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AUKUS Pillar II: Shaping Regional Strategic Stability

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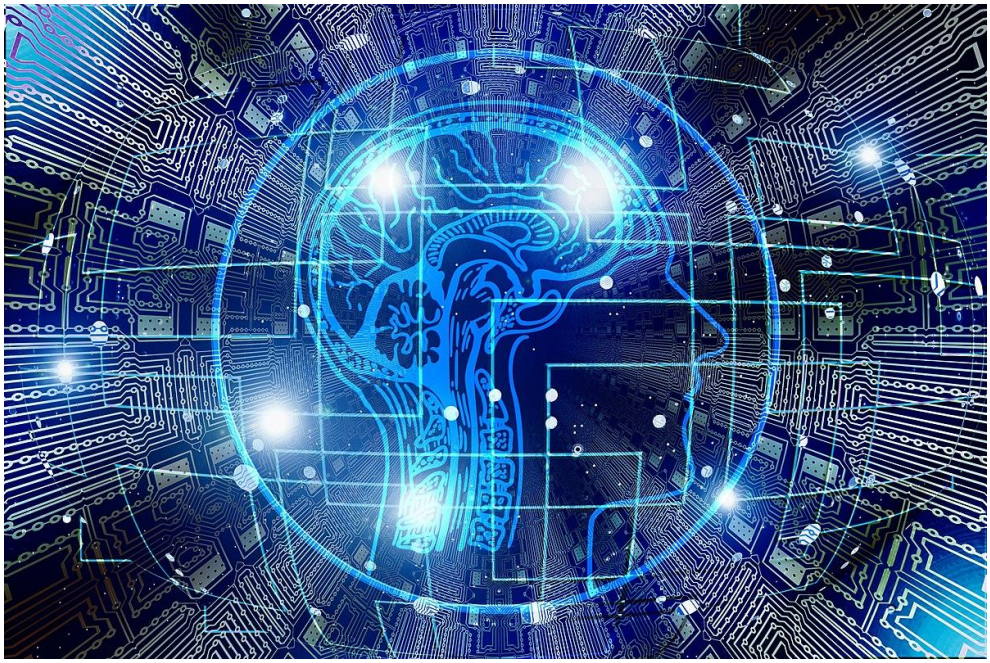
The AUKUS trilateral security partnership between Australia, the United Kingdom and the United States is now advancing its second pillar, which involves emerging technologies. The possibility of participation being opened up to other countries in the Indo-Pacific raises concerns for regional strategic stability. The AUKUS countries will need to manage the associated risks and communicate their plans clearly to avoid strategic miscalculations.



Caption: Nuclear-powered submarines have monopolised attention regarding AUKUS, but it may be enhanced interoperability in the AI, cyber and quantum domains that will have the greatest impact on Indo-Pacific strategic stability. *Image from Wikimedia Commons.*

In 2021, Australia, the United Kingdom and the United States announced a security partnership that featured two pillars – first, to support Australia in acquiring nuclear-powered submarines, and, second, to enhance cooperation on several emerging technologies. Dubbed "AUKUS", this trilateral security partnership to build military capabilities is emblematic of the recent growth in "mini-lateral" cooperation among like-minded countries.

AUKUS has been described as historic because it is only the second time that the United States has shared submarine nuclear propulsion technology – a "crown jewel" in military technology. The other time was with the United Kingdom in the 1950s, when it was initiating a nuclear-powered submarine development programme.

Although considerable attention has thus far been paid to Pillar I of AUKUS, Pillar II is likely to see results earlier and have a more substantial impact overall as it opens the door for cooperation on emerging technologies such as artificial intelligence (AI), hypersonic weapons, and quantum technologies, which are transforming the landscape of future warfare.

How might Pillar II shape norms for military technology sharing? Participation by other like-minded countries will necessitate greater integration of their military industrial and R&D ecosystems with that of the AUKUS countries. Such integration will have a long-term impact on the military innovation, technology acquisition and industrial capabilities of all countries involved.

Cooperation between countries on military technology is certainly not new, but the approach that Pillar II of AUKUS takes will affect regional strategic stability in the Indo-Pacific. Partnerships with other countries under the auspices of Pillar II could disrupt the existing regional security calculus and lead to an escalating spiral of defence spending by other countries.

The Forgotten Pillar?

There has been significantly less clarity regarding what Pillar II of AUKUS entails, compared to Pillar I. In the joint leaders' statement that accompanied the initial AUKUS announcement in September 2021, Pillar II was described as an effort to enhance "joint capabilities and interoperability" in "cyber capabilities, artificial intelligence, quantum technologies, and additional undersea capabilities".

This vague conceptualisation of Pillar II should not be a surprise given the overwhelming initial focus on Pillar I. However, Pillar I is now on firmer ground after the AUKUS partners announced an "optimal pathway" for implementation in March 2023 at a summit in San Diego, California.

This has freed them up to focus more on Pillar II. At a meeting of the AUKUS defence ministers in December 2023, several initiatives were announced, giving greater clarity to the scope of Pillar II. Applications of AI feature heavily, involving a series of exercises to experiment with autonomous systems in the maritime domain, processing data from each country's sonobuoys to improve anti-submarine warfare capabilities, and broad effort to integrate AI for targeting, intelligence, surveillance, and reconnaissance across various systems and platforms.

More importantly, Pillar II is also intended to pave the way for tighter integration by scoping out trilateral capability and technology requirements through the International Joint Requirements Oversight Council, co-chaired by the vice chiefs of defence from each country. Pillar II will also enhance defence trade and industrial base collaboration through harmonisation of policies, processes and regulations. Licence-free defence trade between AUKUS partners is an underappreciated enabler for enhanced military-to-military cooperation.

Furthermore, new collaborative platforms for industry have been initiated under Pillar II. The AUKUS Advanced Capabilities Industry Forum, which held its inaugural meeting in Washington, DC, in April this year, is intended as a standing platform for defence industry trade associations to engage government officials. In addition, an AUKUS Defence Investors Network has been created, bringing together more than 300 private capital investors with the goal of scaling innovative companies supporting Pillar II objectives.

AUKUS partners have also committed to a series of innovation challenges, with the first one focusing on electronic warfare launched in March 2024. This initiative aims to provide coordinated opportunities to harness commercially developed technologies to support Pillar II objectives. It is likely that we will see additional innovation challenges being launched in support of the remaining technology capability areas identified under Pillar II, such as AI, cyber, hypersonic weapons, quantum technologies, and undersea technologies.

“Friends” and “Fans”

As with other mini-lateral arrangements, expansion of AUKUS membership has been the subject of considerable speculation. In 2023, Canada and New Zealand – which are also part of the Five Eyes intelligence-sharing alliance with the AUKUS countries – expressed interest in joining Pillar II, prompting discussion regarding possible expansion.

Nevertheless, at the AUKUS defence ministers’ meeting held in April 2024, it was announced that Japan would be the first country invited to cooperate on projects under Pillar II. When Australia subsequently downplayed the idea of Japan formally joining AUKUS, concern arose that differences had emerged among the original partners regarding expansion.

Such concerns have not deterred other countries from signalling their desire to be a part of AUKUS. Not long after the announcement regarding Japan’s participation, South Korea raised the possibility of being involved in Pillar II projects. Like Japan, South Korea is well positioned as a US treaty ally with strong technology capabilities.

What are the prospects for other countries that have close ties with the AUKUS partners, particularly those in Southeast Asia? The answer here is quite straightforward – if it is difficult for “friends” that are in existing alliances or treaties to join AUKUS formally, then there are likely to be limited opportunities for “fans” to do the same. This assumption is logical given the sensitivity of the technologies involved, and the fact that expansion can prompt responses from countries such as China and Russia that have criticised AUKUS.

Implications for Regional Strategic Stability

Indeed, China and Russia have consistently raised concerns regarding Pillar I's implications for nuclear proliferation. The two countries have also been cooperating to advance their own nuclear-powered submarine capabilities in response.

However, Pillar II presents a different challenge to regional strategic stability. The possibility of bringing together American allies – particularly those that have had historically strained relations such as Japan and South Korea – into a common platform advancing new interoperable military capabilities is likely to add further turbulence to the geopolitical climate in the Indo-Pacific region.

Furthermore, with defence spending on the rise despite economic headwinds, it is clear that countries in the region are demonstrating their resolve to respond to a perceived deterioration in the security environment. This development adds to the precarity of strategic stability in the Indo-Pacific.

The technological capabilities that Pillar II aims to advance are also viewed as potential game-changers. For example, AI is expected to bring militaries considerable manpower savings, a factor that weighs heavily in countries experiencing demographic challenges due to rapidly ageing societies. Japan's defence minister, Minoru Kihara, made specific mention of this fact at a press conference in early July 2024 to launch his country's new policy on military AI.

In the long term, expanded participation under Pillar II will also mean greater integration of military industrial and R&D ecosystems along the standards set by the AUKUS countries. Particular attention should be paid to how defence trade relations will evolve, and how collaborative platforms for industry such as the AUKUS Advanced Capabilities Industry Forum and Defence Investors Network will be opened up to other countries.

All of this points to the need for risk management as AUKUS partners open up participation in Pillar II. One helpful starting point could be to clarify the criteria and cooperative model for other countries to participate in Pillar II. Clear communication regarding future plans will be important to minimise the risk of strategic miscalculations in an already tense regional security environment.

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