


The \$40 billion submarine pathway to Australian strategic confusion

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by Richard Tanter

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I. Introduction

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II. POLICY FORUM BY Richard Tanter

The \$40 billion submarine pathway to Australian strategic confusion

Submarine builders are busy in Asia. India is building six new nuclear attack submarines, and China is selling Pakistan eight diesel/electric submarines. . South Korea has established a consolidated submarine command to manage its *Harpoon*-equipped missile diesel-electric fleet of nine German-designed *Type 209* submarines, and will have five more by 2019. Russian builders handed over a *Yasen*-class nuclear attack sub and a *Borey*-class SSBN last year, and four more nuclear boats have been laid down in Archangelsk's shipyards, some of which will go into the modernization of the Pacific fleet. And China's nuclear attack submarines now pass through the Malacca Straits to Indian Ocean patrols. India, meanwhile, in addition to its expanding nuclear fleet, has approached Japan to buy six of its big, 4,600 tonne *Soryu*-class diesel-electric submarines with its air independent propulsion system.^[1]

Consequently, anti-submarine warfare planners are busier still, particularly those in China, and in America's East and Southeast Asian allied countries. Like Soviet submarines before them, Chinese submarines attempting to reach the protection of the deep waters of the mid-Pacific must run the gauntlets of the American-dominated choke points between the island chains that reach from the Kurils through Japan and the Ryukyus and the Philippines and Indonesia. In a complex set of regional maritime environments for the perennial contest between submarines and their surface, air and undersea hunters, the current clear US and allied naval dominance, including in anti-submarine warfare, will be increasingly tested in coming decades, with consequent implications for long-term submarine-building plans.^[2]

In this rapidly developing strategic environment the plans of successive Australian governments to replace its aging and largely moribund fleet of six Swedish-designed and Australian-built Collins-class submarines are a matter of concern to the United States in its drive for interoperability and alliance operational integration. Early public suggestions from the US that Australia might make a quantum leap in undersea warfare capacity by buying 9,000 tonne US nuclear-powered *Virginia*-class came to nothing, with even strong alliance advocates concerned about Australia's weak nuclear technology base and the technological dependence that would ensue.[3] Domestically, the conservative Abbott government sparked broad controversy when, after talking up an Australian build during a bitter 2013 election campaign, did a *volte face* in office, and ruled out building in Australia, with the then Defence Minister saying of the Australian Submarine Corporation, the builders of the unhappy Collins-class boat, that "I wouldn't trust them to build a canoe".[4]

Against this background (and even with a new Defence Minister) almost everything about the Abbott government's project to spend up to \$40 billion on twelve new submarines is breathtakingly wrongheaded, hazardous strategically and profligate financially. The process of deciding which country and company will be lead builder has been a zigzag without logic, born of prime-ministerial survival tactics, secret undertakings given domestically and abroad, and intense lobbying in the shadows by corporations, embassies and different factions of the defence bureaucracy. The process has been held hostage by a typically Australian junior-alliance-partner amalgam of US pressure, 'unforced' Canberra policy preference for maximum weight to be given to alliance maintenance, and an expected—indeed, hoped for—Australian niche role in US-Japanese conflict with China.[5]

The strategic rationale for buying the submarines, the purposes for which they are intended and hence the capacities they are required to have remain hopelessly unclear, with the favoured options bringing serious strategic risks. Furthermore, the Australian government has colluded with the most nationalist government in Japan since the end of the Second World War to break that country's longstanding bipartisan policy of not exporting major weapons systems, thereby encouraging a steep escalation of Japanese remilitarisation under Prime Minister Abe.

For Australia, the most enduring strategic consequence, though, will be the effect on Indonesia's views of Australia's intentions towards it. Will Australia use its submarines to control the maritime highways through Indonesian waters? This will encourage both extreme and mainstream views on Indonesia's need to match Australian military capacities and remain wary of Australian intentions.

Amidst this policy chaos, the first thing to clarify is the apparently minor, if not absurd, matter of Prime Minister Tony Abbott's dogmatic insistence that the promise he gave a wavering South Australian colleague while fighting for his political life during the February Liberal Party leadership crisis involved a 'a competitive evaluation process' to select the builder of Australia's new submarines, rather than an 'open tender'.

At first sight this seemed to be either another Abbott misstep, another expression of the Coalition's preference for deindustrialization, or simply antagonism to the Australian Submarine Corporation.[6] But the explanation of Abbott's insistence was hidden in plain sight in Japan. Reuters reported the consternation of Japanese government officials when they heard of the Abbott promise to his South Australian colleague. They thought that Abbott had understood that domestic sensitivities would prevent Japan from making a bid in an open tender: 'If we are asked that's not a problem, but we can't really be seen to be going out and actively pursuing a deal'.[7]

The second thing to talk about is money. The ominously imprecise estimates spoken of in Defence circles of between \$A25 billion and \$A40 billion—always likely to rise—need to be put in a budget context. The 2014-15 budget for all of Australia's defence activities, including other major capital expenditures and ongoing operations in Afghanistan - and now, Iraq - is \$A29 billion [8]

Chief of the Defence Force Mark Binskin dismissed the objections of critics of the government as 'emotive'.^[9] Granted, Binskin was particularly referring to advocates of building the submarines mainly in Australia—either to keep the South Australian economy alive or to maintain an Australian strategic defence industrial capacity. While there are reasonable arguments for and against such positions, there is nothing irrational about them. Moreover, a single weapons platform of opaque strategic benefit costing 125 per cent of the total annual spending for defence is a perfectly reasonable thing for all Australian taxpayers to get very vocal about.

The third issue is the basic one: for what purpose are these weapons platforms to be used? Where do they fit strategically? Does the thinking behind the proposal address Australia's real needs, or does it make the country's situation worse by locking Australia into US-orchestrated conflict with China?

Two of the most developed public arguments for how Australia should use submarines emerged from former Deputy Defence Secretary Hugh White in his 2009 alternative white paper *A Focussed Force*, and from commentaries by Andrew Davies from the Defence Department think tank the Australian Strategic Policy Institute (ASPI).^[10]

White emphasized the profound changes in Australia's Asian environment, in terms of the relative capacities of the United States and China and in terms of the wider regional arms race that has been under way for some time. To summarise brutally, White argued that:

the overriding aim of our naval forces should be to help deny the sea approaches to Australia and our close neighbours to hostile forces, and to contribute to larger coalition sea-denial operations further afield in the Asia-Pacific.

White argued that, despite their expense, despite the difficulty in maintaining, staffing and operating the current submarines, and despite the limitations on what submarines can actually do (principally, in White's view, sink ships), this means:

a decisive shift away from a navy focused on surface warships to one which gives a strong priority to submarines.^[11]

This led White to call for eighteen submarines, three times the number in Australia's current submarine fleet. However, he said little about the implications of the two quite different proposed missions for the types and capacities of the submarines, particularly in terms of range and hence size.

Moreover, in recent years White has been raising important questions about Australia's military relationship to a declining American regional presence and an expanded Chinese one in East and Southeast Asia. At times, White has appeared to be following the line of thought opened up by David Martin in his path-breaking 1984 book *Armed Neutrality for Australia*. While White has not spelled out this side of his thinking, and leaving aside the ways in which the passing of the Cold War requires some rethinking of the idea of neutrality, the idea of investing in a submarine fleet for 'coalition sea-denial operations further afield in the Asia-Pacific' is a very different matter from White's larger concerns for a geographically focussed defence outlook.

Less definite than White, Andrew Davies envisaged three possible applications for an Australian submarine force, and was deeply sceptical about two of them. One would involve a war against another middle power, and another a war against a major power without the involvement of the United States. While these, argued Davies, 'are...in the category of "unlikely but not completely incredible"', he dismissed both. A putative sea-denial role for submarines against 'a major (and nuclear armed power)'—i.e. China—without the United States is, for him, close to absurd to think

about.[\[12\]](#)

Davies' eloquent dismissal of the perennially invoked Australian prospect of war with a regional middle power (the usual candidate being Indonesia) is memorable:

We have no abiding enmities, no simmering territorial disputes and no pissing contests worth mentioning. In fact, our part of the world looks more coherent today than it has for a long time. If anything, our collective interests are converging rather than diverging. And even with the ADF [Australia Defence Force] we have today, we have enough denial capability to make the power projection task of any would-be hostile middle power formidably difficult. In short, there's no reason for any middle power to want to fight us, and no obvious way for them to do so in any case.[\[13\]](#)

For Davies the most important possible role for a submarine fleet was the one envisaged by the Rudd Labor government in its 2009 White Paper, and the one urged on Australia publicly by US diplomats—a symbolic political contribution to maintaining alliance credit through a niche role in US naval operations against China:

If it's uncomfortable to be talking about war with China, it should be. It's a horrendous proposition and one we'd much prefer to avoid for many reasons. But it's something the United States is thinking about.[\[14\]](#)

In the view of the current government, US-led coalition war against China is precisely the context for a niche role being considered for Australian forces and for submarines in particular. As Davies says, this "horrendous proposition" is being spoken of in Washington and Tokyo, and increasingly in Canberra, on occasion with a degree of insouciance that should be condemned and attacked. Besides the obvious fundamental objections to such an Australian role, by the time most of the submarines are built twenty years or more from now, the undersea balance in waters close to China will likely have either reversed from the present US-Japan dominance or become so favourable to Chinese anti-submarine warfare as to designate a niche Australian submarine role as somewhere between insignificant and suicidal.[\[15\]](#)

While there are important parts of White's developing argument that to disagree with, he is absolutely correct to say that in the medium term Australians - and the same is true for Americans - are going to live in a strategic and cultural world that reverses the assumptions on which post-invasion Australia was constructed—a time that coincided almost exactly with the historically anomalous period in which China was not the most important country in the world.[\[16\]](#) Rethinking the default alliance setting of this massively costly and technically difficult multi-decade submarine project should be front and centre in such concerns.

Leaving aside whether the big Japanese *Soryu*-class submarines actually meet Australia's strategic needs, the government's headlong rush to a Japanese build carries an important but largely undebated strategic significance.[\[17\]](#) By holding out the chance of a massive submarine export sale, Australia is dramatically accelerating the process of Japanese remilitarisation that began as the Cold War was ending.[\[18\]](#)

Japanese arms manufacturers such as Mitsubishi Heavy Industries and Kawasaki Shipbuilding, lead contractors for the *Soryu*-class submarines, have long been working with the nationalist wing of the Liberal Democratic Party to remove the arms export ban.[\[19\]](#) While they were successful in having the policy removed last year, nothing like the prospective Australian submarine sale has been conceivable in almost seven decades.[\[20\]](#)

Post-war conservative Japanese leaders restricted the size of the Self Defence Force, declined US suggestions of dispatching troops to fight overseas, refused to export major armaments, and developed a unique and successful doctrine of defensive defence, eschewing weapons that could be used for offensive operations: no aircraft carriers, no amphibious forces, and no aerial refuelling aircraft.

Under American pressure and with the strengthening of the nationalist streams in the political and bureaucratic worlds, Japan has been shifting away from these self-imposed limitations. Japan's Ground, Air, and Maritime Self Defence Forces are now the most advanced and professional army, navy and air force in East Asia. There are now few restrictions on foreign SDF operations.[\[21\]](#)

Remilitarisation over the past two decades has already reached the point where the change Mr Abe seeks to Article 9 of the constitution would be mainly a symbolic one. Yet in a region where the most powerful strategic fact of life is the almost complete failure of historical reconciliation between Japan and the countries it colonised and invaded in the first half of the century, abandoning Article 9 would be an almost literally explosive symbol for neighbouring China and South Korea. An Australian submarine order would be immensely helpful to Mr Abe's campaign.

The Abe government is now quietly using the term 'quasi-ally' (準同盟国) to describe its relationship with Australia.[\[22\]](#) Most Australians think well of Japan and would be happy to support its defence in general terms. But it is another matter to actively encourage the remilitarisation of a country led by a government that refuses to acknowledge the crimes of wartime Japan, and that wants to rewrite history to whitewash those crimes. Shared values should temper interests in foreign policy, and when they are not shared, there should be caution, especially when the Australian government's dealings are not transparent.

Yet this project involves deeper hazards still. Following the recent publication of Desmond Ball's and my study *The Tools of Owatatsumi: Japan's Ocean Surveillance and Defence*, Ball and Robert Ayson closely examined the question 'Can a Sino-Japanese war be controlled?', reviewing the widespread, indeed barely questioned, assumption that such a conflict, for example over the East China Sea territorial disputes, can be contained to a 'limited war'.[\[23\]](#)

Examining in detail both technical and political aspects of such a confrontation, including the vulnerability to attack of Japan's potent undersea surveillance capacities that we documented, Ball and Ayson concluded that in the relationship between Japan and China:

there seems to be minimal political understanding of, or commitment to, avoiding escalation...These political obstacles increase the pressure created by military considerations that encourage swift escalation, to the point at which even nuclear options seem attractive...The subsequent involvement of the United States could lead to Asia's first serious war involving nuclear-armed states. And we have no precedent to suggest how dangerous that would become.

In a strategic context like this, the Abbott government's determination to tighten Australia's military bonds with a truculent nationalist government in Japan, including through a massive, opaque, multi-decade weapons-building enterprise, amounts to a grand and dangerous *folie à deux*. American hopes for an operationally integrated alliance of democracies may be a matter of being careful what you wish for.

Image source: Richard Gale

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