucratic and legal hurdles have stymied progress through an overly broad mandate.<sup>82</sup>

Despite the broad strategic convergence between Australia and the United States, some observers have noted that President Trump’s foreign policy interests may cause Canberra to re-assess certain elements of its cooperation with the United States. One analyst contends the Trump Administration’s desire for Australia to increase its defense spending and U.S. strategic presumptions of Australia’s role in a potential Indo-Pacific conflict could lead to friction.<sup>83</sup> Others question whether a United States “America First” foreign policy should prompt Australia to adopt a more holistic approach to security and consider a “Plan B” in the case of a post-alliance world.<sup>84</sup>

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<sup>75</sup> Joe Gould, “Trump Affirms Support for Nuclear Sub Deal,” *Politico*, October 20, 2025.

<sup>76</sup> U.S. Department of Defense, “AUKUS Defense Ministers’ Meeting Joint Statement,” December 10, 2025, <https://www.war.gov/News/Releases/Release/Article/4356910/aukus-defense-ministers-meeting-joint-statement/>.

<sup>77</sup> Brad Ryan, “Pentagon’s AUKUS Review Finds Areas to Put Nuclear Submarine Pact on ‘Strongest Possible Footing,’” Australian Broadcasting Corporation, December 4, 2025.

<sup>78</sup> The Office of Congressman Joe Courtney, “Ranking Member Courtney: Pentagon’s Review Fully Endorses AUKUS,” press release, December 4, 2025, <https://courtney.house.gov/media-center/press-releases/ranking-member-courtney-pentagons-review-fully-endorses-aukus>.

<sup>79</sup> Brad Ryan, “Pentagon’s AUKUS Review Finds Areas to Put Nuclear Submarine Pact on ‘Strongest Possible Footing,’” Australian Broadcasting Corporation, December 4, 2025.

<sup>80</sup> Kristy Needham, Renju Jose, and David Brunnstrom, “Australia Confident US Will Proceed with Biden-Era Submarine Pact After Review,” Reuters, June 11, 2025.

<sup>81</sup> Lucia Stein and Taryn Priadko, “Why the AUKUS Deal Is Still a Controversial and Perplexing Issue for Most Australians,” *Australian Broadcasting Network*, February 11, 2025.

<sup>82</sup> Peter Dean and Alice Nason, “AUKUS Pillar II Is Failing in Its Mission,” *War on the Rocks*, June 2, 2025.

<sup>83</sup> Evan A. Feigenbaum, “Beneath the Mateship, a Quiet Crisis Is Brewing in the U.S.-Australia Alliance,” Carnegie Endowment for Peace, June 23, 2025, <https://carnegieendowment.org/posts/2025/06/us-australia-alliance-quiet-crisis?lang=en>.

<sup>84</sup> Richard Dunley, “Plan B?: Reconsidering Australian Security in the Event of a Post US Alliance era,” *Australian Journal of International Affairs*, vol. 78, no. 4 (July 18, 2024).

While these arguments recognize areas of difference in strategic interests between the United States and Australia, they do not inherently argue for Australia to buck its alliance, but rather to make calculated policy choices to cooperate and if necessary, recalibrate, its strategic position.

## Australian Governance and Politics

Australia is a federal parliamentary democracy and a part of the British Commonwealth of Nations, of which it was a colony from 1788 to 1901. The Head of State is the United Kingdom's King Charles III, who is represented by the Governor-General, currently Sam Mostyn. The Australian parliament, based in the capital city of Canberra, is composed of a 155-seat body consisting of two chambers: an upper house (Senate) and a lower house (House of Representatives), in addition to the Crown representative. The head of government is the prime minister, currently Anthony Albanese, who leads the Australian Labor Party (ALP, or Labor Party). The country's judiciary is an independent branch of government led by the High Court of Australia.<sup>85</sup> The Australian federation comprises six states, and 10 territories—three of which are internal and seven of which are external.<sup>86</sup> (Australia also claims ownership of more than 42% of the Antarctic continent. Few governments recognize that claim. The United States recognizes no territorial claims to Antarctica.) Australian states and internal territories are partially self-governing with independent executive, legislative, and judicial systems. External territories are overseen by national government departments with some territories hosting bases that, reportedly, the U.S. Navy has considered for infrastructural upgrades to accommodate military operations.<sup>87</sup>

Australian politics are dominated by two political groups: the Australian Labor Party, a center-left party, and the Liberal-National Coalition, an alliance of conservative-leaning parties led by the Liberal Party of Australia. Australia's Green Party is a minor but influential party in Australian politics. Since 1968, every elected prime minister has come from either the Labor Party or the Liberal Party.<sup>88</sup> The right-wing National Party of Australia is the second member of the Coalition and advocates for rural and agricultural interests.<sup>89</sup>

A full federal election is held every three years (but the government can call elections earlier) with the most recent election held on May 3, 2025.<sup>90</sup> The 2025 elections resulted in a Labor Party victory and the reelection of Prime Minister Albanese, who has served in the role since 2022; it was the first time a prime minister has won consecutive elections in two decades. Liberal Party leader, Peter Dutton, lost his seat in Parliament and the National Party's leadership withdrew from the Coalition for the first time in 60 years, reportedly claiming policy differences and the Labor victory as reasons for "a break."<sup>91</sup> Political commentators in Australia have noted some of the

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<sup>85</sup> Australian Parliamentary Education Office, *What Is the Judiciary and What Does It Do?*, <https://peo.gov.au/understand-our-parliament/your-questions-on-notice/questions/what-is-the-judiciary-and-what-does-it-do>

<sup>86</sup> Australia's states are: New South Wales, Queensland, South Australia, Tasmania, Victoria, and Western Australia. The three internal territories are: the Australian Capital Territory, the Jervis Bay Territory, and the Northern Territory. The seven external territories are: Ashmore and Cartier Islands, the Australian Antarctic Territory, Christmas Island, the Cocos (Keeling) Islands, the Coral Sea Islands, Heard Island and McDonald Islands, and Norfolk Island.

<sup>87</sup> Kristy Needham, "US Military Eyes Australia's Indian Ocean Toe Hold to Deter China," Reuters, August 5, 2024.

<sup>88</sup> Museum of Australian Democracy at Old Parliament House, *Australian Prime Ministers*, <https://apm-origin.moadoph.gov.au/prime-ministers>.

<sup>89</sup> The National Party of Australia, "What We Stand For," press release, <https://www.nationals.org.au/about/what-we-stand-for>.

<sup>90</sup> An individual may serve as Prime Minister as long as they maintain the support of their party and remain a member of Parliament.

<sup>91</sup> Kristy Needham and Renju Jose, "Australia's Opposition Coalition Splits After Election Loss," Reuters, May 20, 2025.

issues driving voters to the polls, including rising cost of living, the national economy, and the national energy transition away from fossil fuels.<sup>92</sup> Some analysts suggest that President Trump's tariff policy helped Albanese hold on to power as voters sought to reject rising global conservatism.<sup>93</sup>

## Economics and Trade

The International Monetary Fund classifies Australia as an “advanced economy.”<sup>94</sup> The Organization for Economic Co-operation and Development forecasts Australia's GDP growth will reach 2.2% in 2026 after 1.8% growth in 2025.<sup>95</sup> Australia's 2025-2026 National Budget states the economy has “turned a corner” from the challenges of the pandemic as inflation moderates, the unemployment rate remains low (expected to peak at 4.25%), and nominal wage growth is expected to stay above pre-pandemic levels.<sup>96</sup>

Australia's major global exports are iron ore, coal, and natural gas.<sup>97</sup> The export of commodities, particularly minerals, has become increasingly important to the Australian economy over the past two decades, and the Australian government released a 2023-2030 Critical Minerals Strategy to support sectoral growth.<sup>98</sup> In 2024, the Labor government signed into law the Future Made in Australia Act, aimed at expanding Australia's industrial investment in renewable energy and critical minerals to boost domestic manufacturing and supply chain resilience.<sup>99</sup> One analyst asserts the Future Made in Australia agenda is a major shift for Australia from its neoliberal trade policies that began in the mid-1980s towards adopting an explicit industrial policy.<sup>100</sup> Proponents of the act support investment into key sectors, including AD\$1.5 billion (\$1.06 billion USD) to establish an innovation fund that would offer grants for pre-commercial innovation in renewable energy and low-emissions technologies.<sup>101</sup>

## Foreign Policy

Australian foreign policy over the past fifty years has emphasized a commitment to multilateralism and has sought to affirm Australia's place within a broad network of global

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<sup>92</sup> The University of Sydney, *2025 Australian Federal Election: Experts Explain the Key Issues*, March 28, 2025, <https://www.sydney.edu.au/news-opinion/news/2025/03/28/2025-australian-federal-election-experts-explain-key-issues.html>.

<sup>93</sup> Zoya Sheftalovich, “How Trump Lost Conservatives the Australian Election,” *Politico*, May 3, 2025.

<sup>94</sup> International Monetary Fund, *Country Composition of WEO Groups*, <https://www.imf.org/en/Publications/WEO/weo-database/2023/April/groups-and-aggregates>.

<sup>95</sup> Organisation for Economic Co-operation and Development, *OECD Economic Outlook, Volume 2025 Issue 1: Tackling Uncertainty, Reviving Growth*, June 3, 2025, [https://www.oecd.org/en/publications/oecd-economic-outlook-volume-2025-issue-1\\_83363382-en/full-report/australia\\_b563f928.html](https://www.oecd.org/en/publications/oecd-economic-outlook-volume-2025-issue-1_83363382-en/full-report/australia_b563f928.html).

<sup>96</sup> Government of Australia, *2025-2026 National Budget, Statement 2: Economic Outlook*, p. 33 [https://budget.gov.au/content/bp1/download/bp1\\_bs-2.pdf](https://budget.gov.au/content/bp1/download/bp1_bs-2.pdf).

<sup>97</sup> Australian Department of Foreign Affairs and Trade, *Australia's Top 25 Exports, Goods and Services*, October 2025, <https://www.dfat.gov.au/sites/default/files/australias-goods-and-services-by-top-25-exports-2024.pdf.pdf>.

<sup>98</sup> Australian Department of Industry, Science and Resources, *Critical Minerals Strategy 2023-2030*, June 20, 2023, <https://www.industry.gov.au/publications/critical-minerals-strategy-2023-2030>.

<sup>99</sup> Government of Australia, “Budget 2024-25: A Future Made in Australia Factsheet,” <https://archive.budget.gov.au/2024-25/factsheets/download/factsheet-fmia.pdf>.

<sup>100</sup> James Carouso, *Future Made in Australia*, Center for Strategic and International Studies, July 25, 2024, <https://www.csis.org/analysis/future-made-australia>.

<sup>101</sup> Australian Renewable Energy Agency, *Future Made in Australia Innovation Fund*, <https://arena.gov.au/funding/future-made-in-australia-innovation-fund/>.

partnerships, anchored by its security alliance with the United States. The late Australian diplomat and foreign policy analyst, Allan Gyngell, argued that Australia's foreign policy has been shaped by a "fear of abandonment" by its allies, specifically the UK and the United States.<sup>102</sup> Australia has pursued proactive foreign policy that seeks to maintain its network of allies and partners, engage with Indo-Pacific neighbors, and uphold the rules-based international order. The Australia 2017 Foreign Policy White Paper (the latest iteration of the document) largely reflects this foreign policy ethos, noting the importance of the U.S. alliance to Australian's security interests.<sup>103</sup>

Some analysts have argued that Australia needs a new strategic orientation fit for the ambiguities of the contemporary geopolitical landscape.<sup>104</sup> Australia's Department of Foreign Affairs and Trade's (DFAT's) *Australia in the World-2025 Snapshot*, a document describing Australia's foreign policy, notes that Australia's foreign policy priorities include reinforcing Indo-Pacific relations and supporting regional adherence to a rules-based order, but the document does not provide a broad strategic vision.<sup>105</sup> Some analysts interpreted a speech by Foreign Minister Penny Wong in November 2025 to mean that Australia is revising its foreign policy stance.<sup>106</sup> During the speech, they assert, Wong noted the importance of the security relationship with the United States while also de-emphasizing the alliance as a central pillar of Australian foreign policy and instead focusing on regional relationships.

## Defense Policy

In 2023, the Albanese government released a Defence Strategic Review (DSR), which examined and offered findings on Australia's defense spending, capacity, and posture.<sup>107</sup> The DSR was prompted by a growing concern amongst Australian security analysts and specialists about Australia's strategic environment, including threats to its interests emanating from regional instability due to U.S.-China competition, China's military modernization, and reduced warning time to prepare for conflict given modern power-projection capabilities.

The Albanese government released the country's first National Defence Strategy (NDS) in 2024. While Australian officials have not labeled China a military threat, the NDS recognizes China has employed coercive tactics in pursuit of its strategic objectives, including to attempt to alter the regional balance of power "in its favor."<sup>108</sup> The NDS asserted Australia "must work even more closely with the U.S., our closest ally and principal strategic partner" and adopt a strategy of denial.<sup>109</sup> The Australian government has defined strategic denial as aiming "to deter a potential

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<sup>102</sup> Allan Gyngell, *Fear of Abandonment: Australia in the World Since 1942* (2017).

<sup>103</sup> Australian Department of Foreign Affairs and Trade, *2017 Foreign Policy White Paper*, 2017, <https://www.dfat.gov.au/sites/default/files/2017-foreign-policy-white-paper.pdf>.

<sup>104</sup> See for example Mercedes Page, *Australia's Foreign Policy Reckoning: Time for a New White Paper*, Lowy Institute, April 1, 2025, <https://www.loyyinstitute.org/the-interpretor/australia-s-foreign-policy-reckoning-time-new-white-paper>.

<sup>105</sup> Australian Department of Foreign Affairs and Trade, *Australia in the World—2025 Snapshot*, 2025, <https://www.dfat.gov.au/publications/international-relations/australia-world-2025-snapshot>.

<sup>106</sup> Darren Lim and Hannah Nelson, *From Three Strands to Four Rs: The Evolution of Australian Foreign Policy*, Australian Institute of International Affairs, November 21, 2025, <https://www.internationalaffairs.org.au/australianoutlook/from-three-strands-to-four-rs-the-evolution-of-australian-foreign-policy/>.

<sup>107</sup> Australian Department of Defence, *National Defence: Defence Strategic Review 2023*, 2023, <https://www.defence.gov.au/about/reviews-inquiries/defence-strategic-review>.

<sup>108</sup> Australian Department of Defence, *2024 National Defence Strategy*, 2024, p. 12.

<sup>109</sup> Australia 2024 National Defence Strategy, p. 12.

adversary from taking actions that would be inimical to Australia's interests and regional stability."<sup>110</sup>

## Select Australian Bilateral Relations

### The People's Republic of China (PRC, or China)

Even as China is Australia's top trading partner, some analysts note China is a major, if implicit, security challenge for Australia. Australian views on China have shifted over the past decade on account of increased PRC military capability, concerns about perceived PRC economic coercion, allegations of espionage, and instances of PRC interference in Australian domestic politics.<sup>111</sup> The Albanese government's NDS warns that strategic competition amongst regional powers causes tension and uncertainty and is fueling a military build-up in the region that is "increasing the risk of military escalation or miscalculation that could lead to a major conflict in the region."<sup>112</sup>

In early 2025, Australia, New Zealand, and other regional actors criticized actions by China's People's Liberation Army Navy (PLAN), which dispatched three warships to the Tasman Sea between Australia and New Zealand. Australian Defence Minister Richard Marles claimed the government received inadequate notice from China that the flotilla would begin live-fire military drills in the area, forcing commercial airliners to divert their flight paths mid-air for safety.<sup>113</sup> Some analysts contend that the flotilla's actions—the furthest south a PLAN task force has ever traveled—are evidence of a more assertive PLA seeking to exert pressure on U.S. regional allies.<sup>114</sup> In a separate incident in February 2025, Australia publicly criticized what it describes as an "unsafe and unprofessional interaction" by PLA aircraft near ADF aircraft during an ADF routine maritime surveillance patrol in the South China Sea, an activity Australia claims it has undertaken for decades in accordance with international law.<sup>115</sup> Australia undertakes numerous military activities in the South China Sea, including routine naval transits through the area with the United States and trilateral naval drills with Canada and the Philippines.<sup>116</sup>

In 2024, two-way goods and services China- Australia trade reached AD\$312 billion [\$204.6 billion USD].<sup>117</sup> Under the Albanese government, Australia has reportedly pressed China to remove a suite of trade embargoes and unofficial bans placed on Australian products by Beijing after the previous Australian administration had supported a 2020 global inquiry into the origins of the COVID-19 pandemic.<sup>118</sup> Since President Trump re-entered office, China has offered

<sup>110</sup> Australian Department of Defence, *2025-2026 Defence Portfolio Budget Statement*, p. 11, [https://www.defence.gov.au/sites/default/files/2025-03/2025-26\\_Defence\\_PBS\\_00\\_Complete.pdf](https://www.defence.gov.au/sites/default/files/2025-03/2025-26_Defence_PBS_00_Complete.pdf).

<sup>111</sup> Kai He and Huiyun Feng, "IR Theory and Australia's Policy Change Towards China, 2017-2022: An Introductory Essay," *Journal of Contemporary China*, vol. 34, no. 154 (June 11, 2024); James Corera and Bethany Allen, *The 'China' Challenge: Now a Multi-Generational Test for Australian Strategy*, Australian Strategic Policy Institute, April 19, 2025, <https://www.aspistrategist.org.au/the-china-challenge-now-a-multi-generational-test-for-australian-strategy/>.

<sup>112</sup> Australian Department of Defence, *2024 National Defence Strategy*, 2024, p. 11.

<sup>113</sup> Andrew Greene, "Virgin Airlines Pilot First Alerted Authorities to Chinese Live Fire Danger on Friday," *Australian Broadcasting Corporation*, February 24, 2025.

<sup>114</sup> Andrew Greene, "Virgin Airlines Pilot First Alerted Authorities to Chinese Live Fire Danger on Friday."

<sup>115</sup> Australian Department of Defence, *Statement on Unsafe and Unprofessional Interaction with People's Liberation Army-Air Force*, February 13, 2025.

<sup>116</sup> "Australia, Canada, Philippine Ships Hold Drills in Tense South China Sea," *Aljazeera*, August 28, 2025."

<sup>117</sup> Department of the Prime Minister and Cabinet of Australia, "Trade Facts," press release, <https://www.pmc.gov.au/sites/default/files/foi-logs/foi-2025-190.pdf>.

<sup>118</sup> Georgia Edmonstone, *China's Trade Restrictions on Australian Exports*, United States Studies Centre, April 2, 2024, <https://www.ussc.edu.au/chinas-trade-restrictions-on-australian-exports>.

Australia to “join hands” to counter U.S. tariffs; Australia has declined.<sup>119</sup> Australia also is seeking to reduce China’s investment holdings in Australia; for example, the prime minister has announced plans to end a PRC company’s nine-year lease of the Port of Darwin and return it to Australian control.<sup>120</sup> PRC officials have reportedly criticized the plan.<sup>121</sup>

In July 2025, Prime Minister Albanese made a six-day trip to China where he met with Secretary General of the Chinese Communist Party Xi Jinping. Press reports indicate Secretary General Xi has signaled an interest in strengthening ties with Australia under Albanese.<sup>122</sup> The prime minister stated that his government will “work together [with China] where we can, [and] disagree where we must.”<sup>123</sup>

Political analysts and scholars have accused China, specifically its United Front Work Department (UFWD), an organ of the Communist Party, of attempting to co-opt domestic groups in Australia to advance China’s strategic interests.<sup>124</sup> Australia’s government has taken measures to guard against PRC influence in Australian politics and society. In 2018, the Australian parliament passed laws on espionage, foreign interference, and foreign influence, and the government blocked China’s Huawei from participating in Australia’s development of its 5G mobile network. In August 2025, the Australian Signals Directorate joined the United States and several other partners in issuing a joint-advisory about a PRC-sponsored cyber group targeting government and private sector networks for its global espionage.<sup>125</sup>

## New Zealand

Australia is New Zealand’s singular treaty ally. The trans-Tasman partnership is punctuated by high-levels of policy coordination in defense, economics, foreign assistance, and “virtually every other area of governance,” according to the New Zealand government.<sup>126</sup> While New Zealand and the United States suspended their security relationship under ANZUS in 1986, the security pact remains intact between Australia and New Zealand and is underpinned by a 1991 Closer Defence Relations Agreement, which was updated in 2018 and 2024.<sup>127</sup>

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<sup>119</sup> Renju Jose, “Australia Turns Down China’s Offer to ‘Join Hands’ to Fight US Tariffs,” Reuters, April 10; Bang Xiao, “Anthony Albanese to Visit China for Second Time amid Xi Jinping’s Push for ‘Mature’ Ties with Australia,” *Australian Broadcasting Corporation*, May 10, 2025.

<sup>120</sup> Matt Garrick, “VIDEO: Darwin Port Owner Defends 99-Year Lease as Future Hangs in the Balance,” *Australian Broadcasting Corporation*, June 16, 2025.

<sup>121</sup> Kristy Needham, “Chinese Ambassador Criticizes Plan to Return Darwin Port to Australian Ownership,” Reuters, May 2025.

<sup>122</sup> Bang Xiao, “China Sees Australia as the Western Partner Worth Resetting with and Anthony Albanese Made It Happen,” *Australian Broadcasting Corporation*, July 15, 2025.

<sup>123</sup> Office of the Prime Minister of Australia, “Press Conference—Great Wall of China,” press release, July 16, 2025, <https://www.abc.net.au/news/2025-05-21/anthony-albanese-to-meet-xi-jinping-in-china/105312020>.

<sup>124</sup> Alex Joske, *The Party Speaks for You*, Australian Strategic Policy Institute, June 9, 2020, <https://www.aspi.org.au/report/party-speaks-you/>.

<sup>125</sup> Australian Signals Directorate, Countering Chinese State-Sponsored Actors Compromise of Networks Worldwide to Feed Global Espionage Network, August 28, 2025, <https://www.cyber.gov.au/about-us/view-all-content/alerts-and-advisories/countering-chinese-state-sponsored-actors-compromise-of-networks-worldwide-to-feed-global-espionage-system>.

<sup>126</sup> New Zealand Ministry of Foreign Affairs and Trade, *Australia*, <https://www.mfat.govt.nz/en/countries-and-regions/australia-and-pacific/australia>.

<sup>127</sup> Australian Department of Defence, “Australia-New Zealand Joint Statement on Closer Defence Relations,” press release, December 6, 2024, <https://www.minister.defence.gov.au/statements/2024-12-06/australia-new-zealand-joint-statement-closer-defence-relations>.

Bilateral economic relations are deep and built on the Australia-New Zealand Closer Economic Relations Trade Agreement which covers virtually all trans-Tasman trade in goods and services.<sup>128</sup> Economic and social relations are further facilitated through the Trans-Tasman Travel Arrangements allowing for freedom of travel, living, and work in either country without restriction. An estimated 670,000 New Zealand citizens live in Australia with a record 73,000 New Zealand citizens migrating to Australia in a 12-month period up to September 2025 with some migrants claiming pay and job opportunities are better in Australia.<sup>129</sup>

## The Pacific Island Countries (PICs)

Given the proximity of the Pacific Islands to Australia's eastern and northern maritime boundaries, Canberra historically has sought to exert influence on the region's political and economic development, especially the Melanesian sub-region.<sup>130</sup> According to the Lowy Institute, a nonpartisan think tank based in Sydney, Australia is the largest bilateral development finance provider to the PICs, even as overall official development finance to the region contracted by 16% or roughly \$3.6 billion in the last measurable year (2023).<sup>131</sup> Australia's development support to the PICs (and broader Indo-Pacific) accounts for 75% of Australia's official development aid, with \$2.2 billion in spending allocated for 2025-2026.<sup>132</sup> Other development initiatives to support the PICs include the Pacific Agreement on Closer Economic Relations Plus (PACER Plus), a development-centered free trade agreement that includes elimination on tariffs of PICs goods, development assistance, and labor mobility for skilled workers. A mechanism called Pacific Australia Labour Mobility (PALM) offers temporary working visas for unskilled, low-skilled, and semi-skilled laborers from the Pacific to work in Australia.<sup>133</sup>

Australia also is an important security provider to the region. It backs or runs programs like the Pacific Policing Initiative, the Pacific Maritime Security Program, and the Pacific Defence Cooperation Program.<sup>134</sup> Bilaterally, Australia also is expanding its security partnerships with Pacific countries including a 2023 Bilateral Security Agreement with Papua New Guinea (PNG) to deepen security cooperation and support PNG security priorities.<sup>135</sup> In October 2025, the governments of Australia and PNG signed a bilateral treaty to expand the defense relationship and enhance interoperability of their defense forces.<sup>136</sup>

Australia and PNG agreed in 2021 to jointly upgrade and refurbish several ports in PNG, including Lombrum Naval Base on Manus Island north of the PNG mainland. The United States,

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<sup>128</sup> Australian Department of Foreign Affairs and Trade, *Australia-New Zealand Closer Economic Relations Trade Agreement*, <https://www.dfat.gov.au/trade/agreements/in-force/anzcerta/australia-new-zealand-closer-economic-relations-trade-agreement>.

<sup>129</sup> Australian Department of Foreign Affairs and Trade, *New Zealand Country Brief*, <https://www.dfat.gov.au/geo/new-zealand/new-zealand-country-brief>; Alice Angeloni and David Marchese, "'Sirry Bew Zealand, Love You': The Record Number of Kiwis Leaving the Country," *Australian Broadcasting Corporation*, November 21, 2025.

<sup>130</sup> Melanesia includes the independent nations of Papua New Guinea, Solomon Islands, Vanuatu, Fiji, and the French territory of New Caledonia.

<sup>131</sup> Lowy Institute, *2025 Pacific Aid Map: Australia Holds the Line as Major Aid Donors Retreat from Pacific*, October 26, 2025, <https://www.lowyinstitute.org/2025-pacific-aid-map-australia-holds-line-major-aid-donors-retreat-pacific>.

<sup>132</sup> Australian Department of Foreign Affairs and Trade, *Development Budget Summary 2025-2026*, 2025, p. 1.

<sup>133</sup> Australian Department of Foreign Affairs and Trade, *Pacific Labour Mobility*.

<sup>134</sup> Australian Department of Foreign Affairs and Trade, *Shared Security in the Pacific*.

<sup>135</sup> Australian Department of Foreign Affairs and Trade, *Australia-Papua New Guinea Bilateral Security Agreement*, 2023.

<sup>136</sup> Australian Department of Foreign Affairs and Trade, *Papua New Guinea-Australia Mutual Defence Treaty: Also known as the PukPuk Treaty*, 2025.

which first established a base on Manus Island during World War II, in April 2024 announced proposals to refurbish three facilities at Lombrum. Some observers describe the U.S. and Australian moves to develop Lombrum Naval Base, initiated in 2018 during the first Trump Administration, as seeking to counter PRC regional influence.<sup>137</sup> Other bilateral partnerships include a Bilateral Security Treaty with Solomon Islands and the comprehensive Falepili Union treaty with Tuvalu that, among other provisions, recognizes Tuvalu’s continuing statehood and sovereignty, “notwithstanding the impact of climate-change related sea-level rise” which threatens the physical territory of the island.<sup>138</sup>

At the regional level, Australia seeks to undergird a strong Pacific regional identity and is a founding member of the Pacific Islands Forum (PIF), the region’s pre-eminent multilateral organization. The PIF offers a platform for Australia to coordinate with PICs and communicate shared concerns in the region, particularly about climate change and security. Australian-led initiatives in the PIF include the Pacific Policing Initiative, which some analysts consider to be an Australian counterweight to China’s growing law enforcement influence in the Pacific Islands.<sup>139</sup>

## The Environment and Climate Policy

Australia, the sixth largest country in the world based on land mass, has a diverse and often fragile environment that includes rainforests, farming and pastoral land, expansive deserts, and the Great Barrier Reef. Australia is the driest inhabited continent and the 2019-2020 wildfire season was a natural disaster that drew international attention as more than 46 million acres of land burned and cost Australia roughly \$4.6 billion in economic value.<sup>140</sup> Other environmental challenges include invasive species, water quality issues, drought, flooding, poor soil conservation, coral bleaching, and overfishing. The National Landcare Program seeks to address problems such as loss of vegetation, soil degradation, the introduction of pest weeds and animals, changes in water quality and flows, and changes in fire response.<sup>141</sup>

A 2024 study by the Australian Commonwealth Scientific and Industrial Research Organisation and the Bureau of Meteorology shows that Australia’s climate has warmed by an average of 1.51 +/- 0.23 °C (within a margin of error) since national records began in 1910. The warming has led to increased sea surface temperatures and an increase in the frequency of extreme heat events over land and sea.<sup>142</sup> The report also noted an increase in extreme fire weather, ocean acidification, sea levels, and heavier short-term rainfall events rising in intensity, among other findings.

The Australian government has emphasized addressing climate change as a policy priority, both domestically and as an element of Australia’s foreign partnerships. The Australian parliament has committed through legislation to achieving net zero green-house gas emissions by 2050 and

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<sup>137</sup> Zach Abdi, “U.S. Set to Expand Naval Base in Papua New Guinea,” *USN News*, April 6, 2024.

<sup>138</sup> Australian Department of Foreign Affairs and Trade, *Solomon Islands Bilateral Security Treaty*; Australian Department of Foreign Affairs and Trade, *Australia-Tuvalu Falepili Union Treaty*.

<sup>139</sup> Kristy Needham, “Pacific Islands to Boost Regional Policing After Leaders Meeting,” Reuters, August 30, 2024.

<sup>140</sup> Cait Caffrey, *2019–20 Australian Bushfire Season (Black Summer)*, EBSCO, 2023, <https://www.ebsco.com/research-starters/history/2019-20-australian-bushfire-season-black-summer>; SGS Economics, *Economic recovery after disaster strikes- volume two, 2020*, [https://treasury.gov.au/sites/default/files/2021-05/171663\\_suncorp\\_group\\_ltd\\_supporting\\_documents\\_1.pdf](https://treasury.gov.au/sites/default/files/2021-05/171663_suncorp_group_ltd_supporting_documents_1.pdf).

<sup>141</sup> Australian Department of Agriculture, Fisheries and Forestry, “*National Landcare Program*,” <https://www.agriculture.gov.au/agriculture-land/farm-food-drought/natural-resources/landcare/national-landcare-program>.

<sup>142</sup> Commonwealth Scientific and Industrial Research Organisation, “State of the Climate 2024,” <https://www.csiro.au/en/research/environmental-impacts/climate-change/state-of-the-climate>.

cutting green-house gas emissions by 43% below 2005 levels by 2030.<sup>143</sup> To facilitate its objectives, Australia currently is developing a Net Zero 2050 plan and has released a Safeguard Mechanism meant to limit greenhouse gas emissions from Australia's largest industrial facilities.<sup>144</sup> Critics of the government's plan note that Australia is unlikely to meet its stated climate objectives due to continued investments in non-renewable energy.<sup>145</sup>

Australia participates in several international groups on climate change, such as the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement, which commits signatories to pursue efforts to limit the increase in global average temperature to 1.5 C° above pre-industrial levels.<sup>146</sup> At the regional level, the Australia-Pacific Partnership for Energy Transition aims to support the PICs' transition away from fossil fuels and complement other Australia-PIC initiatives, such as the Pacific Climate Infrastructure Financing Partnership.<sup>147</sup> In October 2024, Australia announced an investment of more than \$6 million for a Pacific Regional Nationally Determined Contribution Hub, a Pacific-led initiative to address climate challenges.<sup>148</sup>

Some PICs have expressed frustration with what they consider to be Australia's failure to cut fossil fuel emissions in an expeditious manner. The government of Vanuatu has led an initiative seeking an advisory opinion from the International Court of Justice (ICJ) on the obligations of states with respect to climate change.<sup>149</sup> In a July 2025 press release, the ICJ found, among other opinions, that "customary international law sets forth obligations for States to ensure the protection of the climate system and other parts of the environment from anthropogenic greenhouse gas emissions."<sup>150</sup> The press release continues, "a breach by a State of any obligations identified ... constitutes an internationally wrongful act.... legal consequences resulting from the commission of an internationally wrongful act may include.....full reparation to injured States in the form of restitution, compensation, and satisfaction."<sup>151</sup> Vanuatu's climate minister has responded to the ICJ's opinion stating, "Australia is committing internationally wrongful acts as it is sponsoring and subsidizing fossil fuel production and excessive emissions."<sup>152</sup>

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<sup>143</sup> Australian Department of Climate Change, Energy, the Environment and Water, "Net Zero," June 18, 2025, <https://www.dceew.gov.au/climate-change/emissions-reduction/net-zero>.

<sup>144</sup> Australian Department of Climate Change, Energy, the Environment and Water, "Safeguard Mechanism," June 18, 2025, <https://www.dceew.gov.au/climate-change/emissions-reporting/national-greenhouse-energy-reporting-scheme/safeguard-mechanism>.

<sup>145</sup> Samantha Hepburn, "Australia Can Have a Future for the Gas Industry, or Meet Its Climate Commitments—but Not Both," *The Conversation*, May 9, 2024.

<sup>146</sup> United Nations Framework Convention on Climate Change, "The Paris Agreement: What Is the Paris Agreement," <https://unfccc.int/process-and-meetings/the-paris-agreement>.

<sup>147</sup> Australian Infrastructure Financing Facility for the Pacific, "Pacific Climate Infrastructure Financing Partnership," <https://www.aiffp.gov.au/pacific-climate-infrastructure-financing-partnership>.

<sup>148</sup> Australian Department of Climate Change, Energy, the Environment and Water, "Supporting the Pacific to Manage Climate Change," October 19, 2024, <https://www.dceew.gov.au/about/news/supporting-pacific-manage-climate-change>.

<sup>149</sup> Adam Morton, "Australia Warned It Could Face Legal Action over 'Wrongful' Fossil Fuel Actions After Landmark Climate Ruling from World's Top Court," *The Guardian*, July 24, 2025.

<sup>150</sup> International Court of Justice, "Obligations of States in Respect of Climate Change," press release, July 23, 2025, <https://www.icj-cij.org/sites/default/files/case-related/187/187-20250723-pre-01-00-en.pdf>.

<sup>151</sup> International Court of Justice, "Obligations of States in Respect of Climate Change," press release, July 23, 2025, <https://www.icj-cij.org/sites/default/files/case-related/187/187-20250723-pre-01-00-en.pdf>.

<sup>152</sup> Adam Morton, "Australia Warned It Could Face Legal Action over 'Wrongful' Fossil Fuel Actions After Landmark Climate Ruling from World's Top Court," *The Guardian*, July 24, 2025.

## Selected Issues for Congress

The United States' bilateral relationship with Australia has historically been, and remains, a subject of ongoing congressional interest. In the 119<sup>th</sup> Congress, some Members have introduced legislation and conducted oversight activities to shape the alliance, including through fact-finding hearings, executive reporting requirements, legislation to directly shape bilateral engagement, and appropriations legislation. This has included legislation such as the Promoting Diplomacy with Australia Act (H.R. 6123) that would require the State Department to provide a report to Congress on the current capacity and capability of the U.S. Mission in Australia.

Further areas of interest for Congress may include the following.

### AUKUS<sup>153</sup>

State Department officials during the Biden Administration testified to the centrality of legislative proposals to AUKUS' strategic advancement and the executive branch's consultations with Congress.<sup>154</sup> Congressional interest in AUKUS has remained consistent through the second Trump Administration with AUKUS-related legislation being considered.

Moving forward, Members in their oversight capacity may seek to gain further understanding of challenges and opportunities related to AUKUS. For example, Congress may examine the logistical feasibility of Pillar I given the U.S. backlog in the building and maintenance of Virginia-class nuclear-powered attack submarines. Such oversight may prompt a re-evaluation of SSN procurement rates and the usage of submarine industrial base funding appropriated by Congress. Members may also be interested in possible alterations to the current development of AUKUS, such as re-structuring divisions of labor amongst the three countries in which U.S. SSNs perform U.S. and Australian SSN missions while Australia invests in military capabilities to perform non-SSN missions for the two allies.<sup>155</sup> Members interested in the financing of AUKUS may request information from the executive branch to understand how U.S. and Australia's investments in the U.S. submarine industrial base have supported implementation progress and to ensure compliance with congressional reporting requirements.

## Defense Cooperation in the Indo-Pacific

Members of Congress may seek to clarify Australia's commitment to supporting the United States in a potential conflict in the Indo-Pacific. Although Australia has contributed armed forces alongside the United States in every conflict in which the U.S. has participated, under the ANZUS Treaty, neither the United States nor Australia are required to support the other militarily in an

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<sup>153</sup> For more in-depth information on congressional considerations regarding AUKUS, see CRS Report RL32418, *Navy Virginia-Class Submarine Program and AUKUS Submarine (Pillar 1) Project: Background and Issues for Congress*, by Ronald O'Rourke; and CRS Report R47599, *AUKUS Pillar 2 (Advanced Capabilities): Background and Issues for Congress*, by Luke A. Nicastro. This section has drawn from these reports. For follow up, congressional staff may contact Jared Tupuola.

<sup>154</sup> For more in-depth information on congressional considerations regarding AUKUS, see CRS Report RL32418, *Navy Virginia-Class Submarine Program and AUKUS Submarine (Pillar 1) Project: Background and Issues for Congress*, by Ronald O'Rourke; U.S. Congress, Senate Foreign Relations Committee, *AUKUS: A Generational Opportunity*, 118<sup>th</sup> Cong., 1<sup>st</sup> sess., September 6, 2023, p. 5. For follow up, congressional staff may contact Jared Tupuola.

<sup>155</sup> For more in-depth information on congressional considerations regarding AUKUS, see CRS Report RL32418, *Navy Virginia-Class Submarine Program and AUKUS Submarine (Pillar 1) Project: Background and Issues for Congress*, by Ronald O'Rourke. For follow up, congressional staff may contact Jared Tupuola.

armed conflict.<sup>156</sup> Australia does not have a treaty obligation to use AUKUS-acquired submarines or any of its other allied military capabilities in service of U.S. defense goals.<sup>157</sup>

Another aspect of allied defense commitments that may draw congressional interest is burden sharing, which is typically an agreement for a country to contribute to or otherwise share the costs of U.S. military support.<sup>158</sup> The Trump Administration has emphasized increasing partner burden sharing as an important part of its defense policy with allies and partners, and the Administration has received support from some Members of Congress on its burden-sharing negotiations with European allies.<sup>159</sup> Some analysts note that NATO's commitment to ramp up spending to 5% of members' national GDP may intensify pressure on Canberra (and other Indo-Pacific allies and partners) to follow suit.<sup>160</sup> Australian defense officials have argued their commitment to burden sharing via defense spending is evidenced through continued purchases of U.S. arms and financial support to the U.S. industrial base.<sup>161</sup>

Congress also has shown an interest in U.S. multilateral defense and security cooperation initiatives in the Indo-Pacific that include Australia. In the 119<sup>th</sup> Congress, the Quad Space Act (S. 1946) would require the Secretary of Defense to initiate discussions with Quad member states to identify mutual areas of interest to harmonize space policies, including space industrial policy and situational awareness. In September 2025, the Trump Administration and the Australian government signed a framework for cooperation in aeronautics and outer space for peaceful purposes which the National Aeronautics and Space Administration claims may include cooperation on exploration, space science, space medicine, and aeronautics research amongst other things.<sup>162</sup>

## Tariffs and Trade, and Economic Cooperation

In light of the Trump Administration's imposition of tariffs on Australia, Congress may consider whether such actions align with congressional trade or foreign policy priorities. In the 119<sup>th</sup>

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<sup>156</sup> ANZUS Treaty, Article III, requires the Parties to "consult together whenever in the opinion of any of them the territorial integrity, political independence or security of any of the Parties is threatened in the Pacific. Article IV states, "Each Party recognizes that an armed attack in the Pacific Area on any of the Parties would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional processes."

<sup>157</sup> Rod McGuirk, "Australia Won't Promise to Side with US in Taiwan Conflict," Associated Press, March 20, 2023; Daniel Hurst, "Australia Has 'Absolutely Not' Committed to Join US in Event of War over Taiwan, Marles Says," *Guardian*, March 18, 2023; Georgia Hitch, "No Promise Given to US to Assist in Potential Taiwan Conflict in Exchange for Submarines, Says Defence Minister Richard Marles," ABC.net.au, March 18, 2023.

<sup>158</sup> Burden sharing, that is, the extent to which allies are sufficiently contributing to the common defense of an alliance, is frequently conceptualized through defense investment increases. During a March 2025 Senate Foreign Relations Committee hearing, expert witnesses said that burden sharing can be conceptualized through a variety of other contributions, including U.S. access, basing, and overflight capabilities and rhetorical support for U.S. geostrategic interests; U.S. Congress, Senate Foreign Relations Committee, *Shared Threats: Indo-Pacific Alliances and Burden Sharing in Today's Geopolitical Environment*, hearings, 119<sup>th</sup> Cong., 1<sup>st</sup> sess., March 26, 2025.

<sup>159</sup> White House, "President Trump's Leadership, Vision Drives NATO Breakthrough," press release, June 26, 2025, <https://www.whitehouse.gov/articles/2025/06/president-trumps-leadership-vision-drives-nato-breakthrough/>.

<sup>160</sup> Jennifer Parker, "NATO's 5% of GDP defence target ramps up pressure on Australia to spend vastly more," *The Conversation*, June 26, 2025.

<sup>161</sup> "Australia Says US Missile Purchase Shows Commitment to Defence Spending," Reuters, July 2, 2025; Dzirhan Mahadzir, "SECDEF: White House Supportive of AUKUS, Australia Makes \$500M Payment," U.S. Naval Institute News, February 10, 2025.

<sup>162</sup> Lauren E. Low, "NASA Signs US-Australia Agreement on Aeronautics, Space Cooperation, National Aeronautics and Space Administration," September 30, 2025, <https://www.nasa.gov/missions/artemis/nasa-signs-us-australia-agreement-on-aeronautics-space-cooperation/>.

Congress, some Members introduced the Stopping Tariffs on Allies and Bolstering Legislative Exercise of Trade Policy Act (S. 348). The act seeks to reassert congressional control “to limit the authority of the President to impose new or additional duties with respect to articles imported from countries that are allies or free trade agreement partners.”

Congress also may weigh in on specific trade issues by setting trade priorities for the United States with Australia. Some Members of Congress have shared Trump Administration concerns over trade barriers and reciprocity in trade relations and introduced legislation to address specific issues. The Protect American Beef Act (H.R. 2393), for example, would authorize the President to negotiate a “reciprocal trade agreement” to ensure that American Wagyu beef is competitive with Australian Wagyu products, which the bill characterizes as “a dangerous threat to Wagyu producers in the United States.”

Congress also may choose to conduct oversight of new or developing economic cooperation initiatives between the United States and Australia. At AUSMIN 2025, principals from both countries affirmed their desire to leverage economic cooperation as a tool for strengthening national security and agreed to establish an Export Finance Australia (Australia’s export credit and overseas development finance agency) office in Washington, D.C. They also agreed to explore opportunities for national security-oriented critical mineral offtake arrangements and a potential Customs Mutual Assistance Agreement “to prevent, investigate, and disrupt customs law violation.”<sup>163</sup>

## **Critical Minerals Supply Chain Cooperation**

Given Australia’s critical mineral resources and the Australian government’s prioritization of developing this sector, Members who are interested in supporting the diversification and securitization of critical mineral supply chains accessible to the United States may consider further steps to expand cooperation with Australia in this area. In the 119<sup>th</sup> Congress, the House passed legislation (H.R. 1263) directing the Department of State to craft a Quad engagement strategy, which would include a summary of current and past critical mineral supply chain initiatives. In light of the Quad Critical Minerals Initiative announced in July 2025, Congress may seek to draft further legislation to shape the scope and focus of the initiative. In 2022, the Quad Critical Minerals Partnership Act (S. 3962) would have required executive agencies to prioritize cooperation on critical mineral investments.<sup>164</sup>

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<sup>163</sup> U.S. Department of State, “Joint Fact Sheet on Australia-U.S. Ministerial Consultations (AUSMIN) 2025,” December 8, 2025, <https://www.state.gov/releases/office-of-the-spokesperson/2025/12/joint-fact-sheet-on-australia-u-s-ministerial-consultations-ausmin-2025>.

<sup>164</sup> CRS Report R47982, *Critical Mineral Resources: National Policy and Critical Minerals List*, by Linda R. Rowan.

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