



The U.S.-Australia Defence Alliance in a Contested World: A Conversation with Australian Defence Minister Linda Reynolds

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1201 Pennsylvania Avenue, N.W., Suite 400
Washington, DC 20004
November 1, 2019

TRANSCRIPT

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KEN WEINSTEIN: Good morning, and welcome to Hudson Institute. I'm Ken Weinstein, president and CEO of Hudson Institute. Our mission here at Hudson Institute is to promote U.S. global leadership and international engagement for a secure, free and prosperous future. We're honored this morning to have with us as our special guest the minister for defence of Australia, the honorable Linda Reynolds. The U.S.-Australia relationship is, of course, a critical alliance of the United States. We just celebrated the wonderful visit to Washington of Prime Minister Morrison. I hear the warmth was palpable on both sides of the political aisle for the prime minister. And the U.S.-Australia relationship's also been critical for us here at Hudson Institute. Our founder Herman Kahn traveled many times to Australia over the years for policy work we did on Australia and its future beginning in the 1960s. We do a significant amount of work on U.S.-Australia defense cooperation. And, of course, senior fellow John Lee is based in Sydney, was the national security adviser for former Australian Foreign Minister Julie Bishop.

So Senator Linda Reynolds, who hails from Western Australia from Perth, was elected to the Australian Senate in 2014 and was named minister of defence, sworn in on May 29, 2019. She served for 29 years in the Australian Army Reserves and was the first woman in the Army Reserves to be promoted to the rank of brigadier. She's also won the Conspicuous Service Cross - all my way of saying she has an extensive background on defense matters. And this is a time when conventional threats, such as those from supersonic weapons and those pertaining to newer domains such as space and cyber, are, as we all know, evolving faster and faster than was anticipated even three years ago when the 2016 Australian Defence White Paper was released.

As defence minister, Minister Reynolds is overseeing the greatest renewal of Australia's naval capabilities since the Second World War, including a \$90 billion national naval shipbuilding enterprise, which is the largest capital expenditure project ever in Australian history. This is occurring, of course, against a backdrop where important disagreements are rising to the fore with China, which is, of course, Australia's largest trading partner, over political, strategic and economic issues, including foreign interference, the South China Sea, Huawei and its exclusion from the Australian 5G rollout, as well as principles such as - central to Australian foreign policy, such as human rights and the treatment of the Uighurs in China. So with - the minister has been here. Now, yesterday, she had a wonderful meeting with Secretary Esper at the Pentagon, key meetings also with members of Congress. And we are honored and delighted. So please give her a warm Hudson Institute welcome.

(APPLAUSE)

LINDA REYNOLDS: Well, thanks, Ken, for that very warm welcome. And it is a pleasure to be at the Hudson Institute amongst those who value the great friendship between the United States and Australia, a friendship whose singularity and depth left absolutely no doubt in anyone's mind during the recent state visit of our Prime Minister Scott Morrison. So great is our friendship that we in Australia like to call it mateship in recognition of the very special bond between our two nations. As friends and as mates, we have entered into our second century of unbroken mateship and friendship. We're in our 80th year of diplomatic relations and have enjoyed nearly 70 years of ANZUS cooperation. It's a bond that has seen Australians and Americans fight side by side across the globe, from the battlefields of France in the first world war to the mountains of Afghanistan, a bond that has not only endured but has consistently proven its worth against new threats and also challenges. It's a bond based on the understanding that democratic stability is based on two mutually reinforcing principles - that is, peace and prosperity - a bond that draws

its very energy from the values and the democratic freedoms we both cherish. But it is a bond that must be renewed by every generation. But for me, it's also a very personal bond.

My grandfather Alfred Reynolds served in World War I as a stretcher-bearer from 1915 - the first landing at Gallipoli to the trenches of the Western Front in 1918. It was at the Battle of Hamel in France where he first met and served alongside American soldiers. And it was there he taught his new doughboy mates how to survive in the trenches. But he also taught them about the reality of stretcher-bearing and how to make decisions amidst the unspeakable slaughter about who to save but also about who to leave. And he could well have been amongst those in a photograph of U.S. and Australian soldiers serving side by side at Hamel that my friend Secretary Mark Esper presented to me at the April AUSMIN meetings in Sydney. My grandfather lived the mateship that underpins the unique Australian-U.S. relationship. And it's a legacy that I am so very proud to have stewardship of now as the minister for defence. And in considering our alliance in my remarks today, I'll be mindful of the mission Herman Kahn set this great institution, namely to think about the future in unconventional ways. I'll aim to do so, though, without being too unconventional, which I hope you'll forgive me for, being a bearer of public office. But I'll do so frankly because the friendship and the relationship that we have built up over a century means we can do so with each other.

And in this speech, I'll address four things. Firstly, present a vision of the U.S.-Australia alliance looking to the future. Secondly, describe that future as one that holds challenges that are fundamentally different from the ones that we have addressed together in the past. Thirdly, I'll explore how we can best address those challenges through our respective strengths, our shared values and also in ways that, of course, are complementary. And finally, I'll demonstrate how we can draw on our diverse backgrounds no less than our shared values to maintain true to the Hudson's motto - a secure, free and prosperous future. Let me be very blunt upfront. Our collective challenge is to establish a rules-based order, one that is now fit for purpose in the 21st century, one that continues to deliver regional and, of course, global peace and also prosperity. Australia has a very clear and engaged view of the Indo-Pacific region and for very good reason.

As a three-ocean nation, with the Indian Ocean to our west, the Pacific to our east and the Southern Ocean, which is really down under even for us, we lie at the heart of the Indo-Pacific. Over the past half century, we've seen and we've been part of momentous change in the region, changes that have wonderfully delivered unprecedented peace and also prosperity. And importantly, these changes have been realized. They've been realized not by chance but as a result of decisions made by governments to pursue their interests in a rules-based order, drawing authority from institutional arrangements that have been the focus of diplomatic efforts. And the region's growth has been bolstered and boosted by economic integration and also economic liberalization facilitated by forums such as the Asia-Pacific Economic Cooperation forum, initiatives like an expanded network of free trade agreements and the Regional Comprehensive Economic Partnership that is currently being negotiated. All these have seen economic growth across Indo-Pacific outstrip that of advanced nations without any sign of abating.

Before the next decade is out, 4 of the world's 5 largest economies in purchasing power parity terms are likely to be in Asia - China, India, Japan and also Indonesia. Australia has been and will continue to be a net beneficiary of this growth as export markets to our north continue to expand and also to diversify. That said, not all changes in the region have been positive. The

absence of major conflict has been a hallmark of the Indo-Pacific's most recent history. However, this reality has required hard work and does not in and of itself guarantee future stability in the region. It's fair to say that regional security architecture in East Asia in particular, with the exception of key bilateral alliances I'll come to a bit later, has been less of a focus than economic liberalization has been. The emergence of a collective regional voice through ASEAN has delivered stability between its members. And it's also underpinned regional prosperity. And the formation of the East Asia Summit as a forum for pursuing broader and more - and a more ambitious agenda has assisted in managing changing geopolitics in our region. But the overall security architecture based on the ASEAN Regional Forum and the East Asia Summit is yet to develop a track record of addressing and managing major security challenges in the region.

The past decade alone has seen numerous developments of very real strategic concern. North Korea has developed and tested nuclear weapons and ballistic missile capabilities. We've seen the continued militarization of the disputed features in the South China Sea despite parties publicly undertaking not to do so. Terrorism was able to gain a foothold in the southern Philippines and remains a serious threat there and elsewhere in Southeast Asia. Tensions have continued to rise over competing territorial claims in East Asia, directly engaging sea and air assets with ever-increasing frequency. And the military modernization has also seen an exponential increase of military modernization in the region but most particularly by China.

Again, to be blunt, while the Indo-Pacific has had a strong focus on developing its prosperity, the region's security has not received the same attention. But all of us here in this room know that peace and prosperity are inextricably linked. It's time to address that balance. So what does all of that mean for those of us in the region? Australia is very clear-eyed about three key implications of these developments. The first key regional implication is that the benign strategic environment that we've been long accustomed to is no more, and it's not coming back. Australia's strategic environment is now more contested than ever before across all three oceans. What's more, it's being contested in ways that go well beyond the conventional military terms that I've just alluded to. Economic coercion, foreign interference, use of civil militias and cyberattacks are amongst the sort of tools and measures we've now seen employed to avoid direct conflict and preserve a very thin veneer of deniability in pursuing strategic objectives.

These are commonly referred to as gray zone tactics. Many of these tactics are hitting us and hitting us regularly in Australia and also right across the region, including influence operations, foreign interference and cyber espionage. Australia is leading the world in counter foreign interference laws. The steps we have taken to secure our critical networks and infrastructure - and in particular, Australia's 5G networks - are designed to combat such tactics, just as is our foreign investment review process and intangible technology transfer controls. They're also designed to protect our economic sovereignty. Regime challenges are eroding the rules-based system that has underpinned the lives of all of us here in this room, and they're also undermining state sovereignty. They are creating an uneven playing field for strategic competition that cedes new advantages to technologies and behaviors not yet adequately bound by existing laws and also existing norms. The second key regional implication is that China matters in ways that are all quite clear and also very deft handling. China's economic dynamism and our trade complementarities make Australia and China natural economic partners for securing the prosperity of our respective nations. This also applies to broadening and intensifying our partnership where it can bring positive benefits to the region because China's engagement is vital for strengthening institutions that underpin the free flow of trade and

investment and increased security for our people. Australia is focused on ensuring that China's engagement, like that of any other country, augments but does not hinder those institutions' ability to operate as fora for equitable decision-making and tangible and positive regional benefits.

We will also seek to cooperate with China wherever we can to enhance our region's security, but again, let me make it very clear we do so from a very clear position that our values are what define us as a nation and that maintenance of these values is non-negotiable. That brings me to the third key regional implication - is that all national aspirations matter, and they matter a great deal. Both of us, both of our nations - we need to listen. We need to really listen to concerns and to different perspectives and take account of regional aspirations and also their interests. Australia does not take for granted a regional default inclination towards the advantages of an existing rules-based system. Nor, I believe, should the United States. As clear as those advantages are to all of us, we must consistently prove them to others through actions and demonstrable sovereign respects and not just through our words. This is why Australia is so actively championing regional trading arrangements, whether existing or through the creation of new ones such as the Trans-Pacific Partnership. This is why we are building capability to support good governance, to support infrastructure development and to support economic growth in regional countries through our aid and financing programs and most visibly through our Pacific Step-Up program.

That is also why we are maintaining and expanding defense cooperation programs with regional countries alongside a strong operational presence by the Australian Defence Force. We are very aware that we must also ensure our partnerships are true partnerships with the CO (ph), standing for consultation, collaboration and, wherever possible, consensus because it's only then that we can be sure of preserving and extending the region's diversity founded not just on mutual respect but also on practical support for sovereignty, and also national resilience. This now brings me to the crucial role played by the United States in the Indo-Pacific. The United States has been the key to the Indo-Pacific success story of both peace but also for prosperity. And the future of both hinge on sustaining and deepening U.S. engagement. U.S. military power, bolstered by sophisticated alliance networks with Australia, with Japan, the Republic of Korea, the Philippines and Thailand, has long underwritten the region's peace and security. But this is about more than committing military strength, as crucial as this has been and will continue to be so.

It's also about fostering economic growth and strengthening democratic institutions, doing it in ways that empower nations small and large to freely make their own sovereign choices. U.S. investment in the region and the attraction of U.S. soft power plays a vital role to this end. They are of equal interest to me as minister of the defence, as is allied hard power. Our defensemen and women in Australia are superb ambassadors for our nation, and we are, indeed, very proud of them. Recognition by the U.S. of the intrinsic connections between economics and security, I've got to point out, are not new. The U.S. has long championed economic development in the name of both peace and prosperity.

Take, for example, the U.S. Lend-Lease Act of 1941. In 1941, Winston Churchill referred to this act as, quote, "the most unsordid act in recorded history." The most unsordid act in recorded history - that is a big call for a prime minister fighting for the survival of his very nation. This act was instigated by President Roosevelt to promote the defense of the United States. This was in response to a plea, a desperate plea, by Winston Churchill to the United States, then a neutral

nation, to provide Great Britain and the Commonwealth with the tools to finish the war. I frequently refer to this short statute because, as astonishing as this short act was to Winston Churchill, the motives for the act, which effectively ended a decade of U.S. neutrality - they were complex, they were pragmatically and, ultimately, they were incredibly far-sighted. And they still have great significance and relevance today because it was clear as early as 1941, '42 both Roosevelt and Churchill were thinking not just about how to prosecute the war and win the war, but they were also thinking deeply about how to reconstruct a postwar economy and security architecture to avoid the mistakes made after World War I. And amongst its many positive consequences, the act paved the way for the Marshall Plan.

In Australia at the time, Sir Robert Menzies, who would become our greatest prime minister, was also clearly considering post-world-war peace and prosperity. And in 1942, he made this observation about the Lend-Lease Act. He said this; a world war makes us a world nation - not a parochial community, but a world community. Nothing so contributes to peace amongst men as the maintenance of ordinary, decent commercial relations. And these relations can only be restored by the most liberal statesmanship when the war is over. The message for us I think is very clear today. The ability for leaders to simultaneously manage peace and prosperity for today as well as for the future is just as relevant today as it was in World War II.

Australia makes no apology for its relentless advocacy of deep, broad-based and ongoing U.S. regional engagement. How we hold to this commitment in an increasingly competitive environment will define our success. So, too, will how we call out unfair and inconsistently applied rules and coercive behavior. This is Australia's pathway in the region. It is squarely in Australia's interests for our great friend and our closest ally to remain partner of choice in the region, a partner who remains deeply invested in the region and in an open global economy and a rules-based trading system no less than in a security presence with potent deterrent capability. So what then does this mean for the future of the Australia-U.S. defense alliance?

Let me now touch on three areas of focus where we can adapt our alliance to the 21st century in accordance with our shared values and our adherence to democratic freedoms. And these are the following - firstly, ensuring our deterrent and deterrence capabilities adapt to these new challenges; secondly, maintaining a strong and responsive Indo-Pacific focus; and thirdly, strengthening our military and technological advantage.

Firstly, deterrence - Australia, like the United States, is committed to maintaining credible hard power deterrent, one that only military capability can deliver. The Morrison government knows the cost of credible deterrence and is willing to pay the price. This is why we are investing more than \$200 billion in a modernized, more capable, agile and potent Australian Defence Force. This is why we are committing 2% of Australia's GDP to defense funding. This means having high-end platforms integrated across all five domains - land, air, sea, cyber and now space. That said, effective deterrence is about more than capabilities. It is about our resolve to use them. Australia has clearly demonstrated its willingness to defend and deter attacks against the rules-based order. We do this today through hundreds of annual Australian Defence Force deployments, exercises and operational presence right around the globe. And importantly and critically, we have always done so along the United States and other allies and partners. And it is simply impossible to overstate the importance of this, for deterrence is a joint responsibility for a shared purpose, one that no country, even the United States, can undertake alone.

Now, this leads me to the second area we can cooperate in more closely, and that is a strong Indo-Pacific focus. The Indo-Pacific and the particular nature of its emerging security challenges cannot afford alliances and partnerships that are not mission-focused and appropriately resourced. Australia is strongly committed to working with the United States, as detailed in our respective and complementary Indo-Pacific strategies and commitment to regional institutions. To that end, Prime Minister Morrison recently announced that Australia and the United States will develop a new mechanism to align and strengthen coordination of our Indo-Pacific strategies. This will serve not only to bolster our alliance architecture, but also to better focus our activities for much greater effect. Further, and I think probably most importantly, the alliance needs to be not just in the region; it must be of the region, and it must also be seen to be for the region.

All countries in the Indo-Pacific have sovereignty at the core of their nation's interest, just as we do. And as regional neighbors, we seek to provide choice and to do so in a way that is respectful of all our partners' sovereignty - choices that build resilience and protect, not diminish, sovereignty; choices that nurture, not limit, the pluralism; choices that acknowledge and support the right to seek to adapt the rules, as well as the right of all to shape that process. For Australia, that means being the security partner of choice of countries closest to us in the southwest Pacific. It also means committing resources to build resilience in those countries as we have undertaken in the Pacific Step-Up program. For both of us - for both of our nations - it also means leveraging and networking our alliance in new ways. And the tone we adopt regionally is absolutely critically important. And the third and final area for enhancing our alliance is in further strengthening our military and technological advantage. I would suggest that most in Australia and the United States do not realize how deep the collaboration is between our defense forces but also our industrial bases. We already partner in programs with the United States to research and develop new capabilities that will benefit both nations.

These include programs relating to the P-8, the Triton, the heavyweight torpedo, the Joint Strike Fighter and the Next Generation Jammer. Importantly, closer industrial partnerships arising from these programs will only further strengthen and safeguard both of our supply chains. And Australia's inclusion in the United States' national technology and industrial base will further bolster our respective industrial bases and also collaboration well into the future. More effective industry cooperation will be a critical component and a very potent combined effect, which we will need for deterrence purposes. Australia and the United States are also collaborating on leading-edge technologies, technologies that will significantly boost the capability of our armed forces, including in hypersonics, in space and in cyber. This will enable us to maintain our capability edge and prepare for the more complex high-tech conflicts of the future. But it will also enable us to further deepen our interoperability in new systems and platforms from their inception.

So ladies and gentlemen, in conclusion, I've described to you today a vision for the future of the Australia-U.S. alliance. It's a vision based on an Australian analysis of the region. And I've also described how learning from our past cooperation and, based on our shared values, we can respond to the challenges ahead by taking forward and deepening our cooperation. How we manage deterrence, regional engagement and technological advantage will enable us to maintain a secure, a free and a prosperous world. But that's what you would expect from an alliance that is steeped in shared values, underpinned by dogged determination and driven by clear understanding and imagination. And as I started with a personal story of the history of our

alliance, there are many, many more personal stories - hundreds, if not thousands, of personal stories of our alliance. But let me conclude with just one of those that ties all of these strands together. The USS Growler was lost 75 years ago next week. This submarine and her brave crew made a significant contribution to the Pacific War. The USS Growler conducted multiple war patrols from Brisbane in World War II. In 1943, in an action against the enemy that earned her commander a posthumous medal of honor, 20 feet of her bow were bent at right angles.

After limping back to Brisbane, she underwent extensive repairs by Australian dockyard personnel before she returned to the fight. And when she did return - and for the rest of her days - she had on her bow two nickel-plated kangaroos, two figureheads that earned her the nickname the Kangaroo Express and reminded all that Australia and the United States were partners in the fight for the future of the region, for the future of our shared democratic values. That story captures much about our alliance, about our two nations, about our two defense forces, about the strength of our mutually supportive defense industries - an alliance based on shared values, on friendship and on trust; an alliance that must always remind future generations of the lessons of the past so that we never take our alliance for granted, so that we keep reshaping it to ensure it addresses shared challenges and continues to contribute to regional peace and prosperity. Our alliance needs to be preparing now for future challenges, just as it always has. Thank you.

(APPLAUSE)

PATRICK CRONIN: Minister Reynolds, thank you very much. What an excellent set of remarks, as I heard a month ago in Canberra - another brilliant address that you gave there. I was jet-lagged. Here you are a month later, and I feel more jet-lagged than you, I think, at this moment. But what a clear statement of Australia's defense and a strong support for a shared vision of the alliance. I'm Patrick Cronin. I'm the Asia-Pacific security chair here at Hudson. And for the next few minutes, we want to have just a structured conversation about a few other topics that came out of your talk, maybe starting with the issue that you talked about - gray zone operations.

This has been called political warfare. I've just written a big report calling this total competition. But whatever it's called, is it understood in the Australian body politic and how - is there a lag in public opinion in terms of this shared threat perception? Is this a sort of complex challenge? And it's growing, and it's largely nonkinetic. So how is this understood, do you think, in the Australian community?

REYNOLDS: I think it's a growing perception and a growing awareness. Some of these tactics have taken a little while. They sort of happen - what you say - in plain sight. And it takes a while to actually appreciate what we're seeing and what we're understanding. But Australia has been very forward-leaning in protecting our sovereignty. So we've now implemented very strong foreign interference legislation. Also, we've taken steps on 5G. And we're now looking at other measures to identify and also to deal with these changing tactics, these gray zone tactics. It is an evolving process, but we are seeing things in new ways, seeing things that perhaps have been there for a little while. But we're taking it step by step.

CRONIN: Yes. I think this speaks to the larger question about the China policy. We just, at Hudson, hosted Secretary of State Pompeo. He gave a speech up in New York. And Dr. Weinstein had a conversation with the secretary afterward. We're talking about both the challenge that China poses but also the opportunity and the constructive relationship. And you've emphasized, I think, the same, Minister Reynolds, in terms of wanting both sides of that

relationship that - dealing with the challenges but, at the same time, looking for cooperation. Australia is a bit out front from the rest of the region, though, on these issues. And I take on board everything you said about we need to be in this alliance of the region, for the region. But do you feel like the United States and Australia are ahead of the region when it comes to trying to stand up to the rules - for rules-based order against coercion?

REYNOLDS: I think we're working very well together. I think the first point I'd make is, I think that there's much more that we can do to synchronize what we're doing in terms of working with regional countries. Again, I think the tone we adopt and how we sort of - two key takeaway points, I would say, on the - our Indo-Pacific region in dealing with what you're talking about is what I mentioned about tone and also about sovereign respect. Those are two critically important issues because whether you're a country of, you know, 5,000 - you know, a small little island nation of 5,000 people or a larger nation, you still want to be treated and expect - and have the right to expect to be treated with respect in how those listen and partner with you. So we still have work to do to achieve that right tone and that right approach. But we've got to be there. To do that, we've got to be present, and we are perhaps not as present as we should be.

CRONIN: Indeed. I think I heard that the president will not be attending the East Asia Summit and that they'll be sending others. Is that sending the wrong signal? I don't want to put you on the spot. But I mean, how do we - let me rephrase the question.

(LAUGHTER)

CRONIN: How can the United States ensure that our presence is sort of fully up to the standard that's expected in the region? What are the things that we need to do in the United States?

REYNOLDS: Well, let me answer this two ways. First of all is saying - it's not my place to advise the United States government on how it engages regionally (laughter). However, it may have been a topic of conversation between myself and Secretary Esper yesterday about the importance of the East Asia Summit.

CRONIN: Indeed. So if you're going to share an Indo-Pacific strategy, then it's important to be there and engage in all the sort of institutions that it offers. I think the question about Australia's defense capabilities - and I'm reminded that the entire Australian armed forces, because they're punching above their weight globally, they can fit in an entire - in one single arena. And so it's important for Americans to keep that in mind, and yet tremendous defense commitment - \$200 billion dollars of new defense modernization - what does that mean for the actual force structure that we're going to be seeing in Australia - emerge over here in next 10 to 20 years?

REYNOLDS: Well, we're currently going through a force review process to actually consider air force structures and air force composition. So we're in that process, and we'll be - the Department of Defense, the chief of defense force and the secretary of defense joining us here today will be providing advice to me early in the New Year for government consideration. But how do we deal with all of the extant threats still exist? How do we be prepared for high-end warfare, again, to keep countering terrorism not just in the Middle East but also, as I've said, in our own region? And also, how do we deal with now threats to and from space, emerging technologies like hypersonics with increasing missile threats now in our region? Cyber, not to mention - so we are going through that process at the moment and having a look at what changes we need to make to make sure that we - a small force, but a very capable force - can deal with all that range of increasing threats.

CRONIN: One of the new partnerships that your country has developed in the past decade in particular has been with Japan.

REYNOLDS: Yes.

CRONIN: What is the status of your relationship with Japan on the security front, and do you see this being replicated with other potential partners?

REYNOLDS: Yes, I do. The defense relationship with Japan has grown exponentially over the last three to four years. I've had a number of discussions with Minister Kono, the new defense minister. And in fact, I'll be going there next month to further deepen and to formalize, you know, a new defense arrangement with Japan. But I see the trilateral defense relationship between Australia, U.S. and Japan as a very important one to further develop for the region. But that said, we're also working closely with Indonesia. I know both nations are talking to India as well about renewed and to further strengthen defense relationships. But it's also important for us with our defense relationships in Melanesia. I've spent time already in Papua New Guinea, the Solomon Islands, Timor-Leste - so a lot of regional countries, as well - to make sure that we have strong and respectful defense relationships right across our region.

CRONIN: Well, in the Pacific Islands - and its Melanesian, Micronesian, Polynesian and all of the islands that are spread out across this vast swath of the earth - what is the challenge there? I mean, what are the kinds of challenges that you're seeing develop, that you're most concerned about in Canberra?

REYNOLDS: What we're most concerned about is to ensure that we - country by country, as I said, no matter how big or small it is, we listen. You know, we're there. We're present. We listen to what is important to those nations, and that as a partner, we provide options and - as a partner of choice, to seek infrastructure support to defense cooperation and to provide what's actually required and to do so in a way that respects their sovereignty and does not lead them into debt traps.

CRONIN: And that's especially difficult for a small economy, a small island nation, where there may be only a very thin bench of leaders, very dependent upon tourism or a single type of economy where they're in - the financial instruments. So are the United States and Australia, as well as Japan and others, stepping up as well on providing financing? And this goes beyond the remit of the Defence ministry but...

REYNOLDS: Yes, we are. And so in Australia, what we've now done is recognition that this is not a defense solution, per se. We've taken a whole of government approach. So in my portfolio, one of my junior ministers is now jointly sworn into the defense portfolio - but also our foreign affairs state department portfolio - to make sure that, whether it's ODA funds or whether it's from our department of Communications or Defence, that it's joined up, it's coordinated, and it's actually delivering what these nations require.

CRONIN: Well, very important whether it's the development assistance or the media communications. Again, I go back to my own study on the total competition that China poses, and I think about something like the strategic support force that China has organized and stood up in the last couple of years. But they've really organized everything from psychological warfare to cyberwarfare across the spectrum. And I just - that kind of integration is a very big challenge for democracies like Australian and the United States to figure out, can they

organize? But when you think about the technology challenge that our democracies are facing in this digital age, in the fourth industrial revolution that's occurring, what - you know, is there an AI arms race? Is there - what are the big game-changers that really could surprise us if we're not maintaining our competitive edge on these technologies? What are we - we should be fearing, in a sense, if we're not going to maintain this edge? What could surprise us here?

REYNOLDS: Well, I guess that's the thing about new, emerging technologies - sometimes they do sort of come out and surprise us. But I think all of the things that you have mentioned are areas that we are now deepening our cooperation on science and technology and research with the United States - hypersonics in particular, AI and cyber and, of course, space capabilities. So they're all areas that we're working much more closely on and things that we do need to do more work on...

CRONIN: Indeed. And you mentioned...

REYNOLDS: ...To make sure we don't get left behind.

CRONIN: Absolutely. I think space is particularly intriguing. We're going to be doing a special program here with our Japan chair, H.R. McMaster, in a couple of weeks looking at the future of space and space cooperation with key allies. We'll be talking especially about Japan and India, but I think we need to be talking increasingly about the Australian cooperation on space because if we're blinded in space, everything changes, it seems to me, in terms of our ability to operate, to make...

REYNOLDS: It does. A lot of people don't realize, but Australia's had a very deep space industry for many years in the - mostly in the civilian space, deep partnerships with NASA, the European Space Agency, and a lot of space-based research has been happening for a long time. But we've come rather late to the party with the Australian Space Agency, which has now got very close links with NASA and also other organizations here in United States. So we are a little bit behind on that journey, but we're catching up fast.

CRONIN: I know, Minister Reynolds, you said your - it's not your place to give us advice, but if I am asking you for a personal opinion maybe on what it is that the United States can do. You mentioned tone is important. But what is it that the United States can bring to the Indo-Pacific vision and to standing up for the region, working so closely with like-minded allies that we're not already doing enough of? What else should we be trying to augment, improve upon?

REYNOLDS: I - as I said in my speech, I think it is working more collaboratively with Australia, with Japan, with France and the U.K., who all work sort of across the Indo-Pacific and making sure what we do is joined up and it is comprehensive. But ultimately, it is what is required in each and every nation. And I think, as I've said, it's more listening, more being present. And it also requires more flexibility, too, because some of our - as much as we love bureaucracy in our government departments, they can be a little slow in terms of approving funding for particular projects. So some of it is still with accountability but more flexibility to deliver things locally.

CRONIN: This is where we need some of Herman Kahn's unconventional thinking on how to improve procurement and reduce bureaucracy. But we fully approve of your conventionality, if you will, in terms of the strength of this enduring alliance. I wonder about Australia's sort of relationships with Indonesia in Southeast Asia. But with Indonesia just having a new cabinet and Jokowi, the Indonesian president, has just won his second term - he's put in place a - the

opposition had in terms of defense portfolio. Prabowo is now the defense sort of leader in Indonesia. That's problematic for the United States for engaging, from Capitol Hill's perspective for instance. What's your - how would you sort of think about engaging such a - now a strong defense minister out of Jakarta in this Jokowi government? I mean, has this changed things?

REYNOLDS: No, I don't think it does change things. I had a very warm phone conversation with Minister Prabowo last week, and he is a very strong supporter of the United States and of Australia and of closer defense engagement between our nations. There are always hard decisions to be made in terms of our international relations, but the fact is, Indonesia is a democracy. It is a very strong democracy. And it shares - with some differences, as we all do. But it is committed to democratic principles. It is committed to peace and prosperity, just as we are. And it might be a little challenging in some areas, but we are certainly going to be engaging with the new Indonesian government and the new minister because it's in our national interest to do so.

CRONIN: Well, Minister, you've been very generous with your time. I know you have a full schedule of appointments. We are deeply appreciative that you took time to come to the Hudson Institute today to give your remarks, to have this conversation. Would you please join me in thanking the minister?

(APPLAUSE)

REYNOLDS: Thank you. Thank you.

CRONIN: Best of luck.