Toda Peace Institute

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In AUKUS We Trust:
Australia's Security Settings Return to the Future[1]

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On 16 September, at the end of a virtual summit by leaders of the three countries, Australia, the UK and the US announced the conclusion of the clumsily named AUKUS security agreement that commits the UK and US to unprecedented technology transfer and material assistance to help Australia acquire a fleet of eight nuclear-propelled submarines. The sensitivities and complexities of the deal are such that the three governments have set out an 18-month planning timeline to scope out a nuclear propulsion pathway for Australian submarines. (A matching awkward moment occurred when President Joe Biden forgot Prime Minister (PM) Scott Morrison's name and referred to him as 'that fellow down under') Australia has reached deep into its historical roots to reconcile the paradox of an unchanging and constant geography with a geostrategic environment in rapid flux. Nationally, veteran journalist Paul Kelly described it as 'Australia's most significant

[1] I would like to record my appreciation for helpful comments and suggestions from long-time friends and frequent partners in conversations on global and security affairs, Air Marshal (ret'd) Ray Funnell and Major-General (ret'd) Mike Smith.

strategic decision since the ANZUS Treaty in 1951' that will shape Canberra's strategic framing of Indo-Pacific geopolitical equations for decades. This is especially so as, accepting Morrison's assurances that the doors to a domestic nuclear industry, nuclear energy and nuclear weapons remain firmly shut, Labor leader Anthony Albanese has given in-principle support to the new pact. Globally, *The Economist* said it represents the shifting of geopolitical tectonic plates. The decision to cancel the AUD 90 billion deal to buy a dozen French diesel submarines has roiled relations with France and introduced fresh tensions into relations with China. France was infuriated at the perceived slight and backstabbing by perfidious Anglosphere 'allies', for the first major concrete outcome of the pact was the termination of a substantial, heavily promoted, long-term investment in the Australian market. China will find in the announcement confirmation of fears of US-led efforts at strategic encirclement and strangulation. Asian leaders will have been bemused at the declaration by three white men based in Washington, London and Canberra that they intend to take charge of Asia's destiny.

The game-changing deal was concluded in rushed and clandestine negotiations. It aims to redesign the Indo-Pacific security architecture for the next 50 years. The risk is that it has been finalised without an extensive airing and debate of the key issues, principles and interests. For example, what if the architects have miscalculated the depth of French anger and the potential for French-led disaffection of the European Union (EU) from the broader Western alliance? Similarly, in a very real sense AUKUS proves the extent to which China's attempts at intimidatory diplomacy have proven self-defeating. But what of the opposite risk to Australia of a self-fulfilling enmity with China as a lonely outpost of the Anglosphere in the Indo-Pacific? This Policy Brief unpacks the longer term national, bilateral, regional and global reverberations and ramifications of the shock announcement of the birth of AUKUS.

National

According to former PM Tony Abbott: 'It was always folly to take an existing French nuclear submarine and waste 15 years redesigning it and rebuilding it as an inferior sub to what was potentially available now'. The nuclear option was previously ruled out for Australia's submarines on three main grounds, he explains, even though they were believed to be the best choice: 'first, we lacked a nuclear sustainment industry; second, the Americans wouldn't trust us with them; and third, Labor wouldn't wear it'. All three core assumptions have been upended in just five years.

Australia's maritime zone of strategic interest runs from Antarctica in the south to the Asian mainland in the north and covers the Antarctic, Indian and Pacific Oceans. It's hard to dispute the manifold advantages of nuclear-propelled submarines for patrolling this vast maritime space. Compared to diesel submarines, nuclear submarines can go longer, faster, quieter and harder, with greater range, uninterrupted underwater time at sea, stealth and punch with state-of-the-art missiles, cyber and artificial intelligence (AI) technology. The lifetime running ability of the nuclear cores and no requirement to build a domestic civilian nuclear industry also proved decisive.

However, not everyone agrees on the wisdom of choosing the nuclear option for Australia's submarines. Mike Scrafton, a former defence ministerial adviser, holds that the submarine decision 'is simply bad defence policy': 'The strategic implications of the nuclear-powered submarine decision include an increased likelihood of catastrophic war, abandonment of national sovereignty to the US, and inevitable trade and economic reprisals.' Joseph Camilleri, a familiar author for readers of Toda Peace Institute publications, agrees: 'The AUKUS security pact is another provocative alliance that can only end in blood and tears'. He thinks it simply reflects a nostalgic addiction to imperial power.

Greens leader Adam Bandt warns that the nuclear-powered vessels will put 'floating Chernobyls in the heart of Australia's cities.' This is just irresponsible scaremongering. According to Ross Eastgate, since its first nuclear-powered submarine *USN Nautilus* in 1955, the US Navy has completed over 5,400 accident-free reactor years with multiple vessels travelling more than 210 million kilometres.

Public opinion seems surprisingly receptive to the new nuclear reality. In just six months, from polls taken in March to polls after the surprise announcement of AUKUS in September, support for nuclear submarines almost doubled from 38 to 73 per cent. With Australia holding around one-third of the world's known uranium reserves, support for exploring nuclear energy has also increased from 55 to 70 per cent. This includes around 70 per cent of Labor voters and even around 50 per cent of Green Party voters backing both options.

The biggest concern at the national level is the chronological-cum-conceptual gap between the delivery date of the submarines sometime by 2040, and the justification for it with respect to the threats growing at an alarmingly rapid pace. There is also a critical legal gap, in that the existing contract has been abrogated but no new contract has been signed yet. The deal for the French vessels was negotiated in 2015 and signed in 2016. In just five years the security situation is assessed to have deteriorated so significantly as to warrant a total reset of the assumptions behind Australian maritime defence policy and the major weapons platform acquisition to give teeth to national defence capability. Yet Australia at the same time can wait for another 15-20 years actually to get that capability in a rapidly changing military technological environment? Meanwhile the already ageing existing fleet of submarines will continue to do the task of safeguarding Australia's three ocean maritime defence zone? The equation doesn't quite compute.

One way forward might be for Australia to lease a couple of nuclear submarines in the interim, which would also assist with training and familiarisation of dedicated crews and maintenance personnel. But what if submarines themselves become obsolete within that time horizon with advances in detection technology which neutralises the one and only real advantage that these vessels have, namely stealth? A group of scientists at the Australian National University embracing skills and experience in ocean science, nuclear science, materials science, AI and autonomous drones examined this question as a future-looking exercise unanchored in any current hot issues. Their broad conclusion is that sometime in the 2050s, the oceans will indeed become 'transparent'. Submarines will lose their stealth and consequently 'the submarine era will likely come to an end'.

Public finances—in particular the balance between revenue and expenditure—are already shot under the interlinked pressures of hits to the economy from repeating cycles of lockdown restrictions, massive subsidies to workers and companies to compensate and billions spent on mass vaccination campaigns. The younger generation has already been saddled with many years of substantial debt. The submarine costs—if the costings have been done, they are yet to be made public—could see Australian defence spending increase from 2 to 3-4 per cent of GDP. To meet the additional diplomatic challenges, Australia will also have to reverse the last decade's hollowing out of its foreign ministry and reinvest in the Department of Foreign Affairs and Trade. Both will confront the government with the politically difficult challenge of significant tax rises to raise additional revenue or recalibration of expenditure from social welfare spending to defence.

Bilateral

US

Events of the Second World War forced home the recognition for Australia and New Zealand that Britain as the mother country had faded as a global power, would steadily retreat back to Europe and was no longer capable of looking after their security by dominating the seas around them. The Australia-New Zealand-US security alliance (ANZUS) embedded deepening military ties and arrangements between the three countries until the mid-1980s when, compelled to choose by Washington between its strengthening anti-nuclear sentiments and the reality of an alliance that had nuclear deterrence as its inextricable core, Wellington reluctantly parted company. This drew Australia into an even tighter military embrace of the US and in recent years has led to an increased American military presence on Australian soil, for example with US soldiers rotating through northern Australia. AUKUS will deepen and augment the bilateral defence relationship with privileged access to some of the world's most sophisticated weapons systems, including Tomahawk missiles, cyber warfare and undersea drone and sensor technologies.

AUKUS involves wide security, defence industry, hi-tech, cyber and digital warfare issues that tie Australia in what PM Morrison describes as a 'forever partnership' with the US. It is both a strategic bet on a fundamental reorientation of American attention and resources from the North Atlantic to the Indo-Pacific as the real theatre of geopolitical contest in the emerging but as yet inchoate global order; and a step-change in Australia's military capability that augments the other two allies' remote controlled military footprints in this region.

Yet the creation of AUKUS comes against the backdrop of unease in some sections of Australian opinion about Australia's courtship of the US alliance even at the cost of good relations with China. In Chinese eyes, Australia appeared to have joined the US in a de facto containment strategy. What Americans portray as 'rebalancing' can be (mis)read as 'overbalancing' or even an attempted 'counterbalancing' against China's growing presence and clout in the region, with Australia constituting the southern arc of the containment strategy. Former PM Malcolm Fraser was not alone in worrying that, under the rhetorical rubric of a strategic pivot to Asia and with Australian collusion, Washington was turning

China into an enemy that China does not wish to be and Australia does not need. On balance, he argued in December 2014 shortly before his death on 15 March 2015, the US, its decision making deeply flawed, its judgment increasingly suspect and its interests and values diverging significantly from Australia's, had become a dangerous ally. And this was in the innocent days before Donald Trump's presidency.

Among major political players, former PM Paul Keating has led the attacks against AUKUS, on two grounds. On the one hand, he says, the deal compromises Australian sovereignty by severely circumscribing independence of action in deciding when, why and against whom to go to war. The decision will essentially be made by the US and Australia will be dragged into it willy-nilly. As the deeper implications of the deal began to register, a week later the opposition foreign affairs spokesperson Penny Wong distanced Labor from the early backing by Albanese. She incorporated the critique of lost sovereignty in her remarks and called on the Morrison government to 'inform the Australian people on the strategic, environmental, commercial, and political ramifications and consequences of this decision'. At the launch of the 2001 election campaign on 28 October in Sydney, PM John Howard famously declared that Australia remains a welcoming country for migrants: 'But we will decide who comes to this country and the circumstances in which they come'. What Australia needs is a modern-day leader to issue a matching declaration: 'We will decide against which country we go to war and the circumstances in which to do so'.

Second, reprising a familiar tune from recent times, he believes that in any armed conflict in the Pacific, China has grown powerful enough to prevail against the US and therefore Australia is casting its lot with the losing side, which is always strategically foolish. He commented back in 2016 that as a non-Asian power, the US cannot remain 'the strategic guarantor' of Asia in perpetuity. It remains 'important to the peace and good order of East Asia…[but] as a balancing and conciliating power'. Although the US is still the single most powerful and influential actor, US *primacy* – military, economic, ideological – is waning and global institutions will serve its power and purpose less and less, producing *a decline in the American order*. Contrary to the self-created and self-serving mythology, President Joe Biden has not so far demonstrated sure-footed deftness in handling sensitive foreign policy files.

China

Around 2010, China abandoned its low-profile and light footprint approach to regional diplomacy. Its words and actions have grown louder and more provocative in the decade since. The explanation for this may lie in its historical identity as a continental power, the Middle Kingdom to which surrounding states paid tribute. China has no tradition of operating either as a maritime power or in a system of co-equal great powers. President Xi Jinping has institutionalised wolf warrior diplomacy, militarised the South China Sea and become increasingly assertive in disputes with neighbouring and offshore countries. Beijing seems to believe it can browbeat and intimidate the likes of Japan, India and Australia into kowtowing to its demands. Its international reputation has also suffered with obfuscations and refusals to cooperate with genuinely independent investigations into the origins of SARS-CoV-2.

Australia has felt the sting of China's displeasure across a broad front in recent years, angered by Australia's early call for an investigation into the virus origins, expressions of concerns over the human rights situation in China, the crackdown on dissent in Hong Kong and the treatment of Uyghurs in Xinjiang. Beijing badly misread Australian national character, miscalculated Canberra's resolve to stand up to bullying and underestimated its capacity to reset the regional security architecture. For decades, Australian leaders have rejected calls to choose between European history and Asian geography and between the US as the principal security ally and China as the dominant trading partner. China's punitive actions against Australian barley, coal, seafood and wine exports and educational institutions have driven Australia back under the security blanket of the comforting Anglo-American embrace.

In a strongly worded response, China's foreign ministry spokesman Zhao Lijian said AUKUS 'greatly undermines regional peace and stability, aggravates (an) arms race, and hurts the international non-proliferation efforts'. He called on the three countries to 'abandon the Cold War zero-sum mentality and narrow-minded geopolitical concept'. In language with echoes of Maoist China, the *Global Times* says by participating in 'the US-led strategic siege of China', Australia has shown it 'is still a running dog of the US'.

China's current submarines are technologically noisier and inferior. It's also believed to be weak in anti-submarine warfare capability. However, on the one hand the US has not been battle tested at sea since the Second World War. On the other hand, China's economic dynamism, industrial capacity and growing technological sophistication is remarkable and its 'onwards and upwards' trajectory is even more telling when calculating effective military strengths in any future armed conflict. It has rapidly become self-reliant in defence production, often based on borrowed, adapted or even purloined foreign technology; is developing impressive capabilities in hypersonic missiles, warships, cyberweapons, space and information domain assets that have inexorably cut the margins of US naval superiority; and the need for secure lanes of communications, supplies and exports to expanding overseas import and export markets has made it imperative to become a modern maritime power.

China's proven ability to fast-track defence acquisitions means the 15–20-year lead time is ample for Beijing to embark on a major naval modernisation upgrade as a riposte to AUKUS. China has long complained about the US failure to publicly acknowledge mutual vulnerability as the basis of nuclear deterrence between the two. It is possible that the Chinese strategic leadership will interpret the new alliance as a threat to existential security by being able to target its submarine-based second-strike retaliatory capability following a successful first strike on China's mainland nuclear assets. In that sense AUKUS raises the stakes and will likely heighten regional tensions as China responds with military expansion and modernisation counter-moves. To add to this, a cascading effect could also be felt in relation to Russia's Pacific fleet based in Petropavlovsk on the Kamchatka Peninsula.

France

Thus, AUKUS is in part a counterproductive consequence of military, economic and diplomatic coercion of Australia by China. Have the Anglo-Saxon allies made as

consequential a miscalculation about France which, lest we forget, is actually America's oldest ally? The original 2016 submarine deal with France has been criticised from the start by many in Australia, often and vociferously. Already suspect when signed, the deal made less and less strategic and financial sense with each passing year. The main thrust of the criticism has been about the folly and costs of asking a company that makes nuclear-propelled vessels to retrofit it with diesel engines. It's like commissioning a company to redesign jet engines to power propellor-driven planes instead, and pay extra to boot for the downgrade. The decision to switch to nuclear is thus easily defended on strategic, economic and technological merits.

But the manner in which the deal was made, the shabby treatment and public humiliation of France is an insult to their amour propre and an affront to their dignity. According to *The Australian*, following two years of tightly guarded backchannel explorations, the trilateral deal was sealed in principle on the sidelines of the G7+ summit in Cornwall in June during a 45 minute discussion between the three leaders Joe Biden, Boris Johnson and Scott Morrison. Even though President Emmanuel Macron was also in attendance, he was kept completely in the dark. No one takes insult to national honour as exquisitely as France and no one does pique as well – which is why, of course, there is no better word for it in English. Has France previously recalled ambassadors from either Australia or the US, let alone both; and also cancelled a defence summit with the UK? Not recalling their London ambassador may be a very French comment on their ranking of the UK in the Anglosphere troika.

A French diplomat complained: 'Just like Afghanistan, this new "America First" opus is poorly conceived and even more poorly executed'. They have accused the AUKUS partners of 'a stab in the back'. In decidedly strong undiplomatic language, Foreign Minister Jean-Yves Le Drian accused the three of 'lying, duplicity, a major breach of trust and contempt'. Defence Minister Peter Dutton insists that Australia has been 'upfront, open and honest' with France, but really, is that the right way to treat a friend and ally? Was all this really unavoidable and have the three allies accurately assessed the long-term resulting damage, not just the short-term hurt feelings?

France literally had a vested interest in Australia's submarine project, having beaten out Germany and Japan in the bidding six years ago. Along with the US and the UK, France is the third NATO nuclear-armed state, continental Europe's sole nuclear power and the only European nuclear power operating in the Pacific with territorial interests in the region. The recalled French ambassador to the US, Philippe Etienne, says that 'much more' than a business deal, the cancelled French contract was 'an essential part of our Indo-Pacific strategy and engagement'. As Zoe McKenzie points out, France viewed the 50-year naval partnership as a much broader 'strategic play: a skin-in-the-game investment in the Indo-Pacific but, equally, an elevation of the Australian market to a level it had never been granted by a European economy' that extended, for example, to education, science, innovation, energy, infrastructure and transport.

The anger and resentment is understandable. France has already spent six years trying to turn its nuclear Barracuda-class design into a diesel-powered version for Australia because Canberra said it did not do nuclear. A major factor, not just a minor consideration was that defence needs were secondary to protecting the electoral majority of one cabinet minister

and so industrial policy to create jobs in Adelaide overrode a purely security calculation of the best option for Australia's future naval requirements. Australians have in effect changed their minds and France is left in the lurch, its entire long-term regional strategy in tatters. Also, as outlined in a series of articles over the last two years in *The Australian* by Robert Gottliebsen, the French too have been guilty of some sharp practices and good faith breaches since the deal was signed in 2016. As Gottliebsen commented recently, however, 'no senior Australian minister or public servant has ever publicly told the truth about the French double-dealing on the submarine contract' and this has enabled France to downplay their share of the blame for the sorry end to the story. Despite that, to have conducted discussions and concluded negotiations clandestinely by freezing out France does convey intrigue and a profound betrayal of trust. It risks undermining the united front with Europe that the US was engaged in creating against China's growing challenge.

The EU matters as Australia's second biggest trading partner after China and the second biggest source of foreign investment after the US. France and Germany are also the EU's two most powerful and influential members and an angry France could call on the EU to scuttle the three-year old discussions on a free-trade agreement with Australia because of an Anglosphere betrayal of an EU member. They could, for example, harden their stance on Australia's climate change commitments and actions. On 20 September, European Commission president Ursula von der Leyen said many questions needed to be answered on the AUKUS submarine deal: 'One of our member states has been treated in a way that is not acceptable, so we want to know what happened and why before you keep on going with business as usual'. The AUKUS allies will need to invest considerable diplomatic capital in efforts to assuage hurt sentiments and compensate damaged interests, or risk the downstream consequences of offended grievance that is institutionalised in French national memory for many years.

Regional

AUKUS is both an acknowledgment of and a concession to the loss of US strategic primacy. Under the George W. Bush administration, the US policy goal was to prevent any power from being able to dominate its own region. That is now well and truly history. Suddenly the Biden administration's stated justification for the shambolic withdrawal from Afghanistan —to be able to better focus on the strategic rivalry and trade competition with China— becomes more credible and takes on new meaning. China and other interested bystanders around the Indo-Pacific will once again have to quickly recalibrate assessments of the US ability and will to remain a powerful presence and actor in the region.

AUKUS relocates post-Brexit 'Global Britain' in the Indo-Pacific as the beating heart of the emerging global order with economic dynamism, international trade and the diplomatic centre of gravity all pivoting from the North Atlantic to this region. Wolfgang Münchau describes AUKUS as 'an implicit geopolitical disaster for the EU' that had treated the UK 'as a strategic adversary'. London has broken free to become a player in the variable geometry of the new international order while the EU remains stuck with its 27-member veto-paralysed foreign affairs council. Former Foreign Minister Alexander Downer writes that the Anglo-American decision to help Australia develop nuclear powered submarines is a

substantial contribution 'to the stability of a balanced Indo-Pacific region'. But China is likely to view AUKUS through a Taiwan prism. What if a provoked and angry China decides to reconquer Taiwan before its strategic equation worsens any further?

The Association of South East Asian Nations (ASEAN) has been worried for some years about becoming a battleground for Sino–US rivalry and AUKUS will play into those fears. Australia has moved swiftly to try and assuage concerns among ASEAN countries. Will Nankervis, ambassador to ASEAN, said on 20 September that Australia is 'committed to continuing to foster a peaceful, secure region with ASEAN at its centre, and to complementing and strengthening the existing ASEAN-led architecture'. Morrison telephoned Indonesia's President Joko Widodo on his way to Washington to attend the Quadrilateral dialogue summit, to reassure him that Australia remains committed to maintaining a strategic balance in the region and to non-proliferation. A team will be assembled to reach out to other regional countries as well with the message that Australia has no intention to seek to dominate regional politics.

Australia and the US have come closer together in a de facto bilateral ANZUS alliance since an anti-nuclear New Zealand effectively defected from the 1951 trilateral pact in the mid-1980s. AUKUS creates a new subgroup within the Five Eyes arrangement that already bound five Anglosphere countries in a close-knit intelligence sharing community. Australia has now been elevated above Canada and New Zealand as a privileged defence ally of the US and the UK.

Australia, Japan and the US were drawn to the 'Indo-Pacific' conceptual frame as a convenient analytical tool to incorporate India into their security calculus. It integrates geography, the 'free and open' principle and democratic values into one strategic construct. However, the level and quality of economic interaction of the four Quad partners with China vary enormously, as do their territorial disputes and their fears of entanglement in others' quarrels. Most critically, there can be no expectation of automatic military assistance in any armed conflict with China arising from the territorial disputes between Japan and China and between India and China. This realisation when combined with the worsening maritime security environment in the Indo-Pacific region has prompted Australia to bet the house once again on its historical and post-1945 great and powerful protectors.

This means that India and Japan—the latter a US treaty ally—will need to reassess the relevance and importance of the Quadrilateral dialogue forum with Australia and the US as the four major Indo-Pacific democracies. Since its benign beginnings as an impromptu coordinating arrangement between their four navies in the humanitarian disaster relief operations after the great Indian Ocean tsunami of December 2004, the informal maritime grouping has gradually been elevated in status as the diplomatic, ministerial and leaders' forum alongside a thickening web of bilateral and combined military exercises between the four countries. The Quad has been revitalised and gained increasing 'content' in recent times with the combined exercises and institutionalised discussions. AUKUS will leave Japan as the odd one out in the Quad on nuclear-powered submarines.

The AUKUS announcement came on the eve of the first ever in-person Quad leaders' summit in Washington. At one level, the concrete evidence of strengthened US commitment to the

Indo-Pacific will be welcomed by India and Japan. In addition, given French fury at its treatment and its continuing strategic interest in the Indo-Pacific, the development is an opportunity for Paris to reroute its pursuit of strategic engagement through New Delhi and Tokyo rather than Canberra. This may be especially attractive to India which has over the past decade steadily deepened its bilateral relationship with France, including major defence purchases for the Indian Navy and Air Force. Historical connections notwithstanding, France not Britain is India's most important partner in Europe and the gateway to India's engagement with Europe. Thus, there would be a certain symmetry as well as sound logic to a reciprocal India bridge for French strategic engagement with the Indo-Pacific.

Global: Proliferation Risks of a Nuclear Arms Race

The first and probably the most important global implication of the AUKUS agreement is its structural impact on the shape and trajectory of the Sino–US strategic rivalry. As the key elements of this have already been discussed in preceding paragraphs, it need not detain us any further. The second major global significance lies in its potential to trigger a new naval arms race in the region and perhaps even stimulate the proliferation of nuclear weapons. On 21 September, for example, it was revealed that British nuclear-powered submarines would use Australia as a base, and undergo deep maintenance here, thus enabling them to stay deployed in the Indo-Pacific for much longer periods without having to return to their own base in Faslane, Scotland.

The logical tension between operating nuclear-fuelled ships, while eschewing nuclear power to ensure energy security within the broader goal of shifting away from fossil fuels to reduce emissions, is not sustainable indefinitely. Daniel Walton, national secretary of the Australian Workers Union, asks an obvious question: 'Every nation in the world that has the capacity to build and/or operate nuclear submarines also has nuclear energy capabilities. Why would Australia make itself the global odd man out'? If and when that tension is resolved in favour of opening up a domestic nuclear industry, will the same logic apply to the nuclear weapons: that Australia will be the odd country out in a global group of countries that use nuclear propulsion for their navy and also arm their ships with the bomb?

Even without the bomb, the nuclearisation of Australia's navy could create ripples of unease in neighbouring Southeast Asian countries and spark a regional race for nuclear naval propulsion. The 15–20 year time horizon gives a window of opportunity to countries like Indonesia, Japan, South Korea and Taiwan to work through the implications of Australia's upgraded naval defence capability and ponder the possibilities for their own security needs against the foreseeable threats in that timeframe. Chung-in Moon, chair of the Sejong Institute and former special adviser on national security and foreign policy to South Korea's President Moon Jae-in, points out that the Trump administration had rebuffed Seoul's request to share HEU and technology for South Korean nuclear-powered submarines citing proliferation concerns. The nuclear power-tinged AUKUS has established a de facto hierarchy among US allies that is likely to increase Japan's and South Korea's interest in nuclear-powered submarines.

Former Indonesian foreign minister Marty Natalegawa warns that AUKUS represents an escalation in regional 'stealth underwater capability' and 'adds to the perception of an Indo-Pacific lacking nuclear stability and prone to costly miscalculation'. Along with the revitalisation of the Quad, AUKUS is a sharp reminder to ASEAN 'of the cost of its dithering and indecision on the complex and fast evolving geopolitical environment'. He calls on ASEAN 'to reassert its relevance'.

Will Japan and South Korea be tempted to emulate Australia to embrace nuclear propulsion for its submarines? Will the relationship between the Quad, AUKUS and bilateral US–Japan and US–South Korean security treaties meld into a mutually reinforcing set of diplomatic-military arrangements, a bit like the EU-NATO partnership?

Nuclear analysts are divided in their immediate reactions to the announcement. This is the first instance of an NPT nuclear weapon state (NWS) assisting a non-NWS with the acquisition of nuclear-powered submarines. Sharon Squassoni, a former senior official with the US Arms Control and Disarmament Agency, warns that 'Expanding the club of states that use highly-enriched uranium to fuel submarines would be a mistake for many reasons.' In contrast to the UK-US submarines, French nuclear-powered submarines use low-enriched uranium (below 20 per cent) and leasing them would have represented an upgrade of the current contract without cancellation, avoided upsetting France and roiling the NATO alliance, and lessened proliferation concerns. However, the US is extremely unlikely in that scenario to have agreed to release its advanced naval and missile technologies to Australia.

The NPT permits non-explosive military uses of nuclear material, subject to standard safeguards measures that are suspended while the material is in military use but reapply as soon as the military use has ended. In the meantime, the non-explosive use obligation remains in force. Australia will seek an arrangement to keep the International Atomic Energy Agency (IAEA) informed about the material and ensure its eventual return to safeguards. The British and US ships use around 95 per cent highly enriched uranium (HEU). This is weapon-grade. But because it will be used for non-weapon related naval propulsion, significant quantities of HEU would be outside the IAEA safeguards system, making it difficult to certify that all Australian nuclear material remains in peaceful activities. Critics of the deal like Tariq Rauf, a retired senior IAEA official, are worried less about Australia per se than about the precedent this sets for opening a 'Pandora's Box of proliferation' for other more problematical countries. On 20 September even North Korea criticised AUKUS, saying Australia's nuclear submarines would 'upset the strategic balance in the Asia-Pacific' and could trigger a 'nuclear arms race'.

Gareth Evans, Downer's predecessor as foreign minister, emphasises that the AUKUS announcement absolutely ruled out any interest in nuclear weapon capability or even production of fissile material by Australia. The pact should be read as nothing more than 'building more credible Australian defence capability for many decades ahead' to reflect its particular geography. Meanwhile Australia could use the next 10-15 years to lead efforts to establish an internationally-accepted verification standard for all military reactor fuel.

Conclusion

AUKUS puts the stamp on three overriding geopolitical verities in the emerging regional and global order. First, it signifies the firming belief by the leading Anglosphere democracies that China is a formidable comprehensive national power that has displaced a severely diminished Russia as the principal strategic competitor. Second, it acknowledges that the strategic rivalry has pivoted from the North Atlantic to the Indo-Pacific. Third, nuclear propulsion for the navy will signify the greatest projection of Australian military power into the Indo-Pacific region. The ramifications of these developments will reverberate for decades. Yet, because of the need for secrecy in the negotiations, a transformative realignment of Australia's strategic frame for evaluating security threats and needs and acquiring-cum-building defence capabilities has been done without a wide-ranging public consultation process and transparent and open debate on the shelf-life of the strategic rationale for nuclear-powered submarines and a rigorous cost-benefit analysis. The integrated diplomatic-military opportunity cost might yet prove very high.

The Author

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