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24 January 2024

Minister of Foreign Affairs
Minister of Defence

For action by 2 February 2024
For action by 2 February 2024

AUKUS: Managing New Zealand's Strategic Interests

BRIEFING Overview Submission

PURPOSE This submission provides additional context and detail about AUKUS Pillar Two, to assist in your conversations with Australian counterparts at the upcoming Australia-New Zealand Ministers Meeting (ANZMIN), including the key information gaps officials have identified, and key public-facing messages.

Recommended referrals

Prime Minister	For information by	2 February 2024
Minister Responsible for the GCSB	For information by	2 February 2024
Minister Responsible for the NZSIS	For information by	2 February 2024
Minister of Science, Innovation and Technology	For information by	2 February 2024
Associate Minister of Foreign Affairs	For information by	2 February 2024

Contact details

NAME	ROLE	DIVISION	WORK PHONE
s9(2)(c)(i)	Lead Adviser	International Security and Disarmament Division, MFAT	s9(2)(a)
s9(2)(g)(i)	Senior Adviser	Policy and Planning Division, MoD	s9(2)(a)

Minister's Office to complete

- | | | |
|--|---|------------------------------------|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Noted | <input type="checkbox"/> Referred |
| <input type="checkbox"/> Needs amendment | <input type="checkbox"/> Declined | <input type="checkbox"/> Withdrawn |
| <input type="checkbox"/> Overtaken by events | <input type="checkbox"/> See Minister's notes | |

Comments

AUKUS: Managing New Zealand's Strategic Interests

Key points

- Australia, the UK and the US continue to make advances on the AUKUS trilateral military and security partnership, [redacted] s6(a)
 - AUKUS engages New Zealand's national security, defence and foreign policy interests across multiple fronts. The core objective of AUKUS - ensuring a strong and effective rules-based international system in the Indo-Pacific, and a secure, stable and resilient region - aligns with New Zealand's strategic policy settings.
 - New Zealand's approach to AUKUS is an important part of our foreign policy settings. s6(a)
 - AUKUS Pillar Two - focused on non-nuclear advanced military capabilities - presents New Zealand with potentially significant defence capability opportunities, as well as posing military and intelligence interoperability implications. The AUKUS partners intend to expand Pillar Two to other participants [redacted] s6(a), s6(b)(i) and are open to New Zealand's participation.
 - Officials' engagement with the AUKUS partners has established important details about Pillar Two including [redacted] s6(a), s6(b)(i) however, key information gaps remain. The [redacted] s6(a), s6(b)(i)
 - There may be opportunities for the New Zealand defence industry and adjacent technology companies, [redacted] s6(a), s9(2)(g)(i)
 - Officials will continue to engage the AUKUS partners (and other relevant partners) to gather further information, [redacted] s9(2)(f)(iv)
 - Clear and consistent communication of New Zealand's position on AUKUS [redacted] s9(2)(g)(i) will remain an important part of our overall approach. New Zealand's public-facing key messages are attached for reference. [redacted] s9(2)(g)(i)
- [redacted] Tailored messages for the private discussion with Australia are set out in the separate ANZMIN briefing pack.



Ben King
for Secretary of Foreign Affairs and Trade



Andrew Bridgman
Secretary of Defence

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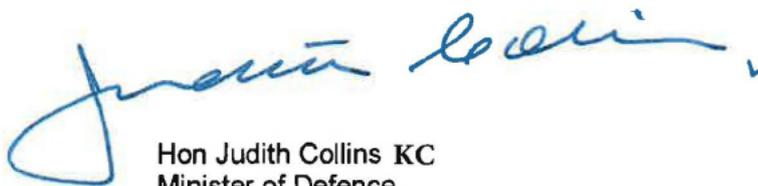
Recommendations

It is recommended that you:

- | | | |
|---|--|----------|
| 1 | Note that AUKUS engages New Zealand's national interests on multiple fronts, including defence capability opportunities; defence and intelligence interoperability implications; relationships with key partners, and our nuclear non-proliferation and disarmament objectives. | Yes / No |
| 2 | Note that the AUKUS partners have confirmed that they intend to open Pillar Two (focused on non-nuclear advanced military capabilities) to other participants, and have expressed openness to New Zealand's participation. | Yes / No |
| 3 | Note that officials' engagement with the AUKUS partners has established important details about Pillar Two, although there remain gaps in our understanding, with officials to continue discussions with the AUKUS partners to gain key details on Pillar Two opportunities and requirements. | Yes / No |
| 4 | [Redacted] s9(2)(f)(iv) | Yes / No |
| 5 | Note the continued international and domestic interest in New Zealand's position on AUKUS and the importance of clear and consistent key messages. | Yes / No |
| 6 | Note that officials recommend [Redacted] s9(2)(g)(i) | Yes / No |
| 7 | Refer a copy of this submission to the Prime Minister, Minister of Disarmament and Arms Control, the Minister of Research, Science and Innovation, and the Associate Minister of Foreign Affairs. | Yes / No |

Rt Hon Winston Peters
Minister of Foreign Affairs

Date: / /



Hon Judith Collins KC
Minister of Defence

Date: 20 / 11 / 24

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Report

Background

1. AUKUS is a topic which is set to be discussed in the upcoming ANZMIN meeting on 1 February. [REDACTED] s6(a), s6(b)(i)

2. [REDACTED] s9(2)(g)(i)

What is AUKUS?

3. Announced in September 2021, AUKUS is a trilateral military and security partnership which emerged fundamentally because of sharpening US and Australian concern about the deteriorating strategic outlook in the Indo-Pacific, [REDACTED] s6(a)

4. The AUKUS partnership has two focused lines of effort:

Pillar One: delivering a conventionally armed, nuclear-powered submarine capability to Australia (replacing Australia's existing fleet of conventionally armed and powered submarines); and

Pillar Two: accelerating the joint development and application of non-nuclear advanced military technology and capabilities, to gain and harness the strategic advantages of these transformational technologies.

5. Pillar Two is currently focussed on eight areas: undersea capabilities; quantum technologies; artificial intelligence (AI) and autonomy; advanced cyber; hypersonic and counter-hypersonic capabilities; electronic warfare; innovation, and information sharing.

AUKUS engages New Zealand's national security, defence and foreign policy interests in multiple ways

6. As a major strategic initiative led by our three key security partners, AUKUS is consistent with and relevant to our national interests and strategic policy settings for several reasons, including:

- A shared commitment to upholding regional security and stability [REDACTED] s6(a), and in turn buttressing the international rules-based system which is fundamental to New Zealand's security and prosperity.
- Pillar Two presents significant defence capability opportunities and interoperability implications, in terms of potential access to military technology directly relevant to New Zealand Defence Force (NZDF) capability needs in a more challenging and contested world, and the need for the NZDF to remain an interoperable, credible and effective alongside partners.
- There has been a long-standing engagement with partners in advanced military technology development pre-dating AUKUS. This takes place through the Five Eyes Technical Cooperation Programme (TTCP), which the NZDF's Defence Science and Technology participates in.

AUKUS: Managing New Zealand's Strategic Interests

7. More broadly, AUKUS also engages our foreign policy interests in the following ways:

- Our approach to AUKUS is particularly important in terms of how we manage our relationships [redacted] s6(a)
- [redacted] s6(a)
- [redacted] s6(a), s9(2)(g)(i)
- New Zealand also has a key interest in ensuring that AUKUS does not set a precedent for nuclear proliferation by other countries, and that the AUKUS partners continue to work closely with the International Atomic Energy Agency (IAEA) to determine and implement robust safeguards and verification measures for managing the nuclear aspects of Pillar One, and to meet obligations under international law. The AUKUS partners continue to emphasise that they will remain in full compliance with all obligations, including for Australia under the Treaty of Rarotonga¹. [redacted] s9(2)(h)

International views and perceptions of AUKUS

8. There remains a spectrum of views on AUKUS across the Indo-Pacific. [redacted] s6(a)

9. [redacted] s6(a)

10. [redacted]

¹ The Treaty of Rarotonga prohibits the manufacture, use, testing and possession of nuclear weapons in the South Pacific region. It does not prohibit the transit of vessels carrying nuclear weapons, explicitly leaving Parties to determine for themselves whether to allow visits, transit or navigation by foreign ships and aircraft (Article 5). The Treaty does not apply to nuclear propulsion.

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s6(a)

Pillar Two: views on expansion and New Zealand's approach to date

11. The AUKUS partners have all confirmed to New Zealand officials and publicly that they intend to open Pillar Two to other participants. During his July 2023 press conference in Wellington, US Secretary of State Blinken stated "the door is very much open for New Zealand and other partners to engage as they see appropriate." In their September 2023 statement marking the second anniversary of AUKUS, the AUKUS Leaders noted that as work progressed on Pillar Two "we will seek opportunities to engage allies and close partners."
12. Officials have conducted bilateral conversations with all three AUKUS partners to gather information about what Pillar Two might offer or mean for New Zealand. These engagements have established a number of important details, which may assist discussions with your Australian counterparts.

Pillar Two: what we currently know

s6(a), s6(b)(i)

15. **The AUKUS partners continue to make progress on the substance of Pillar Two.** Two successful capability trials were announced in 2023. The first involved AI and autonomous technology in uncrewed air and ground vehicles, the second involved trialling new uncrewed undersea vessels. On 2 December the AUKUS partners announced a range of additional initiatives and activities under Pillar Two, including:

- new maritime security exercises to test autonomous systems (e.g. maritime drones);
- applying AI to enhance anti-submarine warfare capability (including using P-8A maritime patrol aircraft);
- establishing a new Deep Space Advanced Radar Capability to track, identify and characterise objects in space;

AUKUS: Managing New Zealand's Strategic Interests

- further efforts on quantum technologies, AI and advanced cyber security; and
- various initiatives to lift engagement with industry and drive greater innovation.

s6(a), s6(b)(i), s9(2)(g)(i)

17. **Pillar Two may create potential openings for collaboration with the New Zealand defence industry and adjacent technology companies.** The Pillar Two trials to date have involved defence and technology firms from all three AUKUS partners. s6(a)

there may be future opportunities for New Zealand firms, s6(a)

s6(a) This includes recent US legislative changes that grant Australia and the UK 'domestic source' status under the US Defence Production Act (Canada already has this status), which provides Australia's defence industry with streamlined access into the US, s6(a)

18. The need to partner with industry to enhance delivery and capabilities and to support increasing technological needs has been reflected by recent Ministerial statements and is also part of the recently released *Future Force Design Principles*, which guides the future state of the NZDF. It is also part of the process to provide options for updating the *Defence Capability Plan 2019*. s9(2)(g)(i)

s6(a), s6(b)(i)

s6(a), s9(2)(g)(i)

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Pillar Two: key information gaps

22. While New Zealand has a deeper understanding of Pillar Two, significant information gaps remain, [REDACTED] s6(a), s6(b)(i)

23. Officials have identified a range of key issues that require clarification from New Zealand's perspective. These include:

[REDACTED] s6(a), s9(2)(g)(i)

24. [REDACTED] s9(2)(g)(i)

[REDACTED] Provision of comprehensive and fully informed advice to ministers in due course on New Zealand's potential participation in Pillar Two will require filling these key knowledge gaps. [REDACTED] s6(a), s9(2)(g)(i)

Communicating New Zealand's position

25. Close interest in New Zealand's position on AUKUS [REDACTED] s6(a) [REDACTED] makes it important that New Zealand maintains clear and consistent key messages about AUKUS, [REDACTED] s9(2)(g)(i) [REDACTED] Key considerations to keep in mind include:

[REDACTED] s6(a)

[REDACTED] s9(2)(g)(i)

AUKUS: Managing New Zealand's Strategic Interests

s6(a), s6(b)(i)

27. New Zealand's public-facing messages on AUKUS (which take account of recent Ministerial and Prime Ministerial remarks in late December 2023) are included in Annex A for reference. Reflecting recent government messaging about AUKUS Pillar Two, s9(2)(g)(i)

Tailored messages for the private discussion during ANZMIN are set out in the separate ANZMIN briefing pack.

Next steps

28. Officials will continue fact-finding discussions with the AUKUS partners s6(a) to ascertain more information about Pillar Two, and the specifics of what participation would look like and entail. s9(2)(f)(iv)

29. s9(2)(f)(iv)

Consultation

30. This submission has been consulted with the Department of Prime Minister and Cabinet, Government Communications Security Bureau, Ministry of Business, Innovation and Employment, the New Zealand Defence Force and the New Zealand Security Intelligence Service.

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Recommendations

1. **Note** that AUKUS engages New Zealand's national interests on multiple fronts, including defence capability opportunities; defence and intelligence interoperability implications; relationships with key partners, and our nuclear non-proliferation and disarmament objectives. Yes / No /
2. **Note** that the AUKUS partners have confirmed that they intend to open Pillar Two (focused on non-nuclear advanced military capabilities) to other participants, and have expressed openness to New Zealand's participation. Yes / No /
3. **Note** that officials' engagement with the AUKUS partners has established important details about Pillar Two, although there remain gaps in our understanding, with officials to continue discussions with the AUKUS partners to gain key details on Pillar Two opportunities and requirements. Yes / No /
4. s9(2)(f)(iv) Yes / No /
5. **Note** the continued international and domestic interest in New Zealand's position on AUKUS and the importance of clear and consistent key messages. Yes / No /
6. s9(2)(g)(i) Yes / No /
7. **Refer** a copy of this submission to the Prime Minister, Minister of Disarmament and Arms Control, the Minister of Research, Science and Innovation, and the Associate Minister of Foreign Affairs. Yes / No /

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AUKUS: Managing New Zealand's Strategic Interests

Annex A: New Zealand's public-facing messages on AUKUS

Headline messages

- A key objective of AUKUS is upholding regional security and stability, and buttressing the international rules-based system.
- This is consistent with New Zealand's interests, and aligns with our national security, defence and foreign policy settings.
- New Zealand welcomes AUKUS as an initiative to enhance regional security and stability.
- New Zealand is committed to working with our key security partners on the common objective of ensuring a secure, stable and resilient region, and an effective rules-based international system.

Pillar Two

- Pillar Two of AUKUS includes cooperation on emerging security issues, including areas in which we already work closely with Australia, the US and the UK.
- We are actively looking for ways in which New Zealand can participate in Pillar Two, particularly in those areas where New Zealand can make a material contribution. We expect to take a formal decision on participation at some point this year.
- Pillar Two of AUKUS likely presents significant defence capability opportunity, in terms of potential access to military technology directly relevant to NZDF's capability needs in a more challenging and contested world.
- Pillar Two also has implications for our continued interoperability with our key security partners - it's important that New Zealand remains a credible and effective ally and partner.
- Pillar Two may also create potential openings for collaboration with the New Zealand defence industry and adjacent technology companies.

Nuclear dimensions of AUKUS (Pillar One) – *if raised*

- We welcome the AUKUS partners' ongoing engagement with the International Atomic Energy Agency (IAEA), as the relevant international authority, to ensure robust safeguards and verification measures.
- New Zealand has a long-standing and bipartisan nuclear free policy – this will not change.
- We recognise regional concerns about nuclear issues. Importantly, the AUKUS partners have reiterated their commitment to non-proliferation, and their compliance with international law.

Treaty of Rarotonga - *if raised / for use with Pacific partners as required.*

- Australia is a trusted partner and responsible international citizen. It takes compliance with its international legal obligations seriously, and there is nothing in AUKUS which gives us reason to doubt this commitment.
- The Treaty of Rarotonga prohibits the manufacture, use, testing and possession of nuclear weapons in the South Pacific region. It does not apply to nuclear propulsion.
- We are confident that Australia can, and will, continue to meet its international legal obligations.