What’s Next for AUKUS? A Discussion with Amb. Sinodinos

TRANSCRIPT

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- Ambassador Arthur Sinodinos, Australia’s Ambassador to the United States of America
- John P. Walters, President and CEO, Hudson Institute

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A video of the event is available: https://www.hudson.org/events/2035-virtual-event-what-s-next-for-aukus-a-discussion-with-amb-sinodinos112021

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Hudson seeks to guide public policy makers and global leaders in government and business through a vigorous program of publications, conferences, policy briefings, and recommendations.
Matt Hunter:
Hello and welcome to today's event. I'm Matt Hunter, vice president for strategic partnerships at Hudson Institute. For 60 years Hudson's mission has been to promote American global leadership in conjunction with our allies. This past September the United States entered into a new security agreement with two of our closest and longest-standing allies, Australia and the United Kingdom, to enhance our collective security and better address the challenges that our countries will face in the decades ahead.

We are thrilled to have Australia's top diplomat here in Washington with us today to discuss the AUKUS agreement and what it means in particular for the U.S.-Australia partnership and cooperation to ensure a free and open Indo-Pacific. Ambassador Arthur Sinodinos, welcome. As we were discussing earlier, I last saw you in-person at your offices in the Australian Senate in Canberra almost exactly two years ago. Your nomination had been announced. You were preparing for this role. I don't recall us or, frankly, anybody else at that time talking about masks or lockdowns or quarantines. The fact that we're meeting again in-person is a sign of the progress we've made in both of our countries. I know I speak for many Americans who look forward to the resumption of regular travel down under, especially those of us who are preparing to endure winter here in Washington.

You are and have been a great friend of the United States for a long time. Prior to your arrival in Washington, you served as a senator from the state of New South Wales, during which time you held the post of Minister for Industry, Innovation, and Science. You served as chief of staff to Prime Minister John Howard for nine years, one of the greatest friends the United States has ever had. You've also held important roles in the private sector.

As ambassador, you follow a long line of individuals who have also held key roles in the Australian government, including Kim Beazley, Andrew Peacock, all the way back to Percy Spender, just to name a few. I'm also pleased to introduce Hudson president and CEO John Walters who will moderate the discussion with Ambassador Sinodinos. Gentlemen, I want to thank you. John, I'll hand it off to you.

John Walters:
Thank you, Matt. Welcome to Hudson, ambassador.

Ambassador Arthur Sinodinos:
Thank you. Great to be with you.

John Walters:
It's great to have you.

Ambassador Arthur Sinodinos:
In-person.
John Walters:

It’s great to have you here. I was thinking, I don’t think there’s another country that Americans like as much as Australia. The people there, we feel naturally comfortable with. I don’t think I’ve ever met an American who doesn’t like Australians. If I can imagine such an American, it would be the kind of American that Americans don’t like. Welcome and thank you for a long partnership with the United States.

Ambassador Arthur Sinodinos:

Thank you John. Look, I think Americans and Australians do get on well. We just seem to get each other. We have different perspectives on things, but we work very well together. When I first got here and the bushfires were a big issue in Australia, one thing that struck me is how many Americans were asking me how things were going. They weren’t just asking out of interest, it was concern. We indeed had some firefighters who lost their lives in Australia who had come from the U.S. That was one of my first jobs, to meet the casket of one of them.

I’ve seen the friendliness, the mateship, the team spirit of Americans up close, and it’s fantastic.

John Walters:

It’s also a long history of our two nations having men and women who have shed their blood together for freedom in the world, for decades. I think Americans don’t forget that, and it’s important, of course, to mention them.

Ambassador Arthur Sinodinos:

We don’t forget it either.

John Walters:

Well, let me ask you about more recent events. In September, the United States, Australia, and the United Kingdom announced a new security agreement, referred to now as AUKUS. Can you just tell us top line what capability and what message does this send about Australia’s commitment to a free and open Indo-Pacific?

Ambassador Arthur Sinodinos:

I think the important thing about AUKUS is that it’s a capability pact. It wasn’t a new defense alliance or defense pact. We already have an alliance with the US, ANZUS, 70th anniversary was this year. This was about capability. The Prime Minister’s vision of AUKUS was that it was about how we lift our capacity to do things in the region, not only in terms of what we as a nation can do, but what we can do with other likeminded partners.

The capabilities that we envisage, first off there was the nuclear-powered submarine, but there’s more to it than that. In the prime minister’s mind I think it’s very much about also those other capabilities, whether we’re talking about artificial intelligence, machine learning, cyber, quantum computing,
undersea warfare capabilities, a whole range of capabilities where he feels that there's great synergies in us working with the U.S. and the UK.

The thing that people forget is that not only is the U.S. a great industrial and technological power, but Britain in science and technology consistently punches above its weight. We won't do all things under the trilateral umbrella, but there's lots of these areas where this scientific and technological cooperation will mean we can do more together than we can do by ourselves. I think what's been interesting in recent years, particularly under this administration which has been more, I think, open about it, is that America cannot do it alone.

When it comes to defense and security, we have to act together and work together. AUKUS on the capability side is an expression of that. It complements all the other arrangements that we have, including our arrangements with the Quad, which is, of course, a broad arrangement covering a whole series of quite positive initiatives in the region, and then there's what we do with the Five Eyes, particularly the intelligence cooperation. There's what we do in the region with the Five Power Defense Arrangement, which includes Malaysia, for example.

I think what's important about AUKUS is it was a decision that we needed to upgrade our capabilities. We are now increasing our defense spending, going towards 2.5% of GDP. We're doing that because we want to be more proactive in shaping the environment in our region. Because we've picked up on the fact that our strategic circumstances have changed, and that the challenge for us in the region today is not to sit back and be the passive recipient of whatever may be happening, but seeking to shape events, to deter potential adversarial actions, and respond in a way which is effective, and which is calibrated to complement what we can do with other partners.

I'm quite excited about AUKUS. We're now in the phase of putting together the agreements about how we work together. The most immediate priority is the subs, and we're standing up working groups in the U.S., the UK, and Australia to work on that. The non-sub aspects of AUKUS are also now starting to get more attention as we think about how those capabilities can also fill some of the gaps until such time as the subs are delivered.

We're also extending the life of our existing sub fleet, the Collins-class submarines. This is an interesting time. Australia is really standing up.

John Walters:

Let me ask you a little bit about the submarines, which had been the centerpiece of the discussion of August. Has there been a decision made or how will the decision be made about the type of submarine in the models that the U.S. and the UK represented and will the new submarine be made in Australia? Will it be some other kind of manufacturer?

Ambassador Arthur Sinodinos:

Yeah, I mean, we've got 12 to 18 months and we're hoping to do it as quickly as possible and not have to use the full 18 months to determine what is the best design for Australia and the Prime Minister's been very clear. He was very clear to me when he was here, that we had had to build to an existing design. We didn't want to spend years playing around with the design. And so with our American and English partners, we're going to go through that process of working it out. We're standing up all these various
working groups to do that. There’s a whole series... It’s like a lego putting this together. There’s a whole series of steps. We have to work out the workforce requirements. What are the education and technical requirements that go with that? The Naval and nuclear stewardship requirements, what do we need to stand those up effectively?

We've already had a due diligence process, which was sufficient to satisfy the U.S., that we could be trusted with the nuclear technology we're talking about. But now we're putting together the practical bits and pieces, which actually mean that that stewardship is available and then means we're in a position to start acquiring submarines. Now, in terms of where they’ll be built, the intention is to build them in south Australia. The intention is, as I said before, to build to an existing design that is calibrated for our scale and the levels of complexity that we can handle. These 12 to 18 months, very intensive work. We've got people coming into the embassy, the help with this work here in Washington, the White House, the Pentagon is staffing up as well. The UK is doing the same thing. So watch this space.

John Walters:

Great. Great. I wanted to ask you a little bit about what you're hoping these new submarines to give you in terms of capacity. Obviously, nuclear submarines are known to have more endurance, some more speed. What is it that you hope the new submarines will allow Australia to do?

Ambassador Arthur Sinodinos:

I think first and foremost, we have envisioned this as an increase in the net capacity of allies and partners in the region. This is not about cannibalizing American and British submarine fleets or taking the next one that comes off the assembly line or anything like that. This is about developing a capability, which augments, what is available to allies and partners in the region. We went for this nuclear powered submarine option because we can do it without having a civil nuclear industry, contrary to what some people say, because these reactors are put in and then they stay in for the life of the boat and they can be serviced offshore if necessary.

But the important thing is their lethality, their range, the number of things they can do. And it's part of a defense philosophy that we want to be able to in this deteriorating strategic circumstances, be able to project our power further up rather than taking an approach that all our defense has to be a defense of the mainland. This is about how we project power and therefore are able to shape the security environment in which we operate in the Indo-Pacific.

John Walters:

Yeah. I want to ask you about some other dimensions of that, but maybe first I could ask you, you've held high positions in the Australian government for a number of years now. You were chief of staff to Prime Minister Howard. You have seen the region change is my point. Can you say how you’ve seen that change? Because this projection of force is obviously designed. We do a lot of work here at Hudson and our founder began with this. How do we maintain deterrence? The goal is to maintain deterrence. The situation we're in now is partly a result of a change in the deterrent situation, obviously created by communist China. Can you say how you in your career even have seen the situation that Australia faces change?
Ambassador Arthur Sinodinos:

Well, I think what’s happened is the rise of China as a great power is changing the power equation in the region. There's no doubt about that. I mean, once China was able to start growing as it started to liberalize its markets and whatever under Deng Xiaoping, and then there was the entry to the WTO and all the rest of it, it was going to recover some of the power had in previous centuries. So this is an inevitable development that has to be accommodated. The challenge is we've had a rules based order, which is sort of underwritten the peace and prosperity I think of the region for the last 70 years.

So the question has always been as new powers rise up, how do we make sure that are all part of a global rules based order? And so the challenge for like-minded countries like us, which have you mentioned before, Australia and America fought in all the wars since World War I. Well, we fought for certain values and those values also are reflected in the rules based order.

So this is really about saying that as circumstances change in the region, we will do everything we can to uphold those values in a peaceful way. And if deterrence helps that cause, so be it. So this is not about saying that there's going to be an imminent attack or anything like that. This is about saying that we recognize circumstances have changed, but we believe acting together, we can change the calculus for countries in the region that may think that simply becoming a great power, you can throw your weight around, you don't have to follow any rules. We all need to follow a set of rules. It’s one of the paradoxes of history that from Australia's perspective, we've had first Britain and then the U.S. as a hegemony, if you like, but which has been underpinned by a strong set of values, which have essentially meant that they're open society and those open societies, we apply the rule of law, democracy, and so on and so forth, free press. You go through the list.

That's been a great guarantor I think of peace and prosperity through the world. Now we are not saying to countries in our own region, you all to be carbon copies of Western countries. But what we're saying is that mindset of applying the rules, observing the rules should apply to all countries great and small. We should preserve, protect, and respect the sovereignty of states. And I think that's something countries in the region respond to. And so what we are doing is it's a continuation of what we've done for the last hundred years in conjunction with the U.S., the UK, and the other partners, including in Europe. And that is to uphold that rules based order.

John Walters:

Yeah, I think that's a great way to put it, partly the antagonism toward those values is a problem when you see the attacks on democracy and other places, other features of democracy and freedom, and the danger that poses to non-democratic political structures. I want to also take you back, though, to the other components of August that you mentioned, the cooperation in cyber domain cooperation with artificial intelligence, as it applies to security matters and quantum computing, some of the other things. We've done some work at Hudson, some of our colleagues, on this whole revolution in technology and how it's changing defense strategy. We have a center on this. We've worked with some of our colleagues in Australia on some of these matters.

I know that Australia has been one of the partners in developing some of these technologies that really do complicate the aggressive interests of some and allow better maintenance of deterrents. Can you say
anything more about the expectations that Australia has in both giving in and cooperating with United States and the UK in these other technologies? How do you see that?

Ambassador Arthur Sinodinos:

Well, I think part of the next 12 to 18 months is to work out in some of those other areas of technology, what are the priorities? Because what I’ve mentioned are generic areas. But take cyber, for example. Well, under cyber, what are the exact priorities? And these have to be priorities where working tri-laterally makes sense. You don't just work tri-laterally because you've got an agreement.

You work tri-laterally because there are strengths each brings to the table. Now, in Australia's case, we've got a lot of smaller, medium-sized companies in the cyber sector now, some of whom are coming up with quite interesting innovations, for one of a better description, in the cyber space. I suppose what we're looking to do is to bring those to the table and say, well, how do they add to the sum knowledge of what's possible?

And how does that compliment what the Brits are doing? How does it compliment what the U.S. is doing? And also when it comes to cyber and information warfare and the rest, how do we create greater interchange, greater interoperability, so we can work more seamlessly together? And when we are working in a domain together, making sure we can communicate properly, we're all on the same page. So this is very much a process of discovery to come.

But I'm quite excited about it because if I look at what's available in Australia, not just in cyber; quantum computing, for example, there are some big investments that have been made in Australia in this both in terms of personnel and also potential capabilities, some of them leading edge. How do we bring them to the table? Is AUKUS a mechanism to bring them into greater prominence? Quantum senses is an area that our defense science and technology organization, DSTG, are very good at and are seeking to promote.

So there's all these areas where I think it's a process of discovery for the three countries about what complements what we can do together. So we're not going to make AUKUS the umbrella for everything, but it's going to have an important role, I think, in making us think about how we work closely with these partners.

John Walters:

And the Five Eyes structure is an enormously good platform to start from.

Ambassador Arthur Sinodinos:

And none of this, John, has adverse implications for how the Five Eyes operate. The Five Eyes. Intelligence cooperation is working very well. In some ways, people are seeking to push the Five Eyes concept into other areas. There's discussions around Home Affairs or Homeland Security, and they're quite fruitful. They're quite good. There are Five Eyes discussions in the trade space, in the economic space.

It's proven to be a very flexible, I think, and viable concept for cooperation because we share a lot of values and we share a common understanding of the law, which has been particularly important when
you’re talking about intelligence cooperation and the like. So the Five Eyes, I think, is as strong as it’s ever been.

John Walters:

I want to ask you a little bit about the economic domain. Australia has been a target of Chinese communist economic hostility, partly going back to the questions that Australia raised about the origins of COVID. And some of that has been extremely, in my view, high-handed, and Australia stood up. I think they didn’t expect quite the resistance and the resilience that you’ve shown. Can you say a little bit about that and what Australia may have learned for from that, that others could face in terms of Chinese behavior?

Ambassador Arthur Sinodinos:

It’s interesting, because no one rang us up and said you've got to say this or that about China. But what's happened over time is there’s been an accumulation of decisions, which I think have impacted adversely, in the eyes of the Chinese, on them. For example, when we announced what we were going to do about protecting our 5G telecommunications sector, now that was done in country agnostic terms.

When we announced legislation to stop foreign interference in our politics or in our universities, and we set up task forces to work out how do this, that’s all country agnostic. We did it according to a set of principles, which reflect our values and our protection of our national sovereignty. Now, if other countries seek to react adversely to that, that we are seeking to stand up and protect what we regard as our sovereignty, well, we've got no choice.

We've just got to stand up. And if it means we've got to cop it, we've got to cop it. And over time there have been a series of economic actions that have been taken that you alluded to. But our reaction to that has been, well, okay, if that's the price we have to pay, but we can't sort of take a step backwards and we can't do things which are inconsistent with our values.

For example, we can't muzzle our press from criticizing foreign government simply because the foreign government is unhappy about out that. There are a lot of politicians in my country who wish years ago, probably, that they could muzzle the press, but that's not how it operates. So we've had to stand up and we've had to keep our nerve. It's been interesting.

Ambassador Arthur Sinodinos:

A lot of those industries affected have sought to diversify and on the whole of diversified not too badly. But look, when it comes to China, we don't want to be just frozen in the current situation. We want to move on. We're happy to have a dialogue, a dialogue without preconditions. And we want to just normalize relations again. This is not about us seeking to regime change or anything like that.

We're not a peer of China's. But we want to have a normal relationship with them and we just want that respect for our sovereignty. And on issues like COVID, we needed to find out how things had begun because we need to work out what we’re going to do in the future. Because we've been told by scientists and others there'll be future pandemics. Well, let's try and understand where they're coming from and work that out. Now, if that's asking too much, what's the world come to?
John Walters:

Yeah. What else can you do? You're right. It's the same fallback. Do you think there's more the international community should do to buffer these kinds of economic pressuring? I mean, is there another dimension of security that should look at the economic realm when it starts to be, maybe this is too strong a word, but weaponized as a way of...

Ambassador Arthur Sinodinos:

Look, the reality is that there's often been a continuum of actions that governments have taken against other governments and our attitude has always been, we have the World Trade Organization, we should try and use that to discipline these activities. So first and foremost, from Australia as a sort of middle power, we want the WTO to be as strong as possible, so it can enforce rules that everybody can respect, large or small. I think that's important. I know there are often discussions between countries, well, for example, the EU and the U.S. And Japan, for example, at one stage we're discussing what do they do about distorting market practices? And that was aimed to some extent towards China, SOEs, intellectual property, industrial subsidies.

And so you do get groups that are talking about how do we push back on some of these issues? But ad hoc solutions versus systemic solutions, our view is you should go for a systemic solution if you can and any ad hoc solutions, to the extent you can come up with them, have got to be consistent with trade rules and everything else. This is where I think Hudson is quite interesting given the focus you put on markets and the role of market forces. At the end of the day, we want these things resolved in a market way, rather than through state fiat of one description or another.

John Walters:

Yeah, there's been a lot of pressure on people's confidence in the market structure, free market structure. We've had a debate here, but in some cases, our own response to COVID and using the private sector and trying to expand the use of that kind of flexibility, innovation has been important, but as you point out, this is under some pressure at various times, both from political forces and sometimes from domestic forces.

Ambassador Arthur Sinodinos:

But I've got to tell you, the economic dynamism of the U.S. is not to be underestimated. I know there's been all the political argy-bargy and last year was an election year, but the economy and the economic dynamism of this place, I think is still second to none. And I think that gives me great course for optimism for the future and the role that American can play. I don't buy into this narrative of American decline or Western decline. I think we have strong values and those values are linked with our economic dynamism as well and I think it's important for us to continue to do what we can to uphold those values in the rule based order.

John Walters:

I agree with you. I think that's a very under estimated point in a lot of the discussion today of the combined economic dynamism and power of not only the United States, but the Western powers who
have created this free market global system. And when you add up those economies, Australia, other Indo-Pacific economies, Europe, United States, they're much bigger and much more on a trajectory to be the sources of greater prosperity for the world than people sometimes think. Before we conclude, I wanted to ask you a little bit about when some of the friends of Australia here can come back and visit and when travel back and forth-

**Ambassador Arthur Sinodinos:**

Comrade, I'm working on it as we speak. Australians and permanent residents, as of the 1st of November, can leave and come back without having to quarantine if they're vaccinated. We're looking at what we do about skilled workers, international students, and then a little down the track, tourists, but we're very keen to open up sooner rather than later. We're very keen to address worker shortages in the economy. International student, third largest export, it's important for us to get that going again, even though I think the universities have used COVID to rethink their business models a bit and their reliance on national students. And I think people are thinking more about it, not as a commodity trade, it became a trade about numbers, more as how do we create a real experience for national students in Australia? And goes a bit to your point about values and everything else as well.

And obviously, we're keen to get tourists back as soon as we can. So we're very keen to get you guys down under, I think that's going to be good fun, and talk further with people there. I think while we've been able to do a lot with Zoom and you can reach a lot of people, but I think the personal interaction, being able to sit down with people, I found even in the office when we're back, the incidental conversations you have, they often resolve a lot of things and you don't have to write an email or make a phone call. You just walk around to someone's office, you have a talk, you get it done.

**John Walters:**

Yeah. I think you have to kind of trust, especially when you're dealing with representatives of other governments, but also just on the personal relationship, you could do some of it virtually, but there's no substitute for actually.

**Ambassador Arthur Sinodinos:**

Yeah.

**John Walters:**

Our colleague, who you may know, John Lee, is going to be able to come back and-

**Ambassador Arthur Sinodinos:**

Yes. Yeah, he wants to drop in and see me. He's up to trouble.

**John Walters:**

Yeah. He's amazing.
Ambassador Arthur Sinodinos:
No, he's great.

John Walters:
An analyst and a great credit and a great friend of both of our countries. So I want to thank you for spending time with us and allowing us to learn more about this new agreement and to say thank you for the long lines at your country's head with ours and may it continue long into the future, so thank you.

Ambassador Arthur Sinodinos:
Absolutely. No, it's a great privilege to see you, to see Matt and catch up with everybody.

John Walters:
Yeah. Thank you, Mr. Ambassador.

Ambassador Arthur Sinodinos:
Thanks.

John Walters:
Thank you.