British American Business




Partnering for the Future

Priorities for US-UK Defense Cooperation in an Evolving Global Security Environment

Executive Summary

The United States and the United Kingdom share one of the world's most deeply integrated defense partnerships. Against a more complex and unpredictable global threat landscape, this paper identifies priority areas where US-UK defense cooperation should be strengthened to maintain military advantage, enhance resilience, and leverage the scale, innovation, and investment capacity of US and UK defense companies. Taken together, these priorities provide a practical roadmap for deepening US-UK defense cooperation to meet the realities of the future battlespace.

First, strengthening the defense industrial base is foundational to collective security. The US and UK already depend heavily on one another for critical capabilities, from nuclear deterrence and combat aircraft to naval systems and munitions. To ensure readiness at scale, both governments should prioritize streamlined procurement processes, building interoperability, and securing supply chains of critical assets.

Second, collaborating on advanced land, air, and sea technologies is central to maintaining battlefield advantage. Both countries are making substantial investments in autonomous systems, directed energy weapons, next-generation aircraft, and undersea capabilities. Partnerships such as AUKUS and the Technology Prosperity Deal offer a powerful framework and template for co-development, joint procurement, and cross-industrial investment.

Third, enhancing cooperation on space and cyber capabilities will increasingly define military effectiveness and deterrence. Space-based missile warning systems, secured satellite communications, intelligence, surveillance and reconnaissance (ISR), and space domain awareness are now core warfighting enablers, while cyber operations shape conflict below the threshold of war. The US and UK already collaborate closely through initiatives such as the Deep Space Advanced Radar Capability (DARC) program, Operation Olympic Defender, and the Five Eyes alliance.

Finally, having diverse and resilient energy for defense is emerging as a strategic imperative. Modern military capabilities, from AI and cyber to directed energy weapons (DEWs) and forward-deployed forces, require reliable, secure, and diversified energy sources. The US and UK should expand cooperation while increasing opportunities for industry investment.

To realize the benefits of deepened bilateral cooperation outlined, it is necessary for both governments to follow through on their defense spending commitments. For the UK, this means making good on its pledge to spend 5% of GDP on national security, for which a clear timescale would help steer industry investment. Increasing defense spending to 2.5% of GDP by 2027 and even reaching 3% of GDP in the next Parliament are important steps, and expediting this increase during the current Parliament would send a strong signal to industry. Defense companies have underscored that the UK is at a critical juncture to secure industry investment or risk losing it to competition from other countries that provide more concrete procurement and investment commitments, with this window of opportunity suggested to be possibly just a year. In this regard, the UK must promptly release its Defence Investment Plan to take advantage of the opportunity to secure long-term industry investment that will pay economic and defense dividends for multiple Parliaments to come. The US is following through on its defense spending commitments, with an ambition to reach or exceed a $1 trillion defense budget, and the Department of War has recently reached procurement agreements with defense primes, including Lockheed Martin and RTX, to secure long-term production of critical munitions.

The following identifies actions the US and UK governments should take to strengthen defense cooperation in these priority areas.

Strengthening the Defense Industrial Base

Streamline Procurement

- Ensure that a UK offset policy, if adopted, does not disadvantage US-headquartered companies with established UK-based investment.
- Treat US subsidiaries of UK-owned defense companies as domestic sources for procurement purposes in the US to increase market access for UK-owned companies.
- Treat UK subsidiaries of US-owned defense companies as domestic sources for procurement purposes in the UK to increase market access for US-owned companies.
- Continue International Traffic in Arms Regulations (ITAR) reform to reduce regulatory barriers that slow defense cooperation.
- Implement a bilateral procurement coordination forum to streamline cooperation.
- Conduct joint-service forecasting for munitions and components
- Synchronize timelines for AUKUS and the Global Combat Air Programme (GCAP) to reduce duplicative contracting.
- Reduce regulatory barriers to foreign military sales to facilitate greater arms transfers.

Build Interoperability

- Accelerate progress on AUKUS, identifying Pillar II technology.
- Collaborate on joint command and control equipment and strategy
- Co-develop unmanned systems across all domains.
- Deepen cooperation on Integrated Air and Missile Defense, including C-UAS.
- Facilitate US integration and industrial participation in GCAP
- Pursue stockpile integration for priority weapons and munitions
- Adopt mutual recognition of safety/airworthiness standards and shared sustainment hubs to support long-term maintenance, training, data sharing and logistics cooperation.

Secure Supply Chains

- Coordinate stockpiles of critical inputs (such as lithium, cobalt, semi-conductors, and microelectronics).
- Offer tax credits or fast-track permitting for US and UK defense companies opening manufacturing facilities on both sides of the Atlantic.
- Increase technology transfer for advanced technologies critical for both militaries (such as AUKUS Pillar II technology).

Collaborating on Advanced Land, Air & Sea Technologies

AUKUS

- Implement trilateral funding mechanisms for both pillars, similar to NATO's Innovation Fund but incorporating private capital to increase investment power.
- Adopt an AUKUS visa, similar to the NATO-2 visa, and standardize security clearances to facilitate workforce mobility.
- Expand ITAR export control exemptions to facilitate greater technology transfer.

Autonomous Systems

- Focus on joint procurement, testing and development of specific capabilities of importance for future warfighting, including uncrewed aerial systems, autonomous surface and sub-surface vessels, and autonomous land vehicles.
- Implement government-funded innovation challenges to incentivize innovation.

Directed Energy Weapons

- Invest in high-energy laser, microwave, and radio frequency weapons.
- Establish joint DEW test sites and pursue joint DEW supply chain mapping.

Enhancing Cooperation on Space & Cyber Capabilities

Space

Missile Warning & Tracking

- Collaborate on the development and procurement of missile warning and tracking satellites; ground-based space surveillance radar capability; shared orbital debris tracking technology; and space-based sensors to protect satellites from threats including missiles and directed energy weapons.

Satellite Communications

- Deepen collaboration on satellite-based intelligence, surveillance and reconnaissance; data relay satellites; and Advanced Extremely High Frequency satellites (such as the UK's Skynet 5).

Intelligence, Surveillance & Reconnaissance

- Focus on developing and operating signals intelligence satellites; space-based imaging; space-based radar; and missile warning and tracking satellites.

Cyber

Secure Military Communications

- Conduct coordinated cyber incident response drills.
- Adopt joint Cybersecurity Maturity Model Certification (CMMC)-equivalent standards.
- Co-develop intrusion detection systems; anti-jamming technology; graceful degradation communications; cyber-resilient satellite communications (SATCOM); and autonomous cyber response technology.

Intelligence Sharing

- Increase investment in the cybersecurity and threat analysis tools of US and UK defense companies to accelerate detection of threats and secure communication networks.
- Collaborate with industry to regularly audit defense technology supply chains to identify vulnerabilities that could compromise industry partners and access to critical materials.

Energy for Defense

Small Modular Reactors

- Accelerate implementation of the MOU between the UK Office for Nuclear Regulation (ONR) and US Nuclear Regulatory Commission (NRC) renewed in September 2025.
- Co-fund demonstration reactors at US and UK military bases to strengthen interoperability.
- Pursue joint R&D on microreactors to support forward-deployed forces.

Critical Minerals

- Leverage the US-UK Memorandum of Understanding on critical minerals to accelerate government and industry cooperation on mining, processing, refining and joint stockpiling of critical minerals crucial for defense purposes.
- Pursue diversification in the sourcing of critical minerals to avoid strategic dependencies.
- Encourage joint ventures between US and UK companies on critical minerals projects by providing preferential treatment in defense procurement for companies involved in joint ventures.
- The DoW and MoD should establish joint offtake agreements for priority minerals so companies have clear government demand signals to warrant investment in critical mineral mining efforts.

Microgrids

- Conduct shared modeling of attack and energy resilience scenarios.
- Design microgrids for military bases using shared standards and design principles so both forces can operate each other's systems if needed.
- Co-develop black-start and islanding microgrid capabilities to ensure continuity of critical defense systems during power outages.

Introduction

The United States and the United Kingdom have a history of defense cooperation spanning more than a century. Through intelligence sharing, military operations, and supporting allies in conflicts around the world, the defense partnership has been a defining pillar of the special relationship. The partnership has also been defined by robust transatlantic business investment, with US and UK defense companies playing a critical role in both countries' defense sectors.

Bilateral defense cooperation is valuable for advancing shared defense and security priorities. Both countries benefit from working together in alliances such as NATO and the Five Eyes Intelligence network to counter threats, as seen by helping Ukraine deter Russian aggression by providing military support and protecting cargo ships in the Red Sea by conducting joint air strikes against Houthi militia targets. As a result of these alliances and other defense partnerships and agreements such as AUKUS, both countries also benefit from major commercial advancements in the defense sector, including in military aircraft engines, radar, electronic warfare, communications and networking, and nuclear weapons. This cooperation has resulted in the US and UK producing some of the most successful and innovative businesses and together represents two of the largest groups of the top 100 defense companies (by market revenue) globally in 2025.[1] This cooperation has accelerated the growth and power of the US and UK defense industrial bases.

With the global threat landscape more complex and unpredictable today than at any time since the end of the Cold War, this cooperation remains crucial now and in the future. Recognizing this, the UK's 2025 Strategic Defence Review and Defence Industrial Strategy underscore the need to collaborate with the US and other allies to strengthen collective defense and industrial capacity. Similarly, the U.S. 2025 National Security Strategy and 2026 National Defense Strategy prioritize revitalizing the US defense industrial base and encourages European allies and partners to strengthen collective defense and burden-sharing. Moreover, the Economic Prosperity deal commits both countries to find ways to increase defense preparedness,[2] while the Tech Prosperity Deal increases collaboration on advanced technologies, such as AI and quantum, that will enhance defense capabilities.[3]

In this context, the purpose of this paper is to suggest areas to prioritize US-UK defense cooperation given the evolving global security environment, shared defense interests of both countries, and opportunities to leverage the investment and expertise of US and UK defense companies. The intention is for this paper to be used by the US and UK governments to inform where to prioritize defense cooperation and how to leverage US and UK defense companies to achieve defense objectives. To realize the benefits of deepened bilateral cooperation outlined, it is necessary for both governments to follow through on their defense spending commitments. The paper incorporates contributions from BAB member companies in the defense industry on both sides of the Atlantic.

The paper examines the following four areas:

- Strengthening defense industrial base collaboration, particularly on streamlining procurement, building interoperability, and securing supply chains.
- Deepening collaboration on advanced air, land and sea technologies to maintain a competitive edge in an increasingly technological battlespace.
- Enhancing cooperation on space and cyber capabilities given both domains are defining future warfare.
- Partnering to generate new and diverse sources of energy for defense purposes as the future battlespace demands more energy supply.

The paper re-confirms the existing strength of cooperation between the US and UK in these areas, with US and UK companies making significant investments supporting them. While cooperation exists today, the paper aims to underscore having deeper and expanded cooperation is advantageous to meet the realities of the future battlespace and the opportunity to leverage the scale, innovation, and investment capacity of US and UK defense companies.

Strengthening the Defense Industrial Base

The UK's Defence Industrial Strategy, and U.S. 2025 National Security Strategy and 2026 National Defense Strategy, prioritize allied collaboration to strengthen their defense industrial bases. These strategies underscore the importance of a strong defense industrial base to warfighting capability, collective defense, and burden-sharing. The U.S. 2026 National Defense Strategy notes the importance of expanding transatlantic defense industrial cooperation and reducing defense trade barriers to maximize the collective ability of Europe and the US to produce forces required to achieve defense objectives.[4]

The UK and US have a strong track record of defense industrial base collaboration resulting in defense partnerships including AUKUS and the Atlantic Declaration, and defense collaboration through multilateral organizations such as NATO. Both countries' defense industrial bases have benefited from significant transatlantic commercial collaboration in military aircraft engines, radar, electronic warfare, nuclear weapons, and other military assets.[5] The supply chains of both countries also benefit from transatlantic investment, particularly with US-headquartered companies providing vital components in the UK's supply chain. This cooperation has resulted in hundreds of leading UK and US defense firms operating across the Atlantic in the form of investments, subsidiaries, joint ventures, research development, and reciprocal market access and recognition.[6]

The US defense industry partners with the UK to enhance warfighting capabilities that are critical to the UK defense industrial base. The F-35 Joint Strike Fighter program is a prime example of this partnership, with the UK being a Tier 1 partner on the program. US and UK defense companies - including Lockheed Martin, GE Aerospace, L3Harris, Northrop Grumman, Boeing, Rolls-Royce, BAE Systems, Honeywell Aerospace and RTX - cooperate on the manufacturing and technology needed to deliver the F-35B for the Royal Air Force.[7] The UK receives a large share of the F-35 workshare, with 15% of each US-designed F-35 built in the UK.[8] The UK's announcement in June 2025 to purchase 12 F-35As from the US to support NATO's airborne nuclear mission deepens this collaboration and boosts interoperability with the US given the jets can be equipped with US-made nuclear bombs.[9] A further example is the UK's Trident Nuclear Deterrent program, as Trident missiles rely on Lockheed Martin for maintenance and the UK purchases the aeroshells required for producing nuclear warheads from the US.[10] Additionally in March 2025, the British Army

received its 50th and final AH-64E Apache attack helicopter developed by Boeing and using GE Aerospace's T700 which enhances the British Army's ability to conduct rapid, precise, and lethal operations.[11]

At the same time, the UK defense industry partners with the US to support warfighting capabilities critical to the US defense industrial base. For example, roughly 7% of content on an Apache attack helicopter in 2023 was sourced from the UK.[12] Concerning air power, the UK provides the U.S. Air Force with early-warning surveillance aircraft, as demonstrated by a £36 million deal announced in September 2025 with Boeing to produce E-7A Wedgetail aircraft.[13] Dowty, a UK-headquartered GE Aerospace company, also provides propeller blades for the C-130J used by the U.S. Air Force.[14] Moreover, Martin-Baker provides ejection seats for the F-35 program.[15] Sea power is another area of close cooperation, with BAE Systems being awarded a $1.7 billion contract in December 2025 by the U.S. Navy to supply laser-guidance kits that turn unguided rockets into precision munitions.[16] The US is consistently a top buyer of UK defense exports, accounting for 13.6% of UK arms export value between 2019-2023.[17]

Bilateral defense collaboration will continue to be essential to the strength of each country's defense industrial base now and moving forward. Developing interoperable systems, building shared stockpiles of weapons and munitions, and securing supply chains for vital materials and advanced technologies for key defense capabilities enhances the operational readiness of the US and UK armed forces.

Considering the multiple objectives outlined in the UK 2025 Strategic Defence Review and Defence Industrial Strategy, and U.S. 2025 National Security Strategy and 2026 National Defense Strategy, the following areas to strengthen US-UK defense industrial base collaboration are recommended as priorities.

Streamline Procurement

A rapid, streamlined procurement process is essential to armed forces acquiring the weapons and technology needed for operational readiness, while also crucial to incentivizing industry investment in existing and new capabilities. The UK has taken action to reform the Ministry of Defence (MoD) procurement process for these reasons, including introducing a segmented approach to procurement.[18] Similarly, in November 2025, the U.S. Department of War (DoW) announced a series of reforms to its procurement process, including publishing new contracting guidelines to incentivize industry investment and implementing multi-source acquisition practices to surge manufacturing capacity.[19] The FY 2026 National Defense Authorization Act prioritized streamlining the DoW's procurement process, demonstrating congressional support for reform.[20]

As both governments streamline their procurement processes, it is important to ensure that actions taken do not inadvertently deter established investment by US and UK companies. This includes the UK MoD designing a proposed offset policy that does not disadvantage US-headquartered companies with established UK-based investment. US defense companies are deeply embedded in the UK defense sector, with investment supporting over 110,000 UK jobs and approximately £5 billion spent annually in the UK supply chain.[21]

While an offset policy can be a useful tool to stimulate domestic industry, it also could deter additional investment by US companies already invested in the UK unless there is a clear definition of which companies are in scope, competitive tenders and equal treatment in procurement, and the nature of the secondary benefit obligations are reasonable, proportionate, and deliverable. BAB's submission to the MoD's consultation on the offset policy explains how to design a policy that strengthens UK defense outcomes, sustains investment and jobs, and preserves value-for-money for the taxpayer.[22]

For the US, it is particularly important to continue reforming International Traffic in Arms Regulations (ITAR) to reduce regulatory barriers that slow defense trade, industry investment, and international collaboration. This includes broadening ITAR exemptions, like those granted under AUKUS to the UK and Australia, so additional defense capabilities and technology can move freely between the US and allies, including the UK. Shifting more lower-risk or dual-use technologies off the U.S. Munitions List to the Commerce Control List, where ITAR controls are less restrictive, would also improve pull-through by moving capabilities and technology faster to allies for operational use. Narrowing the Excluded Technology List would further help the US and allies share and co-develop more capabilities and technology important for collaboration, including under AUKUS Pillar II. While expanding technology transfer is desirable, there must be sufficient guardrails to protect sensitive information, including ensuring audit rights.

In sum, the UK and US should maintain procurement reform as a top priority:

- Ensure that a UK offset policy, if adopted, does not disadvantage US-headquartered companies with established UK-based investment.
- Treat US subsidiaries of UK-owned defense companies as domestic sources for procurement purposes in the US to increase market access for UK-owned companies.
- Treat UK subsidiaries of US-owned defense companies as domestic sources for procurement purposes in the UK to increase market access for US-owned companies.
- Continue ITAR reform to reduce regulatory barriers that slow defense cooperation.
- Implement a bilateral procurement coordination forum to streamline cooperation.
- Conduct joint-service forecasting for munitions and components.
- Synchronize timelines for AUKUS and the Global Combat Air Programme (GCAP) to reduce duplicative contracting.
- Reduce regulatory barriers to foreign military sales to facilitate greater arms transfers.

Build Interoperability

Interoperability enhances operational effectiveness with allies, supports burden sharing, and builds resilience by enabling shared use of weapons, munitions and equipment during conflicts. Through shared data architectures, compliance with common standards such as through NATO's Federated Mission Networking, or industry-led open-system interfaces enabling platform-level interoperability, among other forms of integration, allied forces can operate more securely and efficiently. In the Defence Industrial Strategy and Strategic Defence Review, the UK commits to expand industrial and technological cooperation with the US and allies to support interoperability, such as through collaboration with NATO allies on the acquisition of key land platforms and developing nuclear-powered submarines and advanced technologies under AUKUS. The MoD's purchase of F-35As from the US to support NATO's airborne nuclear mission,[23] along with securing a £400 million contract with Google Cloud to develop a sovereign cloud capability to create a digitally integrated force interoperable with allies,[24] are welcome actions to boost interoperability. The US is also focused on building interoperability with the UK and other allies, such as through AUKUS and the US-led space coalition under Operation Olympic Defender.[25]

Moving forward, the US and UK should focus on enhancing interoperability through:

- Accelerating progress on AUKUS, identifying Pillar II technology.
- Collaborating on joint command and control equipment and strategy.
- Co-developing unmanned systems across all domains.
- Deepening cooperation on Integrated Air and Missile Defense, including C-UAS.
- Facilitating US integration and industrial participation in the Global Combat Air Programme (GCAP).
- Pursuing stockpile integration for priority weapons and munitions.
- Adopting mutual recognition of safety/airworthiness standards and shared sustainment hubs to support long-term maintenance, training, data sharing and logistics cooperation.

Secure Supply Chains

Secure access to core materials, weapons, and technology needed for defense is a national security imperative. The UK has taken action to address this, including by the MoD pursuing an "always on" munitions pipeline for key energetic materials and products,[26] releasing a Critical Minerals Strategy that incorporates collaborating with allies to stockpile critical minerals for the defense sector,[27] and streamlining the procurement process. The US has also taken action, including by the DoW investing in domestic production capacity of critical minerals,[28] the Department of Commerce reshoring semiconductor production,[29] and the DoW reforming arms transfer processes (such as Foreign Military Sales and Direct Commercial Sales) to accelerate delivery of defense capabilities to the US military and allies.[30]

Supply chain cooperation between the US and UK should focus on:

- Coordinating stockpiles of critical inputs (such as lithium, cobalt, semi-conductors, and microelectronics).
- Offering tax credits or fast-track permitting for US and UK defense companies opening manufacturing facilities on both sides of the Atlantic.
- Increasing technology transfer for advanced technologies critical for both militaries (such as AUKUS Pillar II technology).

Collaborating on Advanced Land, Air & Sea Technologies

The UK Defence Industrial Strategy and U.S. 2025 National Security Strategy both emphasize that defense will continue to be shaped by advanced technologies. Both the US and UK are making significant investments to build and acquire cutting-edge technologies given the demands of today's threat landscape.

The UK has developed an ambitious plan for developing advanced technologies through the Strategic Defence Review and Defence Industrial Strategy. The UK Defense Innovation organization will be the driving force for accelerating delivery of innovative capabilities for the armed forces.[31] Emphasis is placed on developing AI, uncrewed and autonomous systems across domains and building a digitally integrated force. Priority capabilities listed include an autonomous air dominance system; attack and surveillance drones; armored and attack helicopters; F-35A and B models; SSN attack submarines; and airborne early warning aircraft.[32] The UK has committed £5 billion to support defense innovation, of which £4 billion will be for autonomous systems and £1 billion for directed energy weapons such as DragonFire.[33]

Similarly, the US is making investments in acquiring advanced technologies. The One Big Beautiful Bill Act passed in July 2025 appropriated approximately $150 billion in FY2025 for defense purposes including for developing and procuring advanced technologies such as hypersonic, air-to-air, cruise, and anti-ship missiles; Virigina-class submarines; space-based missile intercept capabilities; ground-based missile defense systems; unmanned aerial systems (UASs) and surface vessels; and maritime robotic autonomous systems and vertical launch capabilities.[34] The FY2026 National Defense Authorization Act furthers investment in these and other capabilities, such as hypersonic weapons systems, space-based sensors, drones and counter-UAS, and Collaborative Combat Aircraft.[35]

The US and UK already collaborate closely on advanced defense technology. For example, the UK leverages US "National Technical Means" satellites and the procurement of commercial data in the absence of its own large intelligence, surveillance and reconnaissance satellite network.[36] As noted earlier, the US Joint Strike Fighter program, which produces the F-35 Lightening Jet, is another example with the UK being a Tier 1 partner and producing over 15% of the value of every aircraft.[37] Moreover, through the Rivet Joint Cooperative Programme, the Royal Air Force receives specialized reconnaissance aircraft (Airseekers), with US-owned multinationals such as L3 Harris, Northrop Grumman and RTX being integral to the Airseekers' delivery.[38]

General Dynamics Land Systems is also a key supplier of AJAX armored fighting vehicles to the British Army, which is at the core of the Army's armored and deep reconnaissance strike brigades.[39]

Cooperation also spans missile defense, electronic warfare, nuclear deterrence, and space capabilities. AUKUS Pillar I and II will further deepen collaboration by presenting opportunities for co-development and cross-industry investment. The Technology Prosperity Deal should also be leveraged to deepen collaboration on advanced technologies, such as by establishing a defense dialogue under this framework to increase cooperation on defense technology.

Moving forward, US-UK collaboration on advanced technologies should prioritize the following areas and capabilities which are critical for operational readiness in the future.

AUKUS

AUKUS presents enormous opportunities for the US, UK and Australia to draw on US and UK defense companies to provide the advanced technology needed to support both Pillars I and II. Concerning Pillar I, significant industry investment is already underway. For example, BAE Systems secured a £3.95 billion contract from the MoD to undertake early SSN-AUKUS submarine development work, including design and preparation.[40] Rolls-Royce, which designs, builds and maintains all the nuclear reactors that power the Royal Navy's fleet of submarines, also secured a contract from the MoD of approximately £9 billion that includes support for SSN-AUKUS contracts.[41] Additionally, Babcock International signed a contract with US defense company HII that expands their strategic partnership to further support US Virginia-class submarine construction that will support the delivery of AUKUS submarines.[42] Further, Honeywell was awarded a contract on behalf of the U.S. Navy to deliver the AUKUS Submarine Industrial Base pilot program, which focuses on secure frameworks and supply chains to support US Virginia-class submarine production and sustainment.[43] Pillar II will further deepen collaboration on advanced technologies that are prioritized through the partnership. Prior to the US initiating its review of AUKUS in 2025, cooperation on Pillar II was underway in 2024, including on defensive hypersonic technologies and AI algorithms to assist with targeting capabilities.[44]

With the completion of the US review and trilateral cooperation moving forward, the US and UK should leverage AUKUS to strengthen collaboration by:

- Implementing trilateral funding mechanisms for both pillars, similar to NATO's Innovation Fund but incorporating private capital to increase investment power.
- Adopting an AUKUS visa, similar to the NATO-2 visa, and standardize security clearances to facilitate workforce mobility.
- Expanding ITAR export control exemptions to facilitate greater technology transfer.

Autonomous Systems

Developing autonomous systems is the new frontier in defense innovation. The UK's Strategic Defence Review underscores that land, air and maritime autonomous capabilities are critical to having an advantage on the battlefield. This is why from 2026 at least 10% of the MoD's equipment procurement budget will be spent on novel technologies including autonomous systems.[45] Specific capabilities the UK is focused on include a Future Combat Air System with a mix of crewed, uncrewed, and increasingly autonomous platforms; autonomous surface and sub-surface vessels; and an autonomous air dominance system that could integrate directed energy weapons and enable better connectivity to other assets within the UK's Integrated Air and Missile Defense system.[46] Industry is helping drive forward the UK's development of autonomous capabilities, such as Saronic Technologies expanding its operations in the UK to enhance the UK's autonomous maritime capabilities.[47] Moreover, Anduril UK is partnering with GKN Aerospace to collaborate on the British Army's Project NYX and the MoD's Land Autonomous Collaborative Platform program.[48]

The US is also investing in autonomous capabilities. The DoW's FY2026 budget request marks the first year the DoW dedicated a separate budget line for autonomous and AI systems, totaling $13.4 billion and covering capabilities including remotely-operated aerial vehicles, maritime autonomous systems, and autonomous ground vehicles.[49] Specific capabilities being developed include a hybrid fleet of crewed and uncrewed systems for the Navy;[50] small uncrewed aircraft systems through the Drone Dominance program;[51] and autonomous tactical land vehicles for the Army.[52] The US is leveraging industry to acquire capabilities, such as the US Navy awarding Saronic Technologies for its Corsair autonomous maritime vessels.[53] US-UK industry collaboration is also taking place in this domain, including Lockheed Martin and BAE Systems partnering to develop a range of uncrewed autonomous air systems.[54]

Given the shared prioritization of autonomy, the US and UK should:

- Focus on joint procurement, testing and development of specific capabilities of importance for future warfighting, including uncrewed aerial systems, autonomous surface and sub-surface vessels, and autonomous land vehicles.
- Implement government-funded innovation challenges to incentivize innovation.

Directed Energy Weapons

Directed energy weapons (DEWs) are advantageous because they can reduce reliance on expensive munitions. The UK's Strategic Defence Review underscores that the UK should develop novel DEWs. The UK's premier weapon, DragonFire,[55] demonstrates the power of this capability to rapidly detect and destroy high-speed targets such as drones. Moreover, the UK has invested more than £40 million in a radiofrequency DEW for anti-drone operations.[56] Similarly, the US is investing in this area, with US defense companies among the leading firms in this space. For example, Lockheed Martin's High Energy Laser with Integrated Optical-dazzler and Surveillance supports the U.S. Navy,[57] and RTX's Directed Energy Front-line Electromagnetic Neutralization and Defeat (DEFEND) program delivers high-power microwave antenna systems that will use directed energy to defeat airborne threats to support the Navy and Air Force.[58]

The UK and US already have a track record of collaboration on DEWs, such as through the exchange of technical data and research on high-energy lasers and high-power radio frequency DEWs.[59] The UK has also leveraged US defense companies to procure DEWs, including the MoD contracting with RTX to develop laser and radio-frequency DEW demonstrators for the British Army and Royal Navy.[60] However, it does not appear that the US has sourced DEWs from UK companies, instead focusing procurement on US firms.

Given the cost of replenishing conventional weapons and munitions, as demonstrated by the war in Ukraine, the US and UK would benefit from:

- Investing in high-energy laser, microwave, and radio frequency weapons.
- Establishing joint DEW test sites and pursuing joint DEW supply chain mapping.

Enhancing Cooperation on Space & Cyber Capabilities

Space

Space is a central domain of future warfighting and an area of growing competition among countries for dominance. Space-based capabilities, such as data relays and satellite communications; satellite-based intelligence, surveillance and reconnaissance; positioning, navigation and timing; and missile warning and tracking, are changing how wars are fought.[61] Russia and China are seeking to weaponize space by fielding anti-satellite weapons and increasing their presence as revealed by their combined operational satellite fleets growing by 70% from 2019-2021.[62] The ability to operate in space to deter and detect threats is critical to national security today and in the future.

The UK is making significant investments in space-based capabilities. For example Space Forge, an advanced materials company based in Cardiff, was awarded a £499,000 grant from the MoD as part of a collaborative project with Northrop Grumman to build the world's first in-space manufacturing platform to manufacture crucial components of radars and frontline battlefield communications, including semiconductors.[63] Considering that nearly 20% of UK GDP is reliant on satellite services, UK Space Command is developing new sensors that identify laser threats from adversaries to military and civilian satellites in space, backed by approximately £500,000 in funding.[64] As part of Project Beroe, an MoD initiative to develop a secure satellite control system, the MoD awarded contracts totaling £4 million to Lockheed Martin to develop ground-based software to support future UK military satellite control systems.[65]

The US is also investing in space-based capabilities. The DoW has initiated contracts for prototype space-based interceptors under the Golden Dome missile defense initiative, intending to develop capabilities to counter missile threats from space with multiple defense firms, including Northrop Grumman and Lockheed Martin being engaged in early prototype work.[66] The U.S. Space Force also awarded Boeing a $2.8 billion contract to develop secure strategic satellite communications systems, including modernizing nuclear command, control, and communications space capabilities.[67] Moreover, BAE Systems was awarded a $1.2 billion contract by U.S. Space Systems Command to provide the Space Force with missile tracking satellite capabilities.[68]

The US and UK are collaborating closely on space operations and capabilities. The Deep Space Advanced Radar Capability (DARC) program, a US-UK-Australia initiative, is helping build a global radar network that

tracks objects in deep space to enhance space domain awareness and protect military and allied satellites, with Northrop Grumman being the lead contractor.[69] Additionally, the U.S. Space Force's Space Systems Command and UK Space Command formalized a first-ever civilian exchange program aimed at integrating allied space enterprise architectures and strengthening interoperability in space operations.[70] Cooperation is further deepened through Operation Olympic Defender, a US-led multinational force (including the UK) formed to globally integrate military space power, enable joint and combined forces, deter aggression, and defeat adversaries to retain military advantage.[71]

To maintain military advantage, enhance operational readiness, and deepen interoperability in space, the following capabilities are recommended as priorities for US-UK cooperation.

Missile Warning & Tracking

The threat posed by missiles launched from space, including nuclear weapons, demands increased development of warning and tracking capabilities, particularly satellite and radar assets. Both the US and UK are already investing in this area. This includes BAE Systems being awarded a $1.2 billion contract by U.S. Space Systems Command to provide the Space Force with missile tracking satellite capabilities.[72] The U.S. Space Development Agency also placed $3.5 billion in orders with multiple defense firms - including Lockheed Martin, L3Harris, and Northrop Grumman - for 72 infrared satellites designed for global missile warning, tracking, and defense.[73] Collaboration is also demonstrated by the UK and US jointly contributing to space surveillance networks, including radar and optical sensors that feed missile warning and space-domain awareness systems, such as through RAF Fylingdales - a UK radar station integrated into the US Ballistic Missile Early Warning System.[74]

It is essential for the US and UK to further collaboration by:

- Developing and procuring missile warning and tracking satellites; ground-based space surveillance radar capability; shared orbital debris tracking technology; and space-based sensors to protect satellites from threats including missiles and directed energy weapons.

Satellite Communications

Given the importance of satellite services for military and civilian purposes, protecting and enhancing satellite communications is essential for national and economic security. The US and UK have collaborated closely on this, such as when U.S. Space Command and UK Space Command conducted the first coordinated satellite maneuver in orbit where a US military satellite repositioned itself to inspect the UK's Skynet 5A military communications satellite in geostationary orbit, deepening space interoperability.[75] The UK is making significant investments, including the UK Space Agency dedicating £6.9 million in funding for next-generation satellite communications technologies through the European Space Agency's Advanced Research in Telecommunications Systems program.[76] Likewise, the US is investing to enhance satellite communications, including by the U.S. Space Force funding an experimental launch of a new type of satellite (DiskSats) with the potential to enhance low-Earth orbit communication.[77]

It would be beneficial for the US and UK to:

- Deepen collaboration on satellite-based ISR; data relay satellites; and Advanced Extremely High Frequency satellites (such as the UK's Skynet 5).

Intelligence, Surveillance & Reconnaissance

ISR capability in space is essential to supporting military activity on Earth and helping monitor and deter threats in space. The DARC program is a key mechanism the US and UK have leveraged to help monitor space activity, increasing interoperability and space domain awareness.[78] The launch of the UK's first dedicated military reconnaissance satellite, Tyche, into orbit has also been crucial for the UK's space-based ISR activity.[79] The US is also focused on bolstering its ISR capability, with the National Reconnaissance Office investing in a constellation of small ISR satellites designed to provide robust imagery intelligence, signals intelligence, and other ISR data.[80]

US-UK collaboration on ISR will continue to be important as adversaries, such as Russia and China, increase their space presence. Both governments should:

- Focus on developing and operating signals intelligence (SIGNT) satellites; space-based imaging; space-based radar; and missile warning and tracking satellites.

Cyber

Cyberspace is changing the nature of warfare. Adversaries are exploiting vulnerabilities in informational technology networks and digital infrastructure to conduct espionage, disrupt supply chains, and compromise civilian and military networks and systems. The Russia-Ukraine war demonstrates this, such as by Russia conducting a cyberattack on Viasat satellite networks as its ground invasion began in 2022 to disrupt Ukrainian military command and control.[81] As the UK and US remain in constant confrontation with adversaries in cyberspace, this demands that both countries continue to invest in capabilities to defend against threats and cooperate to strengthen collective defense.

The UK is making concrete investments to boost its cyber capabilities. This includes investing more than £1 billion to develop a new Digital Targeting Web by 2027 to better connect military weapons systems across domains to allow for faster battlefield decisions.[82] The creation of the Cyber and Electromagnetic Command further enhances the UK's ability to conduct offensive and defensive cyber operations by centralizing coordination of military action across cyberspace. The UK is leveraging the private sector to enhance its capabilities. This includes the MoD awarding a £400 million contract to Google Cloud to develop a sovereign cloud capability to help the MoD share secure information with the US, helping create a digitally integrated force interoperable with allies.[83] Additionally, the MoD's strategic partnership with Palantir announced in September 2025, unlocking up to £1.5 billion of investment into the UK, will help the UK military develop data and AI-powered capabilities already tested in Ukraine to speed up decision-making, military planning and enemy targeting.[84] Moreover, Microsoft continues to work with the MoD on secure AI and cloud adoption initiatives aimed at supporting UK defense capability modernization.[85] Small and medium-sized enterprises (SMEs) are also being leveraged by the UK given their importance to the digital underpinnings of many aspects of defense capabilities. For example, in January 2026 the MoD established a Defence Office for Small Business Growth to help small and medium UK firms bid for and win more defense contracts, including in critical sectors such as cyber. [86]

Similarly, the US is investing in protecting and enhancing its cyber capabilities. For example, Lockheed Martin was awarded an approximately $4.1 billion contract from the U.S. Missile Defense Agency to upgrade the Command and Control, Battle Management and Communications system to improve situational awareness and coordination across US missile defense networks.[87] Northrop Grumman received $19.9 million from the DoW for systems integration, hardware qualification, and upgrades to include a cyber-intrusion protection system for the MQ-8C vertical take-off and landing tactical unmanned air vehicle.[88] Additionally, General Dynamics Information Technology, a business unit of General Dynamics, was awarded a $988 million by the U.S. Navy to modernize the Navy's Ship and Air Command, Control, Communications, Computers, Combat, Intelligence, Surveillance, and Reconnaissance (C5ISR) Systems, a major investment to enhance the digital infrastructure of naval forces.[89] Further, Anduril was awarded a $99.6 million contract by the U.S. Army to lead the delivery of a Next Generation Command and Control prototype to enhance the integration of, and access critical data so warfighters can make faster battlefield decisions.[90]

The US and UK have a track record of cooperation in the cyber domain. This includes the MoD, U.S. Defense Advanced Research Projects Agency and the Canadian Department of National Defense collaborating on research and development for cybersecurity technology, including the Cyber Agents for Security Testing and Learning Environments (CASTLE) program that trains AI to autonomously defend networks against advanced persistent cyber threats.[91] Moreover, through the Five Eyes alliance, the US and UK continue to share intelligence on cyber threats to strengthen collective deterrence. The Technology Prosperity Deal further deepens collaboration on innovative technologies, including cyber technology.

Given the growing national security risks posed by cyber capabilities, the following areas are recommended as priorities for US-UK cooperation.

Secure Military Communications

Protecting communications networks from breaches is critical to safeguarding information that, if compromised, could weaken operational readiness and command and control. The CASTLE program and MoD's contracting with Google Cloud to develop a sovereign cloud capability are positive examples of the kind of cooperation needed to defend critical communications from cyber threats. A further example is the U.S. Navy awarding BAE Systems

an $85 million contract to produce Network Tactical Common Data Link systems, which enables secure real-time exchange of voice, data, imagery, and sensor feeds across naval assets.[92] Moreover, the U.S. Department of State approved the sale of Navy Multiband Terminal satellite communications systems to the UK, enabling interoperable and resilient maritime SATCOM connectivity.[93] As adversaries increasingly target command and control networks, developing technology that can better detect threats to them is important for maintaining the ability to respond to cyberattacks.

The US and UK should deepen collaboration by:

- Conducting coordinated cyber incident response drills.
- Adopting joint Cybersecurity Maturity Model Certification (CMMC)-equivalent standards.
- Co-developing intrusion detection systems; anti-jamming technology; graceful degradation communications; cyber-resilient SATCOM; and autonomous cyber response technology.

Intelligence Sharing

Cooperation on threat detection is key to disrupting adversary cyber operations. As mentioned earlier, the US and UK already share intelligence on cyber threats through the Five Eyes alliance, but also via forums such as the Cyber Management Review that brings together UK Strategic Command, UK Government Communications Headquarters, U.S. Cyber Command, and the U.S. National Security Agency to discuss combined cyberspace campaigns and capabilities.[94]

It would be advantageous for the US and UK to deepen collaboration on intelligence sharing by:

- Both governments increasing investment in the cybersecurity and threat analysis tools of US and UK defense companies to accelerate detection of threats and secure communication networks.
- Collaborating with industry to regularly audit defense technology supply chains to identify vulnerabilities that could compromise industry partners and access to critical materials.

Energy for Defense

Russia's aggression against Ukraine reveals how energy has been weaponized through the targeting of energy infrastructure and control of fuel supplies. The significant amount of energy needed to fuel defense capabilities, such as DEWs, AI-enabled systems, and cyber capabilities, also underscores that the future battlespace demands more energy supply. This reality requires harnessing diverse sources of energy for defense, including small modular nuclear reactors (SMRs), sustainable drop-in fuels, microgrids, batteries and critical minerals. Building resilient supply chains is also critical to secure energy sources from being compromised by adversaries.

The UK recognizes that energy is a strategic capability and protecting it is a national security imperative. This is showcased by the MoD's plans to establish the Defence Energy and Capability Resilience Centre of Excellence, which will bring together the MoD, industry, and academic and research institutions to develop innovative energy technologies for defense.[95] The UK's Critical Minerals Strategy also underscores the importance of securing critical minerals, such as uranium, beryllium, chromium and copper, to power the defense sector.[96] Given the increasing vulnerability of the maritime domain, the MoD is focused on protecting maritime energy infrastructure, such as undersea pipelines and offshore energy installations, to secure energy flows and has directed the Royal Navy to play a leading role in protecting them.[97]

The US is similarly prioritizing developing and protecting energy sources. The 2025 National Security Strategy identifies restoring American energy dominance as a top strategic priority due to the energy required to fuel capabilities in domains that will decide the future of military power such as AI, quantum computing, and autonomous systems.[98] The DoW is leveraging industry to support its energy needs, including by the Defense Innovation Unit and Air Force reaching an agreement with X-Energy, a US nuclear technology firm, to accelerate the deployment of next-generation microreactor technologies to provide resilient power at military installations.[99] Through its Minerals Security Partnership (MSP), the US is also working with industry and other governments to invest in critical minerals projects and secure supply chains of minerals and metals that are most relevant for advanced technologies, defense, energy, and industrial processes.[100]

The UK and US are collaborating in the energy domain. The signing of a Memorandum of Understanding between the US and UK on critical minerals in February 2026, which will boost cooperation on production, processing, and private investment in critical minerals, is a key mechanism to strengthen collaboration on securing minerals crucial for powering industries including defense.[101]

Additionally, the signing of the Atlantic Partnership for Advanced Nuclear Energy, which accelerates deployment of new nuclear power technologies in the US and UK through commercial deals between US and UK companies, is another example of close cooperation.[102] Part of this cooperation also includes supply chain integration for advanced nuclear fuel between UK and US firms, helping secure fuel for future reactors. Moreover, the UK is a member of the MSP, further deepening collaboration on developing secure supply chains of critical minerals. The UK is also increasing market access for both UK and US companies to support its energy needs. This includes selecting Rolls-Royce SMR to build the country's first small modular nuclear reactors with over £2.5 billion committed over the next four years,[103] and the MoD awarding a contract to Solus Power to develop portable battery systems to provide energy generation and storage for deployed forces.[104]

Provided the importance of energy for national defense, the following areas are recommended as priorities for US-UK cooperation. Discussion of these and other aspects of energy security should continue through a renewed US-UK Strategic Energy Dialogue.

Small Modular Reactors

SMRs are a critical energy source for a range of military basing infrastructure and assets, including radar, DEWs, and hypersonic testing facilities. In the context of AUKUS, SMRs will also be a key energy source for nuclear-powered submarines and an area for R&D collaboration between the US, UK and Australia, strengthening interoperability, knowledge transfer, and supply chain resilience trilaterally. These countries are already cooperating on SMRs, such as establishing a framework for streamlined regulation to reduce duplication and accelerate approvals for designs used across both markets.[105] The US and UK are also making significant investments in SMRs for non-military use, including through commercial deals under the Atlantic Partnership for Advanced Nuclear Energy, enhancing nuclear energy regulatory cooperation through the Technology Prosperity Deal, and Rolls-Royce being selected to build the UK's first SMRs that will boost clean energy supply in the country.

The US and UK should deepen collaboration on SMRs through:

- Accelerating implementation of the MOU between the UK Office for Nuclear Regulation (ONR) and US Nuclear Regulatory Commission (NRC) renewed in September 2025.
- Co-funding demonstration reactors at US and UK military bases to strengthen interoperability
- Pursuing joint R&D on microreactors to support forward-deployed forces.

Critical Minerals

A range of critical minerals are essential for defense purposes, including lithium, uranium, cobalt, nickel, manganese, graphite, rare earth elements, gallium, germanium, antimony, copper, beryllium, and chromium. Concerning energy generation, critical minerals play a key role powering aircraft such as the F-35, nuclear propulsion for US and UK submarines, microgrids at military bases, radar systems, and precision-guided munitions, among other applications.

Given the growing international competition over critical minerals, it will be essential for the US and UK to cooperate on developing and securing supply chains. Cooperation is already advanced through the MSP, Memorandum of Understanding on critical minerals, and other mechanisms.

Moving forward, the US and UK should deepen cooperation on energy for defense by:

- Leveraging the US-UK Memorandum of Understanding on critical minerals to accelerate government and industry cooperation on mining, processing, refining and joint stockpiling of critical minerals crucial for defense purposes.
- Pursuing diversification in the sourcing of critical minerals to avoid strategic dependencies
- Encouraging joint ventures between US and UK companies on critical minerals projects by providing preferential treatment in defense procurement for companies involved in joint ventures.

- The DoW and MoD establishing joint offtake agreements for priority minerals so companies have clear government demand signals to warrant investment in critical mineral mining efforts.

Microgrids

Microgrids are critically important to modern defense because they form the backbone of a secure, resilient, and reliable energy and communications infrastructure for armed forces. From radar systems and missile defense to base operations and forward-deployed forces, continuous power is essential. Both the US and UK need resilient sources of energy to power emerging military technology, including technology developed through AUKUS, and microgrids will be a key source.

Moving forward, the US and UK should expand collaboration on microgrids by:

- Conducting shared modeling of attack and energy resilience scenarios.
- Designing microgrids for military bases using shared standards and design principles so both forces can operate each other's systems if needed.
- Co-developing black-start and islanding microgrid capabilities to ensure continuity of critical defense systems during power outages.

Conclusion

The United States and the United Kingdom face a global security environment defined by strategic competition, rapid technological change, and increasing demands on military readiness and resilience. Their long-standing defense partnership remains a decisive strategic advantage. To preserve and strengthen this advantage, cooperation must evolve to meet the realities of the future battlespace.

This paper demonstrates that while US-UK defense collaboration is already extensive, it should be further deepened in four priority areas: strengthening the defense industrial base; accelerating development of advanced land, air, and sea technologies; enhancing space and cyber capabilities; and securing resilient energy for defense. By fully harnessing the investment and capabilities of US and UK defense companies, both governments will be better positioned for the future.

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