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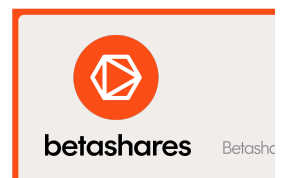
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Canada and New Zealand Need to Consider Joining Pillar 2 of AUKUS

Joining Pillar Two of the security pact will not fundamentally change how Chinese policymakers view the two nations.

By **Guy C. Charlton** and **Xiang Gao**

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As the United States and Australia deepen ties with various Asian and Southeast Asian states, the issue of whether New Zealand or Canada should join the nascent AUKUS security arrangement becomes more pressing. Both states already share deep security relationships with Australia and the United States.

These include the Five Eyes intelligence arrangement (which, like AUKUS, also includes the United Kingdom) and the North American Aerospace Defense Command (NORAD). Canada is also a member of North Atlantic Treaty Organization (NATO) and New Zealand is a member of the Five-Power Defense Arrangement with the U.K. New Zealand has also been an active partner with NATO across a range of areas such as terrorism. It contributed special forces to the NATO Afghanistan operation. Australia, a member of AUKUS, is the only formal defense ally of New Zealand and the two states work together on a range of security and defense activities.

These security relationships underpin a set of shared liberal values and a commitment to the current rule-based international order that has structured international relationships in the Asia-Pacific for the past seven decades. As such, despite the shadow of nuclear proliferation and the potential for increased polarization in the region, both Canada and New Zealand should consider entering “Pillar Two” of AUKUS.

While most publicity surrounding AUKUS has been centered on the provision of nuclear submarines for Australia, the pact provides for separate R&D, procurement, and information arrangements that do not involve nuclear technologies. Pillar Two of AUKUS is

envisioned to cover eight workstreams, including artificial intelligence, quantum technologies, cyber technologies, undersea capacities, and hypersonics. Members pledge to cooperate and share in the development and use of these technologies.

Participation in Pillar Two could provide Canada and New Zealand with significant opportunities to upgrade a set of technological innovations and benefit from additional advances in these technologies. This access and participation in turn would have beneficial economic impacts while enhancing overall defense cooperation and readiness.

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One part of the calculation for policymakers in Canada and New Zealand will of course be the response from China. Chinese policymakers have criticized AUKUS as part of an American and Western “new Cold War” antagonism aimed at containing China by deepening security arrangements and cooperation across the region. This narrative contrasts the growing “benign” Chinese presence in the region – based, Beijing maintains, on respect for sovereignty and non-interference – with U.S. efforts to polarize and militarize the region. In the eyes of Chinese leaders, the United States is raising the specter of armed conflict in an effort to prevent China from rightfully assuming its status as a great power. China argues that these efforts need to be understood in the context of the historical legacy of colonialism, the continued U.S. and Western “meddling” in the internal affairs of Asia-Pacific states, and the discriminatory impacts of an unfair Western-oriented international system.

Canada and New Zealand have already been criticized by China for aligning themselves too

closely to the United States and Australia. It is likely that the narrative tying their Asia-Pacific policies to Western colonialism in the region would be raised more regularly by Chinese media should they join Pillar Two.

The Outlook for New Zealand

Participation in AUKUS comes with a potentially high cost for New Zealand. A small trade-dependent state, New Zealand has been at the forefront of efforts to bring China into the international community through Chinese participation in trade, investment and international institutions. New Zealand was the first country to agree to China becoming a WTO member. It was the first state to recognize China as a market economy (the United States and most European states have not) and it was the first developed country to enter into a comprehensive free trade agreement with China. China's share of New Zealand's global goods exports is approximately 33 percent and it enjoys relatively unfettered access to the Chinese market. Besides these commercial relationships there are growing cultural and personal ties between the two states.

At the same time, it is important not to underemphasize New Zealand's commitment to its anti-nuclear foreign policy, and the part this anti-nuclear stance plays in its "independent" foreign policy. Being anti-nuclear and having an independent foreign policy have become important aspects of New Zealand's national identity and international status. They have given New Zealand significant credibility across a range of international issues and forums. To enter Pillar Two of AUKUS – which has that "breath of uranium," to paraphrase former Prime Minister David Lange – could be understood as a significant move away from this normative driver.

Yet these concerns should not deter the consideration of joining Pillar Two. First, New Zealand's security relationship with the AUKUS states is already well developed, and exclusion from Pillar Two would likely undermine the full effectiveness of these existing arrangements. Moreover, these existing arrangements have neither precluded New Zealand foreign policy prerogatives vis-à-vis China and the Pacific island states nor its anti-nuclear policy. Thus, the idea that New Zealand's choice is to "remain independent or join 'pillar 2'" is a false dichotomy. New Zealand's non-nuclear status and "independent" foreign policy are already accepted and accommodated within its current Western-facing security and economic arrangements. Additionally, New Zealand's practice and perception of independent foreign policy has been inevitably limited, as its national security heavily relies on Australia as its sole military ally.

Second, Pillar Two of AUKUS does not open a door to a nuclear future for New Zealand and the region. Under the Rarotonga Treaty, member states renounce the right to nuclear bombs and commit themselves to prevent the testing and placement of nuclear explosive devices and the dumping of radioactive waste in the region. Member states retain the right to decide to allow nuclear transit through their territory. AUKUS does not violate these commitments, nor does Pillar Two violate any anti-nuclear proliferation obligations.

The Outlook for Canada

Canada comes at the issue of AUKUS from a different position. Given its location north of the United States, Canada has the ability to depreciate the need for a robust defense, as its geographical position enables it to benefit from U.S. efforts and discourage international threats. However, with climate change opening

the Arctic Ocean for shipping and resource exploitation, Russian and Chinese interest in the Canadian Arctic has increased, adding additional security concerns to long-standing disputes over the extent of the continental shelf and international waterways.

As security concerns increase for Canada, joining Pillar Two could positively change perceptions in NATO and the United States that Ottawa is not investing enough in defense and has become a less reliable security partner due to its inability to field sufficient forces and material. Moreover, the deep economic relationship between the United States and Canada provides a strong infrastructure for Canadian industry and R&D to greatly benefit from Pillar Two.

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At same time, Canada is committed to a stable international order in the Pacific, as any conflicts directly impact growing economic ties and will tend to implicate Canada given its security ties with the United States. The current Asia-Pacific challenges would benefit from increased Canadian interest that AUKUS Pillar Two participation would signal. For decades, Canada has perceived itself as both a “helpful fixer” for international disputes and a “good international citizen.” Despite its role as a member of NATO and NORAD, it has had a positive role building consensus and promoting rule of law in the United Nations and other international organizations.

For Canada, the nuclear aspect of AUKUS is not likely to clash with other foreign policy objectives, or involve issues of national identity. Unlike New Zealand, the Canadian government’s attitude towards nuclear submarines is more nuanced. In 1987 the Canadian government announced a plan to

buy a fleet of nuclear-propelled submarines. The plan, which would have cost up to CA\$8 billion, was canceled in 1989 due to the government deficit. In 2011, the Harper government revisited the issue and hinted at the potential purchase of nuclear submarines to replace diesel-powered ones that had become increasingly expensive to repair. The nuclear-powered submarines were envisioned to provide the Royal Canadian Navy with the greater capacity to operate under the Arctic ice.

The China Factor

The determination of whether joining Pillar Two of AUKUS would adversely impact relationships with China depends on one's perceptions of the international order in the Asia-Pacific and whether AUKUS Pillar Two would increase polarization or contribute to preserving the existing order in the region.

On one hand, the increased interest by both China and the United States in the Asia-Pacific is bound up with their global competition, and states should seriously consider foreign policy decisions that do not facilitate this increased competition in the region. Moreover, Canada and New Zealand need to consider the potential economic and diplomatic costs of joining Pillar Two. Particularly damaging would be the perception that they support the current trend toward polarization and militarization. Having these two middle powers join AUKUS could send the signal that efforts to dial down great power competition in the region by Pacific Island and Southeast Asian states are insufficient and should be abandoned. An alignment with Pillar Two could potentially lead to economic costs in lost trade and investment opportunities, public commitments to non-proliferation and, in the case of New Zealand, potentially impact

neighboring states' perceptions of its commitment to a non-nuclear South Pacific.

On the other hand, not joining AUKUS Pillar Two would come with costs as well. First, there would be the loss of access to R&D and advanced technologies used by Canada and New Zealand's current security partners. That in turn would have wider diplomatic, security and economic impacts.

Perhaps more importantly, there continues to be the issue of addressing challenges to the liberal international order. Chinese efforts to remake the international order in the Asia-Pacific and create a sphere more amenable to Chinese interests show no sign of abating. This region has witnessed China's increasingly assertive foreign policy, such as in the South China Sea, and the "wolf warrior" foreign policy rhetoric. In addition, Beijing has used economic leverage to punish states that do not agree with a preferred Chinese narrative by restricting trade, investment, and educational contacts.

While in each of these circumstances there remain legitimate disputes over fundamental state interests, and explanations have been proffered that may justify such policies, together the actions exhibit a fundamental challenge to the international normative order. This normative order, which supports international institutions, liberalism, and rule of law, has been at the core of Canadian and New Zealand foreign policy for decades.

While states in the region have rightly sought to avoid choosing sides or jeopardizing their economic relationships with China, it is evident that such balancing, cannot and will not prevent the erosion of international norms in the region, as Australia learned after its call for an investigation of the origins of COVID-19

resulted in years of economic coercion from China.

Moreover, joining Pillar Two of AUKUS will not fundamentally change the view of Canada and New Zealand in the eyes of Chinese policymakers. They remain, by virtue of their geography, politics, values, and history, embedded within the existing security and international arrangements that have been challenged by China over the past several decades. Indeed, given their public commitment to a values and rules-based foreign policy, failure to accede to Pillar Two could hamper future efforts to preserve their foreign policy maneuverability in an increasingly polarized area of the world.

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