AUKUS: Securing the Indo-Pacific
A Conversation with Kurt Campbell
Richard Fontaine: Okay. Good morning, everyone. I'm Richard Fontaine, CEO of the Center for New American Security. Pleased to welcome all of you here in-person and our online audience to this discussion on AUKUS with Deputy Secretary Kurt Campbell. Kurt was sworn in as the 22nd Deputy Secretary of State in February this year. Before that, he served as deputy assistant to the president and coordinator for Indo-Pacific Affairs on the National Security Council staff where he was centrally involved in AUKUS.

AUKUS is, of course, the trilateral security partnership among Australia, the United Kingdom, and the United States. It was first announced more than two years ago and has emerged as a cornerstone of the administration's Indo-Pacific strategy. AUKUS aims to build on the long-standing ties among these allies and enable them to share technology to a greater degree, generate greater defense capability in the region. Last month marked the one-year anniversary of a big step for AUKUS. This was the announcement of the so-called Optimal Pathway that outlines the plan to deliver a conventionally-armed nuclear-powered submarine capability for the Royal Australian Navy.

We're pleased to have Deputy Secretary Campbell here with us today at CNAS to discuss AUKUS in general and the Optimal Pathway in particular, the progress that AUKUS has made and what the next steps in the security pact are. Viewers online can participate in this session. If you would like to enter questions in the chat box at CNAS.org/live or on Twitter at #CNAS2024. After our discussion, we'll take questions both from the in-person audience here and our virtual audience. But first, let me welcome Deputy Secretary Kirk Campbell and invite him to make some opening remarks.

Kurt Campbell: Thanks, Richard. First of all, it's terrific to be back at CNAS, a place dear to my heart. It's tremendous to see the growth, the innovation, the expertise, Richard, that you've collected and delivered during your time as CEO. I don't think it's an exaggeration to say that the work that CNAS is doing across the board in foreign policy national security is pathbreaking. We follow it closely and we're really grateful for the opportunity to be here today. I do want to just give people just a quick note as we get started. Obviously, this is a serious endeavor, but this is a true story. Last night I was watching, as you go to bed, you want a few minutes on Netflix, there was a new show that was produced by the same group that did, what's Westeros? What's that show? The one that... Game of Thrones.

Richard Fontaine: Game of Thrones. Sorry, I don't watch much TV and I'm the wrong person to ask.

Kurt Campbell: This team, their new project is that they're doing, they've adapted a famous Chinese science fiction novel called The Three Belly Problem. I'm watching it last night and I've come to the part where there is now a global initiative to create more capacity together, and out of the blue, there is footage from the signing of AUKUS in San Diego, Prime Minister Sunak, Prime Minister Albanese and President Biden, but that was evidence of global powers coming together to deal with the potential invasion of an alien race. I was thinking, "Well, that wasn't exactly what AUKUS was designed for," but when you all watch it, you will see those snippets from San Diego, I thought it was a nice memory from those moments.

Richard Fontaine: Great.
Kurt Campbell: You like that as an introduction. Let me just say, just as a general proposition. I think the Biden administration building on work from previous administrations, Republican and Democrat, has attempted to add to our engagement in the Indo-Pacific through a variety of important innovative ways. Obviously, we've had to invest more, Richard, in technology and domestic capabilities to create more capacity to deal effectively in the Indo-Pacific, both with respect to technology and just regional expertise and the like. But what we've also tried to do is to build innovative partnerships of the kind that you mentioned in reference with AUKUS, but AUKUS is part of a larger framework of things. Taking the QUAD to the leader level and institutionalizing a number of arrangements among the four maritime democracies to advance our interests in Southeast Asia and the Pacific. What we've done with the trilateral between the United States, Japan and South Korea, attempting to mend some very challenging historical wounds and focusing more on arenas of common purpose going forward.

I think next week after what we think will be a seminal and historical visit of Prime Minister Kishida, as we seek to modernize and update the critical and dynamic US-Japan partnership, there will be an unprecedented trilateral gathering among the leaders of the United States, Japan, and the Philippines, and this is part of a larger framework of activities involving technology with India and Japan, a number of other things that help link the Indo-Pacific more effectively to Europe and generally just to underscore our commitment to the region as a whole.

But at the core of this, and I think the central most challenging endeavor that we've been engaged with over the last couple of years, Richard, is AUKUS and it is audacious, it is critical to the security of all three nations and it requires enormous heavy lifting in all three countries. I'll just give you a sense, Richard, and we're talking primarily today here about Pillar One, which is about the building of nuclear-powered conventionally armed submarines in Australia. It has involved a massive uptick in resourcing and capabilities here in the United States for our own submarine program, which I would regard as the jewel in the crown of our defense industrial capacity.

I think, actually, one of the important things about AUKUS is that it has reminded us that we needed to do more both to build more submarines more generally, but also to get those submarines that need repairs that are in dry dock, back in the water more quickly. That means a substantial investment in the capacities in shipyards and the like. It is also meant in Australia unprecedented steps in terms of educating a new generation of people that will be responsible for staffing and sustaining these programs. It has involved engagement with the international community to underscore that this project has been done at the highest level in terms of non-proliferation standards more generally, and it has involved a much deeper set of strategic conversations about the region and the world between the United States, Australia, and Great Britain. It has fused the United States and Australia much closer together than ever before.

In the past, this was an initiative started under the Morrison government, it's been continued under the Albanese government. I believe it has strong bipartisan support in both countries. It has also assisted us in ensuring that Great Britain, who is determined to play a more substantial role in the Indo-Pacific, has the means to do so and the appropriate engagement through AUKUS. All the manifestations that I think the original architects envisioned in terms of meetings, engagements, monies, prospects, I think much of that is now in train.
The truth is, Richard, it is challenging on a number of fronts. I think the abiding belief for decades was that the principal goal of the United States with respect to defense technology was to husband that, to be very careful with that, to make sure that it did not fall into the wrong hands. Increasingly, as we work more closely with allies and partners, that requires a whole-scale rethink of the institutions, the mechanism, the thinking behind how we work with allies and partners, and in many respects, this is a pioneering effort that forces us to reconsider how we've worked with allies and partners with respect to technology release and the like.

I think what we've seen so far is, frankly, substantial innovations that have lifted both Australia and Great Britain into rarefied air. They will be treated on a plane above as our two most trusted partners and allies with respect to defense and technology collaboration going forward. I think the United States in particular has to do a better job of telling this story of how remarkable it is, how important it will be, and the ongoing efforts that have basically illuminated the promise to date of this program. I'm excited by what AUKUS presages, I'm excited about the potential ahead, but I will also say, Richard, that already the implications are felt in terms of how closely we work together as countries, the mechanisms that have been established for joint engagement and just the sheer numbers and engagements of specialists, technologists, and others that are working to fulfill the promise of the AUKUS vision.

Richard Fontaine: Great. Let me ask you some questions and we'll go to the audience both in-person or virtual here in a few minutes. Maybe we can start at a foundational question. As you alluded to, nuclear propulsion technology is the crown jewel of at least naval technology in the United States, had been transferred to one other country ever, and that was Britain starting in 1958, so it's not something the United States routinely does, and it's a huge lift to get this initiative going from the financial perspective in terms of some of the regulatory and legal barriers, all kinds of other things. What's the ultimate payoff for this? Let's assume that things happen on schedule and subs are delivered by date, certain and so forth. What's the material difference in the Indo-Pacific?

Kurt Campbell: Look, I would argue that as the United States and other nations confront a challenging security environment, that the best way to maintain peace and security is to work constructively and deeply with allies and partners. I would begin with that. I think there would be some that would say no, that the best thing that the United States can do is to act alone and to husband its resources and think about unilateral, individual steps it might take.

I would reject that thinking. I think what we're confronting now are challenges that require a much deeper engagement with allies and partners. I think the idea over time, Richard, will be in a number of potential areas of conflict and in a number of scenarios that countries acting together, and I think the leading nations right now in the Indo-Pacific, including Japan, Australia, South Korea, I would add India to that framework, increasingly operating more closely, greater capabilities more generally. I think that balance, that additional capacity will help strengthen deterrence more general. I think those practical circumstances in which AUKUS has the potential to have submarines from a number of countries operating in close coordination that could deliver conventional ordinance from long distances. Those have enormous implications in a variety of scenarios, including in cross-strait circumstances, and
so I think I would argue that working closely with other nations, not just diplomatically, but in defense avenues, has the consequence of strengthening peace and stability more generally.

Richard Fontaine: Great. One of the concerns broadly speaking, not necessarily specific to AUKUS but about submarine production in general, has been that we're behind as a country. The goal has been a minimum of two subs produced per year, we're below that. The ambition is to go above that. The optimal pathway set south for the United States to sell between three and five subs produced here to Australia before you get into the AUKUS class sub itself. How can we do that if we're constrained so severely now that we can't produce the subs that we wish to produce at the moment?

Kurt Campbell: Richard, I'm not a specialist in particular on the design or upkeep of submarines, but I think it would be fair to say that there's been substantial focus on this at senior levels at the White House, at the Defense Department, its natural home in the State Department. I think it would be fair to say that there are a number of reasons why submarine production has slowed and that, frankly, we have an unprecedented number of submarines in dry dock or requiring servicing. It is clear, first of all, that supply chains were affected both globally, but also specifically for projects like this during COVID, and so a general set of challenges associated with the enormous number of vendors involved in providing necessary materials, equipment for submarines. I think it is also the case, Richard, that we have seen over time that I think the expectation in the 1990s was that we needed to go to a smaller number of defense firms to consolidate accordingly.

I think what we have seen is that the urgent security demands in Europe and the Indo-Pacific require much more rapid ability to deliver both ordinance and other capabilities. We've run into challenges associated with the delivery of even the most basic equipment necessary to support both the circumstances in Ukraine, but also just making sure that American defense stocks are kept whole. I think probably there is going to be a need over time for a larger number of vendors, both in the United States in Australia and Great Britain, involved in both AUKUS and other endeavors. I think, as is always the case, more money helps, and what we've seen over the last year and a half is both by very generous support from Australia and monies coming in the United States. It's the largest increase of funding for the submarine force, basically, since the time of the wreck over Navy, and I think a clear recognition that that will help.

There probably are other issues that we'll be able to undertake that will allow us to increase our ability both to service and also produce submarines. But in truth, Richard, we're at the very early stages of that. I think we recognize that it's going to be essential to undertake this work. It will require new investments, probably again, new capabilities here in the United States over time.

One of the things that we have found as we've looked at complex supply chains for a variety of products, both commercially but clearly in the defense realm, is that these supply chains are easily choked, that the backlogs and bottlenecks have plagued a number of programs. I think there is a very serious endeavor underway to see what steps can be taken to, not only to assist a program like AUKUS, but frankly, certain munitions which are central to American military purpose, that we are able either through more investment in the United States. I would argue, Richard, over time, this is going to require co-production arrangements with key allies and partners. In the past, we have been, I think, wary of certain
kinds of co-production arrangements. I believe that the circumstances increasingly demand that we work with trusted allies and partners even on the most sophisticated weapons that will increasingly be part of our combined arsenals. I think AUKUS, in many respects, is a game-changer. It is basically finding the way forward, and I think other endeavors and other engagements with other allies and partners will follow suit.

Richard Fontaine: One of the things that came out almost immediately after AUKUS was announced were people saying that there might be an ITAR problem, which allowed many people to say what's ITAR? Of course, this is international traffic and arms regulations, these the sometimes are arcane regulations that govern the transfer of intellectual property and so forth. It was quite an anomalous situation if you think about it, because with the UK and with Australia, these three governments, among other things share intelligence of the most exquisite sensitivity. Yet, when it comes to defense technology kinds of things, you can sometimes have regulations that bar one engineer working on a project from another country and things like that. Last year the Congress passed legislation to try to clear these obstacles and I understand the executive branch is now trying to promulgate what that will actually look like. Is that issue basically done now or is there still more that needs to be done in order to clear among the three countries the obstacles that would allow for the interaction between people from each of the three?

Kurt Campbell: I would just suggest, Richard, and you're right when people say what is ITAR. There is a complex fabric of laws and regulations and treaties that have animated our engagement on these and other problems. It’s not just ITAR, it’s our MTCR, Missile Technology Control Regime commitments. Many of these together have made it difficult in the past for certain kinds of collaborations. I think it would be fair to say that we’ve undertaken a very deep, and I think largely successful set of discussions with both Australia and Great Britain about what steps we’d like to see in each of their systems that increase protections with respect to the safeguarding of certain critical technologies and capabilities. I think as you've seen Australia's recently submitted legislation in Parliament, I think we expect that to be successfully concluded. Australians have taken this very seriously, they understand its importance. Great Britain is looking at certain executive actions. They understand, I think, what's required by our executive and legislative branches of the need to take utmost steps to protect these sensitive technologies and I believe that what you will see in the end of this process. I will say, Richard, sometimes we tend to focus on the nature of these interactions and they are tough and they’re difficult and they involve complex bureaucracies. But if you stand and look at it from a distance, the progress is undeniable and the outcome will be a new standard set for both Great Britain and Australia that will be the AUKUS class, that will involve the sharing of technology and capabilities that is unprecedented with respect to any ally we've ever had at any time.

Richard Fontaine: I'm going to ask you two more questions and then we'll go to the audience here, and I see a bunch are coming in from the online audience too. One is about, we focus a lot on Australia and the US-Australia Alliance, not always as much on the UK, but as you look more broadly at Britain's role in the Indo-Pacific, Britain's role in its own neighborhood, I think, has been clear for a very long time, but how do you think about Britain's role in the Indo-Pacific? What it might be able to contribute to deterrence and to our allied engagement there and how the US and the Brits worked together in that region?
Richard, I remember at one of a previous discussions that we had together, we talked a little bit about a earlier period when we were focusing more on the Indo-Pacific, here it often referred to as the pivot or the rebalance. I think one of the mistakes made during that time, and I was involved in this, was that when we talked at that juncture so much about the Indo-Pacific, it was perceived that we were pivoting or moving away from Europe, that we were going to engage more with the Indo-Pacific at the cost of our engagement with Europe. The truth is everything that we've ever done of consequence on the global stage we have done with European partners. I think what we've tried to do over the last few years is endeavor to be involved with Europe in the deepest possible consultations about the Indo-Pacific.

The idea really is the linking strategically of these two critical geographic vectors of the Indo-Pacific and Europe, and talking with Europeans extensively about the Indo-Pacific, and then also working with the Indo-Pacific on challenges like Ukraine. We've seen that those cross-cutting linkages and engagements multiply exponentially. I think the country that has taken the Indo-Pacific endeavor most seriously is Great Britain. Bilateral dialogues about the Indo-Pacific have been deep and robust, where now, these are all multi-agency led by senior people in both governments. We've had more than a dozen over the course of the last couple of years that issues that we've talked about are circumstances across the Taiwan Strait. Great Britain working much more constructively, for instance, with Japan, they're developing a fighter plane together. Deep engagement in Southeast Asia, Great Britain really didn't have much of a Pacific presence, they've joined the partners of the Blue Pacific. They have engaged much more deeply actively in the diplomacy of the Pacific and obviously, their engagement in the QUAD. Their historical associations in Asia, their role in Hong Kong, all of those reasons really bring them back to wanting to play a leading role in Europe in the Indo-Pacific. We welcome that, we support that, and it has been continued very strongly in the Sunak government, and we believe that this is generally bipartisan. They understand fundamentally that in many respects, the history of the 21st century will be written in the Indo-Pacific, they want to be part of that. I do believe their contributions are important. They have been deeply engaged in our efforts on maintaining peace and stability across the Taiwan Straits. We've done war games with the Brits to think a little bit about scenarios in the Indo-Pacific. I think that cooperation is robust and growing, Richard.

Just on that, when you hear sometimes the argument that the Brits or the Europeans, their national security resources, defense resources attention, energy would be better focused on their own neighborhood because it would be more consequential there, it would become diluted if they were more engaged in the Indo-Pacific. There should be some sort of division of labor, they focus more in Europe or the United States takes on more in the Indo-Pacific. It sounds like the administration's view is different that you should try to link together with Europe and Indo-Pacific rather than have some sort of demarcation of, "This region's more of ours and that region's more of yours."

Richard, that would be my view. The truth is that many of these countries see their economic, commercial and political interests prominently in play in the Indo-Pacific, and they want to prosecute those engagements and they want full-fledged, deep, multi-agency engagement, defense, security, commercial, technology and the like, and so they too see the importance of the region as a whole. I think our theory of that case is not to divide and say, "Look, you do this and we do that," but more underscore the similarities and linkages.
between the Indo-Pacific and Europe, and I would say nothing has brought that so clearly in view, Richard, as the conflict in Ukraine.

I think we have assessed over the course of the last couple of months that Russia has almost completely reconstituted militarily. After the initial setbacks on the battlefield delivered to them by a brave and hardy group in Ukraine with the support of China in particular, dual use capabilities of variety of other efforts, industrial and commercial, Russia has retooled and now poses a threat to Ukraine as we are struggling to get the supplemental, but not just to Ukraine. Its newfound capabilities pose a longer-term challenge to stability in Europe and threatens NATO allies.

Those stakes are clear in Europe, but they're also clear in the Indo-Pacific, and in what we've experienced over the course of the last couple of years, Richard, is unprecedented support from countries in the Indo-Pacific. Japan, South Korea Australia, New Zealand, Singapore to the endeavor in Ukraine, both humanitarian and military support. I think that part of the reason here is that if there is a lesson that is drawn that it is acceptable or achievable that a big nation can invade a smaller one, that the lesson of that can be easily undertaken in the Indo-Pacific, and every country in the Indo-Pacific wants very much to make clear that what has been undertaken in Ukraine cannot be successful, so that no one contemplates that in the capitals in Pyongyang or in Beijing as they think about potential adventurism.

Richard Fontaine: All right. Last question from me before we go to the audience. We've been talking about mostly Pillar One of AUKUS. Pillar Two is the advanced capabilities, the non-sub, non-nuclear propulsion stuff, so quantum, unmanned, undersea, those kinds of things. There's been some talk that Japan, Canada, and New Zealand are interested in somehow plugging into Pillar Two and that there may be some sort of announcement when Prime Minister Kishida comes here. Would you like to make any news this morning and announce anything here?

Kurt Campbell: Look, I would simply say that in many respects, Pillar Two involves some of the most important work, doesn't get as much attention as Pillar One, and you've identified some of those capabilities that there is focus on, in addition to hypersonic capabilities, long-range strike, undersea capabilities, cyber-related. What we find as we scan the Indo-Pacific and other areas is that there are a number of countries that are undertaking critical research and development in areas that, frankly, could be very valuable going forward. I think it was always believed when AUKUS was launched that, at some point, we would welcome new countries to participate, in particular, Pillar Two.

First, let me say that I think the key is that as this process goes forward, these are the decisions that will be taken together by three nations, that as we develop mechanisms for consultation and engagement, that this be done in a way that is appropriate and at the speed and expectations of all three partners per se. I think we have made progress among the three of us in some critical areas. I think I'll wait to indicate some of the things that we might want to say in the fall about our trilateral work together in Pillar Two.

I think it is true that there are other countries that have expressed an interest to participate under the right circumstances in various development and other engagements. I think you'll hear that we have something to say about that next week and there also will be further engagement among the three defense ministers of the United States, Australia, and Great
Britain as they focus on this effort as well. But if I can tell you, Richard, I actually think it's gratifying that a number of countries have expressed interest in working with us in these common pursuits, and I think it basically underscores our belief in this general idea of developing an architecture of allies.

Richard Fontaine: Okay. We'll watch this space on that, yes, so let's go to the audience here. There are mics that are going to come around. Please just identify yourself when you ask a question and we'll alternate between here and the online audience. Yes, sir. Right here.

Pete Martin: Hey, thanks very much. I'm Pete Martin from Bloomberg. I wondered if I could ask a little bit about the regional reception of AUKUS. There were reports early on that Indonesia, Malaysia, in particular, had some misgivings about the pact. Where does that stand a few years in?

Kurt Campbell: Yeah, thank you. Look, I think it would be fair to say that when AUKUS was initially announced, we faced a wave of disinformation basically undertaken by a number of countries, including China and Russia. I think what we have done subsequently, and I credit Australia here, is a remarkable amount of hands-on diplomacy and public diplomacy, making very clear what AUKUS is and what AUKUS is not. I think, initially, there was the disinformation that Australia was going to build nuclear armed submarines not conventionally powered submarines, not nuclear-powered, conventionally-armed submarines, and I think much greater clarity has assisted in dispelling some of those narratives more generally.

I think it is also clear that the countries that have pointed out or tried to hype this have these very same capabilities and others more enhanced. I believe that the consultations that Australia and the United States in particularly has undertaken with respect to both the Pacific and Southeast Asia have gained greater understanding, and I believe that there's now much more acceptance about what this is ultimately about, and I think that some of the early, more troubling attitudes and stories that we saw in the Southeast Asian press have been dispelled over time.

Richard Fontaine: Let's see. There's a question from Dimitri about whether Japan has created the security infrastructure necessary to enable it to work on Pillar Two and related US-UK-Aussie defense contractors perhaps consonant with your watch this space comment. You don't want to go too deep into that but.

Kurt Campbell: Richard, I think as you know from your time also at the State Department, we have been involved in a series of engagements with Japan, both on the intelligence side and in security spheres to encourage Japan to take on increasingly more strenuous activities that protect their intellectual property, that hold government officials accountable for the secrets they're trusted with, a number of steps that we believe will help for the smoother functioning of the US-Japan relationship. I think it's fair to say that Japan has taken some of those steps, but not all of them. We believe that ultimately that it is in our interest to share as much information and other technologies and the like with close partners like Japan to allow for a deeper, more fundamental alliance.

Look, the US-Japan Alliance is the cornerstone of our engagement in the Indo-Pacific. It, I think, has seen upkeep and innovation, but I believe what you will see next week is both the
culmination of a recent period of intense activity, but also launching a period that really underscores that the US-Japan relationship entering a fundamentally new phase that will both bring new capabilities to bear, but will also put clear responsibilities necessary for both the United States to change the way we operate with Japan and how Japan engages with us, and so I think through the strong support of Prime Minister Kishida, we believe that next week's summit will indeed be historic and it will largely be historic for the updating of the US-Japan security partnership.

Richard Fontaine: Great. Other questions? Yes.

Lauren Fish: Thank you. Secretary Campbell. Lauren Fish. I was a CNAS RA about a decade ago, now on the journio side at L3Harris Technologies. I would be remiss in an election year not to ask you about any concerns around transitioning this. I know you've said there's bipartisan support both in the US and in our allies here, but what are the thoughts around making this a durable institution, something that's going to carry forward? Do we have any concerns among our allies about that issue going forward as they are putting in their own dollars and efforts?

Kurt Campbell: Look, I would say one of the important things that does not get enough attention is that there is largely agreement, bipartisan agreement, about what are the essential features of American strategy in the Indo-Pacific. I think at the core of that is a belief that not only do we have to increase our own capabilities through investment and technologies, more attention to programs like submarines and the like, but to work closely with allies and partners and to manifest that both programmatically and through intelligence exchange and a variety of other partnerships. I believe, from my conversation and engagements on Capitol Hill, that those sentiments are widely shared. I think they're completely shared in the Democratic Party, and I think they are shared largely in the Republican Party. There is a strain in American politics that is isolationist and nationalistic and I think tempted to go it alone and seeing foreign partnerships rather as encumbering and many of these allies are not to be trusted.

I do not believe those views comport with the sentiments of the American public or the general policy platforms of either parties. I believe that the momentum that many of these initiatives are developing like the QUAD, like AUKUS, like trilateral engagements that I described between the United States, Japan and South Korea, will provide that forward progress that will continue under almost any political circumstances.

I just give you one just philosophical thing if I might. Rich and I both are Indo-Pacific guys, he has more experience in Europe. I think the general philosophy of the United States in the 1990s as we were contemplating the idea of creating new architecture in the Indo-Pacific. The idea was that we had lots of architecture, security, and political that we had built over time in Europe, and I think the idea was from many of the architects not to do that in the Indo-Pacific. We were reluctant to really invest in multilateralism or to create new institutions. The idea being that that gave us maximum flexibility and leverage.

I think over time we came to understand that not having these mechanisms that basically engage our senior leaders and force us into sustained processes meant that it would be easier to ignore or to give short shrift to some of the key initiatives of the Indo-Pacific. I think what we've been involved in since is a substantial institution building supporting ASEAN,
engagement in some of the things that we're talking about. It used to be that we had sort of this hub and spoke set of relationships between the United States and allies and partners. Now, we're creating, as Ambassador Emmanuelle describes, a lattice fence arrangement where lots of intertwined, overlapping, interlocking engagements.

I think those endeavors help create bureaucratic momentum and you'd be surprised how much that drives the business of government. I do believe those kinds of initiatives and that kind of framing helps both this generation of policymakers and the next to focus on attention, not necessarily on what is the urgent and the immediate, but the long-term and important, much of which is playing out in the Indo-Pacific.

Richard Fontaine: There's a question online from Joel. To what extent does the US, the AUKUS countries or other US allies in the region have a role to play as a security provider or bulwark of the Philippine sovereignty in the South China Sea?

Kurt Campbell: Yeah, and Richard, as I just indicated that next week, in addition to hosting President Marcos, Prime Minister Kishida will be hosting President Marcos and there will be an unprecedented trilateral engagement between the three nations. Again, I don't want to get ahead of ourselves, but I think it is fair to say that you will see commitments on all three nations that involved closer coordination and engagement in the South China Sea and elsewhere.

Yes, we do believe, if you look generally at security challenges, Richard, in the Indo-Pacific, five years ago, when we had challenges across the Taiwan Strait, it would often be one country that would issue a diplomatic note or would speak out publicly in support of our friends in Taiwan. I think what we are seeing today is the increased engagement of a variety of countries in Europe and the Indo-Pacific that are speaking out about their and our collective desire to maintain peace and stability across the Taiwan Strait. I actually believe that some of those steps actually assist in deterrence. The idea that there is a commonality of spirit with respect to the need to send clear messages on conduct with respect to either the South China Sea or the Taiwan Strait, I think, is in fact encouraging.

Richard Fontaine: Eric.

Eric Chewning: Thank you. Eric Chewning, HII. Mr. Secretary, thank you so much for your personal leadership on this.

Richard Fontaine: Sure, thank you.

Eric Chewning: As you indicated, ITAR is yet one of many overlapping regulations that negatively impact industrial-based integration. Is there a mechanism to go and then pursue additional hurdles like EAR reform, NISPOM reform?

Kurt Campbell: Yeah. Look, I hate to say this, but sometimes when you sit in meetings and you're talking about things, people in the bureaucracy will say, "You know? There was a guy that worked on this 20 years ago, what happened to him?" I think it is fair to say that these are mechanisms that have been developed over years. They will not be easy to change or to reinterpret or to overcome. But I believe that certainly the president, but most of what we hear from Congress is a desire to rethink some of these things. There are good reasons why
we have missile technology regime controls. They are not to prevent our closest allies from being well-equipped or to work with us on joint production. That was never the intent really, and now, certainly, is not. We have to realize that some of these things are appropriately employed in circumstances like North Korea or other regimes that are working against our interests.

But increasingly, what we are seeking to do is clear the way for a greater array of cooperation between the United States and our allies and partners. One of the things that I think you'll see next week are steps for the first time that will allow the United States and Japan to work more collaboratively on joint development and potentially co-production of vital military and defense equipment. I think that is going to be important.

I think one of the lessons that we learned through COVID is that some of these supply chains on the military side are so narrow and easily clogged that we are going to need to have more capacity in play. It takes time to move in these directions and you have to be sustained in your endeavor, but I've been impressed by how many people in each of our agencies understand the stakes, understand the general vision, and are prepared to take the necessary steps to clear the way for greater collaboration in the future. It is not perfect. There are huge challenges. It is not by nature an easy process, but it is also a process in which there have been clear decisive wins today.

Richard Fontaine: There's a question, a couple of questions from the online audience about Pillar Two. Among them, there's talk of AI applications, quantum computing, advanced cyber capabilities. Are there areas in which AUKUS might put priority under Pillar Two?

Kurt Campbell: Look, I do, again, here, this is the work I'm going to give a shout-out to a colleague, long association with CNAS. Michael Horowitz is leading the Pillar Two effort at the Pentagon. I think it's fair to say that we have made progress in a couple of different areas. I believe that we will have some specific announcements in the fall, but the various things that you've pointed to and that I've elaborated upon are the areas that we're likely to see combined collective work.

I'll also say, Richard, one of the challenges here is that we have quite a lot of development or co-production arrangements between the United States and Great Britain and the United States and Australia, but how we trilateralize some of that over time is challenging, but we're undertaking it now. It is also the case that what we're looking for are clear signs that the AUKUS goal is being achieved. We want clear, credible signs of programmatic successes, and so that's what we're looking for. Not general research proposition, but applied efforts that we'll actually see and render capabilities in all three and other country's capabilities.

Richard Fontaine: Yes, sir. Right here.

Speaker 6: Hi, Richard. How are you doing today?

Richard Fontaine: Hi, good.

Speaker 6: Thank you, Kurt, for being here. Less than 20 years ago, we used to have a set of joint warfighting technology initiatives and they gave guidance to the community, to the industry, how we would invest our research and plan for our future. It seems to me that if we're
building a regional set of alliances across the Pacific, that some form of a narrative that would allow most of these regional actors to be able to look at the narrative, participate in the narrative, and then, like Singapore, apply the research and development money to contribute to a distributed and netted work of alliances that would create some form of enhanced security and protection across the Pacific, but without some narrative out of state and out of defense that tells people which direction to look. It seems like it’s going to be hard to leverage anything more than a government and not take advantage of all the industry that you’re relying on today. Is there a plan to do that, Kurt?

Kurt Campbell: Look, it’s a great question, and as I tried to indicate, our relations with most of these countries have been, again, like this hub and spoke. I think what we've seen really beginning in the last 10 or 15 years is the connectivity of some of those efforts, and so they are no longer individual engagements more generally. The truth is that some of the countries that we work with, we have formal security treaties with, some looser security arrangements more generally. You mentioned Singapore. We don’t have a formal arrangement with Singapore like we do with Thailand or with Australia, Japan, South Korea, and so that uneven has occasionally made for challenging both legal and operational sets of engagements.

My own personal view is that over time, that as we operate more together and work more closely, that joint work will yield more operational capacity that we will perhaps exhibit in a humanitarian crisis in terms of warrant in a local circumstance or situation. Ultimately, this requires changes in every capital. It involves countries like Japan stepping up much more on the security side, but it will also involve some changes in the United States as well. We will have to engage in a direct partner relationship with these countries maybe in ways that we have not as much as in the past.

Yeah, that's right. That's exactly right. We do not have the same kind of architecture, which is obviously in the Indo-Pacific that we have in Europe, and in many respects we will not, and so how we adapt this, how we work to ensure that our capabilities, for instance, what I’m most focused on right now is operationalizing elements of the US-Japan relationship, to make it a much more nimble institution that is not hamstrung by hugely challenging operational things between the United States and Japan or legal issues in Japan, which have inhibited some of the cooperation that we've sought.

Richard Fontaine: Last question for you. I want to ask you about the level of ambition and Australia’s role in this. Our Australian friends will now describe AUKUS often not just as a shipbuilding initiative or a defense initiative, but as a national initiative. They don't have civilian nuclear reactors, they have to build indigenously the expertise to be able to handle these things. Also within the Royal Australian Navy, to be able to handle a nuclear plant on a sub over time, and then the indigenous shipbuilding capability. This is a lot. It's a lot when it comes to expertise and workforce training and engineering and funding and all of this together, and it’s over quite a long timeframe. When you look at what Australia will need to do on its side, how confident are you that it can rise to this challenge over the next 10 years or so, which is quite ambitious?

Kurt Campbell: It is, but Richard, I think that is absolutely right. But if you look at what's happened already, the large number of people that are being trained in Australia, the number of Australians in American service universities, the joint endeavors that we're undertaking, the preparations for American submarines to berth in Australia. I think we are taking the consequential steps
that are going to be necessary. I do want to underscore what's critical here, that all leaders in all three nations need to underscore constantly the political support for this endeavor. I think President Biden has done so on a number of occasions. He will continue. He understands why that is important. I think all countries, each of these countries need to underscore that this is not a jobs program, it is not a technology development program. Those are corollary advantages. This is a security partnership that is profoundly constitutional and has the potential to not only create fundamentally new realities on the ground really in the water in Asia, but also change the nature of the way each of our three countries operate together.

I will say one of the things just to the previous gentleman's question, the level of engagement between the technology, security and commercial groups in Australia and the United States since the arrival of AUKUS is manifest. Huge change or organic links between our two countries and I see some of the same with Great Britain. That process is of critical importance and it's likely to continue. My own sense is that these sorts of investments, as challenging as they are, are the best steps that we can take to ensure that this incredibly dynamic promising region remains on that course in the time ahead.

Richard Fontaine: There was a question about the sustainability of AUKUS, if there's a political transition here, but arguably the most consequential of those or at least the first test was the Australian political transition, from the Morrison to Albanese governments and the fact that they kept on with this is a very good sign of the support.

Kurt Campbell: I would say that we have faced challenges in all three countries, which we, like in Australia, a clear change in government. I think the transition between the Morrison to Albanese government and the fact that the labor government has embraced this so fully and so fundamentally is to be very much encouraged. I think we're quite gratified by what we've seen, clear bipartisan commitments and strong support from the Australian government or more generally. We've also seen a change of government, I think maybe even a couple in Great Britain. Each of those governments has sustained the commitment. If anything, the Sunak commitment to the Indo-Pacific is even greater than previous British governments. I would also say just simply one of the challenges always in the United States, Richard, is that the trite saying goes, the future is always going to be in the Indo-Pacific, and it always will be, like somehow that's always over the horizon.

The truth is that we've made big investments here, and yes, we are deeply engaged both in Gaza and Ukraine, but I will note that the most important developments on the global stage will play out next week here in Washington, as we undertake this massive modernization of the US-Japan relationship and the trilateral engagement. We are demonstrating despite these pressing matters regionally, elsewhere we have our sights set on our ambitions in the Indo-Pacific. I think all three governments have weathered early challenges and have maintained their determination to fulfill the promise of AUKUS.

Richard Fontaine: Great. Kurt, thank you for being back at CNAS. Thank you for joining us. Please join me in thanking Deputy Secretary of State, Kurt Campbell.

Kurt Campbell: Thank you.

Richard Fontaine: Thank you all, both online and in-person.