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AUKUS: Security and foreign policy implications

NEW
DIPLOMACY
PROJECT

TOP LINES

- On 15 September 2021, Australia, the United Kingdom and the United States announced a trilateral security agreement with important implications for Indo-Pacific security.
- A major headline is a deal to construct a new fleet of nuclear-powered submarines for the Australian Navy, replacing a pre-existing contract between Australia and France.
- The agreement also includes military cooperation in the emerging spheres of cyberspace, artificial intelligence and quantum technology.
- AUKUS represents the first tangible expression of the strategy set out in the Integrated Review, particularly in terms of its emphasis on knowledge-sharing and technological expertise and its focus on the Indo-Pacific region.
- AUKUS has been welcomed by a number of regional players, including Taiwan, as a counter-balance to Chinese ambition in the Indo-Pacific. This could deter Chinese aggression in the South China Sea, including against contested territorial claims with Japan.
- However, others worry AUKUS could increase tensions and the likelihood of conflict in the region, and undermine non-proliferation agreements through its use of nuclear technology.
- France reacted strongly against the announcement due to the loss of its submarine contract worth an estimated \$56 billion and its perceived marginalisation of the country despite its longstanding presence in the Indo-Pacific region.
- Labour should welcome the AUKUS pact and increased cooperation with our allies. Australia and the US are two of the UK's closest security partners. Sharing resources and intelligence with them makes Britain safer.
- However, it is also important to ensure that this arrangement will not in any way undermine NATO or other strategic partnerships.
- This arrangement brings potential economic opportunities for the UK, and the Government must ensure it gets its fair share of any contracts that come out of AUKUS.

- In the wake of AUKUS the UK Government should take steps to reassure France - its primary security partner in Europe - and ensure that future activities in the Indo-Pacific are more inclusive of the key actors.
- The UK Government should also consider the implications of this agreement for nuclear proliferation, given its commitment to the principles of non-proliferation enshrined in the NPT.

BACKGROUND

On 15 September 2021 Prime Minister Boris Johnson, US President Joe Biden and Australian Prime Minister Scott Morrison [issued a joint statement](#) announcing the creation of an “enhanced trilateral security partnership” called AUKUS, between Australia, the United Kingdom and the United States.¹

The first initiative under the partnership enables Australia to acquire nuclear-powered (but not nuclear-armed) submarines, supported by the UK and US. The initial scoping phase will take 18 months. This will be a joint endeavour between the three countries, with a focus on interoperability, commonality, and mutual benefit.²

AUKUS also includes plans to further “enhance joint capabilities and interoperability.”³ These will initially focus on cyber capabilities, artificial intelligence, quantum technologies and additional undersea capabilities.

The announcement reinforces the “tilt to the Indo-Pacific” outlined in the Government’s integrated review of security, defence, development and foreign policy, published in March 2021. In the document the Government outlined its ambition to be the “European partner with the broadest and most integrated presence in the Indo-Pacific”, adding that the Indo-Pacific region is “critical to our economy, our security and our global ambition to support open societies.”⁴

While the agreement does not explicitly say so, it reflects the partners’ concerns about China’s growing military capabilities. President Biden is continuing the pivot to Asia-Pacific begun under President Obama. In some ways, AUKUS has the potential to play a similar geostrategic role in the Pacific to the one NATO plays in Europe, though a better comparison might be the existing ‘Quad’ relationship between the US, India, Japan and Australia. Put simply, AUKUS (1) demonstrates the US’s commitment to military commitment in the region, (2) strengthens Australia’s capabilities and (3) offers a new route for the UK to be a more powerful player.

AUKUS can also be understood as a more targeted offshoot of the Five Eyes intelligence sharing alliance between the US, UK, Canada, Australia and New Zealand. It is notable that AUKUS comes just a month after the US’s chaotic withdrawal from Afghanistan, which implies that Biden’s foreign

¹ 10 Downing Street, [UK, US and Australia launch new security partnership](#), 15 September 2021

² Ibid.

³ Ibid.

⁴ HM Government, [Integrated review of security, defence, development and foreign policy](#), 16 March 2021.

policy is not one of American withdrawal from contested geopolitical issues, but a reorientation towards what is increasingly seen as America's number one geopolitical challenge: the rise of China.

IMPACT OF THE AGREEMENT

China and Taiwan

Although AUKUS makes no explicit reference to China, its logic is inseparable from the economic, geopolitical and military rise of China. China is indisputably the dominant player in the Asia-Pacific region, and has increased its hostility towards Taiwan and disputed territories in recent years. This has caused tensions with neighbours and encouraged the US to devote more attention to the region.

AUKUS must also be understood in the context of a wider deterioration in US-China relations. This deterioration covers a wide range of issues including political freedoms in Hong Kong, human rights abuses of Uyghurs in Xinjiang, territorial and trade disputes and cyberwarfare.

China has condemned AUKUS, calling it "extremely irresponsible" and accusing the US of inflaming tensions in the region, which could lead to an arms race and cold war.⁵ A few days after the agreement was announced, China applied to join the Trans-Pacific trade partnership (CPTPP), a deal originally envisaged by the US which includes Japan, Canada and Australia among its members, saying "people in the Asia-Pacific region need growth and employment, not submarines and gunpowder".⁶ The UK is also in the process of joining the CPTPP, which the Biden Administration has thus far resisted joining despite Obama having originally established the deal.

Taiwan has welcomed the AUKUS pact and emphasized its shared "philosophy" with the US, the UK and Australia. Ruling Democratic Progressive Party (DPP) lawmaker Wang Ting-yu said that AUKUS "is necessary for Taiwan to cooperate with these three countries ... so as to balance the CCP's military expansionism."⁷ Taiwan's welcoming of AUKUS is an important indicator for Western powers. Since Taiwan has the most to lose from any conflict, has experienced increasing aggression from China (even in recent weeks) and would be the site of any violence and casualties, it is worth taking very seriously its perspective on the pact.

UK-China relations, already soured after disagreement over Hong Kong's new National Security Law, are likely to deteriorate further as a result of AUKUS. However, it is also possible that these relations reach a better-defined equilibrium as a result of the deal, after years of Britain courting Chinese investment while also criticising China's actions in Xinjiang and Hong Kong.

If the UK joins the CPTPP before China, which is likely, the UK will have a veto over China's accession. Crucially, AUKUS means that the UK is the most engaged it has been in the Asia-Pacific region since the handover of Hong Kong in 1997. In addition to applying to join CPTPP and become an observing member of ASEAN, the UK has recently begun talks with Japan about a deeper defence relationship.

⁵ South China Morning Post, [China hits out at 'highly irresponsible' Aukus defence pact between US, Britain and Australia and warns of Pacific arms race](#), 16 September 2021

⁶ Financial Times, [China says Asia needs jobs over submarines in fresh Aukus salvo](#), 22 September 2021

⁷ RFA, [Taiwan Welcomes AUKUS Pact, Calls For Stronger Ties With Democracies](#), 17 September 2021

There is a concern that AUKUS increases the chance that the UK's armed forces will be involved in any potential military conflict between the US and China over Taiwan. This is not a commitment within AUKUS, and ultimately that decision would be up to the government of the day. However, it may be politically difficult to refuse American requests for UK and Australian support in any conflict. Furthermore, the UK might find itself on the receiving line of trade and other sanctions were there to be such a conflict, since it is supplying key technology and intelligence to the US and Australia.

Indo-Pacific states

AUKUS has not been extended beyond the UK, US and Australia, despite other states - such as Japan, India and South Korea - having a very active interest in the pact. Japan and India have both welcomed AUKUS, and have a shared interest in containing China's influence in the region. Japan has an interest in avoiding conflict in the South China Sea, and also has a series of territorial disputes with China. India has an ongoing border dispute with China. Both countries are concerned about Beijing's more recent antagonism towards Taiwan, Hong Kong and other territorial claims.

It would be unfeasible for Japan, India and other regional powers to join the pact given that AUKUS relies on the sharing of sensitive technology and intelligence. The submarine technology offered to Australia by the US as part of AUKUS has not been shared with any other ally up until now, apart from the UK. All three countries are part of the existing Five Eyes intelligence network. However it will likely be a priority for AUKUS countries to reach out to Japan, India and other regional powers and consult with them. It may also be appropriate to share some intelligence with these countries and encourage cooperation, even if AUKUS itself cannot be extended beyond the core three countries.

Other Asian countries have been more cautious about welcoming AUKUS. Many of these countries have close trading relationships with China, and some of them could be indirectly affected by any conflict in the region. Malaysia and Indonesia, for instance, have highlighted the risks of fuelling an arms race.

James Chin, Professor of Asian Studies at the University of Tasmania, explains why southeast Asia is so concerned about AUKUS.⁸ He notes that Indonesia and Malaysia have come out strongly against Australia's plan to acquire a fleet of nuclear-powered submarines with the help of the US and UK. He explains this concern is driven by: concerns about future acquisition of nuclear weapons and/or a major arms race in the Indo-Pacific; worries among ASEAN states that China-US rivalry will play out in their backyard - that AUKUS nations view the South China Sea as a key venue for a contest against China.

The Philippines has noted its support for AUKUS, as it addresses the military "imbalance" in Southeast Asia.⁹ The Foreign Secretary said there is an imbalance in the forces available to ASEAN

⁸ The Conversation, [Why is southeast Asia so concerned about AUKUS and Australia's plans for nuclear submarines?](#), 20 September 2021

⁹ Benar News, [Philippines Throws Support Behind AUKUS Pact](#), 21 September 2021

member states and “the enhancement of a near abroad ally’s ability to project power should restore and keep the balance rather than destabilize it.”

New Zealand and Canada, both excluded from the agreement, have emphasised that they are not interested in nuclear submarine capacity and therefore would not seek to be a part of the agreement.

European states

AUKUS is notable in involving the UK, which is not a Pacific state, while neglecting other European allies of the US. Most significantly, AUKUS excludes France, which has a longstanding interest in the Indo-Pacific region due to French overseas territories there, and has encouraged the EU to focus more on the Pacific region. France had agreed a contract with Australia for diesel submarine technology worth an estimated \$56 billion, cancelled as a result of AUKUS, in favour of Anglo-American nuclear submarine technology.

France reacted angrily to AUKUS, to the point of recalling ambassadors to the US and Australia, and described the announcement as a “stab in the back”. French officials maintain they were not warned of Australian concerns about the contract.¹⁰ President Macron, who faces presidential elections in 2022, said AUKUS means it is even more vital for Europe to increase its military autonomy.

France’s fury at being kept in the dark about AUKUS highlights some important geopolitical developments. First, the US is laser-focused on China, and far more interested in securing the best military capacities in the Pacific than it is in honouring a historic relationship with France. While Biden has emphasised the continued strength of the US-France relationship, Washington is probably more concerned about the reaction to AUKUS in Taipei, Tokyo and Delhi than in Paris or Brussels.

Second, France’s exclusion from AUKUS highlights the need for the EU to develop its own security and defence capacity, within the context and existing structures of NATO. While the US and UK are undoubtedly committed allies to European domestic security, the EU lacks the capacity for global influence beyond its borders. This is especially important as China has been identified as a “strategic rival” to the EU.¹¹ However, the muted response to the dispute from the likes of Germany and the Netherlands suggests that France will find it tough to mobilise the EU behind their priorities.

Third, from a UK perspective, AUKUS highlights the difficult choices facing post-Brexit Britain. While AUKUS could be framed as a post-Brexit win, insofar as the UK has joined an important pact to the exclusion of other European countries, the UK remains a European country and will depend on good relationships with European allies on a whole host of security issues, from cybersecurity and terrorism to cross-border policing and countering Russia. The decision to stride out into the Pacific without fellow European support could mean that the UK is more vulnerable to Chinese aggression (from sanctions and cyber attacks to more militaristic threats) without the strength in numbers that comes with support from key European allies.

¹⁰ New Statesman, [“Stab in the back”: How the new Aukus pact sparked French outrage](#), 16 September 2021

¹¹ South China Morning Post, [Is French fury at US over new UK-Australia pact a chance for Beijing to improve relations with Europe?](#), 18 September 2021

Nonproliferation agreements

Under AUKUS, the US and the UK will help Australia to acquire submarines with nuclear propulsion technology. This is likely to be through purchasing American uranium, and using technology designed and engineered in the US and UK which increases the range of submarines without detection. For Australia, the increased range would enable its submarines to reach the South China Sea to contain China, or play a part in any future conflict over Taiwan.

Australia will become only the seventh country in the world to operate nuclear-powered submarines.¹² Whilst not in contravention of the nuclear non-proliferation treaty, it does have implications more broadly for wider nuclear non-proliferation efforts, especially ahead of the (delayed) non-proliferation treaty review conference ([now expected to be held in 2022](#)).

Nuclear propulsion offers “unambiguous advantages” over diesel-powered submarines, but this should not be “overhyped”, says Euan Graham.¹³ The advantage for Australia is submarines that can travel further and faster; important given transit times from their base in western Australia to their likely zone of operations. They are bigger, allowing for more weapons and sensors, they can also remain submerged for long periods of time, unlike diesel-electric submarines which require resurfacing. They also require more expensive infrastructure and maintenance. It is unclear when the submarines are expected to come into service, but it won’t be until the 2030s, so it won’t have any immediate impact on the current military balance in the region.

While nuclear propulsion technology is distinct from nuclear warheads, the use of nuclear technology has raised concerns among those opposed to nuclear weapons in general, and could undermine nonproliferation agreements to which the UK, US and Australia are all signatory. Naval reactor programmes are technically excluded from such agreements, but this is described as a “loophole” which, if taken advantage of through AUKUS, could set a dangerous precedent. For example, other states could use naval reactors as a cover for developing nuclear weapons, avoiding inspection from the International Atomic Energy Agency (IAEA).¹⁴ It seems reasonable to conclude that AUKUS is not in the spirit of nonproliferation agreements, even if it does not violate any rules.

There are two ways to mitigate this risk, proposed by the co-director of the Nuclear Policy Program at the Carnegie Endowment for International Peace.¹⁵ First, Australia’s new submarines could use low enriched uranium (LEU), which cannot be used directly in nuclear weapons, rather than high enriched uranium (HEU), which can. On the plus side, this would avoid setting a precedent for proliferation of HEU. However, it would also reduce the usefulness of the submarines which would require more regular refuelling, and may also require using French technology.

Second, the UK and the US could set objective criteria for non-nuclear-weapon states to have unsafeguarded naval reactors. This would help avoid future accusations of double standards, if other

¹² The others being the UK, US, France, Russia, China and India.

¹³ Euan Graham, [Australia’s well-kept nuclear submarine secret](#), IISS, 17 September 2021

¹⁴ Carnegie Endowment for International Peace, [Why the AUKUS Submarine Deal Is Bad for Nonproliferation – And What to Do About It](#), 21 September 2021

¹⁵ Ibid.

countries such as Iran were to attempt to use Australia's precedent to justify proliferation. Such criteria could include IAEA compliance inspection, agreement to a new protocol setting out safeguards and a commitment to use LEU.

The Australian Strategic Policy Institute suggests that the significance of AUKUS is less about submarines and more that it has been set up as an information and technology-sharing arrangement that will focus on critical technologies such as artificial intelligence and quantum. Fergus Hanson and Danielle Cave suggest that in a region where hybrid threats are becoming more pervasive, AUKUS could give Australia a "strategic and technological boost for decades".¹⁶

RECOMMENDATIONS

Indo-Pacific security

Labour should welcome AUKUS in principle as a stabilising pact between liberal democracies, in a region which could experience rising tensions in coming years. The overriding aims of (1) cementing the US's presence in the region, (2) strengthening Australia's capacities and (3) involving the UK are worthwhile aims.

Labour has rightly already welcomed the benefit to British jobs and industry of developing Australia's submarine capacities.

However, Labour should emphasise that AUKUS's legitimacy and usefulness depends on a number of conditions, including:

- 1) **The support, and active engagement, of Japan, India and other Asia-Pacific states.** It is important that the UK, US and Australia - as three Western, mostly non-Asian states, do not make decisions on behalf of Asian countries without their consent and participation. So far, Japan and India's support for AUKUS is reassuring. However, Labour should push the UK to continue to engage actively with these countries, and to seek wider support particularly from South Korea, Malaysia and Indonesia, who are important Pacific players and have so far been either quiet or concerned about the deal.
- 2) **A transatlantic strategy on China.** The exclusion of France from AUKUS, while understandable in terms of military capacity and intelligence sharing, could backfire if the US loses the support of key European allies in its rivalry with China. The onus is on the EU, US and the UK to restore friendly relations and find other means of cooperating to counter Chinese aggression.

This is especially important for the UK, as a European country. Labour should support defence cooperation between the UK and EU states, and hold the UK Government to account for its thus far blasé response to French ire. It should also encourage its sister parties in Europe to take the China challenge more seriously, particularly where this affects the deep

¹⁶ ASPI The Strategist, [The real potential of AUKUS is about far more than submarines](#), 20 September 2021

trade and investment relationship between Europe and China.

- 3) **The support of Taiwan for AUKUS.** As the region most affected by any US-China conflict, it is essential that AUKUS commands the support of the Taiwanese people, and that Taiwan's views over any further activity (such as increased presence or patrols near the Taiwan strait) is sought. For diplomatic reasons formal involvement of Taiwan is unlikely to be wise, however Labour should emphasise the importance of Taiwan's tacit support for the deal.
- 4) **Clear safeguards on nonproliferation.** AUKUS poses a risk to nonproliferation which cannot be simply explained away by the nuclear warheads vs. nuclear submarine "loophole". As suggested earlier in this briefing, there are various ways of mitigating this threat, particularly by setting out objective criteria for non-nuclear-weapon states to have unsafeguarded naval reactors. This would guard against proliferation by other states in the future.

It is important that **Labour robustly counters critical voices from within its own ranks**, for example those who supported a recent conference motion condemning AUKUS. All Labour members share a desire for a peaceful world without conflict, but the intention of AUKUS is not to facilitate a new cold war or increase the chance of conflict. On the contrary US presence, Australian empowerment and British involvement has the potential to *reduce* the chance of conflict in the Pacific, insofar as it continues the ongoing deterrent of Chinese military hostilities towards Taiwan.

SUGGESTED QUESTIONS/INTERVENTIONS

Members will discuss AUKUS' impact on Anglo-Chinese relations in a Westminster Hall debate on 20 October 2021.

What discussions has the Minister had with the IAEA regarding any transfer of knowledge on nuclear technology to Australia?

What discussions has the Minister had with his counterparts in France, Germany and NATO on the deal?

Will the Minister confirm if his government has discussed with Australian and US counterparts the deployment of British Military assets as part of the agreement?

Is the Minister concerned about the risk of reprisals from the Chinese government or indeed the proliferation of nuclear propulsion technology among competitor states?

Will the Minister give his assurances that he will press hard to win favourable contracts for British workers, where the potential for this emerges?

Can the Minister outline if he expects this deal to impact on our own pipeline of shipbuilding, particularly the new Dreadnought Class submarines which the Infrastructure and Projects Authority have said is at risk of not being delivered on time or on budget.

Can the Minister outline if there are plans to develop further bilateral or multilateral agreements to share emerging defence capabilities, particularly with European allies?

It is important that we maintain a diplomatic dialogue with China. Without them solving some of the world's greatest challenges, like climate change, is not achievable. So can the Minister outline what is being done to increase our influence with China and what impact this alliance might have on COP26 negotiations later in the year?

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