Center for Strategic and International Studies

TRANSCRIPT

Press Briefing

"Previewing AUKUS Leaders' Meeting"

DATE

Friday, March 10, 2023 at 3:30 p.m. ET

FEATURING

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Paige Montfort: Thank you. Good afternoon, and also good morning or good evening, everyone. I know we have folks dialing in from all over. As our operator stated, my name is Paige Montfort. I'm the media relations manager here at the Center for Strategic and International Studies in Washington, D.C. Thank you all for joining us for today's press briefing previewing the upcoming AUKUS meeting this Monday.

I'm joined by a terrific group of colleagues who are going to share their insights and analysis with you shortly here on the significance of AUKUS, key considerations around an expected announcement, and what all of this means for the international security landscape moving forward. So leading things off today will be Dr. Charles Edel, a senior advisor and our inaugural Australia Chair here at CSIS. We also have with us Max Bergmann, the director of our Europe Program and Stuart Center in Euro-Atlantic and Northern European studies. Next up will be Emily Harding, deputy director and senior fellow with our International Security Program. And last but certainly not least we will have Kelsey Hartigan, the deputy director of our Project on Nuclear Issues, or PONI, who is also a senior fellow with our International Security Program.

Each of these experts is going to share their comments, and then we'll turn to audience questions. So, as always, we'll get a transcript sent out to those who RSVPed and also post it to csis.org within just a few hours after the call wraps. We have a lot of ground to cover and a great discussion ahead. So to start us off with an overview and his thoughts on what to look out for is Dr. Charles Edel.

Charlie, over to you.

Dr. Charles Edel: Great. Thanks very much, Paige. Let me start by saying that we don't yet know the exact details of what's likely to be announced on Monday, despite a lot of speculation. The larger significance of the announcement, though, is not just submarines, but the strategic convergence we're seeing between Australia, the United Kingdom, and the U.S., particularly in the context of increasing tensions between China and Russia.

Look, AUKUS has been unique in two especially profound ways. First, it was done the opposite way of how these types of agreements are normally done. Usually agreement is reached, and then there is an announcement. With AUKUS, the U.S., the U.K., and Australia announced the agreement in September 2021, and then called for an 18-month period to figure out exactly how they were going to proceed. Second, during the 18 months of meeting between Washington, Canberra, and London, remarkably little has leaked out over these deliberations, the internal debates, and the ultimate direction that AUKUS will take.

Now, that's not stopped speculation about the shape of the deal that we'll be hearing more about on Monday, which is my wind up for saying that I'm not going to spend my comments speculating on what will come but, really, talking about why this deal was undertaken, what each country hopes to accomplish from it, what reactions we're seeing, what the significance is, and some of the significant challenges that lie ahead.

The partnership AUKUS comprises two pillars. Pillar one is the trilateral effort to support Australia in developing, building, and operating nuclear-powered submarines and pillar two focuses on expediting cooperation in critical technologies including cyber capabilities, artificial intelligence, quantum technologies, additional undersea capabilities, hypersonics and counter-hypersonics, and a range of other initiatives.

In a narrow sense then AUKUS is a trilateral partnership that's meant to enhance the defense capabilities of the three nations involved. But in its broader significance is the intentionality to drive technological integration, grow the industrial capacity, and deepen strategic coordination between all three countries.

All of this is being undertaken to help make our closest allies more powerful and more capable of convincing Beijing that it's no longer operating in a permissive security environment.

Now, each nation has a slightly different rationale for AUKUS but it, largely, boils down to China. China was not mentioned when AUKUS was first announced, although the exponential growth of Beijing's military power and its more aggressive use over the past decade was the clear animating force behind it.

For the British, the deal underscored their post-Brexit role as a major global security player, a step which was underscored yesterday with the announcement of a permanent Anglo-French naval deployment in the Indo-Pacific.

For Australia, that deal will provide them with a substantial upgrade to their defense capabilities and, depending on how it plays out, coverage for their looming submarine capability gap.

AUKUS is part of a much larger shift in Australian strategic thinking. Since at least 2020 Australia has been talking about expanding its role in the region by fielding greater capabilities, hosting more allied and partner forces, exhibiting greater presence, and taking on an enlarged role for ensuring regional stability.

Finally, for the U.S., AUKUS helps strengthen two of its closest allies, which ultimately helps strengthen U.S. security as well and, significantly, it has the potential to increase shipbuilding capacity and industrial output of all three nations.

Now, the reactions to AUKUS have been mixed, of course. The strongest positive reactions were, perhaps, from the Japanese and the Philippines with Tokyo expressing support and saying that they thought it would contribute to regional peace and stability, and the Philippines knowing that this deal could help restore balance to the region.

The most outsized negative reaction came not from the Chinese but from the French, who were upset that they lost a very large contract, and they reacted by pulling their ambassadors from both Washington and Canberra. However, they have since reinstated them and bilateral relations are really back on track.

As for the Chinese, they have been continuously negative in how they've talked about AUKUS, including attempts to spread disinformation that the deal is somehow a violation of the Non-Proliferation Treaty.

Others, like Indonesia, Malaysia, and some of the Pacific Islands have expressed concerns about AUKUS and that it would have adverse effects on the NPT.

Also, I would note that reactions have really evolved over time. More countries have expressed an interest in joining, like Japan and South Korea and New Zealand, in certain capacities, and most countries have been pleased that the process of the nuclear propulsion technology has been shared transparently with the IAEA, which I'm sure Kelsey will talk more about.

At its core I would underscore that AUKUS really is a bet. It's a bet that by further integrating industrial capacities and increasing interoperability it will significantly augment the capabilities of our allies, make them more powerful, and ultimately change Beijing's calculations about its security environment and that by doing so it will help stabilize a region that has been badly destabilized by China's rapid expansion of military capabilities and increasingly aggressive foreign policy.

So when you look at AUKUS just remember that it has more than one objective. It's meant to transform the industrial shipbuilding capacity of all three nations, it's meant as a technological accelerator, it's meant to change the balance of power in the Indo-Pacific, and, ultimately, it's meant to change the model of how the United States works with and empowers its closest allies.

Finally, let me conclude by just sketching some of the challenges and remaining questions that we have in front of us. First is budgets. This looks like it will be an extraordinarily ambitious program. But for those ambitions to be realized the three governments need to match their resources to their aims, look to the budgets and the level of bipartisan support this initiative has in each of the three countries.

Second, capacity. The aim seems to be to increase the number of boats in or, rather, under the water, but there's an open question as to the production capacity of our and really all three nations' shipyards. Again, the ambition is to expand shipbuilding here. The question is how quickly this can be accomplished.

That connects to workforce demands. Increasing the number of submarines between the three nations means increasing the building, maintenance, and operation of those submarines. And that means an increase in the number of scientists, shipbuilders, and nuclear-trained submariners. Finding these folks, training them, getting them into the workforce, and retaining them is a big challenge for all three countries.

Time and timelines. The overriding question here is how quickly these and other initiatives can be brought online. If Monday's announcement is indeed a multi-phased initiative with some things happening this year, some in the next couple of years, and others not being fully brought on until later, the question remains how this adds to deterrence now. It's well known that we have a deterrence challenge now and not one that materializes around 2040. So the challenge here is how AUKUS can begin contributing solutions to the set of challenges now.

Finally, export controls. The United States rightly guards its sensitive technology and American companies' intellectual property. But without changes to the rules governing export controls, America is unlikely to see its allies either as capable or perhaps as willing to contribute to regional security. Specifically, this is a question about whether there will be enough political pressure to force changes in the way the U.S. shares sensitive technology and collaborates with both Australia and Britain.

With that, I'd like to hand it over to Max, who will pick up the European angle.

Mr. Max Bergmann: Thanks, Charlie. It's great to be with everybody. And thanks for tuning in on a – on a Friday afternoon.

And I think Charlie did a really good overview of AUKUS. Maybe I'll just talk a bit about the European reaction, particularly with France and where we are now, and then also a bit on what this means for the U.K. and the U.K. going forward.

So, obviously, when AUKUS was announced the reaction – (laughs) – in France was not positive. Charlie mentioned it resulted in the withdrawal of the ambassador, which is the first time in history of our – actually, the second time in the history of our two countries that an ambassador has been withdrawn. The first time happened in 1793, and that was a French ambassador being withdrawn to be beheaded, and actually was granted asylum. So this was a real rift in the relationship between the United States and France.

I think the French were particularly upset that they were – felt that they had been deceived by U.S. officials when they had asked if something was up. And they had also felt directly deceived by the Australians and by the U.K., and felt that they were sort of not given kind of proper warning about the contracts that they had on their submarines being cancelled.

That said, I think Paris really instrumentalized the crisis in order to basically get more attention from Washington, to have the U.S. focus more on some of its security concerns in the Sahel and with European security. And I think what we've seen is over the last year the relationship between the United States and France has really been rebuilt. In part thanks to Vladimir Putin and the invasion of Ukraine, has really brought the NATO alliance together in a much more – in a much stronger way than it was before. And it's also brought the U.S. and French leaderships really close together in how they're working on security issues, not just in Europe but around the world.

And we saw that with the state visit with President Macron in December. And also, it's, I think, noted that French officials aren't really talking about AUKUS anymore. We had the French foreign minister here at CSIS last fall, and AUKUS did not come up in her remarks. And I think that's a sign that the French feel that they have got what they wanted essentially after the AUKUS affair, that the U.S. did do a mea culpa. And they do recognize the strategic benefits of having nuclear-powered submarines versus the conventional ones that they were going to provide. It's a leap in capability. And so they sort of understand that and have moved on. And the relationship, I think, has really been strengthened, after it was potentially at its lowest ebb since probably the Iraq War.

Now, when it comes to the U.K., AUKUS, I think, is sort of, as Charlie mentioned, kind of a seminal part of the U.K. sort of reengaging the world, I would say, post-Brexit. And it was really highlighted by then-Prime Minister Boris Johnson as sort of being a key aspect of global Britain. There's obviously been a lot of political instability in the United Kingdom over the last – over the last year or so, with three different prime ministers.

But the commitment to AUKUS, I think, remains – the commitment to AUKUS, the commitment to this agreement, very much remains. While Charlie, I think, is very right, without speculating from the U.K. press it's pretty clear that the U.K. feels that they're about to get – that this is going to be a real boon for them, for their nuclear submarine-building industry. And that they are – you know, that this will be a great defense industrial benefit to the United Kingdom.

And I think that's coming at a very important moment. The U.K. defense-industrial base has been really hollowed out over the last decade, particularly during the periods of austerity after the 2008 financial crisis. The U.K. military is in – there's been greater investment, but it's still in a fairly rough shape. There are real concerns over the future of their defense budget. And there's a coming issue playing out about whether they will actually see increases or not.

And the ability to invest in AUKUS I think is also going to be somewhat challenged by the fact that there is a war in Europe, the U.K. is giving away a lot of very high-end military equipment that will require additional investment in their ground and air forces. And so this – you know, the need to focus on the Indo-Pacific I think is really recognized by the U.K. leaders, and in how critical it is to the United States, and critical to their partnership with the United States and Australia. But it's going to be a real budgetary challenge.

The one other maybe last point I will make is that, you know, there will be another U.K. election by the of 2024. So we will likely have elections around the same time. But there is also commitment from the labor government to the AUKUS framework. The shadow defense secretary had said that the commitment to AUKUS is absolute. But there was a recognition that we may have to also prioritize the European theater. So I think one of the challenges for the U.K. when it comes to AUKUS is the desire to maintain its global role as global Britain against the need to invest in its defense forces, that could be relevant in a European context.

And with that, I'll turn it over to my colleague, Emily Harding.

Ms. Emily Harding: Thanks so much, Max. I'm going to talk a little bit about the history of the intelligence relationship between the Australians and the U.S., and also with the Brits, and then what's driving that relationship now, and then continuing frictions into the future. So, first of all, we're going to go back, way back, to the Five Eyes partnership starting in the 1940s, surrounding World War II and then expanding during the Cold War.

And it started off really as a U.S.-U.K. initiative, but then expanded to include some commonwealth countries. And it has really only grown since then. As the Cold War developed, it became very clear that the Australians and the Brits, and even the Kiwis and the Canadians, could go places that the U.S. couldn't always go. And the U.S. brought some resources to the table that maybe other smaller intelligence services didn't have. And then in particular, really developed quickly in technological surveillance.

Today the Australians are a central part of Five Eyes, a constant partner when it comes to intelligence sharing. Only the Brits are a closer relationship, and that's really because of institutional integration that has happened throughout the decades. In a lot of the intelligence services, British colleagues sit right next to American colleagues. There's a joke in the intel community that NSA and GCHQ are actually closer than NSA and CIA are. And I think that's probably true. (Laughs.)

But now with China's increasingly aggressive attempts to assert itself on the world stage, it really has brought Australian partners to the forefront of this relationship. Location is helpful. The

Australians being in the Pacific Ocean, it is quite important for things like underwater activities, but then also in particular for things like satellite downlinks. They are literally on the other side of the world. And it's really hard to overstate how close the partnership is. It's not seamless, but it's very close, and I think it's trending closer. The Australians are generally seen in the intelligence community as a service that punches way above their weight.

So as far as frictions go, Charlie already mentioned export reform. That's very important. But it's sort of the same function when it comes to intelligence sharing. I think ITAR reform is going to be very important. The interoperability of systems is always very important. There was a time during the war on terror period where often the Brits were attempting to literally mail things across the Atlantic Ocean to share them, and that's, you know, slow and not the best way to have interoperability. The Pacific's much farther, to state the obvious. So I think finding systems where you could have really seamless information sharing is going to be critical as we move forward.

And then security standards that are developed together. Both the U.S. and the Australian services and the U.K. services are all working to incorporate more and more technological advancements in their intelligence work, and each one is negotiating their own standards for things like data privacy and security, what kind of vendors they're willing to use. And those standards really need to be developed together so that we can proceed as one as we move into this technological future.

So I am going to pause there and hand it over to Kelsey.

Ms. Kelsey Hartigan: Great. Thanks, Emily. And thanks, everybody, for being on this call, especially instead of watching a basketball game on a – on a Friday afternoon.

So I want to talk a little bit about some of the nuclear aspects associated with AUKUS. And there's really kind of three different pieces that I – that I just want to quickly touch on here before we get to the Q&A.

And you know, the first is really on the nonproliferation side, and this is for the conventionally armed nuclear-powered submarines in particular. You know, this arrangement really will set an important precedent for the nonproliferation regime, and I really do think that all three countries have been working hard over the past 18 months to ensure that this agreement will actually end up bolstering the Nuclear Non-Proliferation Treaty.

Now, we do know that the Australians will not be doing any enrichment, any reprocessing, any fuel fabrication in connection with the submarine program. They will be provided with complete welded power units, which really would make it extremely difficult to remove any of the nuclear material inside.

You know, all three countries have been working really closely, as Charlie said at the outset, with the IAEA – the International Atomic Energy Agency – and have been kind of focused on understanding and developing kind of what the verification approach to this agreement might look like in the future. We could talk more about that in the Q&A. Obviously, I don't expect we'll have all of the answers to what that's going to look like in practice even on Monday. But I do think the administration and the Aussies in particular have done a good job of engaging the IAEA and thinking through, again, the precedent this arrangement will set.

I do expect we will continue to hear criticisms from China in particular, but I do think – you know, I've heard some officials describe this as kind of like throwing spaghetti against the wall. We've heard one kind of false accusation after another. But I do think the way that the details have been explained thus far, you know, I don't think too many countries are actually buying that. And I – so I do think that that will be an increasing uphill battle for those, you know, facetious arguments to take hold.

So the second piece I want to touch on, you know, again, as Charlie said at the outset, there's been a fair amount of commentary on the industrial capacity constraints associated with AUKUS, particularly for the – for the U.S. shipbuilding industry, and I think there are a lot of valid concerns to that. But I do want to say that between some of what we're starting to see come out about the increased funding that the administration announced yesterday to increase submarine production and the significant investment in the submarine industrial base that, you know, we're really, I think, expecting to see from the Australians, I do think we will be in a much better position going forward than we would have been otherwise if, of course, those resources are actually committed and sustained.

So as the – as the nuke nerd on this call – (laughs) – I have to say that, you know, I am concerned about our ability to produce the Columbia-class SSBNs – so a different class of subs – on time. And that concern – you know, that predated AUKUS. And so that's, again, thinking about the workforce constraints, some of the supply-chain issues. So if we are actually – you know, if we do see some of the plus-ups for the shipyards and a possible influx of workforce and capacity and labor, if that actually materializes I really do think it's a – it's a positive development overall. And we really can't lose sight of that.

And finally, you know, I don't – I don't want to lose sight of the bigger picture here. Again, obviously, as we were saying, there's been a lot of focus right now on kind of the nitty gritty details associated with the submarine piece in particular – kind of who's securing what on what timeline. And I do think those details are important, but now in particular that the 18 months kind of scoping period is over, you know, I hope that the administration can really focus on deepening conversations within the alliance about crisis management and kind of how these capabilities might actually have to be employed in the future.

So, again, you know, between the heightened tensions with China over a possible military invasion of Taiwan, significant questions about China's nuclear doctrine and expanding nuclear arsenal, and, obviously, ongoing concerns about North Korea's expanding nuclear missile capabilities, you know, we cannot lose sight of a number of different broader kind of deterrence and crisis management issues that are at play here.

So I really do expect and hope that this will be – continue to be a focus going forward, both for the administration, within the U.S.-Australia alliance, and then trilaterally as well.

So with that, I think I'll turn it over to Paige so we can jump into Q&A.

Ms. Montfort: Great. Thank you so much, Kelsey.

And thank you to my other colleagues who spoke before her. If you all could pause for just a moment, I'll turn it back to our operator and he'll let everyone know how to queue up, if you'd like to ask a question.

Operator: (Gives queuing instructions.)

OK, our first question is from Zeke Miller of the Associated Press. Your line is now open.

Zeke Miller: Thanks for doing this.

And without getting too far ahead of the announcement that hasn't been made yet, it seems clear that, from the initial announcement 18 months ago, these subs aren't going to be built in Australia, at least not for the, you know, the foreseeable future, some number of decades. Do you get the sense there could be any political backlash for the Albanese government over that, dare I say, as a boon to their own manufacturing base? And in terms of the global reaction, I was hoping you might be able to elaborate a little bit more about how China might respond, particularly as there has seemed in the last several months to be sort of a warming of ties between China and Australia. Again, is there a potential for it going back in the opposite direction in the coming months and years ahead? Thanks.

Ms. Montfort: Thanks, Zeke.

Perhaps Kelsey and Charlie, if you each want to take part of that one.

Dr. Edel: Sure. Happy to jump in there. Let me try to address, Zeke, both of your questions.

So in terms of political backlash: Look, this is a major strategic play. It also has the ability to increase industrial capacity, over the long run, of all the countries. But jobs come in many different forms, and I think the Australian government has been very alive to that. Actually, I just saw a statement by a South Australian leader – again, South Australia is where Adelaide is; it's where their main shipyards are – saying that yeah, eventually we might get a lot of submarines built, but they might not all happen at once.

And I say that because with the expansion of capacity amongst all three nations, you know, there are a set of different jobs that are needed. And in Australia, there are a lot of different jobs that are needed. You know, I see, you know, depending on what happens, depending on how many U.S. and British subs might start showing up more frequently around Australia, there's a role for sustainment and maintenance, which are not simply build jobs. There was an article in the press this past week that I think Australia is looking at the need to create, you know, 200, at least, nuclear-trained – what is it, 215 world-class nuclear experts to maintain and operate their future subs, 2,500 mid-tier nuclear professionals, and 3,000 nuclear-aware workers. So that's a lot of jobs here.

In terms of the backlash, the likely backlash from China, I think this is already priced in by the Australians. The Labour government has said that they supported AUKUS when they were in opposition. They've taken it and run with it, all the while while they've kind of toned down their rhetoric on China. This was during the election in Australia this past year. The critique was not so much substantively of what the previous government had done but the tone and rhetoric, and now as we see the beginnings of a thaw – you know, potentially, commercially, some more deals back online, the meeting of senior Australian officials with their Chinese counterparts – the question is really how does China choose to respond because Australia is not backing away from what it – what it sees to be doing in its own interests here.

So I think that probably from Beijing's perspective they've already counted out Australia as a wooable mid country. It seemed to have fully gone into the U.S. camp. But there might be productive relations, certainly, on the commercial front between the two of them.

Kelsey, did you want to add to that?

Ms. Hartigan: Sure. You know, I think on the Chinese reaction piece in particular just two quick points, I think, that I would add.

You know, I think we – since the announcement I think we have first and foremost seen a deliberate attempt to confuse nuclear weapons with nuclear propulsion in the Chinese messaging and I think, again, from all three – from the U.S., U.K., and from the Australians – I think they've done a decent job of making the distinction between, again, kind of a, you know, obviously, the conventionally-armed naval nuclear propulsion program versus actual nuclear weapons.

Those just are two very, very different things. And so I think, again, the Chinese have tried to deliberately confuse those. But I don't think that that has gotten too much traction.

And I think the second piece has really kind of been more of like an inside baseball, particularly within the IAEA. The NPT Review Conference was last year in New York. So I think in those types of – in those types of venues there's kind of an attempt to use different procedural mechanisms to try and kind of raise questions about the AUKUS arrangement, potentially try and stall things.

But, again, I think, you know, for the IAEA in particular the IAEA is a technical agency. They have safeguards agreements in place with the Australians and I think they will continue to kind of work through the verification mechanisms. And so I really – I don't think that those attempts to kind of delay or stall on the procedural side will have any traction either.

Operator: OK. The next question is from Tom Minear of News Corp Australia.

Go ahead, Tom.

Tom Minear: Thanks for taking our questions.

We've, obviously, heard a lot of doubt over recent months from some people in the U.S. Navy and also from Congress about this idea of potentially selling some submarines to Australia, which, obviously, now is being talked about with the Virginia class boats.

I'm curious as to whether you see any backlash, potentially, to that if that goes ahead, and, practically speaking, I know Charles earlier touched on capacity and workforce issues. What confidence would you have that Australia underwriting expanded production in the U.S. would actually succeed? Like, can money essentially overcome those problems?

Thanks. Appreciate your thoughts.

Dr. Edel: Here I guess I'll address those, Tom.

Let me take the second question first because the first – but the first one is more important. Can money potentially overcome some of the workforce labor shortages? Yes. You need the money to pay it.

But you also need to find people. You need to hire them. You need to retain them. So it's a combination of pipelines to getting those people hired but you also have to have the money available.

So money is a partial solution. But recruitment, educational pipelines, retention, is another half of the equation here.

In terms of doubt that we've seen aired about what happens if the U.S. Navy gets rid of some of its Virginia class in one way or the other, I think some of those questions still will remain with the larger question hovering over this of whatever is kind of taken out of the U.S. queue, overall, comprehensively, from the three nations do we get a larger number as we move forward.

And I think that is the real question here. There are some questions about what happened – you know, the U.S. Navy is required at this point to have two Virginia-class submarines per year, one Columbia-class submarine.

And Kelsey laid this out, because of production backlogs, because of maintenance issues, because of the way that COVID affected the workforce, the U.S. Navy is not currently hitting its requirements of two Virginia-class per year. It's somewhere between, like, 1.3, 1.5. I've seen different numbers on this. So if the U.S. has to keep hitting that requirement, and there might be some Virginias they go elsewhere, the question is, how do we think about that? How do get to a net positive outcome, both for the U.S. but for all three nations.

Ms. Montfort: Great. Thank you, Charlie, Did anyone else want to add to that one before we take our next question?

Ms. Harding: Yeah, I can add a little bit of color commentary. This is Emily. So some colleagues and I went up to visit GD Electric Boat a while back last year to check out the new pipeline for the Columbia-class. And they were talking about this exact problem that Charlie's laid out, trying to find people who you could, one, clear and, two, keep.

And I think Senator Blumenthal talked about this as well. Like it's a fabulous opportunity for people to come and have highly skilled word, but for a lot of people it means moving at a time when it's not easy to move. It requires months of training. It requires, like I said, that they be able to be cleared to handle sensitive technology.

And those structural problems, the folks at General Dynamics were talking about, are just very difficult to overcome. But they were doing things like creating an onsite training program, so people could train their way to work, and train and work at the same time, trying to come up with innovative solutions for pulling a broader population of workers. But it is – it is an actual structural problem that money cannot just fix.

Ms. Montfort: Thank you, Emily.

Operator: (Gives queuing instructions.)

And the next question is from Ryan Kilkenny of Columbia Journalism School. Your line is now open.

Ryan Kilkenny: Hi. Yeah, thanks so much for taking questions.

And so my question is – so if the plan is announced o sell the submarines to Australia, what congressional hurdles do you see for both the United States and U.K.? Thank you.

Ms. Montfort: Thank you. I think maybe Charlie and Max can take this, and then others can add on.

Dr. Edel: Sure. Thanks, Ryan, for the question. Look, I mean, I think it's important what we're beginning to see in the press, and whether or not this ends up being the actual deal, we're hearing that there are multiple parts to this deal, right? It's not just necessarily the sale of U.S. submarines. It's the eventual migration of building those submarines elsewhere, including and especially ending up in Australia. See our previous question. So again, part of this is looking at where we get to.

In terms of the oversight role, I've now answered the question, Congress has an oversight role here, to make sure that we are hitting the requirements that the Navy has set. It nests within the larger National Defense Strategy and the U.S. National Security Strategy. And they will be scrutinizing, I think, numbers and timelines to make sure that the U.S. still has the capacity to do what it's doing on its own, but then also with its partners and allies.

Max, I don't know about oversight for the British system. That's for you.

Mr. Bergmann: Well, you know, the British system, of course, works a little bit differently. There's, you know, prime minister has sort of one-party control, and therefore there's, you know, I think really strong, you know, backing for AUKUS within the Conservative Party, but also within Labour, as I mentioned. So I think legislatively I don't see any issue there. I think there is an oversight component.

I do think there is a sort of broader funding for the U.K. defense budget. They were in severe economic troubles or concerns last fall. Those have subsided a bit, but the U.K. economy is not doing great. And part of what it will need is a thriving economy, such that it can maintain the level of spending needed. And there's also going to be some issues with hiring, as Charlie mentioned, you know, that will face our workforce and the Australian workforce, but will also, I think, raise some issues in the U.K. of how you get these skills that are needed to do what will be asked of them.

But I think in general, from just a pure legislative standpoint, it should be – should be fairly easy going in terms of any legislation, which I don't quite know if that's necessary. But I think there's strong parliamentary support this in the U.K.

Ms. Harding: Paige, I can jump in here, too. I think as maybe the only person on the call who served on the Hill, I know when I was conducting oversight of the intelligence community my British colleagues were always deeply envious of our powers to actually do oversight. So I think that a lot of this is going to fall on Congress to really ask a lot of hard questions.

The nice thing is that on the Hill members of Congress are in a hundred percent agreement – maybe not a hundred percent; 80 percent agreement that this needs to happen, and that the partnership is very important, and that a strong Australian navy is going to be critical to the future of Pacific security. Then you get to the question of how – how to make that happen – and that's where folks diverge. You're going to see members, of course, looking out for their own constituents. You're going to see the Navy trying to do a lot of discussions on the Hill about being sure that they're made whole before the Australians are made whole. But I think Charlie's point is really the right one, that if you look at the whole package – the U.K. capabilities, the U.S. capabilities, and the future Australian capabilities – do you end up with more firepower, more capability? And that would be the argument that I would be making to my bosses if I were still on the Hill.

Ms. Montfort: Thank you so much, Emily. That was great.

Operator: (Gives queuing instructions.)

And no one is queuing up at this point, Ms. Montfort.

Ms. Montfort: Great. Thank you so much. In that case, we are – actually, I see one more question in the queue and I think we have time for one more. So we'll turn it over to Sebastian Sprenger from Defense News.

Sebastian Sprenger: Hi. Thank you very much, everyone.

I just wanted to ask – and this has sort of been touched on before – there's a very overarching strategic objective in AUKUS, and then a lot is being – there's a lot of banking on industrial capacity, which by definition is sort of people get nationally very excited about that topic. Is there any way, you think, to – for the countries involved to sort of moderate the direction that this is going on an industrial level? Thank you.

Ms. Montfort: Thank you, Sebastian. Who would like to take that one?

Dr. Edel: I'm happy to start on that, Paige, and see what my colleagues want to contribute too.

So it's a great question, Sebastian. I think what we are hearing is that this was ambitious at the outset and has only grown more so; that we are seeing – you can see this in press reports already – that, you know – that all three countries are going to be playing a part. I mean, the words that I'm focusing on now coming from all three capitals are that we really are going to have a three-country solution to this, which means that I expect that all three countries are going to be contributing to this and growing their industrial capacity.

You know, getting – everyone wants jobs to flow to their own district. That makes perfect sense. What I'm hearing a lot – and I think this is quite interesting – is we talk in the United States all the time about interoperability and increasing interoperability between trusted partners so that we can coordinate together. The phrase that's kind of been batted around by the Australians since the very outset of this is interchangeability. Increasingly, we're going to have to think about how our parts kind of swap in and swap out.

What I think the real interesting challenge here is, it's not been defined much beyond that. And when I think about the direction, ultimately, that the defense posture and policies of all three nations are heading in, is when we say "interchangeability" we're ultimately talking to some degree of interchangeability of personnel, of platforms, of locations, and certainly policy coordination. So everyone's going to get something out of it, I imagine, or they wouldn't sign up for this. But the direction we're moving towards is increasingly coordinated and, at least as the Aussies say, interchangeable set of ways that we think about that.

That's how I'd think about that question, Sebastian.

Ms. Montfort: Thank you, Charlie.

Did anyone else want to add to that one? We do have one more question in the queue I'd love to get to before we conclude.

(Pause.)

All right. Let's go to the next one, then. Thank you.

Operator: The next question is from Farrah Tomazin from Sydney Morning Herald.

Farrah Tomazin: Hi, everyone. Thanks for doing this.

I'd be interested to know, I guess, how you see the issue of export controls being resolved. I mean, it's, obviously, a massive hurdle. On Capitol Hill, members of Congress on both sides of the aisle have expressed an interest in somehow resolving it or overhauling ITAR somehow. But it's not clear to me what the White House strategy appears to be, whether they have a level of discretion that they may use, and I guess sort of the broader timeframes involved in getting over this particular obstacle. I'd be interested to hear more of your thoughts.

Ms. Montfort: Sure. Thank you. I'll put that one to the group as well and see who'd like to chime in.

Dr. Edel: I can just start on that. In terms of, Farrah, the way that we know this is being talked about – I think the Australian ambassador to the U.S., Arthur Sinodinos, mentioned this when we were in a public conversation last week – is that the administration's going to see how far forward they can move this in terms of kind of changing some of our thinking around export controls. We've heard talk about, like, a bubble – whether or not, you know, for instance, Australia and the U.K. can be treated in our industrial base as we treat Canada – which makes perfect strategic sense. But I think, really, the ultimate outcome is whether or not we continue to push – we see continued push on this. And that means push at the most senior political levels kind of pressure on and changes to kind of the bureaucracy that has to handle and process these.

And then ultimately, you know, Congress has a role to play. This has been outlined by multiple members of Congress. But the question is, do they want to play that role? Different committees have different jurisdictions, different jurisdictional prerogatives, and so there is a role for the legislative branch here in the U.S. Frankly, there's a role for Parliament in Australia as it looks to revamp its own security laws as well. But there can be legislative movement. There can also be administrative/regulatory changes that come from the administration, too.

Ms. Montfort: Thank you, Charlie.

Does anyone else – yeah, go ahead.

Ms. Harding: This is Emily. I also raised this in my opening points, so I feel like I should contribute. (Laughs.)

I think, you know, what Charlie said is absolutely right. I would think of it, as far as metaphors go, as like if your toddler gets into your jewelry drawer, and takes your necklaces, and, like, throws them all on the floor, and they turn into a gigantic knot. This is an experience that I have had. (Laughs.) And then you can spend hours and hours trying to untangle that gigantic knot. And the ITAR thing is a lot of the same thing.

Everybody agrees it's a huge mess and that it's silly, but all of the different pieces to it need to be untangled in a set of difficult steps. And everybody wants it done, it just – it need urgency and I think it needs focus. And I'm not sure if it's yet risen to that level. And it needs to.

Mr. Bergmann: Yeah, I was – this is Max, sort of also going to come in. And maybe I'll be the lone voice that will say something somewhat positive about ITAR. Not necessarily in this context, but in my role in the State Department for a number of years worked overseeing and covering the Bureau of Political-Military Affairs, which has the jurisdiction at the State Department to oversee ITAR. And look, there's a lot of dumb things about ITAR. It's not actually one thing, you know, it's a complex process about how we control arms sales and technology transfer.

And I think many – I think the difficulty is that many of those restrictions, and issues, and oversight exists for a reason, which is that we don't want to be a country that is just blindly selling weapons and, frankly, losing control of some of our advanced military technology. And obviously in the case of the U.K. and Australia, that becomes just much less of a concern. And so a lot of these issues, particularly when it relates to the U.K. and Australia, should be resolvable. But we are – you know, part of the system is to make it hard to transfer, you know, technologies such as nuclear propulsion and other things that we know our adversaries are intent on accessing.

So this requires, I think, a mindset shift. It is not sort of – one of the challenges is that it's not simply that the folks in the State Department are slow in processing these issues. It's that there's a number of different agencies and offices throughout the Pentagon, throughout the intelligence community, that oftentimes have a chop on various issues about whether something should be controlled. And in that, where there's lots of checks, it's very easy to for technology to not be provided.

And I think, working through this issue, that the big benefit – and this gets to Sebastian's earlier question – of this, I think, is both obviously for the U.K. and Australia, but I think also is something that our European partners are going to be looking at as well, because they constantly have also similar complaints about ITAR not being able to really cooperate with the United States when it comes to defense industrial development, being locked out of a lot of procurements because of ITAR issues. And I think, you know, if we can sort of figure out how to make progress here, then that'll also have really big implications for Europe.

But I think the key is that this on making progress. That, you know, the Obama administration spent eight years doing export control reform, which is related to ITAR, to reduce the number of licenses that had to be produced every year. So it's not as if this is a static problem. This is, in fact, an issue that you're constantly sort of addressing. Maybe to use another analogy, you're sort of cutting back the weeds, but then they grow back. And then new issues emerge that the bureaucracy has difficulty dealing with – AI, quantum, other things that emerge that it doesn't quite know whether it should approve technology release or not because it's new. What do we do? And then there's complicated processes that a member of Congress can hold things up.

So there's a number of different factors that go into make this very difficult. But I think what's really good is the administration recognizes it, everyone recognizes it, and it's getting more priority than I think we were seeing before.

Ms. Montfort: Great. Thank you so much, Max. Thank you, Emily. Thank you, Kelsey. Thank you, Charlie for your time and your insights today. And thank you to everyone who joined us, calling in and asking questions.

As a reminder, the transcript of this call will be out within just a few hours this evening. It'll be posted to CSIS.org, and I'll send it directly to those of you who RSVPed. If you were not able to get your questions answered or are doing follow-up stories in the coming days or weeks, please feel free to reach out to me at pmontfort@csis.org. I'm always happy to connect you with our experts for comments and interviews. So have a great weekend, everyone, and thank you for joining us.

(END)