

AUKUS Pillar II

Recommendations for the UK System

SEPTEMBER 2023



INTRODUCTION

The formation of AUKUS builds on the long-standing history and cooperation between Australia, the United Kingdom and the United States which have mutual interests in maintaining regional security, prosperity and strategic stability in the Indo-Pacific region.

The announcement on AUKUS enables our three countries to cooperate on the research, development, and operationalisation of critical defence capabilities.

AUKUS PILLAR I AND II



The first Pillar (AUKUS Pillar I), supporting Australia's acquisition of nuclear-powered submarines for the Royal Australian Navy, will provide work for UK companies at both Prime and SME level in the supply chain over a long-term horizon.

The second pillar (AUKUS Pillar Two) comprising eight other advanced capabilities including undersea capabilities, quantum, artificial intelligence and autonomy, advanced cybersecurity, hypersonic and electronic warfare has the potential to provide more business and innovation opportunities for the UK industry jointly with US and Australian partners.

At the heart of a successful delivery of AUKUS Pillar II is innovation, research, and collaboration within the AUKUS ecosystem. The "Recommendations for the UK System" paper focusing on how to operationalise AUKUS Pillar II- presents itself as a second part of a unique collaboration initiated with the US trade association (AIA) and the Australian trade association (AI group) which saw the successful publication of a joint framework document "[Industry's Trilateral Take on Defining Success for AUKUS](#)" on 8 March 2023.

This second part focusing on "Recommendations for the UK system" aims at informing UK

stakeholders where there may be issues that need to be overcome for UK business to enable the best chance of success for our members in the AUKUS procurement process. It presents a couple of recommendations for UK Government and industry to consider in support of delivery of advanced capabilities at pace, whilst working jointly with the US and Australia.

While these tactical requisites on challenges and opportunities are not exhaustive, they represent the critical first steps to successfully "operationalise" AUKUS Pillar II, better equip industry to support the partnership's evolving defence and security objectives and explore new opportunities for collaboration.

THE UNITED KINGDOM ON CHALLENGES:

1

Based on the capabilities and technologies being pursued – and the ability of the UK to scale up capability and infrastructure to strengthen the UK's expert contribution - and subject to any evolving policy to enable technology transfer, ensure there is a way to alleviate export barriers to support the delivery of AUKUS advanced capabilities.

- Identify any export control barriers that impact on the information sharing, replenishment, maintenance, and sustainment enablers that support truly global operations by AUKUS partners including their industrial bases.
- Enable sharing between the three AUKUS countries, including between the legal entities of multinational defence primes in each country, would speed up innovation, defence co-operation and support delivery.
- Regarding both current and potential future technology areas within the scope of AUKUS Pillar 2, introduce an Open General Export Licence (OGEL) for IP, equipment, and technology export to AUKUS partners across the entirety of the product lifecycle, from research and development to certification to facilitate more seamless co-development, co-production, and exchange of information across the relevant industrial bases.



2

Propose a review of visas processing times within the framework of AUKUS to help meet specific needs to support of AUKUS industrial projects and anticipate any skill shortages.

3

Review the processes and timelines for sharing the security clearances of cleared contractors to enable timely outward and inward visits at classified levels in support of AUKUS discussions and projects.

4

Ensure mutual recognition of defence industry required qualification to allow greater mobility of sought-after skilled workers.



5

Establish a secure collaborative information environment for AUKUS, including the industrial bases in each country.

- Enable collaborative information sharing between the UK, U.S., and Australian entities of multinational companies. Companies currently must be contractually required to hold classified material at SECRET (foreign CONFIDENTIAL) or above to have access to secure/accredited IT, and the systems are project/programme specific and cannot be used for wider purposes. This requirement should be removed in relation to AUKUS discussions and projects to enable collaboration.



THE UNITED KINGDOM ON OPPORTUNITIES:

1 Provide a detailed annual report from an industry perspective on policies that will help facilitate the successful outcomes of AUKUS, including for example supply chain security, information security, skills shortage, certifications requirements, data and intellectual property rights (IPR) protection, need for harmonised common standards or mutual recognition of each other's cyber security standards (notably on "Cloud Computing").



2 Promote a "culture of cooperation" rather than pure competition between AUKUS Partners by:

- Simplifying data sharing for procurement opportunities (E.g. facilitate access to information and remove fees on national procurement portals).
- Making sure that the bidding processes are not prohibitive for SMEs.
- Creating more visibility and business opportunities for UK companies to partner with relevant local companies to support market growth and minimise the costs of technology transfer into country.

3 Share operational scenarios driving the current and potential future capability areas under AUKUS Pillar 2 with industry, including at classified levels, and ideally undertake collaborative Operational Analysis on these.

4 Identify areas where the UK can take a leading role and ensure that the UK industry work at pace on pillar 2 engagement (e.g., sustaining and growing the skills base that will be required; building on existing supply in niche areas; encouraging agile ways of working and sharing of best practices).



5 Establish clear roadmaps for Pillar 2 and stronger protections for intellectual property rights (IPR) to give Industry greater assurance about the potential generation of a resulting revenue income stream and the willingness to make the required investment decisions. Without greater clarity and relevant IPR safeguards, there is a greater risk that any attempts to encourage companies to make the necessary investment decisions would be suffocated and stifled through internal processes and procedures.



6 Support the project of establishing an "AUKUS Industry Forum", a specific body to look after the implementation of AUKUS Pillar 2, work on projects prioritisation and discuss the possibility to make some adjustments to AUKUS Pillar 2 (e.g., Partnering with an allied country based on a specific advanced technology with the agreement of all AUKUS partners, discussing the possibility to include communications satellites in Pillar 2). This "AUKUS Industry Forum" would include representatives of ADS, AIA, Ai trade associations and knowledge Institutions (Universities, think tank in UK, AUS, US) to help link directly the strategic to the technical, help overcome the various tactical issues faced by our members and make sure that UK companies are involved early and understand, up front, what the intended end-result needs are.



*Securing
UK advantage*

Julie Marionneau

Head of International Relations

T: +44 (0) 207 091 7826

Julie.Marionneau@adsgroup.org.uk

**ADS is the UK trade
organisation representing the
aerospace, defence, security,
and space sectors.**

 [ADSGroupUK](#)

 [ADS Group Ltd](#)

 adsgroup.org.uk