

May 2024

AUKUS PILLAR II RECENT DEVELOPMENTS AND PROGRESS

Purpose

1. This briefing provides an update on key developments since the last advice on AUKUS Pillar II, provided by officials in January 2024. It provides a non-exhaustive list of areas of technology identified by officials as warranting further investigation as to their suitability for any potential New Zealand contribution to AUKUS Pillar II. It also highlights remaining information gaps, and how officials are working to close these.

Executive Summary

2. AUKUS members intend to consult additional partners on the potential to participate in individual Pillar II projects. In addition to Japan, who was the first additional partner publicly announced by AUKUS members, [REDACTED] s6(a). The Republic of Korea (ROK) has also expressed its interest.
3. [REDACTED] s6(a), s6(b)(i), s9(2)(g)(i)
4. Since January's advice, officials have obtained further clarity on:
 - Pillar II's purpose and intent;
 - Interoperability factors;
 - [REDACTED] s9(2)(g)(i)
 - Foreign policy considerations; and
 - Factors which will determine any kind of Pillar II contribution.
5. Officials have also begun to identify parts of the New Zealand system which demonstrate potential to form part of a Pillar II contribution. However, a number of important information gaps will need to be filled before these can be regarded as definitive options for Ministers to consider.
6. To fill these gaps, officials will continue to generate internal feasibility assessments and will pursue more [REDACTED] s9(2)(g)(i) engagement with AUKUS members, other potential participants and domestic industry/academia. [REDACTED] s9(2)(f)(iv)

Recent developments

The recent AUKUS members' announcement

7. On 9 April 2024, AUKUS Defence Ministers issued a joint public statement (the announcement), announcing they had developed principles and models for additional partner engagement in individual Pillar II projects and would undertake consultations in

2024 with prospective partners regarding areas where they could contribute and provide benefit. Japan was named as a prospective partner.

- 8. [Redacted] s6(a), s6(b)(i), s9(2)(g)(i)
[Redacted] AUKUS members have said previously that "the door is open" to New Zealand's engagement in the process, [Redacted] s6(a), s6(b)(i)
[Redacted]

Other potential participants

- 9. In addition to Japan, [Redacted] s6(a)
[Redacted] s6(a), s6(b)(i)
- 10. [Redacted] s6(a), s6(b)(i) public statements [Redacted] s6(a) [Redacted] including by the Canadian Prime Minister on the day of the announcement. On 1 May 2024 (during a visit to Australia) the Republic of Korea Defence Minister confirmed ROK's interest in participating in Pillar II and highlighted ROK's technological capabilities. Australia has publicly welcomed ROK's interest, [Redacted] s6(a), s6(b)(i)
[Redacted] The US has separately noted ROK as a prospective partner.

[Redacted] s6(a), s6(b)(i), s9(2)(g)(i)

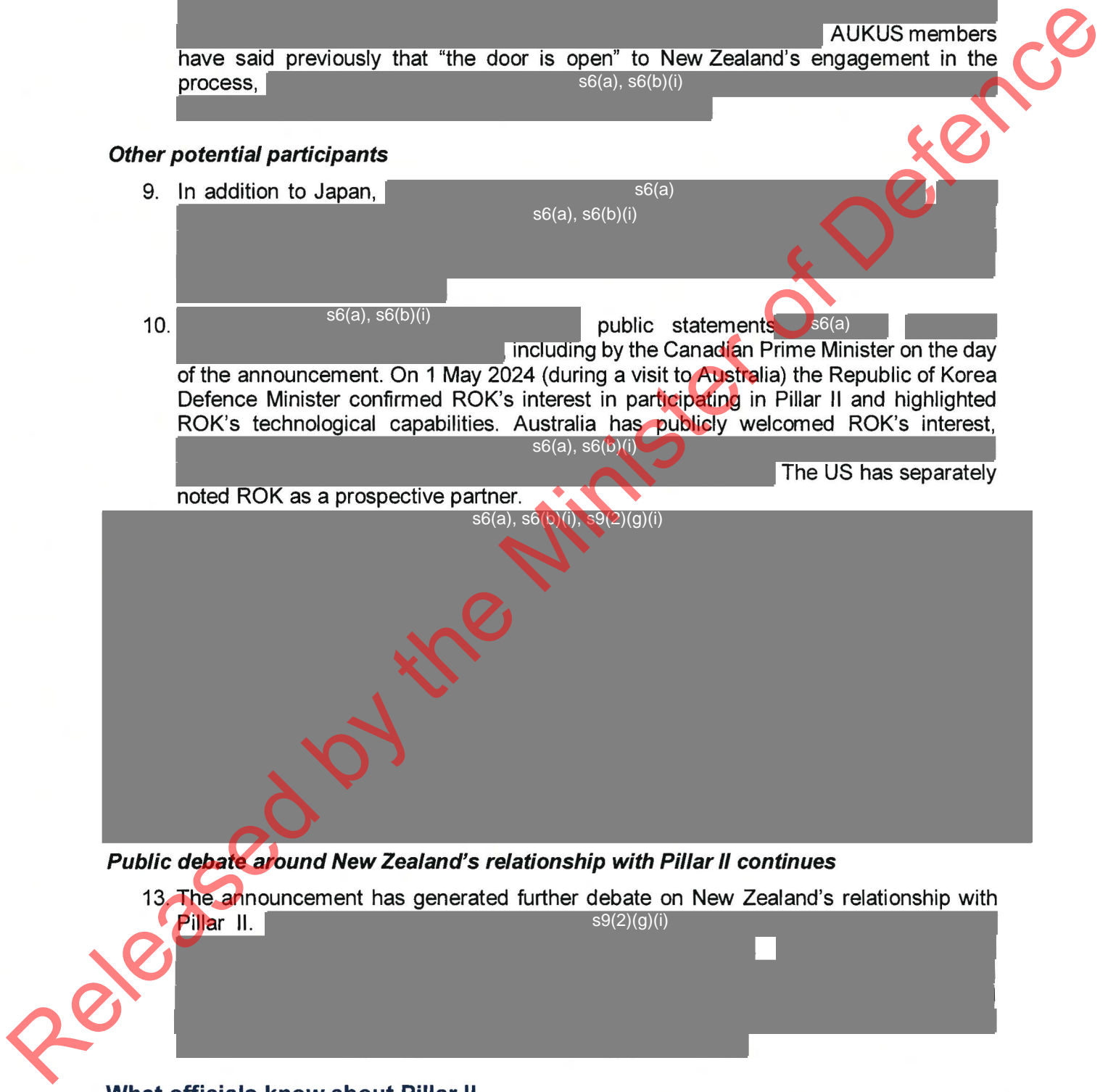
Public debate around New Zealand's relationship with Pillar II continues

- 13. The announcement has generated further debate on New Zealand's relationship with Pillar II. [Redacted] s9(2)(g)(i)
[Redacted]

What officials know about Pillar II

Pillar II's purpose

- 14. [Redacted] s6(a), s9(2)(g)(i)



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

Interoperability implications

15. There may be some areas where New Zealand's participation in Pillar II is key to securing long-term interoperability with close defence partners. s6(a)

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

Foreign policy and strategic considerations

17. New Zealand's future approach to Pillar II carries foreign policy considerations:

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

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- [Redacted] s9(2)(g)(i)

There is a series of factors which will dictate any New Zealand contribution to Pillar II, regardless of type or scale. These include:

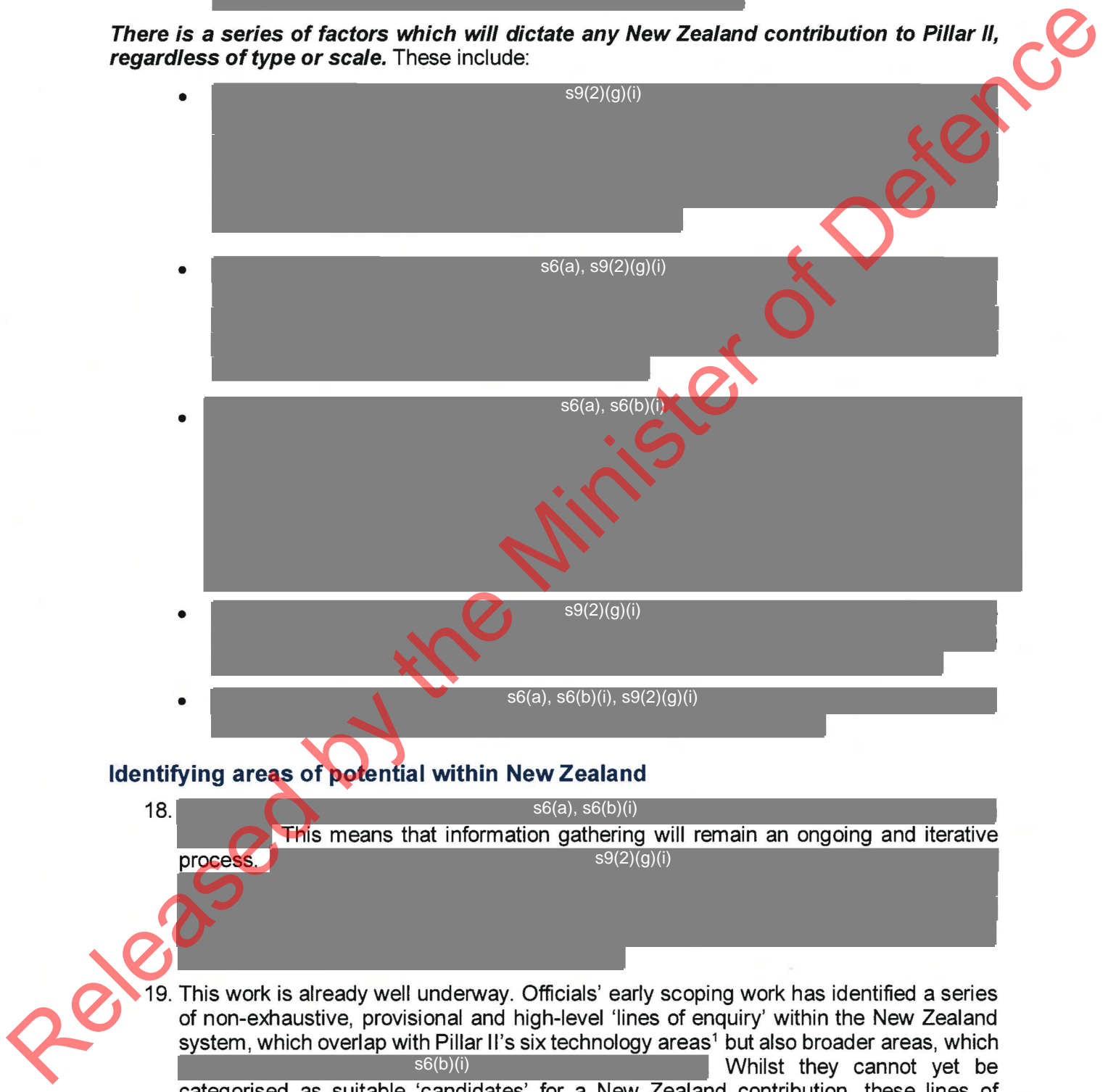
- [Redacted] s9(2)(g)(i)
- [Redacted] s6(a), s9(2)(g)(i)
- [Redacted] s6(a), s6(b)(i)
- [Redacted] s9(2)(g)(i)
- [Redacted] s6(a), s6(b)(i), s9(2)(g)(i)

Identifying areas of potential within New Zealand

18. [Redacted] s6(a), s6(b)(i)
This means that information gathering will remain an ongoing and iterative process. [Redacted] s9(2)(g)(i)

19. This work is already well underway. Officials' early scoping work has identified a series of non-exhaustive, provisional and high-level 'lines of enquiry' within the New Zealand system, which overlap with Pillar II's six technology areas¹ but also broader areas, which [Redacted] s6(b)(i) Whilst they cannot yet be categorised as suitable 'candidates' for a New Zealand contribution, these lines of

¹ Hypersonics, AI and Autonomy, Electronic Warfare, Advanced Cyber, Quantum, Undersea capabilities



enquiry are being internally investigated [REDACTED] s6(a)

[REDACTED] A summary is set out at **Annex A**.

How would we turn identified potential into definitive contribution options?

20. Before advising Ministers on possible Pillar II contribution options, officials need to gain a clearer understanding of a number of relevant factors. This process includes examining:

- the specific capability and interoperability gains for New Zealand;
- alignment with policy settings, domestic laws and international obligations, and clarification of what regulatory or legislative change might be required;
- [REDACTED] s6(b)(i), s9(2)(g)(i)
- the level of interest of industry and academia in participation;
- [REDACTED] s9(2)(g)(i), s9(2)(f)(iv);
- [REDACTED] s9(2)(g)(i)
- the likely costs and expected contribution thresholds.

How are we getting these answers?

21. Expanding our understanding of the details of what participation might look like, the full range of contribution options and their cost/benefit calculation will also be an iterative process. Further clarity will emerge as officials (1) [REDACTED] s6(a), and (2) conduct internal feasibility assessments. Officials are proceeding with the following lines of effort:

- [REDACTED] s6(a), s6(b)(i)
- [REDACTED] s6(a)
- Engagement with domestic industry and academia who work in related fields, to ascertain the relevance and alignment of their work with Pillar II areas and their level of interest in participating in Pillar II work.

Next steps

22. [REDACTED] s9(2)(f)(iv), s6(a)

Consultation

23. This briefing has been developed in consultation with the Department of the Prime Minister and Cabinet, the Ministry of Business, Innovation and Employment, the New Zealand Defence Force, and the New Zealand Intelligence Community.

Recommendations

It is recommended that you:

- 1 **Note** recent developments, including: Yes / No
 - that AUKUS members have announced a pathway and principles for partner participation in Pillar II,
 - [Redacted] s6(a), s6(b)(i)
 - [Redacted]

- 2 **Note** that New Zealand's future approach to AUKUS Pillar II holds strategic and foreign policy considerations [Redacted] s6(a), s9(2)(g)(i) Yes / No
 [Redacted], interoperability implications, [Redacted] s6(a), s9(2)(g)(i)

- 3 **Note** that further work is required to understand the scope of AUKUS Pillar II and to assess the feasibility of any potential New Zealand contributions officials have outlined in Annex A; Yes / No

- 4 **Note** that to fill these information gaps, officials will progress with: Yes / No
 - feasibility assessments,
 - engagement with AUKUS members [Redacted] s6(a), s9(2)(g)(i)
 - [Redacted]

- 5 [Redacted] s9(2)(g)(i) Yes/No

- 6 **Refer** this submission, for information, to the Prime Minister, Minister of National Security and Intelligence, the Minister of Disarmament and Arms Control, and the Minister of Research, Science and Innovation. Yes/No

Released by the Minister of Defence

Rt Hon Winston Peters
Minister of Foreign Affairs

Hon Judith Collins KC
Minister of Defence

Date: / /

Date: / /

Annex A: Lines of enquiry identified by officials

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



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