



Australia: Background and U.S. Relations

Overview

The Commonwealth of Australia is a close ally and partner of the United States, and the relationship is underpinned by the 1951 Australia-New Zealand-United States (ANZUS) Treaty. The two countries enjoy close trade, political, cultural, intelligence, and defense relations. As geopolitical competition in the Indo-Pacific has increased, the alliance has deepened over shared concerns about the military and economic rise of the People’s Republic of China (PRC or China). In September 2021, the governments of Australia, the United Kingdom (UK), and the United States launched the “AUKUS” security partnership, which is intended to provide Australia with nuclear propulsion technology for its next generation submarines and to jointly develop advanced military capabilities. Australia and the United States also coordinate through the Quadrilateral Security Dialogue (or “Quad,” with Japan and India).

Australia is the world’s sixth-largest country by surface area (2.96 million sq. miles). Originally inhabited by Aboriginal and Torres Strait Islander peoples, the modern Australian state developed from a British penal colony established in 1788. In 1901, Australia was granted sovereignty over its domestic affairs; in 1942, it adopted the 1931 Statute of Westminster, claiming legal independence from the UK and full control over its foreign relations. Australia is a member of the Commonwealth of Nations, an association of former British territories, and retains the King of the United Kingdom as its head of state.

The most recent general election was held in April 2025. The incumbent Labor Party Prime Minister Anthony Albanese won reelection while the Liberal Party opposition candidate lost his seat in parliament. The Labor Party and the Liberal-National Parties Coalition are the country’s two main political forces. The Green Party of Australia has been an influential political force at times.

Economics and Trade

The Australia-United States Free Trade Agreement (AUSFTA) came into force in 2005. Under AUSFTA, the two countries provide reciprocal duty-free access to a broad range of exports. The United States is Australia’s second-largest trading partner in goods and services. The United States also is Australia’s largest source of foreign direct investment. Data from the U.S. Trade Representative reveals that total U.S. goods and services trade with Australia was \$62.8 billion in 2025.

In April 2025, the Trump Administration announced that imports from Australia would face a baseline 10% tariff with some exceptions, under the International Emergency Economic Powers Act (IEEPA). After the Supreme Court ruled against the use of IEEPA to impose tariffs in February 2026, President Trump imposed a 10% global tariff for 150 days under Section 122 of the Trade Act of 1974. The Trump Administration also has imposed 50% global tariffs on steel and aluminum imports under Section 232 of the Trade Expansion Act of 1962, but has not provided Australia with a tariff exemption as it did during the President’s first administration.

Figure 1. Australia Fact Sheet

<p>Government: Federal parliamentary democracy</p> <p>Head of State: King Charles III; represented by Australian Governor General Samantha Joy Mostyn</p> <p>Head of Government: Prime Minister Anthony Albanese</p> <p>Population: 27,614,411 (June 2025 est.)</p> <p>Life expectancy: 81.1 years for male; 85.1 years for female (2022-2024 est.)</p> <p>Area: Slightly smaller than the contiguous 48 U.S. States</p> <p>GDP: Per capita \$64,604; 1.37% change per annum (2024 est.)</p> <p>Natural Resources: Bauxite, iron, lithium, gold, lead, rare earth elements, uranium, diamond, zinc</p> <p>Top Exports: Iron ore and concentrates, coal, natural gas, education-related travel services, gold (2024 est.)</p> <p>Source: Australian Bureau of Statistics, The World Bank, Geoscience Australia, Australian Department of Foreign Affairs and Trade.</p>	
--	--

Strategic Outlook

The Australian government’s assessment of its security environment has shifted considerably in the past decade. In the mid-2010s, Australia’s security community perceived few imminent or proximate threats to its national security. In 2024, Australia’s inaugural National Defence Strategy (NDS) noted the commonwealth faced its most challenging strategic environment since World War II.

In part, this assessment is motivated by concerns related to U.S.-China competition, China’s military modernization, a lack of perceived transparency in China’s military build-up, and China’s activities in Australia’s near neighborhood (particularly the Pacific Islands). While Australian officials have not labeled China a military threat, the NDS states that China has employed coercive tactics in pursuit of its strategic objectives, including to alter the regional balance of power in its favor. The NDS asserted Australia “must work even more closely with the U.S., our closest ally and principal strategic partner.”

Politics and Governance

Australia has a bicameral legislature and holds elections at least once every three years, with snap elections possible.

To adjust to this changed strategic environment, Australia is pursuing updates to its force structure and defense spending

practices. The government has laid out plans to expand its military capabilities and increase defense spending, including by allocating an additional AU\$50.3 billion to defense spending through 2034. Australia also is expanding its diplomatic and security partnerships with countries in the Indo-Pacific, especially the Pacific Island Countries.

Ties with the United States

The U.S. government describes U.S.-Australia defense ties as “exceptionally close.” U.S. armed forces have a rotational military presence in Australia, including at the northern port city of Darwin, and the United States has invested in defense infrastructure at northern Australian sites under the U.S. Force Posture Initiative. Australia partners with the United States through the “Five Eyes” intelligence-sharing arrangement, which also includes Canada, New Zealand, and the UK. The defense relationship has included bilateral and multilateral military exercises such as the Talisman Sabre, Rim of the Pacific (RIMPAC), and Malabar exercises.

The annual Australia-U.S. Ministerial (AUSMIN) consultations are central to the bilateral relationship. The 2025 AUSMIN Joint Statement emphasized “shared challenges” and the need to “uphold an open and stable international order.” Observers have interpreted this language as referencing shared concerns about economic and military competition with China.

Critical Minerals. Australia has joined the United States on several initiatives aimed at securing critical mineral supply chains, while also investing in its own production and refining capabilities, which some analysts argue could become an alternative to PRC-dominated supply chains. In 2023, the allies committed to enhanced mineral cooperation under a Climate, Critical Minerals and Clean Energy Transformation Compact. As part of the compact, a Critical Minerals Taskforce pursues supply chain diversification and investment opportunities and addresses barriers to cooperation. At the Quad Foreign Ministers Meeting in July 2025, the grouping announced a new Quad Critical Minerals Partnership. During an October 2025 visit to the United States, Prime Minister Albanese and President Trump signed a Critical Minerals Framework Agreement that expects to see \$3 billion worth of shared investments in critical mineral projects within six months of the signing as well as deepening defense and technological cooperation.

AUKUS. AUKUS Pillar 1 would allow Australia to purchase 3-5 U.S. Virginia-class nuclear-powered attack submarines (SSNs) in the 2030s as authorized in the 2024 National Defense Authorization Act (NDAA). The three AUKUS partners also plan to develop a new class of SSNs based on the UK’s next-generation design that incorporates technology from all three countries, including cutting-edge U.S. submarine technologies. Pillar 2 focuses on joint development of advanced military capabilities in technological areas—including AI, cyber, hypersonic and counter-hypersonic, electronic warfare, and quantum technologies—and functional areas such as innovation and information sharing. In 2025, the U.S. Department of Defense conducted a review of AUKUS; President Trump stated the initiative is “full steam ahead.”

The Quad. Australia has bolstered relations with the United States, Japan, and India through the Quadrilateral Security Dialogue. During the 2025 Quad Foreign Ministers’ Meeting, the partners welcomed recent and upcoming activities that advance a free and open Indo-Pacific, including initiatives regarding maritime security, digital infrastructure, emerging technology, and humanitarian assistance.

Australia-China Relations

China is Australia’s largest two-way trade partner, and the two countries signed a free trade agreement in 2015. China restricted some imports from Australia in 2020 following Canberra’s endorsement of an inquiry into the origins of the COVID-19 disease.

Australia’s government has taken several measures to guard against PRC influence in Australian politics and society following instances of PRC organizations attempting to co-opt domestic groups and individuals towards China’s strategic interests. 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 July 2024, Australia joined the United States, Canada, Germany, Japan, New Zealand, and the UK in issuing a joint-advisory about a PRC-sponsored cyber group targeting government and private sector networks.

In 2025, Albanese pledged during his re-election campaign to bring the Darwin Port back under Australian ownership (it was leased to a PRC-based company for 99 years in 2015). Many Australians express concern that the arrangement carries national security risks for Australia. China’s ambassador to Australia has insinuated that a forced sale of the lease to an Australian company could result in investment and trade repercussions.

Considerations for Congress

U.S.-Australian bilateral relations continue to be a source of interest for some Members concerned with U.S.-Indo-Pacific defense and foreign policy goals. In the 119th Congress, Members may wish to consider several areas for Congressional oversight, legislation, or appropriations, such as progress towards AUKUS Pillar 1 and Pillar 2 objectives, the U.S.-Australia Critical Minerals Framework and supply chain resilience, and defense cooperation.

Congress also may weigh in on specific trade issues by setting trade priorities for the United States with Australia. For example, some Members of Congress have shared Trump Administration concerns over some trade barriers and reciprocity in trade relations, while others have sought to limit the President’s authority to impose tariffs on allies or free trade agreement partners. (For more information, see CRS Report R48875, *U.S.-Australia Relations: Background and Issues for Congress*, by Jared G. Tupuola).

Jared G. Tupuola, Analyst in Foreign Affairs

IF10491

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.