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PERSPECTIVE ON A TIMELY POLICY ISSUE

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Optimizing Defense Requirements Cooperation Among the United States and Its Allies

With the rise of China in the Indo-Pacific, Russia's war in Ukraine, and other conflicts, the United States, the United Kingdom (UK), and Australia have realized that their defense requirements and acquisition processes are not optimized for current and future conflicts. In recent years, each nation has undergone, or has been in the process of undergoing, major changes to its defense requirements and acquisition processes. In the United States, the President directed acquisition reform to enable state-of-the-art capabilities to be delivered at speed and scale.[1] Subsequently, the Pentagon announced the disestablishment of the Joint Capabilities Integration and Development System (JCIDS) and the reorientation of the Joint Requirements Oversight Council (JROC) with the goal of "streamlining and accelerating" requirements-setting and acquisitions.[2] In Australia, the updated One Defence Capability System (ODCS)—released in April 2025—has aimed to streamline the country's requirements and approval processes, emphasizing centralized prioritization, minimum viable capability (MVC) procurement, and off-the-shelf acquisitions.[3] In the UK, the Ministry of Defence (MOD)

recently began the implementation of wide-ranging reforms of how defense is organized (including procurement), referred to collectively as the *Defence Reform*.[4] Part of this effort—largely initiated because of the Russia-Ukraine War—is the improvement of defense requirements-setting and acquisition speed, resilience, and efficiency.

Abbreviations

ASCA	Advanced Strategic Capabilities Accelerator
AUKUS	Australia, the United Kingdom, and the United States
COTS	commercial off-the-shelf
DOW	U.S. Department of War
DSTG	Defence Science Technology Group
FMS	Foreign Military Sales
GDP	gross domestic product
I-JROC	International Joint Requirements Oversight Council
JCIDS	Joint Capabilities Integration and Development System
JFA	Joint Force Authority
JROC	Joint Requirements Oversight Council (United States)
LHD	landing helicopter dock
MOD	Ministry of Defence (United Kingdom)
MVC	minimum viable capability
NATO	North Atlantic Treaty Organization
ODCS	One Defence Capability System
R&D	research and development
UK	United Kingdom
UK JROC	United Kingdom Joint Requirements Oversight Committee
VCJCS	vice chairman of the Joint Chiefs of Staff

This period of reform provides an opportunity for the United States to leverage allied initiatives to enhance the effectiveness of combined forces and their ability to deter adversarial conduct across both the Indo-Pacific and Europe. Alignment of allied acquisition processes and pursuit of best practices offer advantages beyond mere efficiency. If these benefits can be achieved, they will help ensure that U.S. defense capability decisions are strategically coherent, sustainable in the long term, and enhanced by cooperation with Australian and UK forces. In this paper, we address such prospects by first outlining the benefits of defense requirements cooperation. Then, we highlight current areas of divergence before moving on to analyze means by which the benefits of cooperation may be optimized within the limits set by these divergences. Although in this short paper we focus on the UK and Australia, which are close U.S. allies, these considerations also have relevance to prospective requirements cooperation with other partners.

Benefits of Defense Requirements Cooperation

This section addresses the benefits of defense requirements cooperation across the United States, Australia, and the UK. We focus on four key benefits: facilitating unity of purpose across allies, enabling and enhancing interoperability, achieving economies of effort and scale, and enhancing deterrence.

Requirements cooperation could facilitate unity of purpose across allies. As RAND has previously noted, there is "clear value in developing a consistent set of shared assumptions and assessments on which common strate-

gic priorities can be based."[5] Cooperating when setting requirements instigates discussions that help align strategic objectives from the outset and ensure that national investment decisions contribute to a coherent allied force posture. The resultant unity in requirements strengthens the ability of all three nations to act decisively and in concert, avoiding the risk of fragmented approaches to critical security issues. Such cooperation is enhanced by engagement during the upstream phases of the requirements process to gain and realize the benefits of a common understanding of assumptions, strategies, and operational concepts. This, in turn, helps identify options to intermesh complementary capabilities—i.e., areas in which allies and partners may have differing capability strengths and rely on each other for provision of support or to lead various aspects of operations.[6]

Common requirements support the acquisition of interoperable systems and interchangeable doctrines, linkages that further strengthen military-to-military connections with allies and partners. Beyond the direct benefits to unity of purpose in terms of strategy and capability, the conduct of requirements cooperation can lead to the broader outcomes of alignment of interests and strengthening of relationships with like-minded partners. Requirements cooperation can thus achieve indirect benefits as a military diplomacy activity, supporting U.S. foreign policy goals by enhancing cooperation and economic ties between key allies and partner nations.

Greater requirements cooperation can lead to enhanced interoperability, making the joint allied force more lethal. However, extant requirements processes have been criticized not only for being process-heavy and inflexible but also because they consider allied and other partner interoperability far too late in the process.[7] By cooperating when setting capability requirements, allies can procure systems and capabilities that have common specifications, parameters, and operational concepts—when doing so is reasonable within each nation's specific objectives. This will increase the ability for systems to operate in conjunction with each other, to exchange data, and to have common support systems. Some interoperability can be achieved without requirements cooperation, such as the traditional approach for allies and partners to acquire compatible military systems through Foreign Military Sales (FMS). However, the FMS process applies only to developed systems; it does not incorporate allied perspectives in requirements processes that may enhance lethality and interoperability, nor does it address and optimize plans for broader export. Thus, alignment of processes with allies and the conduct of allied engagement during requirements processes are more likely to improve interoperability, realize associated operational advantages, and enhance economic return. Recognition of this value has led to the inclusion of key allies in the International Joint Requirements Oversight Council (I-JROC).

Another benefit that can arise from requirements cooperation is the achievement of economies of effort and scale. Cooperation allows allied partners to distribute developmental burdens and reduce duplication. Instead of each nation independently developing similar capabilities or assessing systems for specific operational needs, a collaborative approach can harness the collective resources for research, development, and procurement. Such an approach helps maximize the value derived from finite defense budgets—a pressure increasingly felt by key U.S. allies, partners, and export markets, where smaller defense

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budgets may limit large-scale capability acquisitions. It also facilitates innovation, by more effectively leveraging the technical expertise and intellectual property of multiple countries to innovate toward common challenges. Moreover, the United States and allies can realize economies of effort by harnessing the specific industrial capacity and technological expertise of the countries while exploiting niche expertise and reducing duplication. Allied nations can contribute their respective unique innovations or specific capabilities while gaining earlier access to cutting-edge capabilities or technologies only found elsewhere. This is the foundation of Pillar II of the security agreement between Australia, the United Kingdom, and the United States (AUKUS).

Relatedly, cooperation across requirements processes helps facilitate co-production and multi-nation capability purchases, enabling allies to achieve joint economies of scale for "production, exports, and life-cycle support."[8] This is particularly important in cases in which U.S. allies and partners contribute to large-scale maintenance, resupply, and stockpiling for key platforms, such as the F-35.

The UK especially has been able to achieve successful collaboration with other partners. As RAND has noted, the UK MOD's lack of fiscal resources "to train and equip large-scale forces while also delivering on its global commitments" has led the country to put substantial emphasis on "cooperative acquisition networks and programs."[9] For example, in 2024, the UK finalized the Trinity House Agreement with Germany and established a strategic defense partnership with Norway.[10] Less recent examples include the Lancaster House treaties with France on missile development, the Global Combat Air Programme with Italy and Japan, and the F-35 Joint Strike Fighter collaboration with the United States.[11]

Requirements cooperation confers an important deterrent effect. The capacity of the United States, the UK, and Australia to maintain credible collective deterrence is boosted by demonstrated capacity to harness the resources, expertise, and industrial capacity of all three allies toward emergent military capabilities. Furthermore, the presence of interoperable systems, equipment, and doctrine demonstrates capacity to undertake coalition operations, reinforcing the collective deterrent signal. Military diplomacy, whether through co-production, technological sharing, mutual exports, or collective training, is also a valuable component of the broader U.S. foreign policy toolkit. In this broader foreign policy context, establishment of co-development, co-production, or export relationships acts as an incentive for countries to more closely align with the

United States, including by continuing to purchase U.S. military equipment.[12]

Although both alliance and sovereign interests will guide how each of the allied nations will respond to aggression, the prospect of a collective integrated force provides strong deterrence within an environment of strategic ambiguity. This disincentivizes aggression and makes it more difficult for an adversary to pursue a divide-and-conquer approach or exploit perceived capability gaps between allies.

Divergences Among Allies

While there have been prior examples of bilateral U.S. co-development of military technology and systems with allies and partner nations, joint requirements-setting remains rare. The North Atlantic Treaty Organization (NATO) Defence Planning Process and the European Capability Development Mechanism are two such cases. It is more common for partners to harmonize aspects of their requirements and acquisition processes through such forums as the Technical Cooperation Program (under Five Eyes). The establishment of the I-JROC reflected the demand of AUKUS, especially Pillar II, for more-effective convergence between the partners' requirements-setting processes. Such tools are necessary because there are key divergences in the scale, priorities, processes, and acquisition strategies that create tension between demands for urgency and capability, even between the AUKUS partners. These key divergences cause friction in collaboration efforts, which can be further exacerbated by the cost of cooperation and the strength of alliances. Of these friction points, it appears that divergence in scale and prioritization will continue to be the most impactful, but empirical comparison is beyond the scope of this paper.

Divergent Scales

The United States and its allies have divergent scales of defense spending, including acquisition of military equipment. In 2024, the United States spent approximately 997 billion US$ on national defense (3.4 percent of gross domestic product [GDP]).[13] Procurement accounted for 172 billion US$.[14] In the same year, the UK spent 82 billion US$ (2.3 percent of GDP);[15] approximately 31 billion US$ went to procurement.[16] 2024 saw Australia spend 34 billion US$ (1.9 percent of GDP);[17] 10 billion US$ went to acquisition.[18] These figures illustrate the limitations of the divergence in scale; if the UK and Australia were to match U.S. spending as a percentage of GDP, their budgets would still be an order of magnitude less than that of the United States. This comparison is not unique to AUKUS; among other U.S. partners and allies as well, acquisition budgets and national priorities generate divergence in requirements and procurement processes.

Differences in scale, strategic environment, and national priorities mean that different types of programs will be materially relevant to different allies or partners. For example, consider a hypothetical AUKUS co-development effort on an uncrewed collaborative combat aircraft. Whereas the United States and the UK would benefit from the system being carrier-launchable, the Australian operational context would instead prioritize longer range and endurance. Relevant considerations include the number of systems an ally may acquire, how it would deploy those systems, and how it envisages their

employment in a coalition scenario—the combination of which would inform decisions about the appropriateness of allied requirements influencing a U.S. or potentially joint program.

Scale is also relevant to cooperation in areas of research and development (R&D). This is the focus of Pillar II of the AUKUS agreement, in which the United States, the UK, and Australia are collaborating on technology developments supporting advanced military capabilities. Pillar II allows the partners to contribute to the development of technologies and to gain access to the resulting capabilities. Scale is relevant here because each partner has differing capacities to contribute to technology development programs. In 2024, the United States spent about 138 billion US$ on defense R&D.[19] In the year prior, the UK MOD spent about 3.5 billion US$.[20] Australia spent about 500 million US$.[21] To compare specific R&D organizational budgets, Australia spends approximately 224 million US$ per year on the Advanced Strategic Capabilities Accelerator (ASCA), and the Defence Science Technology Group (DSTG) receives about 290 million US$.[22] The Defense Advanced Research Projects Agency, by contrast, received 4.122 billion US$ in 2024.[23] Although there are strategic and operational advantages for allies to have access to the developed technologies, a contrasting return-on-investment argument is that access should reflect how much each nation has contributed to the technology's development. On balance, the first approach is more effective because it encourages resource pooling and raises the capability of future U.S.-led coalitions. Furthermore, adopting the latter approach disincentivizes smaller partners because they risk committing limited resources to a project that delivers a subpar capability against their core requirements.

Scale can also be seen in other divergences. Scale, or lack thereof, influences military strategy, as will be addressed later. Additionally, Australia's focus on MVC is primarily driven by urgency and the desire for timely procurements, but it is also reflective of Australia's comparatively small defense budget.

Furthermore, scale limitations encourage smaller nations to emphasize multirole, multipurpose systems that can fulfill several capability requirements over the high-end, bespoke systems historically favored by the U.S. model. For example, consider how Australia approaches contested maritime lift. The Royal Australian Navy's use of *Canberra*-class landing helicopter docks (LHDs) demonstrates a focus on multipurpose platforms capable of various amphibious regional stabilization operations within a limited budget. Comparatively, the United States can invest in supercarriers alongside both the *Wasp*-class LHDs and the *America*-class landing helicopter assault ship. The UK operates somewhere in the middle, employing carriers and LHDs. Bigger budgets mean more opportunity for specification and specialization.

For a U.S.-led coalition, scale-driven capability divergences will lead to difficulties in achieving the full benefits of interoperability and economies of effort that requirements cooperation can provide. If allies cannot prudently invest in a particular system because it does not provide sufficiently broad operational usage proportionate to the system's cost, that system is an unlikely candidate for allied cooperation—except to the extent that cooperation can help ensure that disparate systems are interoperable.

Divergent Strategic and Capability Priorities

One core divergence is the difference in U.S., UK, and Australian strategic priorities. Divergent priorities make achieving the benefits of defense requirements cooperation more difficult. If one partner's foremost objective is deterring an advanced competitor in the Indo-Pacific, another partner is focused on maintaining global influence, and a third is occupied with regional stabilization, the shared vision for a given capability may fragment. These differences across strategic priorities lead to different capability priorities and different approaches to capability design.

For example, Australia's recent shift from a "balanced force" to an "integrated focused force" will narrow requirements priorities to select operational scenarios that are based almost entirely around an emphasis on capabilities that deter and respond to aggression within Australia's near maritime approaches.[24] This strategy, though potentially suitable for Australia's sovereign interests and prioritization given a more limited level of defense spending, will detract from Australia's ability to contribute to other operational scenarios. There are some synergies with the United States, which has demonstrated a commitment to deterring aggression by China in the Indo-Pacific.

Comparatively, the UK's capability and priority development has had a similar focus on ensuring an "integrated by design" force,[25] but the operational theater in which this force is envisioned to be operating is largely in the Euro-Atlantic, and there is substantially less focus on the Indo-Pacific. The UK's 2025 Strategic Defence Review suggests that the UK will "redouble its efforts within the [NATO] Alliance and . . . step up its contribution to Euro-Atlantic security more broadly—particularly as Russian aggression across Europe grows and as the United States of America adapts its regional priorities."[26] The UK's focus on Russian aggression, which is, again, understandably aligned with the UK's sovereign interests and risks, nevertheless will involve operational concepts and requirements priorities that could result in force structures and acquisition decisions that are not optimized for the Indo-Pacific theater.

As RAND has previously noted, these "different strategic requirements and priorities could affect how [the AUKUS nations] value specific design factors of proposed capabilities."[27] The link between strategic divergences and the benefits of defense requirements cooperation is clear; with respect to economies of effort, if each nation channels scarce resources into programs optimized for its own strategic imperatives, opportunities for rationalizing development, consolidating procurement, or sharing sustainment burdens can diminish. With respect to interoperability, shared tactics and operational concepts depend on broadly similar missions and operating environments. For example, UK carrier air operations are built around short take-off/vertical landing F-35Bs projecting power into the North Atlantic, the Mediterranean, and occasionally the Indo-

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Pacific, while U.S. Navy carriers operate Catapult Assisted Take-Off Barrier Arrested Recovery (CATOBAR)–equipped supercarriers deploying heavier air wings globally. Comparatively, the Royal Australian Navy, without fixed-wing carrier aviation, focuses on amphibious and littoral operations in the Indo-Pacific using *Canberra*-class LHDs and land-based (and air-to-air refueled) air support. These differences mean that aircrew training and maritime logistics requirements necessarily do not fully align.

Divergence in strategic priorities does not necessarily prove fatal to the alignment of requirements. This is demonstrated by the aforementioned Global Combat Air Programme, in which the UK, Japan, and Italy have successfully reached high-level alignment, even with a complex air platform. A key forcing function in this case is the deliberate and keen focus among all three parties on achieving capability delivery by 2035.

For the United States—whose current strategic priorities are border security, protection of core rights and liberties for U.S. citizens, burden-sharing and burden-shifting among the United States and its allies, realignment through peace, and economic security—strategy-driven divergence has significant implications for allied requirements cooperation.[28] If the United States is to achieve the benefits of requirements cooperation, it will need to take advantage of areas in which priorities overlap most strongly (e.g., alignment with Australia on Indo-Pacific deterrence) and carefully navigate areas in which differences could affect the commonality of requirements (e.g., the UK's greater focus on European security). This will require a balanced approach: finding opportunities for intermeshing and interoperability within the coalition force while respecting partners' regional imperatives and the divergent capability priorities that may come with them.

Divergent Requirements Processes

The United States is in a state of defense requirements transition. In November 2025, Secretary of War Pete Hegseth and Deputy Secretary of War Steve Feinberg directed the vice chairman of the Joint Chiefs of Staff (VCJCS) to begin the "disestablishment" of JCIDS.[29] This directive instructed the JROC to cease validating service-level requirements "to the maximum extent permitted by law."[30] Instead, "military service requirements determinations [are now] the Military Services' responsibility," and each service is required to "launch reviews of Military Service requirements processes, identifying reforms to expedite outcomes, strengthen force design, enhance industry engagement, and enable experimentation-led approaches."[31] This marks a shift away from a centrally adjudicated, joint requirements framework toward greater autonomy for the individual military services, the outcomes of which remain to be seen.

In contrast, Australia—particularly after the ODCS reforms—has a highly centralized approach to requirements validation. All new capability proposals originate from a joint service assessment of strategic priorities. Following this, a centralized Integrated Capability Assessment process examines general force requirement statements with the goal of identifying gaps and then formalizes requirements as projects achieve "gate zero" entry into the Integrated Investment Program.[32] Program-level activity is coordinated with the Force Design Division within the Vice Chief of the Defence Force (VCDF) Group, which is playing an increasingly prominent role in shaping the Aus-

tralian Defence Force's capability direction. While the individual Australian services lead the progression of projects in the requirements process from gate zero to acquisition and then into operational service, priorities and capability target states are established jointly, and VCDF oversees the requirements process as the Joint Force Authority (JFA).

Until recently, the UK arrangement lay somewhere between those of the United States and Australia. Requirements-setting would start with the frontline commands, each of which would undertake capability audits through its capability planning groups to identify capability gaps. These findings were compiled into a capability audit report that was submitted to the MOD Head Office. A capability sponsor and a senior responsible owner drawn from the relevant command were assigned to assume oversight of the program. Major acquisitions would proceed through a review by the UK Joint Requirements Oversight Committee (UK JROC). The UK MOD is currently going through the implementation of a wide-ranging "Defence Reform," which has similar goals to the U.S. requirements system reform: streamline approval, ensure individual accountability, and centralize up-front requirements-setting to enhance coherence.[33] This may change how these requirements-setting procedures operate. As in the United States, the full scope and impact of these reforms remain to be seen.

The U.S. I-JROC potentially represents a key forum for requirements cooperation, since the VCJCS and allied equivalents would be able to assess and determine priorities for allied requirements cooperation. However, with VCJCS no longer overseeing the validation of component-level requirements, there are choices to be made as to whether such cooperation should be managed centrally or in conjunction with service-level international engagement.

The three nations also differ substantially in how they allocate budgets to defense acquisitions. In the United States, funding is authorized via the annual National Defense Authorization Act, and project funding flows through the relevant appropriation acts. Congress thus "plays a critical role by providing budget authority to [the U.S. Department of War (DOW)] through specific appropriations titles."[34] These appropriation titles are subdivided into appropriation accounts. Within these accounts, "[t]he budget authority . . . is generally available for obligation only within a specified period": one year for military personnel, operations, and maintenance; two years for research, development, test, and evaluation; and so on.[35]

In the UK, each command can generally operate within its own budgetary constraints and can allocate funds as desired toward such capabilities. However, this is due to changes made as a result of Defence Reform. Budgets will be consolidated into four leadership "quads": the Military Strategic Headquarters, the National Armaments Directorate, the Department of State, and the Chief of Defence Nuclear. For major-value projects, UK JROC approval and review are also required, and the UK JROC aims to coordinate to balance budgets within the MOD's overall priorities. The UK JROC is a subcommittee of the broader Investment Approvals Committee, which is responsible for overseeing major investment proposals. After this review, several other business cases and approval levels are required to be completed before full funding can be given. Specifically, in line with standard requirements for government investment approvals, programs must go through a three-stage approvals process consisting of a

strategic outline case, an initial business case, and a full business case.

In Australia, defense budgets—including the investment program—are allocated annually, but funding for individual projects is released only following second-pass approval, which is given at the cabinet level. Projects that have not yet received second-pass approval are a source of flexibility, since such projects can be restructured to make space for new priorities. The Australian Department of Defence manages the total annual expenditure across all such projects to remain within the overall investment program allocation.

Conclusions on the impact of these divergences cannot be definitive, as there is uncertainty regarding the effects of anticipated and ongoing efforts in each of the AUKUS nations to reform their requirements processes.[36] There is likely to be a transition and learning period as the UK and the United States work through operationalizing the results of these respective reform efforts, followed by a complex period as each AUKUS partner learns how to best navigate the new structures and processes of its partners. These periods of uncertainty will exacerbate existing friction points stemming from different levels of centralization, approval authorities, and budgeting processes across AUKUS partners. Overall, it is highly likely that decision-makers will face additional inefficiencies and delays in the short term that will need to be managed.

Divergent Acquisition Strategies

Another important area of divergence in the defense requirements processes of AUKUS partners is the extent to which technological maturity and delivery timelines affect investment decisions. In the United States historically, programs of record have tended to favor developmental acquisitions to achieve technological advantage and strategic control of capabilities—although commercial off-the-shelf (COTS) acquisitions could be pursued where "applicable and reasonable."[37] There is currently a greater push for using commercial innovation in acquisition, so there may be less focus on major acquisitions with long development times going forward.[38]

In Australia, acquisition strategies have comprised some developmental projects, but also off-the-shelf (including FMS) procurements in which such factors as urgency, interoperability, and fit with current systems were declared to be principal factors. Unacceptable delays were nevertheless occurring in major-capability projects, spurring the government to shift strategy toward acquisition reform. Policy associated with this reform was updated in 2025 within Australia's ODCS framework, which requires Australia's JFA to approve an MVC for each capability proposal—thus assessing the lowest acceptable mission performance. The goal of this approach is to facilitate speed to capability by encouraging off-the-shelf and sole-source acquisition, while simultaneously discouraging design and optimization strategies that offer only marginal advantages.

The UK MOD has experienced similarly poor performance of defense projects, largely resulting from excessive emphasis on unique capability requirements at the expense of schedule and cost imperatives.[39] Recognition of the impact of this performance on UK defense capabilities resulted in a directive for major system procurement timelines to be reduced from six to two years.[40] The UK's 2025 Defence Industrial Strategy introduces initiatives to improve procurement performance, such as early engage-

ment with industry and a segmented approach to determining optimal pathways for each acquisition.[41]

In some contexts, the United States has adopted similar approaches to rapid acquisitions, but these approaches appear limited. For example, in the context of software acquisition, spiral developments are embraced: A DOW directive recommended "a software factory with multiple pipelines to deliver capability in a series of manageable, minimum viable products."[42]

These differences in acquisition strategy across allied partners have practical implications for requirements alignment under AUKUS Pillar II. If one partner seeks to meet urgent needs on the basis of MVC—often by using COTS—while another is investing in an extended development program, project expectations can quickly diverge. As shown throughout acquisition programs, different project expectations can rapidly extend timelines and costs. The ultimate result may be mismatched capability introduction dates, disjointed and non-interoperable capabilities between allies, supply chain incompatibilities, and divergent training demands. Some interoperability risks may be mitigated if allies pursue compatible systems through FMS, though doing so may put pressure on existing capacities and may fail to achieve the economies of effort envisaged under AUKUS Pillar II and related initiatives. In any case, strengthening processes for cooperation on requirements between allies would be highly valuable, including in relation to off-the-shelf acquisitions.

Other Factors Affecting Cooperation

Increasing requirements cooperation will have financial implications that should be factored into program decisionmaking regarding whether the outcomes of such cooperation merit the costs. An obvious consideration is the direct cost of undertaking requirements cooperation, which, simplistically, will involve the conduct of activities to assess allied and partner implications of incorporating their capability requirements into acquisitions, as well as costs associated with supporting the I-JROC. Additionally, the incorporation of allied requirements may involve opportunity costs (compared with executing programs without allied requirements) that should be assessed on a case-by-case basis.

Divergence in scale between the AUKUS partners has also manifested in a difference in the human resources allocated to particular projects. For example, in Australia, responsibility for coordinating AUKUS-related efforts is vested in a single two-star–equivalent public servant. Although the Australian Department of Defence is capable of agility, its size and resource disparity relative to DOW could limit its capacity to cooperate with multiple sectors of DOW at one time. Moreover, excessive deliberation in requirements cooperation could add time to acquisition

The incorporation of allied requirements may involve opportunity costs that should be assessed on a case-by-case basis.

programs, which is at odds with Secretary of War Hegseth's directive to speed up weapon delivery.[43]

Cooperation involving advanced capabilities constitutes the sharing of technical and commercial advantages that, in the case of AUKUS, have been characterized as the crown jewels of U.S. defense technology. Such cooperation is based on a high level of trust that has been built over more than a century with the UK and Australia. It is reasonable to expect that this close trust will continue.

Relatedly, there are challenges to cooperation that stem from AUKUS members differing significantly in the scale of their defense industry ecosystems. First, the dominant resource position and the scale of the demand signal from DOW have caused the U.S. industrial base to size itself to most efficiently meet DOW's steady-state requirements. As a result, the U.S. industrial base is not well set up to meet surges in demand that are sudden or come from smaller U.S. partners. The resultant delays in capability delivery to partners incentivize them to seek alternative providers, reducing future interoperability. On the supply side, given the relative capacity of the Australian defense industrial base and, to a lesser extent, that of the UK, there is a risk that there will not be capacity to meet trilateral demand in the event of a sudden surge. That said, it is worth noting that significant uplift efforts are underway in both countries.

The U.S. industrial base is not well set up to meet surges in demand that are sudden or come from smaller U.S. partners.

Ways of Achieving Cooperation Despite Divergence

Allied requirements and implications need to be considered earlier in the requirements process if the United States and its allies will be able to cooperate effectively. This imperative should be integral to U.S. requirements system reform.

One mechanism to help address this imperative is included in the Joint Strategic Planning System: Title 10 of the U.S. Code directs the chairman of the Joint Chiefs of Staff to accomplish joint capability development by performing "military net assessments of joint capabilities of the U.S. Armed Forces and its allies in comparison to the capabilities of potential adversaries."[44] It is unclear at an unclassified level whether such net assessments have been undertaken or whether such activities will remain in place following requirements system reform.

Nevertheless, such assessments would be a valuable mechanism to inform potential requirements cooperation activities by essentially articulating the scope of capability gaps and opportunities in the future force. In reviewing the potential inclusion of this mechanism in future requirements processes, policymakers should consider both the inclusion of allied capabilities in net assessments and the prospect of involving allied representatives in such activities. The UK and Australia both have offices dedicated to delivering net assessment capability, which the United

States could also draw on.[45] This is a sensitive subject, but it is at least worth considering whether the value of inclusion outweighs the risks.

Once net assessments identify asymmetric threats and opportunities, DOW will (subject to the requirements system reform) develop concepts, strategies, and capability priorities. In connection with such priorities, the VCJCS and the military services should not only identify capability investments but also assess the potential for allied partnerships in each program. The I-JROC and other international engagement mechanisms should be used to assess the relevance of allies and partners to each capability program, the interest of allies and partners in the program, and any divergences that may affect their involvement. Addressing the challenge of divergent strategies and capability priorities, this engagement not only should establish a baseline to inform requirements cooperation but also could be used within military diplomacy for strategic discourse with allies.

The challenge of process divergence could be addressed in two ways. In a passive approach, the I-JROC would provide transparency on capability plans, and each ally would provide awareness of proposed capability goals. Such information would clarify levels of capability, quantities, and timing for each relevant program. In an active approach, the I-JROC would have a more controlling role in defining target states and timing, and allied processes would need to align with those targets. While a passive approach would suit allies and partners accessing a U.S. program, an active approach might be more appropriate in joint-venture programs.

Such factors as strategic circumstances, capability priorities, and scale may lead to divergences in acquisition strategies across the allies for any given program. The I-JROC should be a suitable mechanism for allied representatives to communicate their acquisition strategies for programs of mutual interest. The three nations have similar models in place for selection of acquisition pathways for capability programs, which should assist in this engagement.[46] In situations in which there are differing strategies, such engagement can assist nevertheless in progressing FMS options or otherwise optimizing interoperability. Such engagement may serve to not only facilitate requirements cooperation but also strengthen FMS where it is the more appropriate pathway to capability convergence.

For AUKUS Pillar II, engagement among the allies on priorities is critical. Such engagement should facilitate agreement on common priorities for enhancing advanced capabilities, as well as R&D objectives to satisfy those priorities, and identify appropriate research and industrial expertise within the nations to undertake the technology development. Development activities should achieve an appropriate balance between collaboration and choosing the best expertise to achieve capability outcomes. The engagement, whether that be through the I-JROC or another forum, should also allow involvement of other (second-tier) nations that are assessed as suitable participants for individual Pillar II programs.

The concept of strengthening allied requirements cooperation is reflected in the fiscal year 2024 National Defense Authorization Act–directed report in relation to the requirements process. The report highlights the I-JROC, among other initiatives, as pivotal to this cooperation and makes recommendations to enable regular cross-checks with allied requirements and to introduce mecha-

nisms to enable key allies and partners, as determined through threat assessments, to participate in the I-JROC.[47]

The 2025 review of the joint requirements process resulted in the disestablishment of JCIDS and the refocusing of the JROC on joint requirements priorities—with military service requirements determinations being the services' responsibility.[48] Within such improvements to the U.S. processes, there would be value in maintaining some centralization within the prioritization of joint force key operational problems (KOPs) in relation to international requirements cooperation. The Australian system has the advantage of the JFA having directive authority over capability priorities, and such an arrangement may be advantageous within the United States for KOP prioritization but also in relation to allied requirements cooperation. With U.S. authorities for validation of component-level requirements to be managed by the services, it would be important for the military services to be represented at the I-JROC, in which the allied requirements cooperation would be managed.

Conclusion

The United States, the UK, and Australia are close allies, who are partners in the AUKUS Pillar II agreement to collaborate on technology developments supporting advanced military capabilities. All three allies are also reforming their requirements and procurement processes. The confluence of these changes offers opportunities for AUKUS countries to more closely integrate their processes for setting and fulfilling capability requirements, particularly in relation to emerging critical technologies.

Stronger defense requirements cooperation will help build the capacity of the United States and its allies to generate capability, capitalizing on resources and expertise from the United States, the UK, and Australia. We have focused on four benefits in this paper. First, cooperation can facilitate unity of purpose across allies when setting requirements and can facilitate discussions that ensure alignment in national investment decisions and engagement across core decisionmakers, contributing to a more coherent, more effective allied force posture. Second, cooperation can directly increase the lethality of U.S.-led coalitions by ensuring interoperability across allied capabilities. Systems can be guaranteed to have common specifications, parameters, and operational concepts beyond what is achievable through extant measures, such as FMS. Third, requirements cooperation can achieve economies of effort and scale. Cooperation can distribute developmental burdens, reduce duplication, and allow allied nations to benefit from unique innovations or specific capabilities found in other nations. Finally, these benefits collectively have a deterrent effect. Adversaries will be deterred from aggressing upon a more lethal, more integrated, and more unified coalition force.

However, each nation has different requirements processes, priorities, and acquisition strategies. These divergences arise, at least in substantial part, because each nation has different geostrategic priorities and different defense budgets. The United States and Australia both have a broad focus on deterring China in the Indo-Pacific. The UK is more focused on deterring aggression by Russia. However, the defense budgets of the United States and the UK, though still divergent, are more comparable to each other than to Australia's relatively minimal spending. These divergences change acquisition strategies. Australia's requirements-setting approach, for example, is more focused on facilitat-

ing speed to capability by encouraging off-the-shelf, sole-source acquisition and MVC-based acquisition.

Nonetheless, the potential benefits of cooperation are substantial. Cooperation can and should be pursued, but it should be driven by the context of each capability program area and acquisition goal. The I-JROC could help in this process. Achieving the benefits of cooperation requires allied requirements to be integrated earlier into the U.S. capability development process, notably through the requirements system reform. A key enabler could be military net assessments comparing U.S., allied, and adversary capabilities, ideally with allied input where feasible, to identify gaps and partnership opportunities.

We delineated two potential roles for the I-JROC in facilitating defense requirements cooperation: a passive role and an active role. In a passive approach, the I-JROC would provide transparency on capability plans and allow allied representatives to communicate their acquisition strategies for programs of mutual interest. In an active approach, the I-JROC would have a more controlling role in defining target states and timing, and allied processes would need to align with those targets. If the benefits of cooperation are to be achieved, different programs and capability assessments may require the I-JROC to switch between these roles depending on the applicability of either approach.

Such initiatives as AUKUS Pillar II highlight the need to align priorities, leverage the best research and industrial expertise, involve suitable Tier 2 partners, and balance collaboration with capability outcomes. As the requirements system reform decentralizes U.S. processes, retaining some centralization for allied requirements cooperation, drawing on lessons from Australia's JFA model, and ensuring service representation in the I-JROC would help embed cooperation into priority-setting and capability development.

Notes

[1] Trump, "Modernizing Defense Acquisitions and Spurring Innovation in the Defense Industrial Base."

[2] Hegseth and Feinberg, "Reforming the Joint Requirements Process to Accelerate Fielding of Warfighting Capabilities."

[3] Australian Department of Defence, *The One Defence Capability System (ODCS) Manual*.

[4] UK MOD, *The Strategic Defence Review 2025 - Making Britain Safer*.

[5] Dowse et al., *AUKUS Collaboration Throughout the Capability Life Cycle*, p. 18.

[6] Dowse et al., *AUKUS Collaboration Throughout the Capability Life Cycle*, p. 14.

[7] Greenwalt and Patt, *Required to Fail*; Shoupe, Villafañe, and Yurkovich, "Strengthening Alliances."

[8] Dowse et al., *AUKUS Collaboration Throughout the Capability Life Cycle*, p. 10.

[9] Dowse et al., *AUKUS Collaboration Throughout the Capability Life Cycle*, p. 10.

[10] Prime Minister of the United Kingdom of Great Britain and Northern Ireland and Prime Minister of the Kingdom of Norway, Joint Declaration on the Norwegian-UK Strategic Partnership; UK MOD, "Landmark UK-Germany Defence Agreement to Strengthen Our Security and Prosperity."

[11] Dowse et al., *AUKUS Collaboration Throughout the Capability Life Cycle*, p. 10.

[12] Trump, *National Security Strategy of the United States of America*.

[13] Liang et al., *Trends in World Military Expenditure 2024*.

[14] Keys and McGarry, "FY2024 Defense Appropriations."

[15] Liang et al., *Trends in World Military Expenditure 2024*.

[16] The UK MOD allocated £25.2 billion to procurement in fiscal year 2023–2024. We used the U.S. Treasury historical currency conversion

rate for 2024 to convert the UK expenditure into U.S. dollars. The UK's definition of *procurement* is distinct from that of the United States, as it is generally included in equipment expenditure (UK MOD, "MOD Trade, Industry and Contracts").

[17] These spending totals were derived from Stockholm International Peace Research Institute (SIPRI) analysis; methodological notes can be found in Liang et al., *Trends in World Military Expenditure 2024*, p. 2. The SIPRI team derived GDP percentage figures from 2024 GDP estimates by the International Monetary Fund's World Economic Outlook database and International Financial Statistics database.

[18] The Australian Department of Defence allocated 16.7 billion Australian dollars to procurement in fiscal year 2023–2024. We used the U.S. Treasury historical currency conversion rate for 2024 to convert the Australian expenditure into U.S. dollars (Australian Department of Defence, *Portfolio Budget Statements 2024–25*).

[19] Peter G. Peterson Foundation, "Budget Basics."

[20] Office for National Statistics, United Kingdom, "Research and Development Expenditure by the UK Government."

[21] Australian Bureau of Statistics, "Government Sector Leading the Way for R&D Expenditure."

[22] The ASCA figure is obtained by dividing the publicly announced 3.4 billion Australian dollars per decade figure to a yearly figure and then converting to U.S. dollars; see Marles and Conroy, "Government Announces Most Significant Reshaping of Defence Innovation in Decades to Boost National Security." The DSTG figure can be found at Defence Science and Technology Group, "About."

[23] Defense Advanced Research Projects Agency, "About DARPA."

[24] Australian Department of Defence, *National Defence Strategy*.

[25] UK MOD, *The Strategic Defence Review 2025 - Making Britain Safer*, p. 15.

[26] UK MOD, *The Strategic Defence Review 2025 - Making Britain Safer*, p. 15.

[27] Dowse et al., *AUKUS Collaboration Throughout the Capability Life Cycle*, p. 15.

[28] Trump, *National Security Strategy of the United States of America*. The National Security Strategy characterizes border security as "the primary element of national security" (Trump, *National Security Strategy of the United States of America*, p. 11).

[29] Hegseth and Feinberg, "Reforming the Joint Requirements Process to Accelerate Fielding of Warfighting Capabilities." The Department of War is designated the Department of Defense under Public Law 81-216, National Security Act Amendments of 1949.

[30] Hegseth and Feinberg, "Reforming the Joint Requirements Process to Accelerate Fielding of Warfighting Capabilities."

[31] Hegseth and Feinberg, "Reforming the Joint Requirements Process to Accelerate Fielding of Warfighting Capabilities."

[32] Australian Department of Defence, *The One Defence Capability System (ODCS) Manual*, p. 47.

[33] UK MOD, *The Strategic Defence Review 2025 - Making Britain Safer.*

[34] Dowse et al., *AUKUS Collaboration Throughout the Capability Life Cycle*, p. 10.

[35] Dowse et al., *AUKUS Collaboration Throughout the Capability Life Cycle*, p. 10.

[36] These efforts include the anticipated reforms to U.S. requirements processes, the ongoing UK Defence Reform process, and the recently announced Defence Delivery Agency in Australia.

[37] U.S. Department of Defense, *National Defense Industrial Strategy*, p. 57.

[38] Trump, "Modernizing Defense Acquisitions and Spurring Innovation in the Defense Industrial Base."

[39] Retter et al., *Persistent Challenges in UK Defence Equipment Acquisition*.

[40] Allison, "UK Aims to Cut Major Procurement from Six Years to Two."

[41] See UK MOD, *Defence Industrial Strategy*, Ch. 7.

[42] Department of Defense Instruction 5000.88, *Engineering of Defense Systems*. See also Whitehead et al., *A Framework for Assessing the Costs and Benefits of Digital Engineering.*

[43] U.S. Department of War, "SECWAR Arsenal of Freedom Full Speech."

[44] Chairman of the Joint Chiefs of Staff Instruction 3100.01F, *Joint Strategic Planning System*, p. F-1.

[45] In the UK, this is the Secretary of State's Office of Net Assessment and Challenge. The Australian equivalent is based in the Department of Defence's Strategic Policy Division.

[46] For the United States, see Department of Defense Instruction 5000.02, *Operation of the Adaptive Acquisition Framework*. For the UK, see UK MOD, *Defence Industrial Strategy*. For Australia, see Australian Department of Defence, *The One Defence Capability System (ODCS) Manual*.

[47] U.S. Department of Defense, *Fiscal Year 2024 National Defense Authorization Act*.

[48] Hegseth and Feinberg, "Reforming the Joint Requirements Process to Accelerate Fielding of Warfighting Capabilities."

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About This Paper

With the rise of China in the Indo-Pacific, Russia's war in Ukraine, and other conflicts, the United States, the United Kingdom (UK), and Australia have realized that their defense requirements and acquisition processes are not optimized for current and future conflicts. In recent years, each nation has undergone, or has been in the process of undergoing, major changes to its defense requirements and acquisition processes. This period of reform provides an opportunity for the United States to leverage allied initiatives to enhance the effectiveness of combined forces and their ability to deter adversarial conduct across both the Indo-Pacific and Europe. Alignment of allied acquisition processes and pursuit of best practices offer advantages beyond mere efficiency. If these benefits can be achieved, they will help ensure that U.S. defense capability decisions are strategically coherent, sustainable in the long term, and enhanced by cooperation with UK and Australian forces. The security framework between Australia, the UK, and the United States (AUKUS) has provided a pathway for enhancing trilateral capability in key areas, but greater collaboration is necessary to achieve that strategic goal. This paper addresses such prospects by outlining the benefits of defense requirements cooperation and how to limit areas of divergence.

The research team assisted the U.S. Department of War in answering Congress's mandate in Section 811 of the fiscal year 2024 National Defense Authorization Act: Modernizing the Department of Defense Requirements Process. This analysis expands on the related question of requirements cooperation between the United States, the UK, and Australia while these countries are simultaneously undertaking similar strategic reforms of their acquisition and requirements systems. The research team for this project included RAND experts from the United States, Australia, and Europe.

This paper should be of interest to those concerned with defense requirements modernization. The intended audience is mostly government officials responsible for such processes and those in industry who need to interact with these processes.

RAND National Security Research Division

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