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# From AUKUS to CAUKUS: The Case for Canadian Integration

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Alexander Gray and Professor Doug Stokes  
Foreword by Hon. Tony Abbott AC



# About the Authors

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## **Alexander Gray**

Alexander Gray is a Senior Researcher at the Legatum Institute in the Sovereignty Unit. He previously worked in Parliament, predominantly on issues related to China and national security, and spent four years at the think tank Policy Exchange working on security and extremism, foreign policy, defence, and the History Matters project.

Alexander is also an editor of *History Reclaimed* alongside Professor Lawrence Goldman, Professor Robert Tombs, Professor David Abulafia and Zewditu Gebreyohanes. He is the author of the major *History Reclaimed* report *Can we trust the BBC with our history?* which assesses the accuracy and balance of the treatment of controversial and complex subjects in a series of flagship BBC programmes. The report received widespread coverage in the British and international press, including on the front page of *The Telegraph*.

He is an Army reservist in the Honourable Artillery Company, speaks native French and holds a degree in politics from King's College London.

## **Professor Doug Stokes**

Doug Stokes is a Senior Advisor at the Legatum Institute and a Professor of International Security and Strategy at the University of Exeter. His academic work has been published in journals including *International Affairs*, *Journal of Strategic Studies*, *Review of International Political Economy*, *RUSI Journal*, and the *Review of International Studies*. His books include *Global Energy Security and American Hegemony* (Johns Hopkins University Press), *US Foreign Policy* (Oxford: Oxford University Press) and most recently *Against Decolonisation: The Campus Culture Wars and the Decline of the West* (2023), which was nominated for *The Times* Literary Supplement book of the year 2023.

Professor Stokes has acted as Director of Exeter University's Strategy and Security Institute, was a Senior Research Fellow at the Royal United Services Institute (RUSI) for over a decade and is also the Thomas Telford Fellow at the Council on Geostrategy. He sits on the editorial committee of *History Reclaimed* and on the advisory board of the UK's Free Speech Union and. He was part of a small team of academics which helped to deliver the Higher Education (Freedom of Speech) Act 2023, safeguarding free speech on British campuses.

# Acknowledgements

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# Foreword

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The pre-pandemic world was more free, fair, safe and rich than ever before in history. But that very success has bred a complacency that dictatorships of one stripe or another are now striving to exploit. The ongoing Russian onslaught against Ukraine, the potential for escalation including by Iran as Israel seeks to destroy Hamas, and Beijing's determination to seize Taiwan, make it more crucial than ever that the leading democracies work together in defence of freedom. As usual, it is likely to fall to the Anglosphere nations, under American leadership, to step up first, if the liberal world order responsible for so much well-being is to flourish in the near future as it has in the recent past.

The agreement between the United States, the United Kingdom and Australia to join forces to produce a nuclear-powered submarine for Australia, and to end "foreign country" distinctions between them for defence procurement, is a welcome sign that there can be no more "end of history" business as usual. But this should be just the beginning, not the end, of the stronger security partnerships that will be needed to deter emboldened tyrannies. Regrettably, US domestic politics is jeopardising continued support for Ukraine, Britain is continuing to down-size its military, Australia is skimping on current defence acquisitions, and India is wrestling between its democratic instincts and historical relationships with Russia. The urgency of our leaders' rhetoric belies what is an often dilatory and modest military build-up. This needs to change, and fast. Our strategic competitors need to understand that a war simply can't be won. And the best way to preserve a world order that's been so good to everyone is to enlist more countries in its defence.

Canada is the most obvious candidate should the AUKUS partnership be expanded. In two world wars, Canada magnificently answered freedom's call. It already has an intimate security alliance with the AUKUS partners through the Five Eyes intelligence arrangements, and it made a substantial contribution to the NATO-led campaign in Afghanistan. Canada is also a member of the G7 group of major economies, with ample capacity to boost its own military strength and to contribute to that of others through its manufacturing and technological strengths and endowment with strategic minerals.

Although it has no current plans to acquire nuclear submarines of its own, Canada's participation could strengthen the further AUKUS partnership on defence technology, such as hypersonic and counter-hypersonic missiles, underwater drones and artificial intelligence. Especially with Canada's added involvement, this second AUKUS pillar could deliver results sooner than the headline nuclear submarine project and thus help to maintain momentum and sustain public support in the meantime.

As an existing Five Eyes partner, there is no sense in which including Canada in AUKUS might diminish mutual trust. Canada has no strategic interests at odds with those of the other AUKUS partners. Generally, it has a community of interests and values with them, plus a long historical and cultural affinity. Canada has substantial reserves of critical minerals and an advanced technological sector, so its inclusion would strengthen the resilience of our supply chains, limit dependence on antagonistic sources and also strengthen Canada's position as a global power.

So much is needful right now, with global circumstance more perilous than in decades; and with so many of our people still convinced that peace is inevitable and that conflict only affects others. Collectively, we are still sleep-walking through lotus land. The democracies' supply chain exposure to China and resource vulnerability to Russia needs to end. The democracies' military industrial capacity must rapidly be rebuilt. Our armed forces' personnel shortfalls need to be addressed, perhaps through some form of mass national service. The "Quad" partnership linking the US and Australia with Japan and India is still seriously underdone. Ukraine must be re-supplied, apocalyptic Islamists can't be allowed to jeopardise sea lanes, more allied ships and planes need to be deployed into East Asia, and – above all – the great democracies need to remember their cultural and spiritual strengths which even now make them beacons of hope and inspiration to the wider world.

Meanwhile, along the way, including Canada in AUKUS would be a significant step in the right direction; which is why this report, with its readily achievable ideas for AUKUS' further development, deserves a wide readership.

**Hon. Tony Abbott AC**  
28TH PRIME MINISTER OF AUSTRALIA

A handwritten signature in black ink, appearing to read "Tony Abbott", with a long horizontal line extending to the left of the name.

# Executive Summary

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In September 2021 the United Kingdom, Australia and the United States announced a new security partnership: AUKUS. It provides for the U.K. and the U.S. to help Australia acquire and operate nuclear-powered submarines.

While this aspect received most public attention, it is only the first of the agreement's two pillars. Pillar II includes cooperation on advanced cyber capabilities, artificial intelligence, quantum technologies, undersea capabilities, hypersonic missiles and counter-hypersonic missile technology, electronic warfare, and wider innovation and information sharing.

While some aspects of Pillar II are still unclear, it is likely to become a major driving force behind innovation in this field and Canada would greatly benefit from joining what would be the world's most advanced partnership on defence technology and would thus guarantee its position as a key player in Western defence. But AUKUS too would be strengthened by Canada's membership. Canada's geography, advanced technological sectors, particularly AI and quantum computing, and its integration with the U.S. significantly complement AUKUS objectives. This report therefore recommends enlarging Pillar II to include Canada.

Canada's own ambition to further develop critical mineral mining and processing infrastructure is an additional factor. It is in the enviable position of having large reserves of the most critical minerals and the industry to extract, process, manufacture and recycle them. Enhancing collaboration on critical minerals would ensure greater resilience of AUKUS supply chains and reduce dependence on non-allied sources, notably China. Securing critical minerals supply chains should be a priority for AUKUS members. This report therefore recommends introducing tariff and quota free trade in critical minerals among all members of the agreement.

Despite these positive prospects, there are challenges to the successful development of Pillar II, notably ITAR (International Traffic in Arms Regulations), the U.S. regulatory regime which restricts the transfer of controlled defence articles and services. AUKUS, in contrast to ITAR, hinges on the assumption that a select group of allies should be trusted and therefore not subject to the same regulations as all other countries. The report therefore recommends legislating to allow the free flow of defence articles between all AUKUS members.

## Summary of recommendations:

1. Expand AUKUS Pillar II to include Canada.
2. Ensure the security of supply of critical minerals and commit to tariff and quota-free trade in critical minerals among AUKUS members.
3. Revise ITAR to allow the free flow of defence articles among all AUKUS members.
4. Encourage legislators in AUKUS member states to maintain pressure on their respective governments to keep up momentum on the issue.

# Overview

The trilateral AUKUS agreement aims to strengthen military capabilities and inter-operability among Australia, the United Kingdom and the United States, notably in the Indo-Pacific.<sup>1</sup> It is widely seen as a strategic initiative to counter China's influence and military presence in the region. It represents a shift from traditional alliances in the post-World War II system. It builds on the existing deep ties and the trust between Australia, the U.K. and the U.S. and has been described as "perhaps the most significant capability collaboration anywhere in the world in the past six decades".<sup>2</sup>

Pillar I of the agreement has received the most attention. It allows for the delivery of nuclear-powered submarines to the Royal Australian Navy to enhance Australia's naval capabilities, thus increasing security and stability in the Indo-Pacific. A key point is the sharing of nuclear propulsion technology, a first for Australia, reflecting the profound level of trust and cooperation among the AUKUS nations.<sup>3</sup>

Pillar II focuses on industrial and technological cooperation, including on artificial intelligence, cyber, quantum technologies, and undersea capabilities.<sup>4</sup> It aims to "*foster deeper integration of security and defence-related science, technology, industrial bases, and supply chains*".<sup>5</sup> In contrast to Pillar I, which may deliver results over time, perhaps decades, Pillar II is likely to produce more immediate improvements in capability.<sup>6</sup> It comprises eight workstreams:<sup>7</sup>

1. **Undersea capabilities:** collaboration on autonomous underwater vehicles;
2. **Quantum technologies:** for positioning, navigation, and timing;<sup>8</sup>
3. **Artificial intelligence and autonomy:** improving the speed and precision of decision-making;
4. **Advanced cyber:** strengthening capabilities, including protecting critical communications and operations systems;

1 AUKUS pillar 2: Advanced capabilities, House of Commons Library, 9<sup>th</sup> November 2023, <https://commonslibrary.parliament.uk/research-briefings/cbp-9842/>

2 Sir Stephen Lovegrove speech at the Council on Geostrategy, 16<sup>th</sup> September 2021, gov.uk, <https://www.gov.uk/government/speeches/sir-stephen-lovegrove-speech-at-the-council-on-geostrategy>

3 AUKUS Explained: How Will the Trilateral Pact Shape Indo-Pacific Security?, Council on Foreign Relations, 12<sup>th</sup> June 2023, <https://www.cfr.org/in-brief/aukus-explained-how-will-trilateral-pact-shape-indo-pacific-security>

4 AUKUS: three partners, two pillars, one problem, ASPI Strategist, 6<sup>th</sup> June 2023, <https://www.aspistrategist.org.au/aukus-three-partners-two-pillars-one-problem/>

5 Prime Minister's Office (PMO), UK, US and Australia launch new security partnership, 15 September 2021, <https://www.gov.uk/government/news/uk-us-and-australia-launch-new-security-partnership>

6 See, for instance, remarks by former Deputy Under Secretary of Defense for Industrial Policy William Greenwalt in Joe Gould and Bryant Harris, "Big AUKUS news coming, but Hill and allies see tech sharing snags," Defense News, March 7, 2023, <https://www.defensenews.com/pentagon/2023/03/07/big-aukus-news-coming-but-hill-and-allies-seetech-sharing-snags/>.

7 Prime Minister's Office (PMO), Joint leaders statement on AUKUS, 21 September 2021, <https://www.gov.uk/government/news/uk-us-and-australia-launch-new-security-partnership> ; Fact sheet: implementation of the Australia-UK-US partnership (AUKUS), 5 April 2022, <https://www.gov.uk/government/publications/implementation-of-the-australia-united-kingdom-united-states-partnership-aukus-fact-sheet/fact-sheet-implementation-of-the-australia-united-kingdom-united-states-partnership-aukus>

8 For more information see Parliamentary Office of Science and Technology, Quantum Technologies Research Briefing, April 2017, <https://post.parliament.uk/research-briefings/post-pn-0552/>



5. **Hypersonic and counter-hypersonic capabilities;**<sup>9</sup>
6. **Electronic warfare:** sharing tools, techniques, and technology;
7. **Innovation:** integrating commercial technologies to solve warfighting needs more rapidly;
8. **Information sharing:** expanding and accelerating the sharing of sensitive information.

Pillar II could go a long way to improve cooperation more widely. Mutual acceptance of standards, coupled with interoperability, could lead to an environment where cross-border partnerships, joint ventures and intertwined industrial and strategic goals become more widespread, and to a more unified front among AUKUS nations.<sup>10</sup>

9 For more information see: Parliamentary Office of Science and Technology, Hypersonic Missiles Research Briefing, June 2023, <https://researchbriefings.files.parliament.uk/documents/POST-PN-0696/POST-PN-0696.pdf>

10 Some have suggested creating a specialised three-way AUKUS visa to ensure free movement between member states of professionals working on Pillar II-linked technology. This would greatly contribute to the effectiveness of Pillar II and is fully endorsed by the authors of this report. See: Maximising Australia's AUKUS Opportunity, PwC Australia, November 2022, <https://www.pwc.com.au/defence/pwc-amcham-abcc-maximising-australias-aukus-opportunity.pdf> ; Laying the foundations for AUKUS: Strengthening Australia's high-tech ecosystem in support of advanced capabilities, USSC, 7<sup>th</sup> July 2022, <https://www.uscc.edu.au/strengthening-australias-high-tech-ecosystem-in-support-of-advanced-capabilities>

## Pillar II expansion

There has been some suggestion that Pillar II could be opened to other states. In July 2023, the United Kingdom's then-Foreign Secretary, James Cleverly, in a letter to the Foreign Affairs Committee (FAC) of the House of Commons, said that "*as our work progresses on AUKUS Pillar Two and other critical defence capabilities, we will seek opportunities to engage allies and partners*".<sup>11</sup> The committee recommended the expansion of Pillar II to Japan, South Korea and India.<sup>12</sup>

Japan's inclusion would reflect its existing close security ties to the Anglosphere, its technological and industrial capabilities, and its geopolitical interests.<sup>13</sup> The FAC recommended that South Korea should be invited to join Strand B activities only.<sup>14</sup> There has also been interest in South Korea itself.<sup>15</sup> Tobias Ellwood MP, the Chair of the Commons Defence Select Committee at the time, made a similar suggestion regarding Japan and India, as have several academic and media commentators.<sup>16</sup> For example, Alessio Patalano, Professor of War and Strategy in East Asia at King's College London, describes AUKUS as "*not an exclusive club, but one with a membership defined by high standards of innovation and information security*".<sup>17</sup> Though some have argued that such an expansion, notably to Canada and New Zealand, would further antagonise China, it is unlikely that this would have much effect or change the Chinese perception that both countries are already firmly in the Western sphere of influence.<sup>18</sup>

But not all comment is equally enthusiastic. The former Australian Prime Minister, Scott Morrison, said in February 2023 that it would be "premature" to include Japan. The October

11 Correspondence from the Foreign Secretary following up on the FAC oral evidence session on 12 June - Indo-Pacific Tilt, dated 13/07/2023 <https://committees.parliament.uk/publications/41000/documents/199653/default/>

12 Tilting horizons: the Integrated Review and the Indo-Pacific, Eighth Report of Session 2022–23, House of Commons Foreign Affairs Committee, 30<sup>th</sup> August 2023, <https://publications.parliament.uk/pa/cm5803/cmselect/cmfa/172/report.html>

13 Michael Auslin, "Why Japan Belongs in AUKUS," Foreign Affairs, October 28, 2022, at <https://www.foreignaffairs.com/japan/why-japan-belongs-aucus>

14 Tilting horizons: the Integrated Review and the Indo-Pacific, House of Commons Foreign Affairs Committee, Eighth Report of Session 2022–23, 18<sup>th</sup> July 2023, <https://committees.parliament.uk/publications/41144/documents/204045/default/>; AUKUS Strand B: opportunity for South Korea and Japan?, Lim Eunjung, APLN, 20<sup>th</sup> September 2023, <https://www.apln.network/analysis/commentaries/aucus-strand-b-opportunity-for-south-korea-and-japan>

15 How AUKUS Plus could add to Indo-Pacific coalition building, East Asia Forum 1<sup>st</sup> November 2023, <https://www.eastasiaforum.org/2023/11/01/how-aucus-plus-could-add-to-indo-pacific-coalition-building/>; AUKUS two years on: South Korea's view, Perth USAsia Centre, September 2023, [https://perthusasia.edu.au/PerthUSAsia/media/Perth\\_USAsia/Publications/AUKUS-two-years-on-South-Korea-s-view.pdf](https://perthusasia.edu.au/PerthUSAsia/media/Perth_USAsia/Publications/AUKUS-two-years-on-South-Korea-s-view.pdf)

16 Britain calls for AUKUS expansion, Sky News, 28<sup>th</sup> January 2023, <https://www.skynews.com.au/world-news/united-kingdom/britain-calls-for-aucus-expansion/video/2e467bc9a85dadc0b865c437d6c4cc6b>; Tilting horizons: the Integrated Review and the Indo-Pacific, Eighth Report of Session 2022–23, House of Commons Foreign Affairs Committee, 30<sup>th</sup> August 2023, <https://committees.parliament.uk/publications/41144/documents/204045/default/>; Why Japan Should Join AUKUS, Foreign Policy, 15<sup>th</sup> November 2022, <https://foreignpolicy.com/2022/11/15/japan-aucus-jaukus-security-defense-pact-alliance-china-containment-geopolitics-strategy-indo-pacific/>; Why Japan Belongs in AUKUS, Foreign Affairs, 28<sup>th</sup> October 2022, <https://www.foreignaffairs.com/japan/why-japan-belongs-aucus>; Australia Should Support Japan and South Korea's Accession Into AUKUS, The Diplomat, 19<sup>th</sup> October 2023, <https://thediplomat.com/2023/10/australia-should-support-japan-and-south-koreas-accession-into-aucus/>

17 Why does AUKUS matter? An assessment one year on, King's College London, 3<sup>rd</sup> October 2022, <https://www.kcl.ac.uk/why-does-aucus-matter-an-assessment-one-year-on>

18 Canada and New Zealand Need to Consider Joining Pillar II of AUKUS, The Diplomat, 21<sup>st</sup> September 2023, <https://thediplomat.com/2023/09/canada-and-new-zealand-need-to-consider-joining-pillar-2-of-aucus/>

2023 House of Commons Defence Committee report on U.K. Defence in the Indo-Pacific was less positive than the FAC quoted above and advised caution on security grounds.<sup>19</sup> Japan, though a firm ally, has in the past faced concerns from Five Eyes countries about its ability to guarantee the secrecy of sensitive information.<sup>20</sup> India's reliability has been compromised from time to time, e.g. by its continuing to buy Russian oil following the invasion of Ukraine, despite pleas from Western governments.<sup>21</sup> While closer relations with India make sense, it is not suitable for AUKUS membership.

19 UK Defence and the Indo-Pacific, Eleventh Report of Session 2022–23, House of Commons Defence Committee, 24<sup>th</sup> October 2023, <https://committees.parliament.uk/publications/41808/documents/207298/default/>

20 Japanese spies, once renowned, have fallen on hard times, The Economist, 12<sup>th</sup> September 2019, <https://www.economist.com/asia/2019/09/12/japanese-spies-once-renowned-have-fallen-on-hard-times> ; Pentagon confident on sharing intelligence with Japan despite China hacking report, Reuters, 8<sup>th</sup> August 2023, <https://www.reuters.com/technology/japan-says-cannot-confirm-leakage-after-report-says-china-hacked-defence-2023-08-08/>

21 India is acting as a hub for Russian oil, Le Monde, 6<sup>th</sup> May 2023, [https://www.lemonde.fr/en/international/article/2023/05/06/india-is-acting-as-a-hub-for-russian-oil\\_6025598\\_4.html](https://www.lemonde.fr/en/international/article/2023/05/06/india-is-acting-as-a-hub-for-russian-oil_6025598_4.html)

# New Zealand

The view of AUKUS in New Zealand has become more favourable over the past few years. The agreement initially attracted some criticism, including from three former Prime Ministers, that it would contribute to nuclear proliferation. Former Prime Minister Jim Bolger said it was *"beyond comprehension"*; Helen Clark, said that *"New Zealand interests do not lie in being associated with AUKUS"* and that *"association would be damaging to independent foreign policy"*.<sup>22</sup> Jacinda Ardern stressed the importance of New Zealand's ban on nuclear-powered boats.<sup>23</sup>

But others were dismayed that New Zealand had been left out of AUKUS, especially following reports of a split between New Zealand and Five Eyes. The National Party particularly, in opposition at the time, was critical: *"Does this new partnership affect our Five Eyes relationship? What about our relationship with Australia, the country with which we have the closest defence and economic partnership? And will this impact our standing as a responsible international citizen?" [...] The government needs to explain why it looks as though New Zealand has been left out of the loop," [...] "Were we consulted or at the table to discuss with a group of countries that we've considered likeminded for quite some time?"* defence spokesman Gerry Brownlee asked.<sup>24</sup>

The then-Leader of the Opposition, Judith Collins, said that *"New Zealand is not interested in the nuclear side of the new partnership, but the deeper integration of technology, artificial intelligence and information sharing as well as security and defence-related science, industrial bases and supply chains are areas we would traditionally be involved in. [...] New Zealand's strong nuclear-free stance shouldn't have prevented us from joining such a partnership. We could have been carved out of the nuclear aspect of the partnership"*<sup>25</sup>

The sceptics' initial concerns have waned somewhat, and interest in Pillar II has grown in proportion. In March 2023, the then-Minister of Defence, Andrew Little, said New Zealand was exploring an invitation from the U.S. to join Pillar II.<sup>26</sup> In late July, the U.S. Secretary of State, Antony Blinken, reaffirmed that the "door is open" for New Zealand: *"On AUKUS as we continue to develop it ... the door is very much open for New Zealand and other partners to engage as they see appropriate going forward," [...] "We've long worked together on the most important national security issues, and so as we further develop AUKUS, as I said, the door is open to engagement."*<sup>27</sup>

22 Former Prime Minister Jim Bolger denounces AUKUS nuclear submarines for Australia, New Zealand Herald, 23 March 2023, <https://www.nzherald.co.nz/nz/politics/former-prime-minister-jim-bolger-denounces-aukus-nuclear-submarines-for-australia/Q3V4XHOADRFBNHKFKH2LLQBOHGM/> ; Helen Clark, X, 21 March 2023, <https://x.com/HelenClarkNZ/status/1638120949877977088?s=20>

23 Jacinda Ardern says New Zealand's no-nuclear line on AUKUS subs met with 'understanding and appreciation' in Australia, ABC News, 7<sup>th</sup> July 2022, <https://www.abc.net.au/news/2022-07-07/jacinda-ardern-new-zealand-nuclear-policy-met-with-understanding/101216094>

24 Concerning NZ left out of AUKUS discussions, 16 SEP 2021, <https://www.national.org.nz/concerning-nz-left-out-of-aukus-discussions>

25 Ibid.

26 New Zealand may join AUKUS pact's non-nuclear component, The Guardian, 28<sup>th</sup> March 2023, <https://www.theguardian.com/world/2023/mar/28/new-zealand-may-join-aukus-pacts-non-nuclear-component>

27 'Door is open' for New Zealand to join AUKUS, Blinken says, POLITICO, 27<sup>th</sup> July 2023, <https://www.politico.com/news/2023/07/27/blinken-new-zealand-aukus-00108455> ; Blinken says door open for New Zealand to engage on

These comments were echoed by Kurt Campbell, President Biden's National Security Council Coordinator for the Indo-Pacific, and by several other analysts.<sup>28</sup> Most pointed out that not joining would reduce New Zealand's access to technology.<sup>29</sup> In December 2023, New Zealand's new Prime Minister, Christopher Luxon, expressed interest in Pillar II.<sup>30</sup>

New Zealand has some high-quality technology companies such as Starboard, X-Craft and Rocket Labs (which already works with the U.S. Space Force).<sup>31</sup> It would also bring the wider, though less tangible, advantage of widening and deepening the coalition in the face of Chinese expansionism. New Zealand's inclusion should be welcomed and considered in the medium to long term, but with significant domestic opposition to the pact in New Zealand until recently, this is one to watch.

AUKUS, Reuters, 27<sup>th</sup> July 2023, <https://www.reuters.com/world/asia-pacific/blincken-says-door-open-new-zealand-engage-aukus-2023-07-27/>

28 White House official says door is open for further talks with New Zealand, RNZ, 20<sup>th</sup> March 2023, <https://www.rnz.co.nz/news/national/486307/white-house-official-says-door-is-open-for-further-talks-with-new-zealand> ; New Zealand in AUKUS? The political Kiwi conundrum over Pillar II membership, Breaking Defense, 2<sup>nd</sup> June 2023, <https://breakingdefense.com/2023/06/new-zealand-in-aukus-the-political-kiwi-conundrum-over-pillar-2-membership/>

29 The Strategic Case for New Zealand to Join AUKUS, The Diplomat, 4<sup>th</sup> April 2023, <https://thediplomat.com/2023/04/the-strategic-case-for-new-zealand-to-join-aukus/>

30 New Zealand to explore AUKUS benefits, boost security ties with Australia, Reuters, 20<sup>th</sup> December 2023, <https://www.reuters.com/world/asia-pacific/new-zealands-luxon-talk-defence-economy-australia-2023-12-19/>

31 AUKUS + NZ = win-win, The Interpreter – Lowy Institute, 1<sup>st</sup> May 2023, <https://www.lowyinstitute.org/the-interpreter/aukus-nz-win-win>



# Canada

Though there have been isolated calls for Canada to join AUKUS as a whole, there has been more focus on Pillar II.<sup>32</sup> In May 2023, the then-Defence Minister, Anita Anand, said that Canada was “*highly interested in furthering cooperation on AI, quantum computing and other advanced technologies with a defence nexus with our closest allies*”.<sup>33</sup> The press reported that the Government hoped to avoid exclusion from valuable AUKUS intelligence and technology sharing.<sup>34</sup> This is reflected in the April 2022 AUKUS Leaders' Statement, in which the three governments commit to “*seek opportunities to engage allies and close partners*.”<sup>35</sup> Canadian accession could also reassure NATO and the United States that Ottawa is investing enough in defence.<sup>36</sup> Indeed, Michael Chong, the Canadian Shadow Minister for Foreign Affairs, identified low defence spending as the reason why Canada was not invited to join AUKUS in the first place.<sup>37</sup>

Assuming that a future Conservative government in Canada, the current opposition, would return defence spending to reasonable levels, why should any Pillar II expansion prioritise Canada?<sup>38</sup> Canada's deep economic ties with the U.S. and the history of defence cooperation among the AUKUS nations should enable it to implement mutual recognition of standards quickly, and enhance the collective security posture even more substantially than might New Zealand's early inclusion.<sup>39</sup>

Canada would have much to offer on Critical Minerals, AI, cybersecurity, and Arctic capabilities.<sup>40</sup> Its main contributions would be:

- **Existing integration with the U.S.:** Exempt from ITAR under specific conditions (see below) and closely aligned with the U.S. through the United States-Mexico-Canada Agreement (USMCA), Canada is well positioned for military procurement cooperation;<sup>41</sup>

32 Canadian Membership in AUKUS: A Time for Action, McGill, 10<sup>th</sup> May 2023, <https://www.mcgill.ca/maxbellschool/max-policy/AUKUS>

33 Canada wants more cooperation with AUKUS allies on advanced technologies, Reuters, 8<sup>th</sup> May 2023, <https://www.reuters.com/world/americas/canada-wants-more-cooperation-with-aukus-allies-advanced-technologies-2023-05-08/>

34 Canada seeks to join non-nuclear pillar of AUKUS alliance, The Globe and Mail, 8<sup>th</sup> May 2023, <https://www.theglobeandmail.com/politics/article-canada-eyes-entry-into-aukus-alliance-to-help-keep-china-in-check/>

35 AUKUS Leaders' Level Statement, The White house, 5<sup>th</sup> April 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/04/05/aukus-leaders-level-statement/>

36 U.S. senator slams Canada's defence contributions to NATO, NORAD. CBC News, 28<sup>th</sup> July 2023, [https://www.youtube.com/watch?v=WiJvsHnRhZA&ab\\_channel=CBCNews](https://www.youtube.com/watch?v=WiJvsHnRhZA&ab_channel=CBCNews) ; NATO's laggards should take notice of a world grown more treacherous, The Washington Post, 1<sup>st</sup> September 2023, <https://www.washingtonpost.com/opinions/2023/09/01/nato-defense-spending-russia-canada/>

37 Michael Chong, X, 29<sup>th</sup> Sept 2023, <https://x.com/MichaelChongMP/status/1707780389970800670?s=20>

38 Trudeau Must Meet Our NATO Commitments And Stop Neglecting Our Troops, Conservatives.ca, <https://www.conservative.ca/trudeau-must-meet-our-nato-commitments-and-stop-neglecting-our-troops/>

39 Canada and New Zealand Need to Consider Joining Pillar II of AUKUS , 21<sup>st</sup> September 2021, <https://thediplomat.com/2023/09/canada-and-new-zealand-need-to-consider-joining-pillar-2-of-aukus/>

40 See Robert Fife and Steven Chase, “Canada Seeks to Join Non-Nuclear Pillar of AUKUS Alliance,” The Globe and Mail, May 8, 2023, at <https://www.theglobeandmail.com/politics/article-canada-eyes-entry-into-aukus-alliance-to-help-keep-china-in-check/>, and Christopher Hernandez-Roy, “Canadian Membership in AUKUS: A Time for Action,” Center for Strategic and International Studies, May 9, 2023, at <https://www.csis.org/analysis/canadian-membershipaukus-time-action>

41 Ibid. ; Use of the Canadian Exemption under the ITAR, <https://thecompliantadvantage.com/f/use-of-the-canadian->

- **Critical minerals and mining:** Possessing substantial deposits of rare earths and other crucial resources for advanced technologies, Canada's 2022 investment of nearly CAD \$4 billion in resource development would fit well with an expanded Pillar II, especially in research and development;
- **Technological cooperation:** Canada's highly educated workforce and robust tech ecosystem, featuring 800 AI companies and numerous startups, would contribute to AUKUS advancements in AI and cybersecurity;
- **Geography:** Forty percent of Canada lies within the Arctic, giving it the longest Arctic coastline of any state.<sup>42</sup> While this area is larger than India, only 1 per cent of the Canadian population lives there.<sup>43</sup> This increases the cost of developing extractive industries in the region and makes Chinese investment easier to justify. China's interest in the region has been growing in recent years and its first White Paper on a region outside its territory was dedicated to the Arctic.<sup>44</sup> The threat surrounding resource exploitation by China in the region was highlighted at the time by the then-Deputy Defence Minister, Jody Thomas:

*“We should not underestimate at all that threat of resource exploitation in the Arctic by China in particular [...] China has a voracious appetite and will stop at nothing to feed itself, and the Arctic is one of the last domains and regions left, and we have to understand it and exploit it — and more quickly than they can exploit it.”<sup>45</sup>*

As Chinese ambitions grow, the region is likely to become more contested, and it is therefore not surprising that the Canadian Government identified it as being integral to its security, interests and identity.<sup>46</sup> Similar concerns exist around Russian expansionism in the region. General Wayne Eyre, the Canadian Chief of the Defence Staff, said that it was “not inconceivable” that Canadian sovereignty would be challenged in the region.<sup>47</sup> AUKUS members should support Canada in countering such ambitions by potentially hostile powers.

[exemption-under-the-itar#:~:text=The%20Canadian%20exemption%20under%20the%20International%20Traffic%20in%20Arms%20Regulations,to%20Canada%20without%20a%20license.](#)

42 The Next Front?: Sino-Russian Expansionism in the Arctic and a UK response, Civitas, June 2022, <https://www.civitas.org.uk/publications/the-next-front/>

43 Canada and the Arctic region, Arctic Council, <https://arctic-council.org/about/states/canada/#:~:text=Nearly%2040%20percent%20of%20Canada's,more%20than%20half%20are%20Indigenous.>

44 China's Arctic Policy, The State Council Information Office of the People's Republic of China, January 2018, First Edition 2018, [https://english.www.gov.cn/archive/white\\_paper/2018/01/26/content\\_281476026660336.htm#:~:text=BEIJING%20%E2%80%94%20The%20State%20Council%20Information,Arctic%20Policy%E2%80%9D%20on%20Jan%202026.&text=Global%20warming%20in%20recent%20years,snow%20in%20the%20Arctic%20region.](https://english.www.gov.cn/archive/white_paper/2018/01/26/content_281476026660336.htm#:~:text=BEIJING%20%E2%80%94%20The%20State%20Council%20Information,Arctic%20Policy%E2%80%9D%20on%20Jan%202026.&text=Global%20warming%20in%20recent%20years,snow%20in%20the%20Arctic%20region.)

45 The case for a full-blown investigation of the Trudeau government's relations with China: part one, The Niagara Independent, 16<sup>th</sup> June 2023, <https://niagaraindependent.ca/the-case-for-a-full-blown-investigation-of-the-trudeau-governments-relations-with-china-part-one/>

46 Government of Canada, Canada and the Circumpolar Regions. 23 June, 2021, [https://www.international.gc.ca/world-monde/international\\_relations-relations\\_internationales/arctic-arctique/index.aspx?lang=eng](https://www.international.gc.ca/world-monde/international_relations-relations_internationales/arctic-arctique/index.aspx?lang=eng)

47 Moscow makes a move on Arctic, The Times, 14<sup>th</sup> March 2022, <https://www.thetimes.co.uk/article/moscow-makes-a-moves-on-arctic-dnpgcdth0>



In addition, Canada offers regional surveillance capability, in particular through North American Aerospace Defense Command (NORAD), and its focus on early warning aligns with Pillar II initiatives against hypersonic weapons. In June 2022, the former Canadian Defence Minister Anita Anand announced a \$38.6 billion plan to modernise NORAD over the next 20 years.<sup>48</sup> The modernisation, which will among other benefits improve situational awareness over the Arctic, is broken down into five areas:

- Improving the ability to detect threats earlier and more precisely;
- Improving the understanding of threats and communicating them quickly to decision-makers;
- Strengthening the ability to defeat aerospace threats by modernising air weapons systems;
- Ensuring the Canadian Armed Forces can sustain a strong military presence across the country, including in Canada's North, through investments in new infrastructure and support capabilities; and
- Investments in science and technology.

These areas of investment build upon the priorities identified in the 2021 *Joint Statement on NORAD Modernization* issued by the Minister of National Defence and the United States Secretary of Defense. While there have been suggestions that this modernisation does not go far enough, it could still play an important part in the development, for example, of the counter hypersonic missile technology planned under Pillar II.

<sup>48</sup> NORAD modernization project timelines, Government of Canada, 24<sup>th</sup> March 2023, <https://www.canada.ca/en/department-national-defence/services/operations/allies-partners/norad/norad-modernization-project-timelines.html>

## Canadian Critical Minerals

One potential weakness of AUKUS is its access to critical minerals. These combine high importance with an increased risk of supply disruption. Beyond their economic importance, they are vital in the defence industry. They are found in a wide variety of military equipment, ranging from simple firearms to advanced fighter jets and submarines. The UK's Critical Minerals Strategy published in March 2023 argues that sustained disruption to critical minerals supply chains would "over time reduce the U.K.'s freedom of action".<sup>49</sup>

Canada's potential as an important supplier presents an opportunity for it and for AUKUS to reduce reliance on China, which at present dominates the rare earth elements (REE) market.<sup>50</sup> Canada's plans not only to invest in mining but also in processing, as outlined in its Critical Minerals Strategy, entail exploiting its vast reserves and, underwritten by a substantial financial pledge, aims to establish Canada as a prime global supplier through the development of both domestic and international value chains.<sup>51</sup> Joining Pillar II would likely reinforce the incentive for Canada to further develop this industry and would bring significant and long-term benefits to the wider Canadian economy. As Chinese assertiveness leads other states to reduce reliance on it, Canada could compensate and become an important player in the critical minerals industry.

The Nechalacho project exemplifies these ambitions. As Canada's first REE mining venture and one of the world's highest-grade REE deposits, its operation by Cheetah Resources signifies a strategic pivot. Aiming to yield thousands of tonnes of rare earth oxides (REO) by 2025, it promises to be a significant source of clean REE feedstock outside China, propelling Canada into the global REE supply chain.<sup>52</sup> The growth of the electric vehicle sector and the soaring prices of Neodymium and Praseodymium (NdPr) – abundant at Nechalacho – underline the economic and strategic value of Canada's mineral wealth.<sup>53</sup>

Canada's cooperation, particularly with the United States, has led to bilateral agreements such as the Joint Action Plan and Roadmap for Critical Minerals.<sup>54</sup> But there is also wider activity, for example current negotiations between the U.K. and the U.S. over a critical minerals agreement.<sup>55</sup> Canada could also benefit from other investment and legislative support, such as the U.S. Inflation Reduction Act (IRA), incentivising the development of midstream capacities in allied nations. Through these efforts, Canada is reinforcing its position as a central player in reducing Western reliance on Chinese REE and critical minerals, shaping the future of global supply chains.

49 Resilience for the Future: The UK's Critical Minerals Strategy, Policy Paper, Gov.uk, 13<sup>th</sup> March 2023, <https://www.gov.uk/government/publications/uk-critical-mineral-strategy/resilience-for-the-future-the-uks-critical-minerals-strategy#fn:32>

50 The Green Gamble: The Geopolitics of Net Zero, Doug Stokes, September 2023, <https://www.arc-research.org/research-papers/geopolitics-of-net-zero>

51 The Canadian Critical Minerals Strategy, Government of Canada, 2022, <https://www.canada.ca/en/campaign/critical-minerals-in-canada/canadian-critical-minerals-strategy.html>

52 The Rare Earths That Are Elemental To Canadian Success, Financial Times, <https://Canada-Next-Best-Place-To-Home.Ft.Com/The-Rare-Earths-That-Are-Elemental-To-Canadian-Success>

53 Prospecting with Partners: The Case for Bilateral Cooperation on Critical Minerals, CSIS, 31<sup>st</sup> July 2023, <https://www.csis.org/analysis/prospecting-partners-case-bilateral-cooperation-critical-minerals>

54 Canada is aiming to beat China in the critical race for rare earth metals, CNBC, 14<sup>th</sup> March 2023, <https://www.cnbccom/2023/03/14/canada-is-aiming-to-beat-china-in-the-critical-race-for-rare-earth-metals.html>

55 US, UK make progress on Critical Minerals agreement, US says, Reuters, 28<sup>th</sup> October 2023, <https://www.reuters.com/markets/commodities/us-uk-make-progress-critical-minerals-agreement-us-says-2023-10-28/#:~:text=The%20United%20States%20and%20the,the%20U.S.%20inflation%20reduction%20act>

Making the reinforcement of the security of critical minerals supply chains an AUKUS priority would sit well with existing initiatives such as the Minerals Security Partnership and announcements at the North American Leaders' Summit; and would strengthen commitments to North American integration under the United States-Mexico-Canada Agreement (USMCA).<sup>56</sup> It would also likely have a broader positive impact on Canada's own supply chain resilience; and reinforce existing work on this under the Investment Canada Act and establishing a Critical Minerals Strategy. AUKUS Pillar II membership would be an opportunity to reinforce them further.<sup>57</sup>

Coordination among AUKUS members on critical minerals would also generate mutually-beneficial economies of scale, a central point given the significant costs and long timeframes in the development of military technology.

But for Canada to take full advantage of its resources would require a wider commitment to zero tariff – zero quota trade in critical minerals among AUKUS members. This would enable Canada to access AUKUS export markets as both a miner and a manufacturer. Canadian environmental regulations might need adjustment to ensure that new critical mineral mines are not delayed or blocked on such grounds and that the approval process is streamlined. While this issue is unlikely to be addressed by the current government, it would be worth the Conservative opposition pledging to relax mining regulations to ensure accession to AUKUS Pillar II is as seamless as possible. It would also benefit AUKUS to consider mutual recognition of standards in this field.

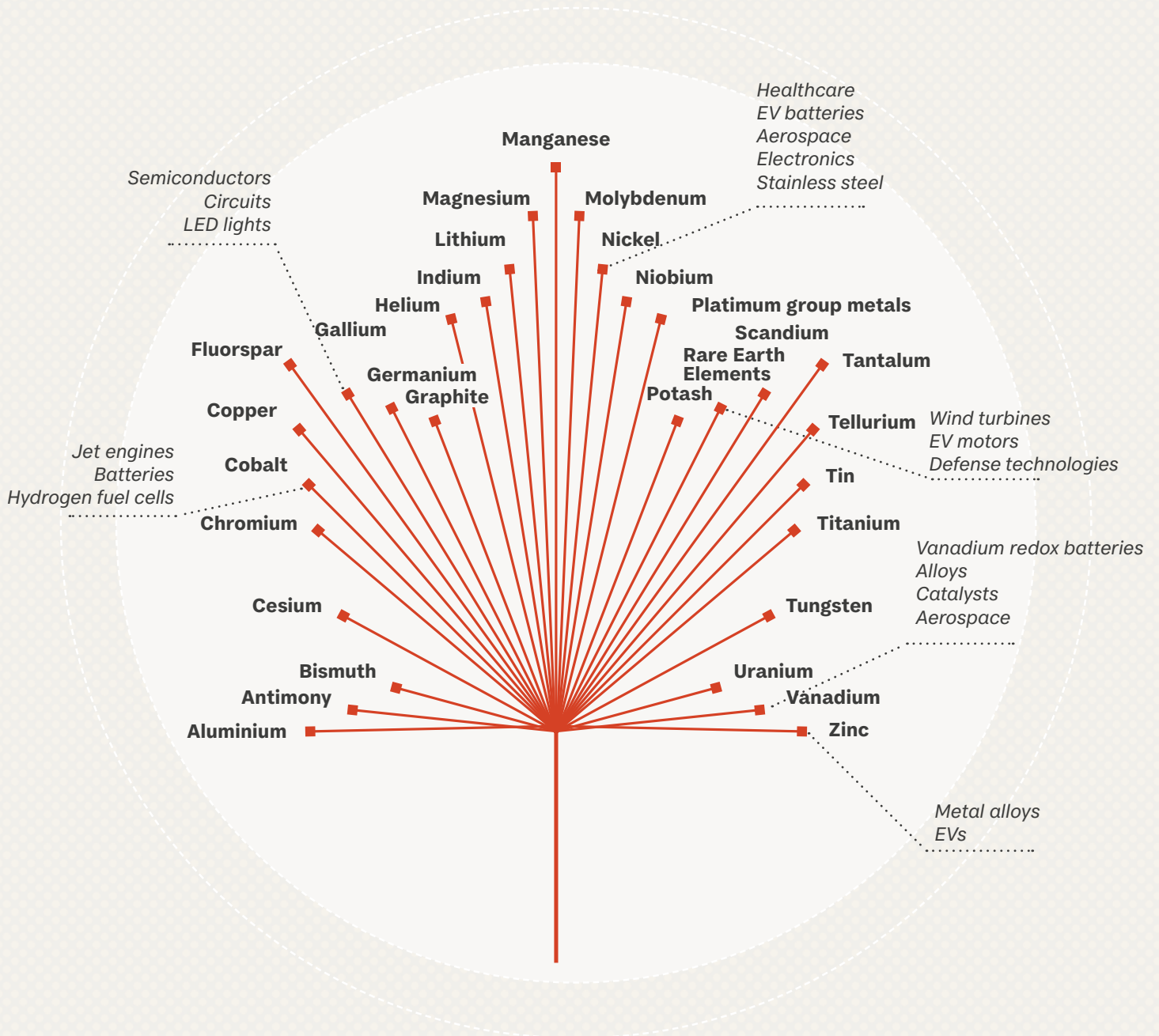
56 AUKUS: Flawed by Design?, AEI, 14<sup>th</sup> March 2023, <https://www.aei.org/foreign-and-defense-policy/aukus-flawed-by-design/> ; AUKUS Submarine Agreement: Historic but Not Yet Smooth Sailing, CSIS, 17<sup>th</sup> March 2023, <https://www.csis.org/analysis/aukus-submarine-agreement-historic-not-yet-smooth-sailing> ; Minerals Security Partnership, IEA, 27<sup>th</sup> October 2022, <https://www.iea.org/policies/16066-minerals-security-partnership> ; FACT SHEET: Key Deliverables for the 2023 North American Leaders' Summit, The White House, 10<sup>th</sup> January 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/01/10/fact-sheet-key-deliverables-for-the-2023-north-american-leaders-summit/>

57 Investment Canada Act, Government of Canada, <https://ised-isde.canada.ca/site/investment-canada-act/en> ; The Canadian Critical Minerals Strategy, Government of Canada, <https://www.canada.ca/en/campaign/critical-minerals-in-canada/canadian-critical-minerals-strategy.html>



# List of 31 minerals considered “critical” by Canada.

Source: Government of Canada



# ITAR

Despite these positive prospects, there are challenges to the successful expansion of Pillar II. ITAR (International Traffic in Arms Regulations), the U.S. regulatory regime that restricts the transfer of controlled defence articles and services, is one of the biggest.<sup>58</sup>

ITAR is premised on the assumption that the U.S. is the only supplier of defence articles and that restricting exports from the U.S. will prevent rival powers from gaining access to advanced defence technology. This assumption dates back to the 1950s and no longer reflects reality. But despite some attempts such as the Obama-era Export Control Reform Initiative, the U.S. regulatory regime has yet to evolve to fully reflect this.<sup>59</sup>

AUKUS, by contrast, hinges on the assumption that select allies should be trusted and therefore not treated the same way as other states. AUKUS recognises that the risks of not sharing are greater than those of sharing. Resolving this fundamental tension between AUKUS and ITAR will be central and may be achievable, but will involve overcoming the entrenched resistance of a bureaucracy of which the guiding philosophy and *raison d'être* is to control arms exports from the U.S.<sup>60</sup>

The fundamental problems with ITAR are that it slows the transfer of defence-related articles from the U.S. to its allies, even between branches of the same company; and that it “taints” everything touched by ITAR, and every system that contains ITAR-controlled goods or knowledge, with a U.S. control system. The result is that complying with ITAR is very costly: it currently costs the U.K. £500 million a year simply to comply with these regulations.<sup>61</sup> This is a significant disincentive for firms in allied nations to work with the U.S., particularly for companies focused on commercial innovation, as they risk losing control of their intellectual property.<sup>62</sup>

Work to address this challenge has begun. In November 2022, the British Defence Secretary at the time told the Commons Defence Select Committee that the recent issue by the US of an ITAR open general licence to the U.K., Canada and Australia represented a “really significant change”. He explained that “among the four of us, we can buy in from the United States and export out to one of the other countries without the controls that used to be around with ITAR.”

58 Rachel Oswald, “Lawmakers Seek to Ease Defense Export Controls to UK, Australia,” Roll Call, May 23, 2023, <https://rollcall.com/2023/05/23/lawmakers-seek-to-ease-defense-export-controls-to-uk-australia/> ; Rajiv Shah, “U.S. Export Rules Need Major Reform if AUKUS is to Succeed,” Australian Strategic Policy Institute: The Strategist, February 16, 2023, <https://www.aspistrategist.org.au/us-export-rules-needmajor-reform-if-aukus-is-to-succeed/> ; “House Foreign Affairs Committee Hearing on AUKUS and Arms Exports Modernization,” April 18, 2023, <https://foreignaffairs.house.gov/hearing/hfac-member-roundtable-on-aukus-and-arms-exports-modernization/>; See also: Ted Bromund at Conservative Party Conference 2023 in his Policy Exchange intervention on AUKUS: <https://youtu.be/q44V8Q9mjlA> ; Defence Industry Roundtable Series | Report on Series 1: Export controls, United States Studies Centre, 21<sup>st</sup> April 2023, <https://www.ussc.edu.au/defence-industry-roundtable-series-report-on-series-1-export-controls>

59 Export Control Reform Initiative: Strategic Trade Authorization License Exception, Bureau of Industry and Security, Office of Public Affairs, 16th June 2011, <https://www.bis.doc.gov/index.php/85-export-control-reform-initiative-strategic-trade-authorization-license-exception>

60 AUKUS: A Vital Project for a Sharpening Geopolitical Landscape, Policy Exchange, intervention by Dr. Ted Bromund, 3rd October 2023, [https://www.youtube.com/watch?v=q44V8Q9mjlA&t=2711s&ab\\_channel=PolicyExchangeUK](https://www.youtube.com/watch?v=q44V8Q9mjlA&t=2711s&ab_channel=PolicyExchangeUK)

61 Special Relationships? US, UK and NATO, Sixth Report of Session 2022–23, House of Commons Defence Committee, p.11, 7<sup>th</sup> March 2023, <https://publications.parliament.uk/pa/cm5803/cmselect/cmdfence/184/report.html>

62 Getting Serious About Enhancing U.S. Defense Partnerships, War on the Rocks, 1<sup>st</sup> November 2023, <https://warontherocks.com/2023/11/getting-serious-about-enhancing-u-s-defense-partnerships/>

He added, "The United States realised that, ultimately, if we want to work together, collaborate and burden share, ITAR is a barrier that is not helpful."<sup>63</sup>

AUKUS has reinforced the case for mutual recognition of the high standards of defence export regulation among members. That the three AUKUS parties negotiated an agreement on nuclear propulsion technology-sharing so rapidly is a cause for optimism. But some experts with experience in U.S. defence export controls are concerned that this momentum will not be maintained unless the U.K. and Australia bring considerable political and industrial pressure to bear.<sup>64</sup> This is where Members of Parliament can play an important role in keeping AUKUS high up on the Government's list of priorities. The British Government is lobbying the Biden administration to reform ITAR, and the US/UK Atlantic Declaration of June 2023 already includes a commitment to ensuring "flexible and coordinated export controls."<sup>65</sup>

The passage by Congress of the National Defense Authorization Act for 2024 (NDAA 2024) in December 2023 appears to offer hope that the U.S. is serious about addressing this issue. NDAA 2024 contains many provisions relevant to AUKUS and comes after the introduction of H.R. 1093 and S.1471 which were advanced to support reforms to the U.S. defence export process, and which showed the support that existed in Congress to make AUKUS a reality. For its part, the Administration had already committed to creating an AUKUS Trade Authorization Mechanism in the State Department, while working closely with Congress to create a system of pre-approvals for many transfers from the U.S. to AUKUS partners.

NDAA 2024 does take several valuable steps. It defines Australia and the U.K. as domestic sources for the purposes of the Defense Production Act of 1950, creates a senior position in the Defense Department for implementing AUKUS, requires the President to give priority in consideration and processing of defence exports related to AUKUS to the U.K. and Australia, and creates the pre-approval system promised by the Administration. But its treatment of ITAR is potentially less promising, as it requires the President to certify that the U.K. and Australia have created a system of export controls "comparable" to those of the U.S. Comparability is in the eye of the beholder. The State Department in the past has used "comparability" requirements as a poison pill to sabotage efforts to enhance defence trade cooperation between allies. Celebrating NDAA 2024 may well be premature.<sup>66</sup>

Any reforms to ITAR, if they do indeed proceed, will rebound on Canada. One significant issue is that Canada already has a limited, but valuable, exemption from ITAR, commonly known as the "Canadian exemption" which allows the re-export between the U.S. and Canada of many non-sensitive and non-classified defence items. Canadian importers and exporters and the Canadian Government may wonder whether that inclusion of Canada in AUKUS will end up

63 Special Relationships? US, UK and NATO: Government Response to the Committee's Sixth Special Report of Session 2022–23, UK Parliament, <https://publications.parliament.uk/pa/cm5803/cmselect/cmdfence/1533/report.html>

64 AUKUS: A Vital Project for a Sharpening Geopolitical Landscape, Policy Exchange, intervention by Dr. Ted Bromund, 3<sup>rd</sup> October 2023, [https://www.youtube.com/watch?v=q44V8Q9mjlA&t=2711s&ab\\_channel=PolicyExchangeUK](https://www.youtube.com/watch?v=q44V8Q9mjlA&t=2711s&ab_channel=PolicyExchangeUK)

65 Prime Minister's Office (PMO), The Atlantic Declaration, 8 June 2023, <https://www.gov.uk/government/publications/the-atlantic-declaration> ; Special Relationships? US, UK and NATO: Government Response to the Committee's Sixth Special Report of Session 2022–23, UK Parliament, <https://publications.parliament.uk/pa/cm5803/cmselect/cmdfence/1533/report.html> ; Defence Committee, The US, UK and NATO: Government response, (PDF) HC 1533 2022–23, 22 June 2023, <https://committees.parliament.uk/publications/40537/documents/197694/default/>

66 Jeffrey P. Bialos, "Is the FY24 NDAA A Missed Opportunity for AUKUS Technology Sharing?," *Defense News*, December 20, 2023, <https://www.defensenews.com/opinion/2023/12/20/is-the-fy24-ndaa-a-missed-opportunity-for-aukus-technology-sharing/>.



limiting or removing this exemption (which covers a great deal of Canadian defence trade) while benefitting only the smaller part of Canadian defence trade relevant to AUKUS. If inclusion in Pillar II is to be appealing to Canada, the U.S. must ensure that the resulting export control system makes Canada better off than under the current system.

The U.S. – and the rest of the AUKUS members – should not allow obstruction from some parts of the U.S government to stymie AUKUS by failing to reform ITAR. The system created by NDAA 2024 requires a presidential finding of comparability. Congress should reverse this system and mandate that defence exports to AUKUS partners should be pre-approved unless the President delivers a substantiated finding of non-comparability and this is ratified by a vote of Congress. If Canada is incorporated into Pillar II, this should leave the existing “Canadian exemption” intact, so that Canada retains its existing privileged position as a U.S. defence trade partner.



# Recommendations

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## 1. **Expand AUKUS Pillar II to include Canada.**

- Canada's vast critical mineral resources would help to reduce AUKUS reliance on non-allied sources and enhance supply-chain security.
- Its advanced technology sector, particularly in AI and quantum computing, is likely to contribute to Pillar II endeavours.
- Canada also shares geopolitical interests with existing AUKUS states, particularly in the Indo-Pacific and Arctic, and in maintaining global stability.
- Canada would bring additional expertise and capabilities such as on counter-hypersonic missile technology given its existing membership of NORAD.

## 2. **Ensure the security of supply of critical minerals and commit to tariff and quota-free trade in critical minerals among AUKUS members.**

- Access to critical minerals is essential for the defence industry. Dependence on China will jeopardise AUKUS supply chains.
- AUKUS members should commit to tariff- and quota-free trade in critical minerals among them.

## 3. **Revise ITAR to allow the free flow of defence articles between all AUKUS members.**

- AUKUS membership should not be predicated on the creation of defence export controls "comparable" to those of the United States. Congress should reverse this system and mandate that defence exports to AUKUS partners be pre-approved unless the President delivers a substantiated finding of non-comparability and this is ratified by Congress. If Canada is incorporated into Pillar II of AUKUS, this should leave the existing "Canadian exemption" intact so that Canada retains its current privileged position as a U.S. defence trade partner.
- Canada currently enjoys a unique defence trading relationship with the United States: the U.S. and Canada must ensure that Canadian membership of AUKUS enhances rather than damages this relationship.

## 4. **Encourage legislators in AUKUS member states to maintain pressure on their respective governments to keep up momentum on the issue.**

- Given the timeframe involved, parties on all sides of the political spectrum will have to ensure that momentum is maintained.



## Conclusion

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Including Canada in AUKUS Pillar II would increase the effectiveness of the agreement. From its vast critical mineral resources and its access to the Arctic region, to its wider pre-existing defence and security links with existing AUKUS members, Canada is well placed to join the second pillar of the agreement. Reducing reliance on China for defence supply chains should be a key priority, and Canadian inclusion would contribute significantly to this. While there are some regulatory challenges, as outlined in this report, it should be possible to allow the free flow of defence articles through legislation. From Canada's perspective, membership would give access to the world's most advanced defence technology partnership; and ensure its armed forces remain equipped for the challenges of the 21st century.



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LEGATUM INSTITUTE

11 Charles Street  
London W1J 5DW  
United Kingdom  
t: +44 (0) 20 7148 5400 | [www.li.com](http://www.li.com)

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