

# AUKUS:

## Resetting European Thinking on the Indo-Pacific?

Edited by  
Niklas Swanström  
Jagannath Panda

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# Special Paper

## AUKUS: Resetting European Thinking on Indo-Pacific?

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Niklas Swanström

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# Abbreviations

A2/AD	Anti-access/area denial
AI	Artificial intelligence
ANZUS	Australia–New Zealand–US
APEC	Asia-Pacific Economic Cooperation
APLN	Asia-Pacific Leadership Network
ARF	ASEAN Regional Forum
ASD	Australian Signals Directorate
ASEAN	Association of Southeast Asian Nations
ASW	Anti-submarine warfare
AUSMIN	Australian–US Ministerial Consultations
BRI	Belt and Road Initiative
BRICS	Brazil–Russia–India–China–South Africa
CAI	Comprehensive Agreement on Investment
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CSDP	Common Security and Defense Policy
CSEC	Communications Security Establishment of Canada
ECS	East China Sea
EDF	European Defense Fund
EFP	Enhanced Forward Presence
EPP	European People's Party
EU	European Union
FOIP	Free and Open Indo-Pacific
FPDA	Five Power Defense Arrangements
FRS	Foundation for Strategic Research
FVEY	Five Eyes

GCHQ	Government Communications Headquarters
GCSB	Government Communications Security Bureau
GDP	Gross domestic product
HEU	Highly enriched uranium
IAEA	International Atomic Energy Agency
ICA	Innovation and Competition Act
IOC	Indian Ocean Commission
IPOI	Indo-Pacific Oceans Initiative
JCPOA	Joint Comprehensive Plan of Action
JEF	Joint Expeditionary Force
MEA	Ministry of External Affairs
MEP	Member of the European Parliament
NATO	North Atlantic Treaty Organization
NNWS	Non-nuclear weapon states
NPT	Non-Proliferation Treaty/Treaty on the Non-Proliferation of Nuclear Weapons
NSA	National Security Agency
NWS	Nuclear weapon states
OPRI	Ocean Policy Research Institute
PESCO	Permanent Structured Cooperation
PLAN	People's Liberation Army Navy
PRC	People's Republic of China
Quad	Quadrilateral Security Dialogue
RIC	Russia–India–China
SCO	Shanghai Cooperation Organization
SCRI	Supply Chain Resilience Initiative
SCS	South China Sea
SEANWFZ	Southeast Asia Nuclear-Weapon-Free Zone
SIPRI	Stockholm International Peace Research Institute
SPNFZ	South Pacific Nuclear Free Zone Treaty
TTC	Trade and Technology Council
UK	United Kingdom
UN	United Nations
US	United States

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# Executive Summary

- Australia-United Kingdom (UK)-United States (US) – or AUKUS – is an opportunity for Europe to push forward the much-debated “strategic autonomy” concept and strengthen European security and defense.
- The US and Europe have markedly different threat perceptions on China with Europe reluctant to be embroiled in US-China “systemic competition” as it balances economic benefits with national security concerns. Here, AUKUS is a signal that the US is not willing to wait for a shift in European perceptions.
- The inclusion of the UK over France in the AUKUS grouping is perhaps justified by Britain’s significant geostrategic footprint in Europe and globally, as one of the world’s top five military spenders. UK’s military prowess is visible in its forward deployments in Europe, broad focus across Europe and beyond, and nuclear deterrent policy which applies to threats to North Atlantic Treaty Organization (NATO) allies.
- Although AUKUS has certainly created a rift between the UK, the US and France, this rift does not amount to a schism between the US and Europe.
- Despite its lack of a formal Indo-Pacific strategy, Canada not only welcomes AUKUS as a sign of US’ shift away from the “America

First” doctrine, but also believes that Ottawa can add value to it as a full or associated member.

- Canada has demonstrated capabilities in key advanced technology areas like hypersonic missile systems, artificial intelligence, and quantum computing, as well as providing maritime domain awareness. It can engage with AUKUS (and the Quadrilateral Security Dialogue) in these areas – either regularly or in an ad hoc manner – and contribute proactively to gaining a competitive advantage in the region, and thus securing its national interests.
- The AUKUS’ expansive, security-focused agenda indicates that the member countries will be engaged in the region for several decades to come, making the grouping poised to become a critical and permanent fixture in the Indo-Pacific. In this context, it comes as a parallel or a complementary initiative to the anglosphere Five Eyes intelligence-sharing alliance.
- Although there are currently no plans for AUKUS’ expansion, there remains a possibility that the changing geopolitics and balance of power equations in the region will cause the grouping to follow in the Five Eyes’ footsteps to include other critical members in the medium- to long-term, although perhaps without a focus on nuclear military technology.
- In the short to medium term, AUKUS has impacted France’s ties with the US and Australia and relatively diminished France’s commitment to the region. It also risks marginalizing Europe’s security role in the Indo-Pacific – which is limited at best.
- It has only highlighted the need for France to adapt its Indo-Pacific strategy to pursue deeper partnerships and strategic alignments with states like India, Japan, and South Korea; however, to succeed, such a strategy must receive domestic support in France.



- For Brussels, the manner of AUKUS' announcement and the lack of consultations between the US and its European allies, including the European Union (EU), projected a picture of a divided West. Its awkward timing of announcement that clashed with the release of Europe's release of its Indo-Pacific strategy only added to this uncoordinated image.
- Although Brussels has refused to take sides in the intensifying US-China competition, it has found it difficult to present a united front on key issues matters like China and adopting "strategic autonomy". Moving forward, the EU must quickly consolidate unity and enhance its capacity to take autonomous action; such a united Europe – with an explicit vision for a stable neighborhood, and a significantly strengthened capacity for providing security and responding to threats – can be a critical partner and strategic asset in the Indo-Pacific.
- AUKUS is poised to have consequences for the Baltic region wherein the countries will feel pressed to make decisions driven by the EU's need to fast build "strategic autonomy" via European defence collaboration.
- AUKUS could lead to an intense arms race in Asia with maritime capabilities becoming a primary factor of focus; the comprehensively long-term nature of the agreement makes it likely that for Baltic security, other European countries would have to either fill-in the capability gap or pressure Baltic states themselves to ramp up defence strategies.
- AUKUS developments have also affected neutral EU, non-NATO powers such as Austria; as an export-oriented economy, Austria has trade ties with the AUKUS states that it would like to maintain but will face backlash due to EU's broader AUKUS-resentments.

- In this regard, AUKUS will lead to cracks in bilateral ties between different regional EU powers; for instance, as a supporter of EU's free trade agreements, Vienna will not well-receive France's role in EU's decision to postpone trade talks with Australia.
- Even as Beijing recognizes that AUKUS marks one of the US' most strong signs regarding countering China, its response to the agreement has remained measured whilst being critical.
- Broader question remains how Chinese military will respond to AUKUS which could ultimately link to an increased arms race in Asia.
- Japan has welcomed AUKUS as it marks a clear commitment of alliance partner US to the Indo-Pacific region; yet, AUKUS holds potential to further complicate Tokyo's attempts at balancing its ties with US and China.
- Japan's clear inclination to engage and lead multilateral groupings and ventures shows its support for rules-based solutions rather than confrontation.
- India has fine-balanced its reply to AUKUS, focusing on balancing its ties with both AUKUS states and France. Ultimately, to India's interest, AUKUS could emerge as an effective deterrent in limiting China's aggression.
- While AUKUS allows India the chance to build its own geostrategic interests in the region beyond Quad, its non-inclusion in the grouping highlights that New Delhi must build individual strategic bilateral partnerships by revisiting its own "strategic autonomy" overtures.
- AUKUS will not bode well for EU defence markets already reeling from Brexit and COVID-19 slowdowns.

# 1. Introduction

## 1.1 AUKUS – A Setback to Europe’s Indo-Pacific Outreach?

*Niklas Swanström & Jagannath Panda*

Minilateralism in Asia and the Indo-Pacific has emerged as the foreign policy tool of choice by states competing for regional superiority. As a result, powers across the spectrum have engaged in deeper cooperation with “like-minded” states, envisioning trilaterals, such as the India–Japan–Australia, India–United States (US)–Japan, and India–France–Australia, or quadrilaterals, such as the India–Japan–US–Australia (Quadrilateral Security Dialogue or Quad) process, currently Indo-Pacific’s most pivotal security dialogue.

The recent inking of a security pact, AUKUS, between Australia–United Kingdom (UK)–US comes as a part of this minilaterals-driven synergy. However, the AUKUS announcement has given rise to a vigorous debate on the implications of the security arrangement, its strategic positioning in the region, and the value that it can add to existing regional alliances like the Quad, which is perceived to be a leading forum to realise the interests of domestic powers in the region. How much does the AUKUS strengthen – or weaken – the Quad and its long-term goals in the Indo-Pacific? What impact does it leave for Europe, and particularly to the European outlook, toward the Indo-Pacific? Has the AUKUS created a strategic gap between Europe and the Indo-Pacific?

## **AUKUS: A Partnership Politics?**

The AUKUS is defined as a “enhanced trilateral security partnership” that seeks to bolster the “longstanding and ongoing bilateral ties” the three states share.<sup>1</sup> The partnership will focus on “deeper integration of security and defense-related science, technology, industrial bases, and supply chains.”<sup>2</sup> Most important, however, is going to be the significant push AUKUS will give to the “security and defense capabilities,” particularly of Australia. This outlook has already been implemented via the first initiative announced by the trilateral. Based on their “common tradition as maritime democracies,”<sup>3</sup> the US and the UK plan to deliver eight nuclear-powered submarines to Canberra based on the US prized nuclear propulsion technology that has so far been shared only with its long-time ally, the UK.<sup>4</sup> Such a venture will draw expertise from the UK and the US’ submarine programs; as a joint project, the goal will be to increase “interoperability, commonality and mutual benefits.”<sup>5</sup> Although the initiative is still in its nascent stages, AUKUS has already announced an 18-month timeline to devise an “optimal pathway” and put the project into operation – showing the priority accorded to it within their foreign and security policies.

Fundamentally, the strategic necessity for AUKUS stemmed from: (i) the US President Joe Biden’s goal to reinforce alliances in a bid to make America a world leader again;<sup>6</sup> (ii) Australia’s growing recognition of the China threat driving its urgent need to enter the nuclear-powered submarine club; and (iii) the UK’s aim to build its image as a major Indo-Pacific actor as part of its post-Brexit “Global Britain” outlook.<sup>7</sup> These three outlooks also ultimately culminate in a bid to curb China’s growing assertiveness, both military and economically. Yet, AUKUS also raises concerns –voiced in Malaysia, North Korea and China – regarding a growing arms race in the Indo-Pacific.<sup>8</sup> Moreover, as China continues rapid military modernization, other actors are looking to thwart its growth by building their own military

arsenal, leading to the beginnings of a new “great game” in the region.<sup>9</sup> For instance, China has used the AUKUS as an opportunity to highlight that Australia is violating the Treaty on the Non-Proliferation of Nuclear Weapons (NPT).<sup>10</sup> Yet, Australia’s AUKUS plans remain within the purview of the NPT and subsequent treaties.<sup>11</sup> However, an arms race in Asia and the Indo-Pacific has long been a looming strategic threat. Competition for regional power and great power identity in the region has seen rapid increment over the past two decades; and with China now being a triadic nuclear power, arms modernization has been an inevitable reality, with or without AUKUS.<sup>12</sup>

Australia’s “all-time low” ties with China have greatly abetted its decision to participate in this assignment as it recognizes that “military modernisation is occurring at an unprecedented rate” and Australia’s technological edge has narrowed considerably.<sup>13</sup> France, a key partner/ally of all three trilateral powers, is rather upset by the Australian decision to renege on the bilateral submarine deal signed in 2016. Beyond a diplomatic failure of trust, the move is a financial blow for the French military industry and arguably, hurts their prestige.<sup>14</sup> In fact, France’s reaction has attributed a key point in the debate over AUKUS: there appears to be a widening gap between traditional Western “allies” over their approaches to countering China, along with a growing trust gap between the European states and the US as well as the UK.<sup>15</sup> This gap is exceedingly visible in the Australia–France and US–France tensions that arose over the AUKUS’ nuclear submarine initiative.

### **AUKUS–Quad Conundrum**

The abrupt cancellation of the France–Australia submarine deal calls to the forefront a challenge, if not a lesson, for the Quad as well. The divide amongst AUKUS–France shows that despite being democratic like-minded

states with similar overall goals, undercutting the other at the cost of national prestige and interest remains a key challenge to a collective effort against threats such as China. Importantly, as history should ideally have taught the US (think of secrecy regarding the nuclear bomb during World War II),<sup>16</sup> the fact that AUKUS negotiations had reportedly been ongoing for over six months while France (and Quad allies like India and Japan) was not kept in the loop marks a major lack of trust between the democratic partner states.<sup>17</sup> It indicates not only a gap between the partners but also points to the US’ continued behavior of somewhat disregarding its partner’s interests. Such maneuvering by the US, already facing confidence backlash amidst rapid withdrawal of troops from Afghanistan, leave a major question mark in the minds of its other partners, especially smaller states not as up the diplomatic ladder as France. The obvious question is if the US and Australia have already decided that the Quad is not relevant, or simply does not consist of likeminded or trusted partners.

This lack of confidence in Washington (if not Canberra) can prove to be detrimental for the Quad, which is slowly but surely seeking to expand its leadership outlook in the region, as showcased via its recent meetings. The AUKUS announcement has caused strategic circles to question whether the Quad could lose its importance with the insertion of an Anglo-Saxon alliance in the Indo-Pacific. The key argument in the AUKUS–Quad conundrum contends that the Quad will continue to be a pivotal regional grouping, with the former being a security/military partnership, while the latter is primarily a diplomatic dialogue forum.

India, in its first official comments indicating its stand on AUKUS, has highlighted that the pact has “no link” to the Quad, thus distancing itself from the “security alliance.”<sup>18</sup> Such a purview broadly holds true: AUKUS and Quad are not in competition with each other, but keeping the Quad countries’ (especially India and Japan) bilateral ties with other powers (such

as France and even economic balancing with China) in mind, the AUKUS–Quad link is not necessarily poised to be complementary either. Instead, it can be argued that a strategic line of divergence – drawn along differences like dialogue versus military partnership – between AUKUS and Quad is needed to ensure the success of both mechanisms in their individual goals, as well as the broader collective goal of balancing China’s rise.

Despite the Quad Leadership Summit, maritime exercises like Malabar (which is not a military unit of the Quad but rather just encompasses all four countries) and the still arbitrary “Quad Plus” mechanism, the US–Japan–India–Australia quadrilateral remains a dialogue forum. In this context, while strategic communities in India and the official government in Japan have welcomed AUKUS, the pact’s impact on bilateral and trilateral ties the Quad has built over the past year – individually and collectively – is poised to be harmful, at least for the immediate future.<sup>19</sup> For instance, a ministerial meeting of the India–France–Australia trilateral was cancelled,<sup>20</sup> even as the bilateral meet the day after AUKUS’ announcement between Indian and French foreign ministers took place successfully.<sup>21</sup> Here, it is important to find leeway in bridging the AUKUS–Quad powers gap; the India–Japan–Australia-led Supply Chain Resilience Initiative (SCRI) could provide such a segue, especially as AUKUS itself seeks to look at building better defense supply chains.

Therefore, while the same might not bode ill for the growing India–France, Japan–France or even the potential India–France–Japan trilateral, France (and Europe’s) engagement with the Quad as a mechanism might get adversely impeded.<sup>22</sup> Potential ideations, such as an India–France–UK trilateral, which would have drawn on their mutual commitment to a rules-based maritime order and built a maritime democracy framework for enhancing security, blue economy and third country cooperation, have become more bleak.<sup>23</sup>



## **AUKUS, the EU and the Transatlantic Tensions**

Even as AUKUS makes room for increased British presence in the Indo-Pacific region, it also causes significant strain with France and Europe at large. Since France’s turn toward the region in 2018, with the push to realize the India–France–Australia trilateral, Paris has emerged as a leader in drawing the European Union (EU) toward the Indo-Pacific, partly in contrast to the more modest German Indo-Pacific strategy that seems more likely to be the guide for Europe if the French loses momentum. To strengthen its own pivot to the region, France has not only enhanced its regional diplomacy through increased participation in regional organizations but has also sought to build on its territorial presence in the region to establish itself as a “local” or “regional” actor, rather than being perceived as an outside power. France’s increased military excursions in the region – such as the 2021 edition of the multi-nation naval exercise La Perouse, led by the French Navy with participation from all four Quad states – have only helped cement France’s commitment to the region. Furthermore, as the first European state to adopt an Indo-Pacific strategy, Paris has been critical in driving and shaping a more active and committed Indo-Pacific policy for the EU. Its advocacy and lobbying in Brussels have ensured that Europe would play a role in the future of the Indo-Pacific.

Meanwhile, despite historically persisting issues in the US–Europe ties (including over trade and international security), the relationship has long been a bedrock of the liberal international order. It is only under US President Donald Trump that the transatlantic relations progressively worsened. Trump’s “America First” approach showed a deep mistrust of allies – particularly with regards to North Atlantic Treaty Organization (NATO) bashing – significantly damaging the special relationship.<sup>24</sup> Accordingly, in driving the EU’s Indo-Pacific pivot, French President Emmanuel Macron has long been an advocate of promoting European

“strategic autonomy,” wherein Europe would pursue a defense policy independent of the US; AUKUS will only refashion such a belief.

Over the past year, both France and the UK have been actively building on their ties with the Indo-Pacific states, even though the UK’s tilt toward the region comes as a more recent development, with much of its previous foreign and economic policy focus being dedicated to Brexit. On the other hand, France considers itself a resident Indo-Pacific power on account of its significant territories in both the Indian and Pacific Oceans, which are home to 1.6 million citizens. These territories give France the world’s second-largest exclusive economic zone (EEZ) in the region, which form the basis of French interests in the region. This holds France with more stakes in the region compared to other European powers. Amidst Brexit tensions, both the UK and France have been embroiled in economic competition with each other. Now, with the AUKUS announcement causing deep tensions between France and the three nations, how UK–France (and UK–EU) relations will unfold remain to be seen.

Although the cross-channel ties were already damaged with Brexit, France’s anger over the manner of the AUKUS announcement and submarine deal cancellation will only heighten this friction. Britain has not visibly been subject to the brunt of French fury, which remains focused on the US and Australia, but the UK–French ties have further deteriorated due to AUKUS; and this is perhaps set to translate to the UK–EU ties. For instance, ahead of the EU foreign affairs ministers meeting in Brussels in September 2021, post the AUKUS announcement, the French EU affairs minister bluntly linked the trilateral pact to a long-standing, and recently intensifying, mistrust of the Brits.<sup>25</sup> Further, Paris also cancelled a scheduled meeting between the two country’s defense ministers. Europe’s relations with the UK will not necessarily ease when France takes over the chairmanship of the EU in January 2022. Far from the UK–France/EU finding synergy over their shared

interests and tilt toward the region (albeit in varying degrees), the onset of AUKUS seems to have only cooled relations further, widening the cross-channel gap and deepening the mistrust.

Notably, the AUKUS could have implications for Europe’s Indo-Pacific strategy. Many in the policy and strategic circles have pondered whether the “exclusionary” trilateral will halt or undermine Europe’s Indo-Pacific outlook or create a divide between the EU and the Quad. Despite such debates, there are few indications of this. The EU has long been present in the Indo-Pacific as a major economic actor; its Indo-Pacific focus is therefore not merely a recent tilt but rooted in long-standing ties to the region. Notably, a mere day after the AUKUS announcement, the EU released its own “Strategy for Cooperation in the Indo-Pacific.”<sup>26</sup> The strategy has highlighted seven areas for priority action: “sustainable and inclusive prosperity; green transition; ocean governance; digital governance and partnerships; connectivity; security and defense; and human security”.<sup>27</sup> With AUKUS too focusing on overlapping domains, like security and defense and advanced defense-related technologies, whether both groups can potentially find synergy in their approaches in the future will be a matter for key consideration. Similarly, the EU’s policy focus areas coincide with the Quad’s focus (like climate change, maritime security and digital governance). As of now, by all appearances, the EU is seemingly standing behind France as transatlantic and cross-channel tensions persist. Under such conditions, it is likely that the EU will attempt to maintain, or even strengthen, its strategic autonomy in the Indo-Pacific. It would rather strengthen its Indo-Pacific outreach, more to an extent independently. It will avoid siding with either the US or China in their great power competition, instead preferring to focus on partnerships with middle powers to avoid being embroiled in a new Cold War.

Notably, France is set to hold presidential elections in the coming year, which will take place during its EU presidency, which could see Macron doubling down and emphasising French commitment to the Indo-Pacific, as well as its call for strategic autonomy. However, even in the long-term, should there be a change in France's leadership, France's deep territorial connect to the region, which has been solidified and institutionalised through Paris' Indo-Pacific strategy and partnerships, implies that France's stake in the region will persist. Although the incident may have been a setback for its presence and partnerships in the Indo-Pacific, Paris' determination and investments in the region suggest that it is unlikely to let the matter compromise its regional outlook. While France's cancellation of the India–France–Australia scheduled trilateral meet is not an encouraging sign, it is worth remembering that the trilateral has not been entirely disbanded and has every chance of being revived. Further, amidst tensions with the US and Australia, France could enhance focus on other key partners, such as India and Japan. Paris and New Delhi have already reiterated their commitment to each other after the AUKUS debacle, with consultations at the highest levels between state heads and foreign ministers.

### **What This Publication is All About**

This special publication brings together a number of experts from Europe and Asia to discuss the implications of AUKUS for Europe. The AUKUS is a critical geopolitical development. It has complex chapters attached to it. Therefore, any assessment of the AUKUS has to be understood from a comprehensive perspective, going beyond just a security partnership. The prime aim of this publication is to discuss the real motives and objectives behind the AUKUS. More importantly, it examines the fallout of the AUKUS on Europe and how it will impact or influence the European future outlook toward the Indo-Pacific.

Apart from this introduction and a summing-up section, this special publication is divided into four main parts. The first part examines the impact of the AUKUS on transatlantic ties. It delves into how far the AUKUS has dented the confidence or trust in transatlantic ties. The second part debates the European perspective on AUKUS. It brings together expertise from different parts of Europe to examine how mainstream countries in Europe are viewing the AUKUS, and trying to unravel the current debates across Europe, and how Europe might look at the future of its ties with the US, the UK and Australia, including other Indo-Pacific countries. The third part of this special publication deals with the Asian perspectives, examining the reaction of mainstream Asian countries, like China, Japan and India, to the AUKUS. This section also examines how these Asian countries see the European reaction, particularly the French reaction, to evaluate the scope for Europe–Asia cooperation. The fourth part deals with two critical debates that the AUKUS brings to the forefront: technology and proliferation. This part examines what implications the AUKUS leaves for Europe on the technological and nuclear proliferation debates.

Debates on AUKUS are still evolving. Most of the perspectives and opinions expressed in this publication are policy-driven, analysed, keeping the context of the issue and debate involved, and drawing implications for Europe. As the summing-up section of this special publication suggests, Europe needs to take the development of the AUKUS more seriously and prudently. It needs to see how and to what extent could such a trilateral partnership influence the geo-political environment for or against Europe.

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## **2. Navigating Transatlantic Partnerships**

## **2.1 AUKUS: The Impact on the Transatlantic Partnership**

*Anna Wieslander*

The announcement of the trilateral security pact, AUKUS, on September 15, 2021, between Australia, the United Kingdom (UK) and the United States (US), undoubtedly created a storm across the Atlantic. Not only were the French furious over the deceit, calling it “a stab in the back,” but it also raised questions among allies on America’s trustworthiness. More fundamentally, it brought forth a divergence of threat perceptions on China, which could have long-lasting implications for the future of transatlantic relations.

### **Trust and Quests for Strategic Autonomy**

During the Trump administration, trust was continuously undermined between the US and Europe by a series of extraordinary incidents, such as President Trump threatening to withdraw from the North Atlantic Treaty Organization (NATO) and imposing steel tariffs on the European Union (EU), while saluting Brexit. At the Munich Security Conference in February 2021, in his first address to the Europeans, President Biden promised that trust would be restored. However, lack of consultations, both regarding the withdrawal of troops from Afghanistan and the AUKUS, has now cast serious doubts on those ambitions. Following the AUKUS announcement, other allies anxiously took note of how France, the “oldest ally” of the US, was brutally deceived and left out of the new alliance. France, meanwhile, rallied support and sympathies in Brussels, with President of the

Commission, Ursula von der Leyen, declaring that “one of our member states has been treated in a way that is not acceptable.”<sup>1</sup>

However, as contradictory as it may sound, the lack of trust could work to strengthen bonds across the Atlantic. The transatlantic bargain is founded upon the assumption that the Americans will support the Europeans if they: (i) help defend themselves; and (ii) get on with building a united Europe.<sup>2</sup> While Europe has scored fairly well on the second point, its capability to defend itself is far from reality more than 70 years after the formation of NATO. It appears as if AUKUS could help Europe take on more responsibility for its defense.

The French sense of betrayal and distrust will be used to push the much discussed and disputed notion of European strategic autonomy. Indeed, soon after the AUKUS announcement, France was quick to close a submarine deal with Greece, describing it as a “strengthening of Europe’s strategic autonomy and sovereignty.”<sup>3</sup> In the reconciling talk between President Biden and President Macron on September 22, it was stated that the US “recognizes the importance of a stronger and more capable European defense, that contributes positively to transatlantic and global security and is complementary to NATO.”<sup>4</sup>

France will most likely use its EU presidency in the first half of 2022 to continue moving the EU agenda in the direction of strategic autonomy, holding a “Defense Summit” in spring and by adopting the EU “Strategic Compass.” President of the European Council, Charles Michel, has declared that “2022 will be the year of European defence”;<sup>5</sup> also, Ursula von der Leyen, in her State of the Union speech, has stated that “in a more contested world,” it is “time for Europe to step up to the next level” in providing security for EU member states and “missions where NATO or the UN will not be present.”<sup>6</sup>

Originally a French concept, “strategic autonomy” has been a part of the EU’s Global Strategy from 2016, emphasizing on Europe’s ability to promote peace and security both within and beyond its borders. In recent years, strategic autonomy has been put forward as desirable in many other areas as well, although a common definition is not yet agreed upon by the EU member states. A major problem for quite a large group of members is the degree to which the concept implies independence from the US. Instead of emphasizing distance from the US, this group is eager to secure continued US engagement for European affairs.<sup>7</sup>

In fact, although France broadly gained sympathies among Europeans for the manner in which AUKUS was prepared and announced, few were willing to go as far as France wished and postpone the first meeting of the Trade and Technology Council (TTC).<sup>8</sup> The TTC is a remarkably forward-leaning, flagship European format initiated in the Fall of 2020 when the EU took the lead in sketching out a new transatlantic agenda for the Biden administration. The first meeting of the TTC proceeded as planned in Pittsburgh on September 29, demonstrating that the majority of EU member states treasure the strategic partnership with the US and do not want to put it at risk, neither when it comes to trade and technology nor defense. Ten TTC working groups will now cooperate in various areas, such as tech standards, secure supply chains, data governance and the misuse of technology threatening security and human rights (like artificial intelligence).<sup>9</sup>

With the TTC on track and the French ambassador back in the US preparing for a Biden–Macron meeting in the end of October, it appears that transatlantic trust is somewhat restored. On October 4, President von der Leyen had a “good phone call” with President Biden, emphasizing a “joint commitment to move forward together on all common issues”;<sup>10</sup> the same

day, NATO Secretary General Jens Stoltenberg visited Washington for talks with Biden and Secretary of State Anthony Blinken on how to strengthen NATO in a more competitive world; and on October 7, Secretary Blinken paid a visit to Paris to meet with counterparts to discuss security in the Indo-Pacific and the transatlantic relationship.<sup>11</sup>

As the storm calms down, it remains to be seen if energy has been fed into European attempts to strengthen security and defense, and if trust is fundamentally damaged. However, while trust within an alliance certainly enables smoother cooperation, what brings and holds alliances together is external threats. Hence, in the long term, the strength of the transatlantic link will depend on divergences in threat perception.

### **Divergent Threat Perceptions on China**

Although the joint US–UK–Australian statement on AUKUS conspicuously avoided mentioning China by name,<sup>12</sup> AUKUS came into being as a response to China’s increasingly assertive behavior toward Australia, in combination with its growing military power, in particular its new Type-095 nuclear attack submarine, which was a cause of concern for Canberra. The Australians first approached the British for help in building a fleet of nuclear-powered attack submarines; and then, the British approached the Americans, after having developed the concept of a new strategic partnership. Eventually, the new Biden administration agreed to the pact.<sup>13</sup>

It is important to understand what led to the Australian request. Australia, in 2016, had signed the submarine deal with France. However, since the initial signing, China stepped up pressure on Australia in many ways, including: undermining educational freedom at Australian universities;<sup>14</sup> detaining Australian journalists;<sup>15</sup> and most recently, implementing tariffs and other punitive economic measures on Australian imports after

Australia called for an international investigation into the origins of COVID-19.<sup>16</sup> Australia, for its part, has pushed back to protect its national security interests by passing a law to prevent foreign interference,<sup>17</sup> banning Huawei from developing the country's wireless networks<sup>18</sup> and cancelling a major infrastructure deal in the state of Victoria, which includes the second-most populous state of Melbourne.<sup>19</sup>

When a threat emerges, there are two main strategies for a smaller state: balancing against the threat by joining a benevolent great power; or siding with the threatening great power, what is called "bandwagoning."<sup>20</sup> China seemed to count on Australia's economic dependence on China to force Australia toward bandwagoning. However, Canberra chose the opposite and used AUKUS to strengthen its counterbalancing strategy by moving closer to the two most powerful Western military nuclear states: the US and the UK. France, although more present in the Indo-Pacific than the UK, does not have the same overall power projection. The AUKUS, hence, sends a clear signal to Beijing.

Furthermore, AUKUS forms a core in the battle of democracies against autocracies, the systemic competition that President Biden has identified, in which he would like Europe to side with the US. So far, his call has remained unheard by the EU, led by Germany and France. Europeans are reluctant to be dragged into a systemic battle between the US and China, and prefer to handle China "the European way." A major difference between the US and Europe is the balancing act between economic benefits and national security concerns in dealing with China.

Symptomatically, Chancellor Merkel pushed for the EU-China Comprehensive Agreement in late 2020, calling it "right and important to strive for good strategic relations with China," while the EU called the agreement a "success story."<sup>21</sup> The push to finalize the agreement came

despite pleas from the incoming Biden administration to wait and move forward in concert. On AUKUS, French Foreign Minister Le Drien called the deal “part of an Indo-Pacific strategy that prioritizes confrontation” and that Paris would offer a “different model” to “avoid prioritizing military confrontation, so as to bring together [...] all the countries that are willing to join us.”<sup>22</sup>

How to strategically deal with China in a world of increasing great power competition will be top on NATO’s agenda as it is reviewing its strategic concept ahead of the next summit in Madrid in June 2022. So far, NATO does not have a China strategy. Shaping a joint threat perception will be key to move forward, but it could be difficult. The AUKUS signals to Europe that the US will not wait for Europeans to come around and that allies that are considering hedging or even bandwagoning with regard to China are taking considerable risk of abandonment. Europeans are likely to face some tough choices between economic gains and security guarantees in the near future.

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## 2.2 AUKUS: A Permanent Divide between Europe and the United Kingdom?

*James Rogers*

AUKUS has the potential to mark a significant realignment of global geopolitics. It represents the formation of a new center of geopolitical gravity at the epicenter of the Indo-Pacific, drawing in from both sides the United Kingdom (UK) and the United States (US). It will greatly enhance Australia as a maritime force, insofar as it will be directly supported by the world's two most technologically advanced maritime powers, the UK and the US. Granted, the People's Liberation Army Navy (PLAN) – the naval arm of the People's Republic of China (PRC) – has surpassed the US Navy in terms of the total number of warships it possesses, but America's fleet remains by far the world's strongest in terms of gross displacement and technological prowess, as well as its ability to project power globally.<sup>1</sup>

Meanwhile, although the Royal Navy has shrunk considerably since the height of the Pax Britannica in the early twentieth century, it still packs a formidable punch. In fact, the Royal Navy is undergoing something of a renaissance as a new generation of highly advanced nuclear-powered attack submarines – the Astute class – come online and as the British fleet works up two large aircraft carriers. Indeed, HMS Queen Elizabeth, the mainstay of the UK's new carrier strike group, has spent much of summer 2021 in the Indo-Pacific on its maiden operational voyage, with an Astute-class submarine following behind.

Nonetheless, the US and the UK have grown increasingly alarmed at the speed of the PRC's naval buildup and modernization programme. It is for this reason that they now seek to empower key Indo-Pacific regional allies, such as Australia.

### **AUKUS in a Nutshell**

Given the PRC's aggressiveness in recent years, Australia desires to procure nuclear-powered attack submarines, of which it plans to operate at least eight.<sup>2</sup> Nuclear submarines will give the Royal Australian Navy the means to project considerable power, from Fleet Base West in Perth to the Indian Ocean and the Southwest Pacific. They will also enable Australia to deny access to the South China Sea and other important maritime chokepoints surrounding the Southeast Asian archipelago; potential aggressors would need to factor in Australia's response should they take measures that are deemed by Canberra to be unacceptable. At a time when the PRC is attempting to impose a more exclusive order, not least on the South China Sea, Australia seeks to deter aggression and keep the balance of power in the Indo-Pacific in favor of free and open countries.

It is for this reason that AUKUS emerged. Although the pact has no formal defense guarantee, like the North Atlantic Treaty Organization (NATO), or even a mutual consultation clause, like the Five Power Defence Arrangements (FPDA), it will draw the UK and the US permanently into Indo-Pacific geopolitics. This is because AUKUS provides the framework for the UK to transfer its nuclear submarine hull technology to Australia, while the US will transfer nuclear reactor technology and weaponry, not least in the form of long-throw cruise missiles. As Sir Stephen Lovegrove, the UK National Security Advisor, told the Council on Geostrategy in his inaugural speech in September 2021: "It is perhaps the most significant capability collaboration anywhere in the world in the past six decades."<sup>3</sup> In addition,

AUKUS will enable the three countries to work together to develop next-generation technology, in the form of artificial intelligence and quantum computing.

### **A New Geopolitical Schism?**

The biggest loser from AUKUS has undoubtedly been France, from which Australia agreed, in 2015, to buy up to 12 diesel submarines. The deal, however, hit a number of hurdles: first, the price had almost doubled, from the initial AU\$ 50 billion to AU\$ 90 billion; and second, the PRC's naval build up and behavior toward Australia had changed so much since 2015 that Canberra felt bound to acquire a more potent form of naval power to secure Australian interests.<sup>4</sup> It is now a historical curiosity as to whether Australia gave France sufficient warning before it pulled the plug on its diesel submarine contract: Paris says it found out the day the announcement was made; Australia asserts that France was given due warning.<sup>5</sup>

In any case, the French reaction to AUKUS has been as intemperate as it has been robust. Jean-Yves Le Drian, France's Foreign Minister, described the agreement as "really a stab in the back" and the French government withdrew its ambassadors from Australia and the US.<sup>6</sup> In a particular snub to the UK, the French ambassador to London was *not* withdrawn; instead, French policymakers engaged in discursive statecraft and tried to frame Britain as a perfidious auxiliary to the new pact – a country scrabbling around for a new role after withdrawing from the EU.<sup>7</sup> France also cancelled an annual defense meeting with the UK and tried to "Europeanize" its response to AUKUS by rallying other European countries to its cause.

AUKUS has therefore created the biggest rift between the UK, the US and France in many years, perhaps greater even than the disagreements over the American and British decision to oust the Ba'athist regime in Iraq in 2003 –

which France vigorously opposed. However, the extent to which France's reaction has caused a lasting schism between the AUKUS powers and "Europe" – to say nothing of the UK and "Europe" – is highly questionable. To begin with, beyond a few cursory statements from EU leaders, few European leaders offered support for France; indeed, most European governments saw the row for what it was: a tussle between Paris and three other capitals, exacerbated by damaged pride.<sup>8</sup> For there to be a lasting schism, other European countries would need to side with Paris and embrace France's vision of EU "strategic autonomy." This is unlikely, even if France re-emphasizes its ambitions as it assumes the presidency of the Council of the European Union in 2022. Most European countries continue to do little more than pay lip service to France's proposals; others, particularly those in Eastern Europe, largely spurn the idea altogether.

It is not hard to see why: despite being a nuclear power, France lacks the material wherewithal to coax other European countries toward its preferred destination. With a defense budget of US\$ 58.8 billion, France is now only Europe's third largest military spender, trailing behind Germany (US\$ 64.8 billion) and the UK (US\$ 72.8 billion).<sup>9</sup> The recent boost to British defense spending – some US\$ 32.8 billion over the next four years – will also keep Britain as Europe's largest defense spender and among the world's top five military spenders for years to come.<sup>10</sup>

Moreover, France is unlikely to replace the UK's geostrategic footprint in Europe. Not only is Britain the only European country to have sovereign territories in three locations in Europe – the British Isles, the Iberian Peninsula (Gibraltar) and Cyprus (the Sovereign Bases) – but it also provides more personnel to more allies in NATO's Enhanced Forward Presence (EFP) than any other ally, including the US.<sup>11</sup> Around 1,000–1,200 British troops, supported by tanks and rocket artillery, are forward

deployed in Estonia and Poland, which can be supported from British logistical facilities in Germany, a leftover from the Cold War.

At the same time, Royal Air Force Typhoon jets regularly partake in the Icelandic, Baltic and Black Sea air policing missions, while the Royal Navy maintains a persistent naval presence in the Mediterranean and the Black Sea, most recently deploying HMS Defender to negate Russia's illegitimate claims over Ukrainian territorial waters near Crimea. The UK also leads the Joint Expeditionary Force, which draws together a number of NATO allies and non-NATO partners in Northern and Northeastern Europe. Finally, successive British governments have underlined the fact that the UK nuclear deterrent operates not only to deter threats to British territory but also threats to NATO allies – a deterrent which is “actualized” through British forward deployments in Europe.<sup>12</sup> So, while France's more focused geography encourages it to look south toward the Mediterranean and North Africa, the UK has a broad focus across the entire continent – and beyond.

This brings us back to AUKUS. Through the so-called “Belt and Road Initiative” (BRI) – the PRC's project to geo-economically and geopolitically extend its reach and influence westwards across Eurasia toward the Eastern Mediterranean, the Black Sea region and Eastern Europe – the Indo-Pacific and Euro-Atlantic are becoming increasingly interconnected.<sup>13</sup> In this environment, AUKUS becomes not an initiative to enhance security in a distant Indo-Pacific theater, but intrinsically connected to the Euro-Atlantic space. Put simply, the greater Australia's ability to deter threats to a free and open Indo-Pacific, the more secure Europe will be. A volatile Indo-Pacific would only draw in more British and American naval resources, reducing their ability to uphold the defense of Europe.



## Conclusion

Already France has returned its ambassadors to Australia and the US, suggesting that the initial French reaction to AUKUS was largely a storm in a teacup. French geostrategic interests in the Indo-Pacific are also unlikely to depart from those of Australia, the UK and the US. Meanwhile, even as it “tilts” toward the Indo-Pacific, it is Britain, not France, which has Europe’s greatest geostrategic footprint, a fact well-understood by NATO allies across the length and breadth of Eastern Europe. Also, it is Britain, not France, which is providing the technology to equip a distant partner with the means to better uphold a free and open Indo-Pacific and, in turn, the maritime communication lines on which Europeans depend for their well-being. So, rather than dividing the UK from “Europe,” AUKUS should, by empowering Australia’s capacity in the Indo-Pacific, strengthen the ability of the UK and the US to uphold security in the Euro-Atlantic space.

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<sup>12</sup> The Integrated Review explicitly described these forces as “our tripwire NATO presence” and proclaimed that “ A minimum, credible, independent nuclear deterrent, *assigned to the defence of NATO*, remains essential in order to guarantee our security and that of our Allies”; emphasis added. See, “Global Britain in a Competitive Age: The Integrated Review of Security, Defence, Development and Foreign Policy,” Cabinet Office, March 16, 2021, <https://www.gov.uk/government/publications/global-britain-in-a-competitive-age-the-integrated-review-of-security-defence-development-and-foreign-policy/global-britain-in-a-competitive-age-the-integrated-review-of-security-defence-development-and-foreign-policy>.

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## 2.3 AUKUS–Canada Cooperation: From Bystander to Stakeholder

*Stephen R. Nagy*

On September 15, 2021, the United States (US), the United Kingdom (UK) and Australia signed the AUKUS agreement. The agreement entails cooperation with regards to nuclear submarine technologies, artificial intelligence (AI) development, quantum computing, cybersecurity, hypersonic missiles and other forms of high-tech collaboration.<sup>1</sup>

Superficially, the nuclear submarine defense pact should be understood as a deterrence mechanism against Chinese assertive behavior in the Indo-Pacific. It allows the US, the UK and Australia to deploy long-term deterrence capabilities in the East China Sea (ECS), the South China Sea (SCS), the Taiwan Strait and between the first and second island chains. These are understood as geographic areas of the highest contestation between the US, its allies and China in their strategic competition to determine the shape of the Indo-Pacific region and its rules. Dominating these zones of competition will be critical to deterring Chinese assertive behavior as the domination of the first and second island chain geographic areas has been front and center in the minds of strategic planners in China for decades.<sup>2</sup>

While the deterrence capabilities of AUKUS are significant, the strength of the defense pact lies in the areas identified for cooperation, including hypersonic missiles, cybersecurity, quantum computing, AI and other technologies. Further, it sends a signal that this trilateral partnership is creating a significant firewall in areas that they identify as key areas of

contestation with China. Simply, the country or countries that come to dominate these areas will likely be the dominant player in the Indo-Pacific region. This leads us to a discussion about how Canada looks at AUKUS? Where does Canada fit in AUKUS and how can it potentially cooperate with AUKUS?

### **Canada’s AUKUS Opportunity**

Some observers, including Prime Minister Justin Trudeau, have voiced the view that the AUKUS agreement is merely a “nuclear submarine deal”<sup>3</sup> and not critical to Canada's security in the Indo-Pacific region. Others have commented that the focus on nuclear submarine technologies and nuclear submarine cooperation lies outside Canada’s long-term commitment to non-proliferation.<sup>4</sup>

Both points reinforce the argument that unlike the UK with its Integrated Review,<sup>5</sup> Australia with its 2020 Defence Strategic Update<sup>6</sup> and the US with its Indo-Pacific strategy,<sup>7</sup> Canada is not a strategic partner in the region. This impression comes from the fact that Canada has yet to release a blueprint for its long-term strategic engagement in the Indo-Pacific to achieve its national interests, and thus is excluded from multilateral strategic planning for the region.

Notwithstanding the lack of its own Indo-Pacific vision, Canada sees the AUKUS agreement as the clearest signal of the US being committed to a sustained, intense and long-term engagement in the Indo-Pacific with like-minded states. It is a formal rebuke of the “America First” doctrine of the Trump administration and locks in the US into the region, regardless of who will be in the White House in 2024. This objurgation of the Trump administration’s penchant for transactional relations between allies is as welcome in Ottawa as it is in Tokyo, Seoul and Taipei.

## **AUKUS and QUAD Parallels**

Ottawa sees many parallels between AUKUS and the Quadrilateral Security Dialogue (Quad) in terms of Canada's ability to add value through capabilities approach to bolting into both partnerships. This is critical. Canada does have a place in supporting AUKUS, especially with the focus of the pact on developing hypersonic missile systems, cybersecurity, AI development, quantum computing and other forms of high-tech cooperation.

Canada has already demonstrated its capabilities to provide maritime domain awareness activities in Operation Neon in the Japan Sea.<sup>8</sup> These operations focus on sanctions invasions by North Korea by working with the UK, France and other partners since December 2017. We have also seen Canada bolt into the Quad exercises.<sup>9</sup> For example, in January 2021, Canada participated in the Sea Dragon 2021 exercise near Guam,<sup>10</sup> as well as in the Keen Sword 21 exercise between Japan and the US in the fall of 2020.<sup>11</sup> These two examples are useful illustrations to consider how Canada can partner with AUKUS, providing capabilities to the partnership and contributing as a like-minded country in terms of creating a firewall that allows trusted partners to cooperate on critical technology development.

In this sense, as Canada looks to AUKUS and the Quad, the impetus to become a member or associate member of either partnership will require a clear enunciation of Canada's own Indo-Pacific strategy, its vision and the areas that it can provide sustained and meaningful engagement in the region based on its national interests. As part of that Indo-Pacific strategy, Canada will need to identify tools to be able to deliver sustained cooperation in the region to secure its national interests. Both AUKUS and the Quad provide Canada an opportunity to bolt-in and provide capacities and capabilities in both ad hoc and regularized way.

## **Core areas of cooperation**

Cybersecurity, AI development and quantum computing are areas that Canada has already engaged in cooperation and joint research and development with the US, the UK and Australia. It should also seek to find opportunities to cooperate with other like-minded countries that are not part of AUKUS. This includes working with Japan on AI governance and development, quantum computing and cybersecurity to further add value to AUKUS. Canada may wish to work with South Korea on some of these areas as well.

Developing joint AI, quantum computing and cybersecurity research consortiums with trusted partners is the first step for Canada to add value to AUKUS. Advocating and supporting human capital development in these key areas could further cement Canada's relationship with AUKUS partners by contributing to front-line research that directly contributes to AUKUS's mission.

## **Cybersecurity Cooperation**

National Cyber Security Action Plan (2019-2024)<sup>12</sup> provides a pre-existing framework for Canada to contribute to AUKUS. Its focus on Secure and Resilient Canadian Systems, an Innovative and Adaptive Cyber Ecosystem, and Effective Leadership, Governance and Collaboration, suggests that Canada has already invested in the legal, regulatory, and strategic conceptualization of a national cybersecurity strategy that can plug into the AUKUS cooperation on cybersecurity at many levels.

Key initiatives such as Supporting Canadian Critical Infrastructure Owners and Operators, Improved Integrated Threat Assessments, Preparing Government of Canada Communications for Advances in Quantum, Expanding Advice and Guidance to the Finance and Energy Sectors, and Cyber Intelligence Collection and Cyber Threat Assessments demonstrate

Canada's pre-AUKUS recognition of the importance of cybersecurity and quantum communications in its national security and the importance of international collaboration with like-minded partners.

This is re-enforced by the establishment of a Cyber Intelligence Collection and Cyber Threat Assessment and the Federal Policing Cybercrime Enforcement Capacity. Both initiatives focus on the coordination of Canadian cybercrime operations with international partners and "increasing the capacity of Canada to respond to and participate in joint investigations with Canada's key international law enforcement partners."

### **Quantum Computing Cooperation**

Quantum computing is another area that Canada is already investing in and presents a platform for collaboration with AUKUS. In the Canadian Budget 2021, the government proposed \$360 million in investments over seven years to launch a National Quantum Strategy that would be coordinated by the secretariat at Innovation, Science and Economic Development Canada (ISED).<sup>13</sup>

Canada's partnership approach that focuses on collaboration between academia, the private sector, government is critical to Canada's approach as is international cooperation. Academia "develops talent, supports large-scale applied research and development projects, strengthens other areas such as managerial skills and product management, and continues to push the boundaries of knowledge," while the private sector "brings new technologies to market by scaling-up firms to create quantum technology-based products and services, makes the proper connections to integrate into global supply chains as they emerge, and exports quantum technology-based products and services." This collaboration is further enhanced by government "funding and de-risking emerging technologies, convenes and coordinates, procures services during the product-development process,



and serves as a research partner (e.g. through the National Research Council of Canada, Defence Research and Development Canada, Canadian Space Agency).”

Recognizing the comparative advantages each like-minded country has regarding quantum computing, Canada has a vested interest in finding ways to collaborate with AUKUS partners to enhance its own quantum computing acumen and capacities but also in contributing to the development of a technology that will be critical to economic prosperity and national security.

### **Intelligence Cooperation**

The Five Eyes (FVEY) partnership is another platform through which Canada can add value to the AUKUS partnership. For example, a virtual FVEY defence ministers’ meeting was held in October 2020 by Canada. Building on the June 2020 FVEY meeting, participants focused their discussions on Chinese behavior in the Indo-Pacific region. Thus, with overlapping agendas, Canada’s role in the FVEY partnership could be directed at tangible forms of cooperation with AUKUS. Doing so offers crosswalks between FVEY and AUKUS, but it also is a “risk that by diluting an intelligence-sharing and joint collection mechanism into something with an expansive agenda, the core missions of the grouping could be sidelined. Issues-based coalitions work much better than all-purpose ones.”<sup>14</sup>

### **Canada-AUKUS partnership and the need for an Indo-Pacific Strategy**

In terms of the Indo-Pacific region, and thinking about its national interest within the region, Canada should look to the region for economic opportunity. It should look for ways to buttress the current rules-based order that compels countries to use international courts and international laws to resolve disputes.

In addition, Canada should understand how current disputes in the ECS, the Taiwan Strait, the SCS and even the Himalayan Plateau are related to Canadian prosperity. Understanding these key links can help inform how Canadians think about AUKUS and the Quad in terms of how they can contribute capabilities to these partnerships as force multipliers.

As Canada is an ally and joint stakeholder in the Indo-Pacific, political leaders in Ottawa will have to be increasingly nuanced in how they engage with these kinds of organizations, so that they can deepen and broaden bilateral relations with like-minded countries/regions, including the US, Japan, Australia, the UK and the EU. At the same time, they do not want to be provocative toward China in terms of participating in an overt strategy to contain it. This balance will become increasingly difficult as China responds to how it perceives AUKUS, the Quad and the growing cooperation and coordination with the US in the Indo-Pacific region to push back against Chinese assertive behavior.

As the Biden administration's Indo-Pacific strategy and approach to China continues to evolve, Canada will need to find creative ways to secure its national interests without being a casualty of US–China competition, as seen in the aftermath of Ms Meng Wanzhou's arrest in Canada and subsequent hostage diplomacy involving Michael Kovrig and Michael Spavor.

To achieve that objective, Canada should proactively find ways to shape its engagement with the US, in AUKUS and the Quad, such that Canada is a decision maker and stakeholder rather than a bystander. To do that, Canada should support all initiatives, dialogues and conversations that contribute to peace and security in the Indo-Pacific and proactively contribute to AUKUS and the Quad according to its technological, institutional and relational comparative advantages.

This process will require Canada to clearly articulate its own Indo-Pacific vision and subsequent strategy to achieve it. The AUKUS, the Quad and other forms of multilateral cooperation will necessarily be part of that strategy, as will trade agreements, such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

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## 2.4 AUKUS and the Five Eyes: Between Complementarities and Contradictions

*Mahima Duggal*

The announcement of a new “enhanced security partnership” between the United States (US), Australia and the United Kingdom (UK) – AUKUS – was an unexpected development that took the world by surprise.<sup>1</sup> When it was first introduced, many considered the AUKUS pact to be very much an Indo-Pacific maritime alliance – a grouping that adds to the myriad of trilaterals and minilaterals already active in the region today. However, a closer scrutiny of the trilateral arrangement shows that the AUKUS goes far beyond being a mere naval or submarine pact. The AUKUS’ agenda is not fixated on maritime cooperation but encompasses numerous other domains of interest that make it a security or defense-focused alliance of the Indo-Pacific that further enhances the existing strategic partnership among the three countries.

In essence, AUKUS comes as a rare partnership, which exclusively solidifies an Anglosphere connect between the three states. In this context, it is highly apparent that AUKUS shares much in common with the pivotal Five Eyes (FVEY) intelligence-sharing alliance between five English-speaking democracies: the US, the UK, Australia, Canada and New Zealand.<sup>2</sup> Most prominently, of course, both groupings share common foundational members and both were established at the beginning of an era that would be characterized by great power rivalry: the FVEY, in the early years of the US–Soviet Union Cold War; and the AUKUS at the onset of what is shaping to be a new Cold War between the US and China.

Considering these similarities between the two groupings, are AUKUS and FVEY complementary or contradictory to each other? Although it was announced only a month ago, AUKUS displays the potential to grow and advance like the FVEY, to become not only a pivotal component of the foreign and security policy outlooks of the member states but also a permanent and critical fixture in the Indo-Pacific. Furthermore, as this paper argues, even though its members have essentially ruled out a potential expansion for now, AUKUS could very well follow the FVEY's pattern to expand and include other critical members (at some point) – such as Canada or New Zealand – in some shape or form.

### **Five Eyes: An Anglophone Axis with Global Reach**

Since emerging from the secret UK–US Communication Intelligence Act (or the UKUSA Agreement),<sup>3</sup> signed in March 1946 at the end of World War II, the FVEY has come to constitute a special Anglosphere relationship over the years that has defined how these countries fluidly share communication, intelligence, decryption and analysis, and has become a core pillar in international affairs. It is aptly viewed as the central tenet of a “distinct international, transnational, civilizational, and imperial entity within the global society, unmatched by any other states.”<sup>4</sup>

Notably, the third edition of the agreement – updated in 1955 to include Canada, Australia and New Zealand as “collaborating Commonwealth countries” – specifies that exchanges between states would be virtually “unrestricted.”<sup>5</sup> Accordingly, the FVEY alliance – between the US National Security Agency (NSA), Britain's Government Communications Headquarters (GCHQ), Australian Signals Directorate (ASD), the Communications Security Establishment of Canada (CSEC) and New Zealand's Government Communications Security Bureau (GCSB) – has established a global reach with each country responsible for surveillance

and intelligence gathering over a particular region. Cooperation then takes place via jointly run operations centers in such a complete manner that “the national product is often undistinguishable.”<sup>6</sup> This requires an extraordinary level of mutual trust between the government infrastructure and security and intelligence agencies (as well as officers) of the participant states.

In this context, the FVEY defined Anglophone relations during the Cold War as it enabled them to combine their complementary competencies to counter the Soviet Union (politically and militarily) and became a pivotal part of the West’s Russia strategy. Post the end of the Cold War and with 9/11, the grouping was revitalized to fight an evolving transnational terrorism threat and support the war in Iraq and Afghanistan.<sup>7</sup> In essence, what bound the FVEY members together was a mutually perceived Russia (and thereafter, terrorism) threat, upholding democracy and liberal institutional ideals on the international platform, a shared level of Anglophone culture and perhaps most importantly, a superior level of mutual trust.

### **The FVEY Narrative in AUKUS**

Similarly, the AUKUS triad is also poised to become a defining feature of the three founding states and is likely to be at the center of their Indo-Pacific strategy and engagement in the coming times. The AUKUS is therefore complimentary to the FVEY, and it seeks to expand the grouping’s alliance structure beyond intelligence sharing and into the domain of cutting-edge, critical defense-related technologies and industries.<sup>8</sup> When AUKUS was first introduced, the most prominent and attention-grabbing feature of the announcement was the submarine initiative – the first undertaking under AUKUS, which aims to build on their shared tradition as maritime democracies. This project will involve the transfer of sensitive and highly prized nuclear propulsion technology, as well as the requisite technical

expertise, to the Royal Australian Navy to build nuclear-powered submarines.<sup>9</sup>

The project is notable for several reasons. Sharing and transfer of military technologies and cooperation in the digital sphere are hallmarks of strong and steadfast alliances and security partnerships, and this sort of nuclear technology integration is virtually unprecedented and in a different league altogether. In fact, the US has only ever shared its secretive nuclear propulsion reactors technology with the UK (driven by the personal camaraderie of US President Eisenhower and British Prime Minister Winston Churchill) – and that too at the peak of the Cold War in the late 1950s as the Soviet threat intensified.<sup>10</sup> Interestingly, this nuclear-sharing relationship grew in concert with robust intelligence-sharing ties that translated into the FVEY and gave way to operational military cooperation. The sharing of nuclear technology with Australia at this stage shows not only the fierceness of US–China great power competition but also how deeply dedicated and motivated the US is to strengthen its regional alliances and gain an edge in the region.

Importantly, even though AUKUS' initial aim is short term – to find an “optimal pathway to deliver this [nuclear-powered submarine] capability”<sup>11</sup> to Australia within 18 months – the trilateral will entangle both America and Britain in the region for decades to come. The endeavor will be exceedingly challenging considering that Australia has little domestic nuclear infrastructure and will require sustained engagement and technical support.<sup>12</sup> Furthermore, nuclear technology is merely one (albeit prominent) area of focus under the AUKUS. The trilateral also includes significant cooperation in cutting-edge defense-related science and technology, industrial bases and supply chains. Within the emerging technology domain, AUKUS' priorities include critical technologies, like artificial intelligence (AI), quantum computing, cybersecurity and



additional undersea capabilities (likely including undersea fiber-optic cables).

Notably, these technologies are also at the forefront of intelligence gathering, and AUKUS will look to complement the FVEY's objectives by exploiting the potential of new emerging technologies, particularly big data, advanced analytics and AI, for surveillance and intelligence operations. The technology sector is set to define the US–China system-wide rivalry for supremacy; advanced technologies will be currencies of power, driving strategic confrontation in a new Cold War environment,<sup>13</sup> making AUKUS' comprehensive technology agenda central to members' future outlooks. In this context, the AUKUS is poised to become a substantial and enduring grouping of the Indo-Pacific – much like the FVEY on a global level.

### **AUKUS: A Complementary Mechanism in the Region**

At the same time, AUKUS' importance also draws on the fact that it fills a critical gap in the security architecture of the region. The Indo-Pacific has seen numerous trilateral and minilateral arrangements, of which the Quadrilateral Security Dialogue (Quad), comprising the US, Australia, India and Japan, is arguably the most prominent. Yet, the Quad remains far from institutionalized in the foreign and security policies of member states – although it is increasingly heading in this direction. Its current agenda is expansive and goes beyond the maritime focus, including COVID-19 vaccination programs, climate action and clean energy, critical and emerging technologies in the cyberspace, quality infrastructure investments, global governance, Afghanistan policies and people-to-people contacts;<sup>14</sup> however, in terms of military cooperation in areas like intelligence sharing and defense-related technology integration, the Quad has limited focus.

Quad states have not yet developed the necessary level of institutional trust, or shared traditions and culture, shown by how differences in language and culture have (until recently) prevented Japan's consideration in the FVEY network.<sup>15</sup> Furthermore, the Quad countries have differing standpoints on the proliferation issue, with India not being a signatory to the Non-Proliferation Treaty (NPT) and Japan's difficult history with nuclear weapons making it an active proponent of non-proliferation accords and regimes. In other words, as of now, the Quad is primarily a political grouping rather than a security-centered one like the AUKUS. The AUKUS states already have well-established systems and practices in place, cultivated through their collaborations via the FVEY over the past seven decades, making it poised to emerge as a security grouping adjunct and complementary to the Quad and other regional alliances, like the FVEY.

Similarly, AUKUS can go a long way to fill the gaps in the Australia–New Zealand–US (ANZUS) treaty, which forms the foundation of Washington's alliances with both states. With AUKUS, Washington has declared raising the quality of Australia's military capabilities a core policy objective (despite political cost vis-à-vis France and the European Union), bringing the topmost level of political support to their defense cooperation alliance.<sup>16</sup> Australia has frequently criticized ANZUS treaty's Article IV for its weak language on collective defense.<sup>17</sup> While AUKUS may not provide for the formal structure like the North Atlantic Treaty Organization (NATO), it does enable detailed cooperation in defense planning, allowing Canberra to enjoy the same alliance partnership that Washington and London have forged over time. Moreover, the exclusion of New Zealand in preference of the UK (with its British Indian Ocean Territories) ensures that the AUKUS arrangement is not limited to the Pacific, but expands over the Indian and Atlantic Oceans as well, making it a truly Indo-Pacific and global endeavor with profound implications.<sup>18</sup>

## **The Way Forward**

The AUKUS, hence, indicates the unfolding of a much broader regional strategy. It mandates a unique level of security cooperation involving sensitive technology and intelligence that is only possible due to the group's exclusivity. As such, no expansion of the triad is in the cards for now; nevertheless, AUKUS could potentially follow the FVEY's pathway to include other key members in the medium to long term.

However, considering the exceedingly high level of military cooperation, an expansion of AUKUS would be conditional upon certain critical factors – like China. Although the AUKUS leaders' joint statement (or the press briefing) did not mention China explicitly, and even emphasized that the grouping was not targeted against any single state,<sup>19</sup> it does aim to advance their collective strategic interests to uphold the international rules-based order and promote peace and stability in the Indo-Pacific. This inherently puts a China deterrence strategy at the heart of the grouping. Locked into a great power competition, the US is refurbishing its Asia pivot and Indo-Pacific strategy; the UK is demonstrating an Indo-Pacific tilt, amid heightening tensions with China, under its push to realize a "Global Britain"; and China's economic coercion tactics vis-à-vis Australia have caused Canberra to move away from a hedging strategy in navigating the regional geopolitics. All three members, therefore, share a common threat perception of China and are deeply motivated to countering it.

On the other hand, although Canada and New Zealand share a similar level of cooperation with AUKUS states as FVEY members, they were neither informed nor consulted about the trilateral security pact. Their exclusion from the grouping can likely be attributed to their differing dynamics with China and comparatively less orientation toward the Indo-Pacific within their foreign policies. For instance, both Canada and New Zealand have

been hesitant to ban Huawei, the Chinese tech giant, in their 5G infrastructure. While Canada has been scrutinizing the implications and is set to take a call in the coming weeks,<sup>20</sup> New Zealand reversed its 2018 decision to ban Huawei a year later.<sup>21</sup> Canada's Trudeau government has sought to deflect criticisms that it is soft on China by strongly condemning Beijing's actions in certain situations, like in Xinjiang and Hong Kong; however, it has been exceedingly careful to avoid any "blanket criticisms of the CCP [Chinese Communist Party] and rhetorical overreach" or even define an Indo-Pacific strategy.<sup>22</sup> Similarly, often considered the FVEY's weakest link, New Zealand has attempted to balance between maintaining its strong trade ties with China and its commitment to the international liberal order.<sup>23</sup>

However, as Ottawa and Wellington face mounting pressure (both domestic and international) and contend with growing flux and changing balance of power in the region, walking this tightrope will only become more difficult. Under such conditions, these countries may adopt a tougher stance on China and a more vocal position in the Indo-Pacific – making their potential inclusion in AUKUS a possibility. Furthermore, India and Japan are clearly committed to managing Chinese aggression and advancing a free and open Indo-Pacific region; as they continue to build more synergy with the US and Australia, they could gradually build increased trust between their political, military and intelligence institutions, thus paving the way for their inclusion into AUKUS. Fostering this level of trust will however require time and concerted effort, making their inclusion a possibility only in the long term. Even then, an expanded AUKUS framework may not necessarily develop along the current lines. It may not, for instance, include nuclear technology transfer but focus on emerging defense technologies, including hypersonic and conventional undersea capabilities.

Regardless of what shape or form the AUKUS framework may take in the future, the grouping is here to stay and will define the regional geopolitics in the times to come. The FVEY has been a pivotal global axis, even though it has seen increasing differences in recent years over China (particularly issues like Huawei). Here, AUKUS will complement not only the FVEY, with its military focus and shared perception on China, but also existing groupings and alliances like the Quad and ANZUS. Like the FVEY, AUKUS is poised to become a fundamental and permanent security fixture in the region with immense global reach, influence and implications.

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## Notes

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<sup>6</sup> Richard J. Aldrich, "Transatlantic Intelligence and Security Cooperation," *International Affairs* 80, no. 3, 2004: 733–55, [https://warwick.ac.uk/fac/soc/pais/people/aldrich/publications/inta80\\_4\\_08\\_aldrich.pdf](https://warwick.ac.uk/fac/soc/pais/people/aldrich/publications/inta80_4_08_aldrich.pdf), 739.

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### **3. The European Debates**

### 3.1 France–AUKUS: Shock, Betrayal and the Way Forward

*Antoine Bondaz*

The least that can be said is that France – both the political authorities and the experts and commentators – has given a very critical, even openly hostile, welcome to the announcement of a military, industrial and technological partnership, AUKUS, between Australia, the United Kingdom (UK) and the United States (US). Commentary is mounting that the US decision is counterproductive, benefits China and isolates the US in the region. While the slogan “America Alone” is used by some to describe Washington's approach,<sup>1</sup> there is even a resurgence of anti-Americanism and a return to the eternal pseudo-debate on the need to withdraw from North Atlantic Treaty Organization (NATO's) integrated command. It is important to avoid such overreaction. Some undiplomatic statements on social media are counterproductive, as are flawed analyses, and could eventually be used against French interests. After losing the deal of the century, France must be careful not to lose credibility, mortgage its future relations and weaken its own Indo-Pacific strategy<sup>2</sup>.

The surprise announcement of Canberra's decision, with direct support from Washington, to abandon the deal to build 12 conventionally powered submarines was a shock to Paris. Certainly, the anger is legitimate as the consequences of this are numerous. The collapse of this contract is an economic blow for the state-owned Naval Group, including dozens of subcontractors and local families in Brittany and elsewhere. On the diplomatic front, it is detrimental to bilateral relations with the US, and even more with Australia. On the military front, while French government

officials claim that arms sales are “essential to our sovereignty” because they help “maintain the viability and independence of our defense industry,”<sup>3</sup> consequences could be detrimental. It is politically dangerous for French President Emmanuel Macron, who faces attacks on his foreign policy as he seeks re-election next year. Apart from this, it is a personal disappointment for everyone who had worked on the deal since 2014, including Foreign Minister Jean-Yves Le Drian.

It goes without saying that the way this was done was unacceptable and inept. As the French foreign minister rightly stated, it is “a shot in the back” and “not something that is done between allies.”<sup>4</sup> The recall of the ambassadors from Washington and Canberra was fully justified to ensure that the feeling of betrayal felt by Paris was clearly understood (and also the desire to publicly denigrate London). In addition, the French foreign minister took the heat in order to preserve the president, thereby allowing him some room for maneuver. The American willingness to repair the relationship, expressed through the call between Presidents Macron and Biden and the subsequent joint communiqué, followed by the high-profile visits of Secretary of State Blinkin and National Security Advisor Sullivan, was appreciated by Paris. Yet, it will take time for U.S. President Joe Biden’s administration to rebuild trust.<sup>5</sup> The presidential meeting on the sidelines of the G20 summit, and the joint communiqué that will be issued at its conclusion, will be important for the bilateral relationship by attempting to present concrete initiatives to advance it.

### **The risk of causing a crisis within a crisis**

The risk, however, is in France overplaying its hand, both in terms of communication and political decisions. It is one thing for the spokesman of the French Ministry of Armed Forces to explain that France has met all of the Australian demands in the contract, and this does not call into question

the expertise, experience and know-how of the Naval Group. However, to claim that Australia's decision is not in the interest of the Australians goes too far.<sup>6</sup> It is not for France to define Australia's national interest and disappointment should not prevent a form of understanding. Similarly, asserting that the Australian decision goes against the quest for strategic autonomy, much touted by the country since the beginning of the negotiations in 2014, is one thing. Yet, to claim that the Australian decision is an "abandonment of sovereignty", as the Minister for Europe and Foreign Affairs Le Drian did in a Senate hearing, is incorrect, as it is blatantly false.<sup>7</sup> It is precisely to preserve its sovereignty in the long term that Australia considers an alignment with the US to be in its interest, even if the Australian decision goes against French interests in the short term.

It is one thing to delay the return of the ambassador to Canberra as compared to the one to Washington, in order to impose a balance of power with Australia, but weakening a much-needed bilateral relationship in the South Pacific by refusing any high-level exchanges, and this a few weeks before a referendum crucial to the future of New Caledonia, is another, especially when China is not hiding its ambitions and influence on the islands. The positive dynamic in the bilateral relationship with Australia will obviously take time, unlike the bilateral relationship with the US. However, this should not prevent the continuation of working-level cooperation and the re-establishment of a dialogue, even if indirectly through trilateral dialogues or the 1.5 format, as soon as possible. Likewise, seeking European support in this crisis is one thing, and may make the US aware of the imperative to better coordinate and treat its allies, but brandishing European strategic autonomy at every setback with Washington is another thing, which allows opponents of this concept to criticize it and ultimately isolate France a little more in Europe.

Certain French criticisms of the AUKUS are unjustified, even if concerns and doubts are more than reasonable. The US has not just pushed France aside in the Indo-Pacific and marginalized the country in the region. The multiple cooperations that exist in the security field, including military, both bilaterally and multilaterally, will continue. Also, Washington is not isolated in the Indo-Pacific, as evident in the favorable reception of the decision in Japan and Taiwan. Indeed, the US is demonstrating its ability to effectively rebalance its attention and priorities in the Indo-Pacific, which was announced as early as November 2011 by President Obama and which will now receive a new impetus with President Biden. We are indeed entering phase 2.0 of the Asia-Pacific rebalancing strategy. Similarly, the argument that the US has definitively pushed the European Union (EU) out of a security role in the Indo-Pacific is unwarranted. The Europeans are not the French and they do not intend to play a leading military role in the region. They do not have the capabilities, the will or the ambition, as underlined by the joint communication on the Indo-Pacific cooperation strategy, which does not even mention security issues as part of what it seeks to achieve with its principled and long-term engagement with the Indo-Pacific region.<sup>8</sup> The intended role of the EU is limited to maritime security, cybersecurity and counter-proliferation at this time.

### **The necessary adaptation of the French strategy in the Indo-Pacific**

While AUKUS does reduce France's contribution in the Indo-Pacific in a relative way, it does not change the country's interests. To claim that the initial Franco-Australian agreement was "an assurance of France's Indo-Pacific commitment" is not only false, but also dangerous.<sup>9</sup> It suggests that French strategy is based on an arms contract, which, although structuring the strategic relationship with Australia, was only one element of French strategy, fortunately. Indeed, France differs from the other member states of the EU because it has sovereignty interests in the region. More than 1.6

million French citizens live in overseas territories in the Indo-Pacific, while more than 90 percent of France's exclusive economic zone – the second largest in the world – are located in the region. Thus, France is not a spectator in the Indo-Pacific, it is a resident power. The power projection to French Polynesia in less than 40 hours, for the first time in June 2021, of three Rafales, two A330 multi-role tanker transport and two A400M Atlas, is the essence of this.<sup>10</sup>

The challenges in the region also remain. France already supports numerous multilateral initiatives in the Indo-Pacific that aim to strengthen the response to natural disasters, protect the environment, fight illegal fishing, etc. In February 2020, the multi-donor Kiwa initiative, announced during the 2017 One Planet Summit in Paris, was launched to protect the biodiversity in Oceania and further adapt to climate change using “nature-based solutions”. France is also increasing its diplomatic presence in regional forums. It joined the Indian Ocean Rim Association (IORA) in December 2020 and chaired the 7th Indian Ocean Naval Symposium in Summer 2021. If the Ministry of the Armed Forces and the Ministry of Europe and Foreign Affairs continue to play a central role, governmental agencies will become more and more involved. The Agence Française de Développement (AFD)'s mandate for action in the Pacific, first expanded in 2018 to regional projects in the sector of adaptation to climate change and biodiversity, was expanded again in 2021 to include bilateral projects.<sup>11</sup> The question should therefore be as to how to adapt France's Indo-Pacific strategy, although it is not fundamentally challenged as President Macron has made clear when he asserted the crisis “does not change France's Indo-Pacific strategy”.<sup>12</sup> Such an adaptation of the French strategy was necessary even before AUKUS and is now even more necessary.

France should deepen its partnerships and initiatives with other actors beyond the three strategic partners, that is, with all members of the

Quadrilateral Security Dialogue (Quad), including India and Japan. These new partnerships, which would complement and not replace the existing ones, are quite natural since other countries in the region share common interests and concerns with France. This is the case, for example, with South Korea, whose New Southern Policy covers the Indo-Pacific. It would also be important to replicate the comprehensive maritime dialogue – initiated with Japan in 2019 – with other countries. Following the successful Franco-Japanese track 1.5 Global Maritime Seminar, organized by the Foundation for Strategic Research (FRS) and the Ocean Policy Research Institute (OPRI) in December 2018 in Tokyo, the two countries organized the first edition of the Global Maritime Dialogue, a track 1.0 dialogue, in September 2019.<sup>13</sup> Maritime issues are at the heart of the Indo-Pacific region, for obvious geographical and political reasons. This format is ideal to discuss a large number of issues (economic, security and environmental), while insisting on an inter-ministerial approach that is too often lacking in most countries. These track 1.5/1.0 dialogues should also be held, at least, with Australia, South Korea, Indonesia and Vietnam.

New trilateral formats should also be created. The France–India–Australia format and its initial trilateral dialogue in September 2020, followed by a Trilateral Ministerial Dialogue in May 2021, has so far been focused on maritime safety and security, marine and environmental cooperation and multilateral engagement. A France–Japan–Australia trilateral dialogue, at both track 1.0 and track 1.5 level, focusing on the South Pacific would be worthwhile – the two countries being the rare ones to have diplomatic representations in the French Pacific territories (Tokyo will soon open a consul general in Nouméa). The three countries also share common concerns about illegal fishing, resilience in the supply of critical materials and the Chinese presence in the region. A France–South Korea–Indonesia format would also make it possible to address environmental issues,

particularly in terms of green growth and forest protection. Indonesia is home to the world's second-largest peatland and the 2015 forest fires were one of the world's worst environmental disasters.<sup>14</sup> South Korea has seen a threefold increase in palm oil consumption for biofuels in 15 years, mostly from Indonesia, and has already been involved in projects in the country since the Korea–Indonesia Forest Center was established in 2011.<sup>15</sup>

### **The development and promotion of French territories in the Indo-Pacific**

Eventually, to gain even more credibility and legitimacy in the region, this strategy needs to be supported in France. Although the MPs of the National Assembly, within two information missions from the Committee on National Defense and Armed Forces as well as from the Committee on Foreign Affairs, are showing explicit interest in the strategy, the general level of knowledge within the political class remains limited. The general public remains largely uninformed through mass media, especially TV, and the very notion of the Indo-Pacific is either completely unknown or misunderstood. What is all the more paradoxical is that despite its international dimension, the Indo-Pacific strategy also has an obvious national dimension: to promote the development and integration of French territories in the region, from Mayotte to French Polynesia, including Reunion and New Caledonia. This was reiterated during President Macron's visit to Reunion Island in 2019 and his slogan "Choose Reunion. United in the Indo-Pacific Space".

If most of French Indo-Pacific territories already host international conferences, for example, Reunion Island is expected to host an IORA meeting in 2021, or bilateral meetings, Nouméa hosted the first Japan-France Comprehensive Maritime Dialogue in Nouméa in 2019, these territories should become central in the framework of increasingly decentralised



cooperation. It would also be necessary to highlight other themes such as the issue of agriculture, for example by making these territories pilot areas for sustainable agriculture and excellence, thus serving as models for neighbouring countries with similar geographical and climatic characteristics. At the institutional level, while the appointment of a dedicated ambassador for the Indo-Pacific in 2020 was a positive development, the question of reorganizing the geographic perimeters of certain ministries must be addressed. The possibility of merging the Directorate of Asia and Oceania of the Ministry of Europe and Foreign Affairs, which includes the sub-directorates of South Asia, Southeast Asia, and the Far East, with a sub-directorate of the Indian Ocean, while renaming it to the Directorate of the Indo-Pacific should be considered.

As the French Ambassador to the United States, Philippe Etienne, recently reminded us, every crisis is an opportunity, and clearly the major crisis for France caused by the announcement of AUKUS must be an opportunity to better adapt the French, but also European, strategy for the Indo-Pacific.<sup>16</sup>

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### 3.2 The EU and AUKUS: The View from Brussels

*Zsuzsa Anna Ferenczy*

“AUKUS is born,” announced American President Joe Biden on September 15, 2021 in Australia.<sup>1</sup> A “stab in the back” is how French Foreign Affairs Minister Jean-Yves Le Drian received the deal.<sup>2</sup> With the self-confidence invested in an enhanced trilateral security partnership between Australia, the United Kingdom (UK) and the United States (US), President Biden announced that the three would be “Always together. Never alone.” Technology, scientists, industry and defense forces would work together to deliver a safer region, he said.<sup>3</sup>

In contrast, seen from Paris, AUKUS has not done any service to cooperation and trust between democracies seeking to coordinate their response to an assertive China. Concerning Brussels, the European Union (EU) High Representative Josep Borrell lamented the lack of consultations and communication between close partners, which gave the image of an uncoordinated or even divided West.<sup>4</sup> As a result of the agreement, Australia abandoned its order of French submarines to the benefit of a project with the US.<sup>5</sup> The AUKUS has paved the way for Australia to get its first nuclear-powered submarine. Views remain divided whether AUKUS empowers Australia without eroding its sovereignty, or reduces its sovereignty by making it more reliant on the US and risks entrapping it in a potential US–China conflict.<sup>6</sup>

Given the growing convergence in democracies’ threat perception of China across the world, the decision to exclude France from AUKUS remains a

serious one for Paris, Berlin and Brussels to consider. With the complexity of a fragmented EU and diverging member states, for Brussels, AUKUS has increased the relevance of the degree of reliance on the US and the EU's autonomy. With transatlantic relations still recovering after an unpredictable Trump administration, and as Russia and China are doubling down on efforts to undermine European unity, AUKUS' timing could not have been more awkward for Europe. In addition, it is difficult not to perceive the announcement of AUKUS on the very day the EU presented its own Strategy for Cooperation in the Indo-Pacific as a clear – and unfortunate – indication of lack of coordination among partners.<sup>7</sup>

### **A Question of Trust**

From Washington's perspective, AUKUS is to support its efforts to contain China's aggressive posture in the Indo-Pacific, a hotbed of strategic technological competition and a region facing growing "hybrid threats." As such, cyberattacks, disinformation, economic coercion, attacks on critical infrastructure and supply chain disruption are some of the threats that Australia has had to directly face.<sup>8</sup> In other words, AUKUS is about more than submarines; it is to set up an information- and technology-sharing arrangement to focus on critical technologies, such as AI and quantum. The race to master these is today a geopolitical issue.<sup>9</sup> From Brussels' perspective, AUKUS is also about more than submarines. It raises difficult but certainly not new questions concerning both the EU's internal coherence and external relevance; two sides of the same coin. It is another wake-up call to become more resilient and coherent at home to withstand threats, in order to become more relevant abroad. The deal also affects perceptions of transatlantic ties; for EU member states, AUKUS is indicative of how President Biden understands cooperation and trust.

The Biden administration has claimed that rebuilding partnerships – and trust – with allies in order to counter China would stand as a core pillar of its foreign policy.<sup>10</sup> This goal has however been shaped by divergent perceptions on the two sides of the Atlantic on how to approach China. Such cracks in transatlantic relations are still to be addressed. Brussels concluding negotiations with China on a Comprehensive Agreement on Investment (CAI) in December 2020 did not go down well with incoming President Biden. His administration had urged early consultations with the EU on China’s economic practices.<sup>11</sup> Instead, Berlin, holding the EU presidency at the time, made sure that, with the support of Paris, CAI negotiations are concluded, despite resistance from some EU member states, such as Poland.

In sharp contrast, AUKUS indicates confidence in Canberra that the US–Australia interests concerning China coincide, with Canberra hoping that AUKUS would secure it a strategic boost in the face of an assertive China; a life insurance as some noted.<sup>12</sup> Also, beyond Australia, democracies across the globe have engaged in a contest with the authoritarian practices of the Chinese Communist Party.<sup>13</sup> In spite of the fragility of trust in transatlantic ties, Washington and Brussels do agree that to withstand threats, cooperation is vital.<sup>14</sup> Against this backdrop, by excluding France from AUKUS, a resident and therefore relevant ally in the region, the deal casts doubt on trust at a time when this has become most critical. Allies “stabbing each other in the back” does not make democracies look good.

### **Growing Response to Growing Threats**

Inside the “Brussels bubble” of the EU institutions, fears of getting stuck in the Sino-American rivalry have been growing for years, with no consensus on how to deal with either partner. In December 2019, EU High Representative Josep Borrell stressed that in the midst of geostrategic competition between China, Russia and the US, the EU must step up and be

a real geopolitical player or risk becoming just a playground for other powers.<sup>15</sup> Just as in 2019 Australia's chief diplomat warned that the US and Australia would have to work hard because "enduring differences" over values would be the "new normal," the EU labeled China a "systemic rival."<sup>16</sup>

The EU member states have grown anxious seeing Beijing's influence projection capacity.<sup>17</sup> China now controls 10 percent of European port volume.<sup>18</sup> As North Atlantic Treaty Organization (NATO) Chief Ian Stoltenberg said, China is "coming closer."<sup>19</sup> Brussels has acknowledged that it remains ill-equipped to face threats and has taken measures to reassess its China policy, including concerning the Indo-Pacific. The EU-level measures proposed include elements to help Europe's resilience and capacity to protect itself, through diversification, greater military independence from the US and less reliance on Asia for semiconductors, as Commission President Ursula von der Leyen presented in her September 2021 State of the Union address.<sup>20</sup>

The EU toolbox to mitigate cybersecurity risks to 5G networks, agreed by member states and endorsed by the Commission in 2020, or the EU framework for screening foreign investment fully operational as of October 2020, rely on internal convergence. Given the EU's multi-layered governance system and competing interests concerning China, including within the German–French engine, implementation will be hard. Yet, it will be more critical than ever.<sup>21</sup>

### **The Ambiguous Franco-German Path**

When President Macron moved into the Elysée Palace in May 2017, he said that the EU could only be rejuvenated by intensified cooperation between Paris and Berlin.<sup>22</sup> Following the 2017 G7 Summit, haunted by Brexit and tense interactions with the US President at the time, German Chancellor

Merkel said, “we Europeans truly have to take our fate into our own hands.”<sup>23</sup> Yet, this narrative has not been widely embraced in Brussels. France has played a significant role in shaping language on a more autonomous Europe. In terms of protecting critical infrastructure from China, Berlin, Rome and Paris have worked together, winning over the support of all member states.<sup>24</sup>

In terms of interpreting and weighting the structural changes in international relations however, stark differences remain between Paris and Berlin. While Paris considers NATO politically “brain dead” and not equipped to respond to challenges to European security, Berlin has stressed the need to develop NATO.<sup>25</sup> Berlin has urged more EU cooperation in security for a stronger European pillar in NATO, not to replace NATO.<sup>26</sup> The differences between a centralizing presidential system in France and the German parliamentary system have not made things easier for the two leaders. Making things more complicated for Brussels, Central Eastern Europe member states have often felt that the French president speaks *for* Europe, but forgets to speak *with* Europe first.

In 2018, President Macron spoke of European sovereignty as complementing national sovereignty.<sup>27</sup> Yet, his approach to China has been more ambiguous. While he supported the EU measures to protect Europe’s critical industries from opaque, state-backed Chinese takeovers, he warned that setting up a common front against China risked pushing Beijing to lower its cooperation on issues such as climate change.<sup>28</sup> Similarly, Berlin’s geo-economic outlook has become increasingly out of step with growing skepticism concerning China in the US, the EU and within Germany.<sup>29</sup> While Chancellor Merkel’s pro-business and pragmatic views have not converged with President Macron’s visionary ambitions, neither side can be credited with enough clarity to ensure leadership for a geopolitical EU.



## **The EU's 'Backyard'?**

Notwithstanding member states' ambiguities, the Indo-Pacific has become more prominent on the EU's agenda – for good reason. While not a “resident” actor, Europe is an important stakeholder in the region as more than 35 percent of all European exports go to Asia-Pacific markets. Europe has interests to protect in the region and is highly dependent on unimpeded maritime highways.<sup>30</sup> The fact that in its Indo-Pacific Strategy, the EU referred to Taiwan as a “partner” with whom to reinforce value chains, trade and investment agreements or data protection is indicative of awareness of the need of broad cooperation, despite divergences between member states and objections from Beijing.<sup>31</sup>

Taiwan is a front-line democracy but is isolated by a hostile China that claims it as its own territory, while it never ruled it, and treats it as “non-negotiable.”<sup>32</sup> The annual Australian–US Ministerial Consultations (AUSMIN) statement also re-emphasized Taiwan's role in the Indo-Pacific, which China's embassy in Canberra rejected as “erroneous remarks.”<sup>33</sup> At the same time, over the first weekend of October, Chinese planes entered Taiwan's defense zone in record numbers, a sign of Beijing asserting its power.<sup>34</sup>

While tensions in the Indo-Pacific keep growing, the challenges in Europe's own periphery have not lessened either. Some have argued that it is, in fact, in its own backyard where the EU's priorities should lie. Brussels should concentrate on investment, diplomacy and security capabilities in the Middle East and Africa and help tackle terrorism, piracy and state failure, which would impress its Indo-Pacific partners more than sending a navy ship through the South China Sea.<sup>35</sup> Concerning Europe's backyard in the Balkans, Beijing has indeed increased its clout, as for example the case of Montenegro illustrates.<sup>36</sup>

The Baltics and Poland now perceive Russia as a national security threat, underscored by its military buildup on the Ukrainian border seeking to destabilize NATO.<sup>37</sup> In September this year, in a joint statement, the Baltic and Polish prime ministers also accused Belarus of staging a hybrid attack by engineering the flow of migrants into Lithuania, Latvia and Poland.<sup>38</sup> In June 2020, Brussels named both Russia and China as a source of disinformation concerning the pandemic, sowing internal divisions inside the EU and its neighborhood.<sup>39</sup>

Member states, some more than others, fear “losing” the Balkans to China and Russia; and these worries need to be addressed on a European level. The threat Moscow and Beijing pose to the Balkans, the Baltics or Poland are threats to the EU as a whole. Similarly, AUKUS is not to be seen as a French submarine problem, but an issue to be addressed on a European level. Member states must seek enhanced cooperation and take unambiguous measures to support the role they want the EU to play globally. Only an inclusive discussion with all member states can help reconcile deeply rooted differences in their threat perceptions.

## **Conclusion**

Joining AUKUS, Australia has made its choice. In contrast, EU leaders have repeatedly rejected the idea of having to choose between the US and China. Brussels continues to struggle to pull member states closer towards strategic autonomy, as the concept carries different meanings among different member states. On October 6, at the European Council meeting in Slovenia, President Charles Michel stated: “Our unity is our core asset.” He urged the EU “to increase its capacity to act autonomously.”<sup>40</sup> As far as the EU on the world stage is concerned post-AUKUS, consolidating unity must be the number one priority. Only a united EU with a vision to secure a European future for its neighborhood, with increased defense and security capacities

and ability to respond to hybrid threats, as well as strong civilian crisis management, can be considered a “strategic asset” in the Indo-Pacific. This echoes the US and Australia agreeing that their allies and partners are their greatest strategic asset, central to achieving their collective goals in the region.<sup>41</sup>

Going forward, the EU leaders should consider several factors as they seek to secure the support of member states. First, as High Representative Borrell acknowledged, the question of how the EU should deal with a China increasingly pursuing a strategy of global influence is an issue of fundamental importance.<sup>42</sup> It is therefore crucial that EU member states coordinate their China policies, support each other when bullied by Beijing, as Lithuania was recently for its decision to exchange diplomatic offices with Taiwan, and agree on a consistent implementation of the EU narrative on China.<sup>43</sup>

Second, with the devastation unleashed by COVID-19, there is a momentum toward diversification. It is therefore the moment to elevate India in the EU’s approach to the Indo-Pacific, seen so far as a missed opportunity. The EU–India Think Tanks Twinning Initiative, launched in 2015, is expected to help develop the strategic partnership further, and increase mutual awareness, an element still missing.<sup>44</sup> The two already engage in maritime security, 5G, AI, human rights, climate change and infrastructure connectivity, to name a few areas.<sup>45</sup> Stronger EU–India ties will send a message of strength to Beijing.

Third, the EU should focus on stabilizing its neighborhood. The Brdo Declaration of the EU–Western Balkans Summit in October promises to go beyond Brussels’ commitment to the enlargement process. It sets out connectivity, green and digital transition initiatives and cooperation on disinformation and hybrid threats for the region to stick to the European

path, making Chinese and Russian efforts to undermine the region's European perspective appear irrelevant.<sup>46</sup> A stronger EU in the Western Balkans will send a message of strength to both Moscow and Beijing.

Fourth, a strong transatlantic alliance based on trust, within NATO, must remain the cornerstone of Europe's security. While the EU and the US have had ups and downs, it is positive that the First EU-US Trade and Technology Council meeting was held in Pittsburgh to help revive ties.<sup>47</sup> Coordination with Washington on strategic issues will be key, but Europe must assume more responsibility to help its neighborhood in its European future. Stronger transatlantic relations will send a message of strength to the world.

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### 3.3 Collateral Damage for the Baltic Region?

*Mats Engman*

Most comments on the new trilateral alliance, AUKUS, between Australia, the United States (US) and the United Kingdom (UK), have centered on the possible impact on the US–China rivalry and subsequently, on the consequences for Asian security. However, less attention has been given to the possible consequences on European security, in particular Baltic security.

The AUKUS is not just about nuclear submarines. In the words of Australian Prime Minister Scott Morrison, it is “a lifetime partnership.” Moreover, as argued by Professor Richard G. Whitman at Chatham House, AUKUS is “an alliance founded on military–industrial cooperation to improve joint capabilities in areas such as cyber, artificial intelligence and quantum capabilities (as well as the cooperation to allow Australia to acquire nuclear-powered submarines).”<sup>1</sup> The technological part of the agreement may be as important as the more eye-catching submarine deal. Adding this to the already existing “Five Eyes only” intelligence cooperation, the three countries now share a common threat assessment and, at least partially, how to address this threat.

The AUKUS, in its present form, will have consequences for the Baltic region. Individual nations in the region will increasingly be pressed to make new decisions in a dynamic development, including in defense priorities. This paper will discuss possible consequences for Baltic security and the initial assessment is that there are “rough times ahead.” Three areas will be

covered here: Baltic security within European security and defense cooperation; maritime security; and defense industry cooperation.

### **European Union (EU): A Weaker Actor in Security and Defense**

The EU has become a weaker actor in security and defense since the UK decided to leave the Union. Together with France, the UK was the only EU nation with a robust and credible defense capability for any significant military operation, especially out-of-area operations. With London now putting more emphasis on Asian security, as seen both in the recent Integrated Review defense policy paper and with the AUKUS announcement, its commitment and de facto resources to European defense cooperation (outside North Atlantic Treaty Organization [NATO]) may be reduced. The US has already made it clear that Asia comes first in American policy and with London now tilting its priorities toward Asia, it will have repercussions for the EU, in particular European defense cooperation and Baltic security.

The AUKUS agreement includes several areas of cooperation in cyber, underwater technology and emerging technologies. As this is something that the Integrated Review also prioritizes, London may find it difficult to engage in two parallel cooperative frameworks.<sup>2</sup> Indeed, with Brexit, London had already started to look more to its transatlantic partner for defense cooperation. The momentum for even more transatlantic and Indo-Pacific cooperation has increased further with AUKUS, which includes exercises, permanent deployment of maritime units, manpower exchange programs and training with a focus on the maritime and cyber domains.

For years, the EU, with a strong push from Paris, has been trying to become a more prominent and independent security actor. Under the overall banner of “strategic autonomy,” the EU has introduced several new initiatives, like Permanent Structured Cooperation (PESCO)<sup>3</sup> and European Defence Fund

(EDF),<sup>4</sup> to increase collective defense capability. Nations like the UK, Sweden and the three Baltic States have been reluctant to the idea of developing an EU “strategic autonomy,” requiring a duplication of command and control structures and certain other capabilities, which unintentionally may cause frictions in transatlantic cooperation.

With AUKUS the new reality, two different discussions are likely to surface. The first one, with strong support from Paris, will be about the need to speed up and increase efforts for greater European defense collaboration. Paris has already talked about the need to develop an “EU Army” and has planned for an EU summit focused on defense cooperation in the spring of 2022.<sup>5</sup> The other likely discussion will be on how robust and credible a European defense effort as such can be. For nations concerned about a more aggressive Russia, such as Poland, the Baltic States and Sweden, this discussion will be decisive. Without London, there needs to be a rather dramatic increase in European defense capability to mitigate the capability gap that Britain’s exit has left. Individual, smaller nations like Sweden can contribute, but the only reasonable significant capability improvement rests with decisions in Berlin. From the recent election results, an increase in German defense spending seems unlikely. Even after years of discussion, Germany has not yet managed to decide on a replacement aircraft to effectively shoulder its national responsibility under the NATO nuclear-sharing agreement<sup>6</sup> and is unlikely to enter into a substantial increase in defense spending. In sum, the combined effects of Brexit and AUKUS have left the EU weaker in defense and security policy.

With France now the only nation with a significant military capability, Paris needs to make a credible argument that it is fully committed to security challenges on Europe’s eastern border and in Northern Europe. Without this rebalancing of the French defense priorities, it will be difficult to generate a

consensus within the EU on fast-forwarding the idea of “EU strategic autonomy.”

For Baltic security, the AUKUS agreement will put a spotlight on each of the nation’s defense priorities. The Baltic States are all members in NATO, yet Sweden and Finland are not. Sweden would therefore need to make increased effort to maintain strong defense links to London and Washington, possibly through agreements like the Joint Expeditionary Force (JEF) and similar arrangements.<sup>7</sup> This would include working closely with the three Baltic States and Finland to make coordinated arguments to London and Washington, and in parallel to Brussels and Paris, on the importance of the eastern and northern flanks. Further, as a Baltic country, Sweden would need to strengthen Baltic cooperation and develop closer cooperation not only with Finland but also with the three Baltic States, Poland and Germany. In short, Sweden will need to shoulder a larger responsibility for Baltic security.

### **Maritime Strategy and Maritime Capability**

The AUKUS agreement is yet another example of how important maritime security and capability is, and not only in the Indo-Pacific. The ongoing pandemic has highlighted the importance of security of supply chain and one of the main instruments to achieve this is by ensuring free and open sea routes. This applies equally to the Indo-Pacific region as it does to the Baltic and North Sea regions.

Submarines, both conventional and nuclear powered, offer an extremely powerful and diverse capability. One of the reasons for Australia to go in for nuclear-powered submarines is the requirement to be able to “operate on station for longer periods.” Compared to a modern conventional submarine, a nuclear-powered one can be “on station” seven to eight times longer and can move with a three to four times higher speed, offering

improved operational capabilities. Military experts talk about nuclear submarines offering a “strategic leap” compared to conventional submarines. A possible reason for Australia leaving the agreement with Paris was an assessment of the technical challenges in the French project. The French had offered to convert their nuclear-powered Barracuda-class submarine to a conventional submarine, replacing the nuclear reactor with batteries and diesel generators. Very few, if any, successful “conversions” of such models have been made.

With the AUKUS agreement, all three nations will have to allocate more resources and manpower for not only the development of the submarines but also equally to other areas in the agreement, like underwater cables and cyber. For Australia to be able to operate these new nuclear-powered submarines, massive technological, industrial, infrastructure and military investments, along with education and training, will be necessary. In addition, limited resources will have to be reallocated and for a nation like the UK, with a relatively small number of submarines (11 in total),<sup>8</sup> this will affect and likely reduce its submarine operations, including in exercises in Northern Europe and other places.

For both the US and the UK, naval personnel will be reassigned to work with Australia. Over time, this will develop a deeper familiarity and knowledge about Indo-Pacific naval operations, which of course is in line with the strategic thinking behind the agreement, but will lead to less experience in operations in other areas, including in the Baltic Sea. Underwater development projects will likely have a priority in “blue-water” or open-ocean operations, and maybe less on operating in more confined seas, like the Baltic Sea.

This rebalancing of resources, operating areas, manpower and development projects, over several decades, will require nations concerned about Baltic

security to shoulder a larger responsibility. Sweden's long coastline and dependence on import and export by sea may create a new discussion on the distribution and balance of defense resources. In the most recent defense bill in Sweden, an increase in overall defense spending was decided.<sup>9</sup> However, the distribution of additional defense spending did not include modernization of the current very small naval fleet, with the exception of two new submarines, or an increase in the number of ships. Even worse, several ships are on the brink of being taken out of service and will need substantial upgrades to be kept in service and meet the changes in the operational environment. In a situation where there is a growing demand for a stronger focus on maritime security and need for maritime resources in the Baltic, Sweden lacks the capability and risks being viewed as a "security consumer" rather than a "security provider."

### **Defense Industry Implications**

The AUKUS agreement could signal an even more intense arms race in Asia. As argued in the previous section, maritime capabilities, under, on and above water, are likely a priority. As the new nuclear-powered submarines that Australia is now buying are unlikely to be operationally available until well after 2035, a replacement or gap-filler capability is required. The Royal Australian Navy is currently operating six Collins-class conventional submarines. The Collins class is an enlarged design of a Swedish submarine, produced by the Swedish company Kockums, now owned by the Swedish defense company, SAAB. For the Collins class to be operational until the new nuclear-powered submarines enter service, an extensive upgrade program is necessary and SAAB/Kockums is well placed to offer such a program. But Europe has four companies that produce conventional submarines: in France, in Germany, in Spain and in Sweden, respectively. The European market for submarines is limited: for example, SAAB/Kockums has only two submarines on contract. As the requirement

for submarines and underwater capability will likely increase, the competition between these companies will increase. France, having lost a very big contract, will make strong efforts to compensate the Australian deal, paving the way for fierce competition between the four. To make matters worse, France also lost out to the US this summer when Switzerland decided to buy 36 US F-35 fighters instead of the French Rafale. Thus, with growing demand, efforts to consolidate the European defense industry, including the submarine industry, would make sense and would place the EU in a stronger market position. Though unlikely to happen, such a consolidation would also harmonize with a more coordinated European voice in defense and security issues.

## **Conclusion**

The AUKUS agreement, which has put the spotlight on Asian security, has ramifications for Europe and Baltic security. The comprehensive long-term nature of the agreement makes it fundamentally different from other agreements. It reinforces Washington's pivot to Asia, highlights a tilt toward Asia in London and exposes the weakness in EU's ambitions of developing "strategic autonomy." For Baltic security, other nations will have to fill the capability gap or be more exposed to various forms of coercion and pressure. Germany is unlikely to significantly increase its defense capability and France has a credibility challenge with regard to the defense of the Baltic region. Thus, it will require more coordinated and closer cooperation by the Baltic countries, along with coordinated action toward London and Washington. For Sweden, it exposes a security deficit in maritime capability and is likely to increase pressure on the Government to either allocate more resources or to redistribute resources.

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### **3.4 Austria and the AUKUS: From the “Island of the Blessed” toward the “Island of the Indifferent”**

*Velina Tchakarova*

The Austrian federal government is embroiled in the next biggest corruption scandal<sup>1</sup> after the Ibiza affair, which caused the previous coalition to resign in 2017. Therefore, Austria, often described as the “island of the blessed,” will have even less time to deal with world events. As an observer of global affairs from neutral Austria, a country that is not perceived as a geopolitical actor by either partners or rivals as it hardly extends its sphere of influence beyond its immediate neighborhood in Central and Eastern Europe and the Western Balkans, one will find little to no interest in the latest developments in international relations. It is indeed not surprising that neither the European Union’s (EU) strategy for the Indo-Pacific region<sup>2</sup> nor the announcement of a security and defense pact between Australia, the United Kingdom (UK) and United States (US), that is, AUKUS,<sup>3</sup> have led to domestic political debates in Austria. The country is one of the few EU states that is not a member of North Atlantic Treaty Organization (NATO) due to its neutral status. Also, as a landlocked country, it has no naval capabilities and its military power projection is limited due to defense spending of less than 1 percent.

#### **AUKUS and Europe’s Reaction**

The diplomatic confrontation between the three Anglo-Saxon powers and France following the announcement of AUKUS triggered a public outcry in the EU and the European capitals. Following the cancellation of the

submarine deal between Australia and France, all EU members expressed their support for France in the dispute. The foreign ministers of the EU members, including Austria, declared “their clear solidarity with France” at a meeting on the sidelines of the United Nations (UN) General Assembly in New York.<sup>4</sup> In addition, the EU institutions also backed France’s position. The EU’s top diplomat, Josep Borrell, stressed that AUKUS was not just a “bilateral issue” but concerned the EU as a whole.<sup>5</sup> The European Commission President, Ursula von der Leyen, called the treatment of France “unacceptable.”<sup>6</sup> In addition, the European Council President, Charles Michel, accused the US of a “clear lack of transparency and loyalty” in its handling of the situation.<sup>7</sup> Moreover, Michel described the surprise announcement of the AUKUS deal, coupled with the abrupt US withdrawal from Afghanistan earlier this summer, as possible triggers for Europeans to “act together and learn the lessons together” on the basis of “European strategic autonomy.”<sup>8</sup>

The political circles in France and Brussels stressed the need for Europe to build a defense alliance that is not dependent on the US. In addition, Germany rejected the politics of “*fait accompli*” by the US and urged for deeper cooperation between the EU and US in the Indo-Pacific region, a position that Austria is likely to endorse. The German foreign minister described the AUKUS as a “sobering” moment for transatlantic relations and pointed to the need for an independent European position on this and other pressing geopolitical issues in the context of ongoing debates on “European sovereignty” and “Strategic Autonomy” of the EU in global affairs.<sup>9</sup> The heads of state and government of the EU member states discussed the topic of greater European independence on the international stage at the latest summit in Slovenia. The debate was particularly important in light of the geopolitical developments in Afghanistan and the Indo-Pacific region, as well as in view of future relations with China.<sup>10</sup>

However, there is still no consensus between the EU members and institutions on this issue and recent developments have only deepened the gap between the different positions on the future role of the EU in global affairs. In particular, French and Central and Eastern European views are quite detrimental. Currently, the US military is to countries in Central and Eastern Europe what it is to Australia in the Indo-Pacific region, that is, the most significant security guarantee against external threats. Therefore, France needs to recognize these geopolitical realities and do something about them before pushing for a European strategic autonomy agenda away from the US. Austria, for its part, sees the Visegrád countries<sup>11</sup> not only as the most strategic direct neighborhood but also as the most important trade partners and therefore, it carefully navigates between these opposing positions by avoiding taking sides. Moreover, Austria, along with Germany, the Netherlands, Denmark and a few more members, rejected the idea of postponing the Trade and Technology Council between the EU and US.<sup>12</sup>

### **Austria: From the “Island of the Blessed” toward the “Island of the Indifferent”**

The developments related to AUKUS have also affected Austria to some extent. The French Member of the European Parliament (MEP) and Vice President of the largest party group in the European Parliament (European People's Party [EPP] Group), Arnaud Danjean, publicly expressed negative views on the meeting between Federal Chancellor Sebastian Kurz, who belongs to the same European family of parties, and Australian Prime Minister Scott Morrison on the margins of the UN General Assembly in New York.<sup>13</sup> Danjean described this act by the Austrian chancellor as “lacking solidarity” in view of the crisis between France as an EU member and Australia.

At the same time, as an export-oriented country, Austria is highly dependent on trade deals. The federal chancellor signed a strategic partnership agreement with the Australian prime minister in New York, which focuses on expanding the areas of trade, investment, science, education, energy, digital, anti-terrorism and more.<sup>14</sup> In 2020, Australia was the fourth largest goods export market for Austria in Asia, after China, Japan and South Korea.<sup>15</sup> Further, the Alpine republic has worked closely with Australia since the beginning of the pandemic to share “best practices” in dealing with the COVID-19 crisis. Obviously, Austria also wants to stick to its trade agreement with Canberra, while the European Commission announced a halt to the free trade talks with Australia for at least a month.<sup>16</sup>

Moreover, Austria aims to ensure that the EU plays a strong and visible role in the world and acts as a driving force of rules-based multilateralism. The constantly deteriorating security situation in and around Europe means that the “ring of crises” is approaching Austria.<sup>17</sup> Therefore, the country wants to reinforce a comprehensive approach to security and sees its role in helping the EU to emerge as a stronger and more unified foreign and security policy actor in the world.

The announcement of AUKUS was perceived as a “stab in the back” by France, the main European ally in the Indo-Pacific region. It quickly became one of the lowest points in the US–French relations in the last two decades, which will also have implications for the future transatlantic approach to China, as well as for the EU’s negotiations on a free trade deal with Australia. The latter is detrimental to Austria’s interests as its export-oriented economy depends on the European Commission to regulate trade relations with important competitors and partners in the global geo-economic context. Furthermore, Austria and France’s positions on Islamic terrorism overlap following the terror attacks in both countries, as well as

on future migration flows to Europe after the US withdrawal from Afghanistan.<sup>18</sup>

With regard to European integration of the Western Balkans however, they hold diametrically opposite views. Austrian foreign and security policy has always attached particular importance to the Western Balkans due to the traditionally strong cultural, economic and political ties. Also, compared to other European countries, Austria is one of the largest troop contributors in European missions abroad. Thus, Austria's role in stabilising the neighborhood (especially in the Western Balkans) and securing peace continues to be significant within the EU. In addition, as an exporting country, Austria supports the EU's free trade agreements, which is why France's role in the EU's decision to postpone talks on a trade agreement with Australia may not be well perceived in Vienna in the long term.

### **What Next in the Indo-Pacific Region?**

In the rapidly changing global environment, the EU wants to be a geopolitical player. Yet, Brussels announced its new major geo-economic project, "Global Gateway,"<sup>19</sup> to compete with China's Belt and Road Initiative (BRI) without coordinating with its biggest partner, the US. Similarly, the US announced the security pact together with the UK and Australia without coordinating with Brussels, Paris or Berlin. The AUKUS should be seen as a major tectonic geopolitical shift in the Indo-Pacific region that puts the EU in a corner and has a direct negative impact on France as the main EU member in the region. Despite positive developments linked to the launch of the EU's Strategy on the Indo-Pacific Region and the strategic documents of France, Germany and the Netherlands, the gap between the EU and the AUKUS will grow in the region, unless the US invites France to participate in Quadrilateral Security Dialogue (Quad, US,

India, Australia and Japan)<sup>20</sup> during the upcoming bilateral meeting between the two presidents.

Together with Quad and other Anglosphere formations, AUKUS partners will seek to promote deeper integration of security and defense-related ties in the areas of science, technology, industrial bases, supply chains, as well as capabilities. This involves hard-power projection and engagement with a rising second system pole in the region, namely, China. However, the trend toward new geopolitical and geo-economic constellations in the Anglosphere has been emerging for some time. Quad and now AUKUS are increasingly seen as US-led counterbalance efforts against China's own geo-economic and geopolitical projects, such as the BRI, the China–Pakistan Economic Corridor and the Regional Comprehensive Economic Partnership.<sup>21</sup>

The announcement of AUKUS to support mutual security and defense interests, building on the long-standing bilateral relationships between the three countries, must be seen in the context of the intensifying US–China systemic rivalry and the emerging bifurcation of the global system.<sup>22</sup> Looking at the AUKUS, the US and the EU members are not on the same page geopolitically. The shift points to a growing split between the Anglosphere members and the EU when it comes to dealing with the Dragonbear (China and Russia).<sup>23</sup> The fact that the US is willing to spend more political capital and invest in security and defense ties with the UK and Australia before reaching out to EU powers is quite telling. In this context, Austria, as a neutral country, mirrors the EU's stance of trying to act as a giant neutral bloc by avoiding taking sides in the systemic competition between Washington and Beijing. However, the EU's approach of oscillating between Washington and Beijing will not work in the long run if EU powers, like France, Germany and the Netherlands, want to participate in geopolitical formations, such as AUKUS and the Quad, in the

Indo-Pacific region. Hard conclusions need to be drawn in Brussels, Berlin and Paris as to whether they are not increasingly isolating themselves from their most significant transatlantic partners in their approach to this region, and to China in particular.

Against this background, Austria, like all other medium-sized and small EU members, will increasingly feel the pressure to recalibrate its priorities and interests based on the EU's approach to the Indo-Pacific region, and to China in particular. Austria has not yet initiated a public debate on these pressing issues. Moreover, the official websites of the main federal ministries still define the region as the "Asia-Pacific," which shows how little willingness there is to adapt to conceptual changes and pressing geopolitical realities.<sup>24</sup> A similar process to adjust Austria's official position on China in the light of the EU's threefold approach (negotiating partner, economic competitor and strategic rival) will have to be launched soon.

The EU and its members, including Austria, should prepare for a scenario in which diplomatic, security and defense ties between Australia, the UK and the US in the Indo-Pacific region are deepened and complemented by cooperation with partners, such as Japan and India. The AUKUS could soon become JAKUSI (Japan, A(U)KUS, India), which would limit Europe's options in this part of the world and slowly but surely turn it into a geopolitical backyard of global affairs. As long as the EU does not become a security player in the Indo-Pacific region, there will only be moderate opportunities for cooperation with the countries of the Anglosphere in the future.

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## Notes

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## **4. The Asian Debates**

## 4.1 All About the Counterpoint: The Initial Views of AUKUS from Beijing

*Marc Lanteigne*

Within the joint announcement in mid-September by the leaders of Australia, the United Kingdom (UK) and the United States (US) that a new trilateral security agreement would be struck, there was no mention of China. Instead, the focus was on the protection of the “Indo-Pacific region,” including the development of a nuclear submarine fleet for the Australian military..<sup>1</sup> However, Beijing is well aware that the AUKUS agreement (*Aoyingmei lianmeng* 澳英美联盟) is the strongest signal yet of Washington’s determination to counter China’s growing military power in the Pacific Rim. Moreover, the creation of AUKUS is a textbook example of a “costly signal” in international relations, referring to the sending of a signal which results in considerable costs for the signaler. These costs may include committing an actor to a given course of actions, in which the resulting consequences of backing down or changing policies would be severe, as well as taking on the responsibilities of assuming future costs associated with signaling.<sup>2</sup> The AUKUS agreement has sent a loud message to Beijing about how the three member governments now perceive China’s rise and how they are going to respond. Now, there is the question of how the Chinese government is going to respond, both with words and deeds.

In the weeks since AUKUS was declared, official responses from Beijing have been critical but measured, for example, often accusing the US and its allies of continuing to observe an archaic “cold war mentality” (冷战思维 *lengzhan siwei*). However, Chinese official media outlets, especially heavily

nationalist news services such as the *Global Times*, have often been far less restrained about describing the new alliance as reckless and self-defeating. While many aspects of AUKUS, including the specifics of security cooperation deals and the timetable of the delivery of the nuclear submarines for Canberra, have yet to be fully specified, China has nonetheless begun to frame its reactions to the new security agreement by putting forward two distinct sets of opposing actions, via statements and policy announcements.

### **‘You Say Stop...’: China Paints AUKUS as Revisionist**

The first approach has been to paint the actions of the AUKUS triad as revisionist in nature and contributing to regional security threats rather than defusing them. At the same time, Beijing is seeking to identify itself as a supporter of stability and multilateral cooperation despite the US-backed pressures. In an initial statement by the Chinese foreign ministry after AUKUS was announced, a spokesperson stressed that “relevant countries” should give up “cold war zero-sum thinking” (冷战零和思维 *lengzhan linghe siwei*) as well as “narrow geopolitical concepts” (狭隘的地缘政治观念 *xia'ai di diyuan zhengzhi guannian*), both of which run counter to the need for enhanced cooperation in the Asia-Pacific.<sup>3</sup> Subsequent Chinese government statements, and some news organizations, also pointed to the potential damage which AUKUS could cause for nuclear non-proliferation efforts in the Pacific Rim, given that Australia is a non-nuclear state which would nonetheless receive nuclear materials (specifically highly enriched uranium [HEU], also used in warheads)<sup>4</sup> and technology in the form of the submarines, raising questions about both “double standards” (双重标准 *shuangchong biao zhun*) in Western views of preventing nuclear proliferation and the setting of future precedents regarding the transfer of nuclear components. Wang Yi, China’s Foreign Minister, later articulated these views, pointing out the specific dangers which the AUKUS arrangement

would generate, including that non-proliferation regimes would be weakened and nuclear competition would potentially increase. Further, he warned that efforts to promote joint cooperation and prosperity in the region would give way to the development of regional competing camps.<sup>5</sup>

In one pointed editorial in the *Global Times*, these arguments were taken a considerable step further with the suggestion that AUKUS “would render Australia a potential target for a nuclear strike” during a great power conflict, given that Australian nuclear submarines would be viewed by China (and Russia) as serving American military interests.<sup>6</sup> The *China Youth Daily*, in its own AUKUS rebuttal, also pointed to the upending of traditional political and security ties between Western governments in the wake of “conspiracy and betrayal” (阴谋与背叛 *yinmou yu beipan*), especially since France was left out of the AUKUS agreement and saw its own conventional submarine agreement with Australia abruptly scrapped.<sup>7</sup> In late September, Beijing expressed interest in improving dialogues with the French government, seeing a window of opportunity due both to the chilled relations between Paris and AUKUS governments and the possibility of a European political split over how to engage China in the near future.

In addition to government and media statements, Beijing also sought to underscore a commitment to regional cooperation by officially announcing its intention to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) trade pact mere hours after the AUKUS agreement was confirmed. The US withdrew from the CPTTP’s predecessor, the Trans-Pacific Partnership, shortly after the then-President Donald Trump took office in 2017, leaving Japan to take the lead in reworking the agreement into its current form. The fact that Beijing was seeking to eventually apply for CPTPP membership was hardly a secret, but the timing of the official announcement was significant. Although a statement from China’s foreign ministry dismissed the notion that the announcement was

timed to steal thunder from the AUKUS announcement, the chain of events did help to further China's narrative that the Xi Jinping government was promoting cooperation, while the US was seeking division. As one Chinese spokesperson described the situation, "People can tell that what China works for is economic cooperation and regional integration. What the US and Australia push for is wars and destruction."<sup>8</sup>

Despite China's large and growing economic clout, the admission process is likely to be politically complicated due to various reasons. One is that Australia, with whom Beijing's relationship has unravelled in the last couple of years, is a member of the CPTPP. Another member country, Canada, has experienced its own diplomatic downgrade with Beijing over the Meng Wanzhou affair. In addition, despite China's opposition, Taiwan, (a strong supporter of AUKUS), has also submitted a bid to join the CPTPP.<sup>9</sup> The efforts could serve to divide the CPTPP's eleven current members,<sup>10</sup> especially since it is unlikely under current political circumstances that an arrangement could be worked out – similar to what happened with the Asia-Pacific Economic Cooperation (APEC) forum decades ago – which would allow both Beijing and Taipei to enter this trade deal together. However, even if there is a long negotiation period before China could assume membership in the CPTPP, simply submitting the application was a political statement by the Xi government signaling that it is AUKUS, not Beijing, which is standing opposed to greater accord in the Asia-Pacific region.

### **'...And I Say Go': Beijing Looks For Regional Support**

The second approach which Beijing has taken in opposing AUKUS has been an attempt to seek solidarity with other governments in the Pacific Rim which stand to be disadvantaged by the new alliance. In addition to decrying AUKUS as a potential destabilizing force to global-level efforts in combatting nuclear proliferation (a stance echoed by the venerable *Bulletin*



of the Atomic Scientists),<sup>11</sup> Chinese officials also pointed to the possible damage to the 1985 South Pacific Nuclear Free Zone (SPNFZ) Treaty, (also known as the Treaty of Rarotonga; with Australia as a signatory), by the introduction of more nuclear material to that region.<sup>12</sup> Although the Rarotonga Treaty is primarily concerned with the banning of nuclear warheads in the Pacific Islands region, Beijing has argued that AUKUS defies the spirit, if not necessarily the letter, of the region's non-proliferation agreement.

The Chinese government has taken a similar view in regard to the concept of the Southeast Asia Nuclear-Weapon-Free Zone (SEANWFZ), which was first developed in the early 1970s. The Malaysian government of Prime Minister Ismail Sabri Yaakob has been openly wary of AUKUS and has expressed willingness to work with Beijing in responding to the new alliance. The Chinese foreign ministry and official news outlets have cited concerns of Association of Southeast Asian Nations (ASEAN) states, as well as the Government of Pakistan, that AUKUS will result in a cascade effect which will erode regional non-proliferation efforts and raise the possibility of a local arms race.<sup>13</sup> In short, China is seeking to develop a greater sense of solidarity with other regional actors which may find themselves facing a more uncertain security destiny as AUKUS takes shape.

Another phrase which has been used often in Chinese government statements and media in relation to AUKUS has been "Anglo-Saxon clique" (盎格鲁撒克逊小圈子 *Angelu Sakexun xiao quanzi*), reflecting the view from Beijing that the alliance will only serve the very narrow interests of the three members governments themselves at the expense of the international community, along the same lines as other US-led security initiatives, such as the Quad security arrangement and the "Five Eyes" intelligence sharing pact.<sup>14</sup> This reflects views from the Chinese government that AUKUS represents a *de facto* new tier in Western security cooperation which not only

excludes Beijing but also many other long-standing friends and allies of the US.

### **Conclusion: Preparing for a Long Game**

The larger question in examining how Beijing will ultimately respond to the development of AUKUS is how the Chinese military will adjust its own defense posture to account for the eventual inclusion of enhanced Australian submarines and the likely addition of more American and British military assets in the Pacific. This may mean that China will step up both military and “grey zone” operations in the South China Sea to significantly discourage US-led military incursions; further develop naval assets to allow for improved green-water (coastal defense) and blue-water (far seas) operations; and focus on developing tactics to counter the addition of new submarines in the region. Anti-submarine warfare (ASW) has been a perpetual weak spot in the naval capabilities of the People’s Liberation Army,<sup>15</sup> and so there will be the question of whether that deficiency in the country’s maritime power, and the development of more robust Chinese “anti-access/area denial” (A2/AD) strategic capabilities, can be addressed before the Australian submarines are deployed. In the shorter term, however, much of China’s opposition to the emergence of AUKUS will continue to be found in the realms of diplomacy, media and contested narratives.

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## 4.2 Japan and AUKUS: Convergence and Conflict of Interests

*Lars Vargö*

September 2021 was a month of several significant events. The AUKUS initiative, between the United States (US), the United Kingdom (UK) and Australia, was announced on the September 15, to be followed a few days later by China and Taiwan's respective application to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Further, on September 24, the US hosted the first in-person Quadrilateral Security Dialogue (Quad) summit in Washington. Needless to say, the events reflect a changing reality in the Indo-Pacific region. A very significant structure of defense and security cooperation has been introduced and the importance of international trade agreements has been underlined. Both dimensions have one key background component: China's growing regional and global influence.

Japan definitely has reasons to welcome a strengthened cooperation in the military field between AUKUS members, particularly if it disturbs China's long-term strategy of becoming a dominant global and regional power. On the other hand, this new initiative has the potential of making it more difficult for Tokyo to balance its relations with both the US and China. Even if AUKUS were to be interpreted as a matter of concern for only the UK, the US and Australia, the bilateral security alliance that Japan has with the US obligates it to adopt a less independent posture vis-à-vis China.

## **Japan's Response to Changing Security Concerns**

In the post-World War II period, Japan's security concerns were focused on possible confrontation with an aggressive and potentially dangerous Soviet Union or China. In the meantime, threats from North Korea increased and the relationship with South Korea seemed to be on a roller coaster. These regional developments led to changes in Japanese defense structure and priorities in its foreign policies. An invasion of Hokkaido is no longer really on the horizon, while missile attacks from North Korea and frequent Chinese incursions in the waters surrounding the Senkaku Islands are!<sup>1</sup>

So far, Tokyo's response has been to try to increase its global reach as a soft power and act as a responsible member of the global community through its United Nations (UN) membership and assistance to countries and regions in need, including China and the two Korean states.<sup>2</sup> Its ambition to become a permanent member of the UN Security Council has, however, been blocked by China. Also, although Japan, by and large, has accepted its constitutional restraints and developed into the stable democracy that allied powers hoped that it would, it has seen an increase of criticism from its neighbors for its behavior during the Pacific war and annexation of Korea. A majority of the Japanese people believe that this is unfair since more Chinese citizens have died as a consequence of the actions of the Chinese Communist Party than of the Japanese Imperial Army – the Tiananmen massacre being a case in point.<sup>3</sup> The Kwangju massacre in 1980 also illustrates a very dark side of earlier South Korean governments; and numerous reports from North Korean refugees do not exactly point at a brighter side of the regime in Pyongyang.<sup>4</sup> In the Japanese view, people who live in glass houses should not throw stones at others and this is exactly what the neighboring governments are doing.

Japan's response to what it perceives as unfair constraints on its ability to defend itself in a hostile environment has been to partly reinterpret its Constitution and take measures it deems necessary to face hostilities. It has established a National Security Council, relaxed the ban on selling weapons and adopted legislation allowing it to engage in collective self-defense of its allies, if the nation's survival is threatened. The Biden administration's reassurance that the Senkaku Islands fall under Article 5 of the US–Japan Security Treaty was welcome news to the Japanese government. It was accompanied by a joint statement of the American president and the Japanese prime minister that they were concerned about “peace and security” in the Taiwan Strait, reflecting a more proactive Japanese stance in the security and defense field.<sup>5</sup>

### **AUKUS: The Upside and the Downside**

To see objectively, Tokyo has responded positively to the AUKUS initiative. A larger regional presence of the UK and Australian nuclear-powered submarines means that China will have a harder time pursuing an expansive agenda in the South China Sea; and the trilateral security commitments in themselves will take some power out of Chinese bullying of its neighbors. The new Australian nuclear-powered submarines will be able to patrol the South China Sea as far north as Taiwan, something which will significantly shift the military calculus in the event of a contingency in the area. Foreign Minister Motegi has expressed Japan's support for the agreement, not least since it is also perceived as a sign of renewed US commitment to the region, while deepening Britain's engagement.<sup>6</sup>

Given China's continued growth, it is difficult to envision a scenario where Japan would criticize a more reliable US military engagement in the Indo-Pacific, even if Tokyo has been left out of it. Japan cannot stand alone in a hostile neighborhood unless it either removes all restraints on its own



military power or relies on the commitments of its closest ally, the US. This is especially true as Japan has unsolved territorial issues with most of the nations in the Northeast Asian region.

However, an important question is: how will AUKUS affect those initiatives where Tokyo has taken the lead, or has a very active role, in particular the Quad, the Free and Open Indo-Pacific (FOIP) and the CPTPP? All of them emphasize a less confrontational approach for achieving the aim of a stable political and economic regional environment. In a joint statement in March 2021, the Quad leaders spoke of a particular “Spirit of the Quad” in their shared vision of a “free and open Indo-Pacific” and a rules-based maritime order.

The Quad also invited New Zealand, South Korea and Vietnam to a “Quad Plus” meeting. There are plenty of other multilateral structures for security dialogue in the region: the ASEAN Regional Forum (ARF); the ASEAN+3 (China, Japan and the Republic of Korea [ROK]) and the ASEAN+6 (China, Japan, ROK, India, Australia and New Zealand), just to mention a few. Japan’s philosophy has always been to keep China engaged in as many international commitments as possible in order to let organizational rules limit the scope of aggressive behavior. However, when creating an environment consisting of an increasing number of multilaterals and minilaterals, one also creates a certain amount of confusion and room for bilateral bullying.

As for CPTPP and the membership applications of China and Taiwan, Japan clearly sees no obstacle for Taiwan, which already abides by the rules of that agreement. Furthermore, Tokyo probably views a Taiwanese membership as a way of strengthening the island’s international stature. China would also be welcome, in the view of Japan, but for different reasons. If China agrees to abide by and live up to the standards of the free trade agreement,

it would have to take a less aggressive stance in the geopolitical field as well, however unlikely that seems at the moment. The AUKUS will hardly act as a facilitator for conflict resolution in the trade field and might possibly even foment further Chinese aggressions, at least in the short run. This is not something Japan would like to encourage.

In other words, AUKUS creates some conflict of interests. On the one hand, it strengthens Japan's defense posture by showing a determination on the side of the AUKUS members to work against Chinese expansionism. On the other, it has the potential to undermine Japanese ambitions to engage China in multilateral forums and trade agreements. Japan values long-term commitments, especially on the part of its security ally, the US, in order to feel secure. The AUKUS initiative, in combination with the hastened withdrawal of US troops from Afghanistan, has no doubt led to some raised eyebrows in Tokyo.

Former Australian Prime Minister Malcolm Turnbull recently spoke out publicly against the way the French were treated by the sudden announcement of the AUKUS, calling it a deception.<sup>7</sup> Malcolm further stated:

*I am not a critic of AUKUS. I mean, AUKUS is fine, there's nothing wrong with it. But if you take the submarines out of it, it is essentially an enhancement, an embellishment, of the arrangements we already have. [...] The French have been legitimately appalled. The Europeans are appalled. It has undermined trust between the United States and Europe. It has smashed trust between Australia and France.<sup>8</sup>*

In an interview published on the website of the Japanese Embassy in Paris in March 2020, Japanese Ambassador Ihara Junichi was quoted as saying that cooperation between Japan and France in the Indo-Pacific region should

be further materialized, that Japan and France should conduct more joint naval exercises and that:

*Japan and France must always interact and cooperate with the United States [...] the U.S. involvement is essential in Asia, in Europe and in the world as well. In order to maintain and strengthen the rule-based international order, I think it is essential that the triple-pole – Japan, the United States and France – continues to cooperate in a strategic manner.<sup>9</sup>*

If this is still the view of the Japanese government, it must have been quite bewildering to listen to the sudden announcement of the AUKUS.

### **Past Experiences and Future Perspectives**

Japan has struggled with its national identity ever since its decision to abandon old feudal habits through the Meiji Restoration 1868. Its on-off relationships with Western powers after the introduction of new legal structures and ideological preferences during the following century have added to the confusion. In 1902 Japan concluded the Anglo-Japanese Alliance with the United Kingdom and later, at the outbreak of World War I, Japan entered the war on the side of the Allies. It did not play a major role, but in November 1914 Japan assumed temporary responsibility for all Allied naval activity in the Indian Ocean east of 90 degrees longitude, and it did escort Australian convoys on their way to Europe. On British request Japan also sent a destroyer division to the Mediterranean to protect Allied troopships. In the Pacific the Japanese navy was engaged in hunting German ships.

On the other hand, in 1915 Japan pressed the infamous Twenty-one Demands on China, through which it displayed a future vision far broader than just assisting the nations that today have signed on to the AUKUS agreement. In 1940 Japan signed the Tripartite Pact, also called the Axis

Alliance, with Germany and Italy. Japan made a 180 degree turn and now wanted to dominate East Asia and exclude its former allies. The catastrophe that followed burned all the bridges and Japan had to start anew in 1945 to build relations with all its neighbors.

While trying to analyse future options, keeping this historical background in mind is essential for understanding what is both possible and desirable for Japan. If the country is to form wider alliances, their main purpose has to be to build a stability that is not confrontational. Japan has to be strong enough militarily to make it clear that any attack on its territory is a bad idea. The sudden withdrawal of US troops from Afghanistan, however motivated or understandable, sends a signal that this military strength better be translated into a national capability. If the US, Australia and UK can suddenly break with an ally like France, regardless of the reasons why, Japan should perhaps aim at having a capability that is at least similar to that of France. That is, it should be able to stand on its own feet, in order to hedge against sudden changes in its bilateral or multilateral agreements.

This is not the same as saying that Japan should not aim at joining the AUKUS, if that would be an option in the future. However, for AUKUS and the Quad to develop into stable and reliable multilateral regional security structures, like NATO, they must include several obvious countries that are missing today, namely Canada, New Zealand, and Southeast Asian nations such as Vietnam.<sup>10</sup> While keeping its bilateral alliance with the United States as a necessary cornerstone, Japan has shown a clear post-war interest in wider multilateral structures, where it can side with those who share its preference for rule-based solutions to solving actual and potential conflicts, rather than a confrontational foreign and security policy.

China must understand that Japan's own history has displayed enough evidence that it is not possible for one nation to completely dominate a

region, whether you call it East-Asia, the Asia-Pacific or the Indo-Pacific. But in order for Beijing to do that, actors like the US, UK and Australia must also understand that a real deterrence cannot only be built on a world view formulated by native English speakers. They have to give actors like Japan and France main roles in formulating strategies for the future. Tokyo, for its part, is not in a position to burn more bridges, on the contrary, it wants to continue to build them.

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### **4.3 India's Stance on AUKUS: A Strategic Maneuvering between Eurasia and the Indo-Pacific?**

*Jagannath Panda*

The AUKUS security partnership, as well as France's unexpectedly strong reaction to it caught many countries in Asia by surprise. Most Asian countries, including India, would perhaps like to perceive AUKUS as a part of America's changing strategic reorientation toward the Indo-Pacific. With India being a key player in regional geopolitics, a special security partner of the United States (US) and fellow member of the pivotal Quadrilateral Security Dialogue (Quad), New Delhi's response to AUKUS and how it perceives the emergence of the grouping is critical to understanding India's Indo-Pacific outlook.

India's official response to AUKUS security partnership has been measured, with a watchful and cautious tone, suggesting that New Delhi is mindful of not perceiving the arrival of the pact in a wrong way. In essence, New Delhi has maintained an ambiguous stance by not overreacting to the new trilateral partnership. In response to an array of media queries, to clarify how India viewed AUKUS's emergence in the region, Foreign Secretary Harsh Vardhan Shringla emphasized that the trilateral security alliance would have little relevance and limited impact on the functioning of the Quad since both were very different in nature and had distinct areas of focus.<sup>1</sup> He further highlighted that although the US was set to share its prized nuclear propulsion technology to assist Australia with the development of nuclear-propelled (or powered) submarines, this would not

amount to nuclear weapons and was, therefore, not in violation of international treaties or conventions.

Accordingly, New Delhi's message was clear: AUKUS is not necessarily being viewed as a negative development. Nevertheless, India will follow AUKUS and related developments (such as with respect to the transatlantic relationships) in the Indo-Pacific closely, since they could directly impact India's challenges, opportunities and partnerships in the region. Therefore, what is the context which has shaped India's response to AUKUS? Why has India drawn such a distinction between the AUKUS and the Quad? More importantly, what can be read from India's stance toward the AUKUS?

### **On China: Reading between the Lines**

India's position on the AUKUS grouping has thus far been careful, being mindful of its fine balance of emerging as a critical security partner of the Indo-Pacific powers and the mainstream European actors (including France). The AUKUS brings to scrutiny many things for India, including New Delhi's ties with the US, France, and even Russia. In a way, AUKUS has given rise to foreign policy challenges for India in both Europe–Asia and Indo-Pacific geopolitical domains. Furthermore, the pact has encouraged New Delhi not to discard any power partnership, but rather stay engaged with regional partners to prioritize India's national interest. In other words, the arrival of AUKUS has created an opportunity for India to stay connected, as well as envision and strive for deeper, broader partnerships, with the European Union (EU) at a time when the North Atlantic Treaty Organization (NATO) is witnessing weakening transatlantic strategic affinity amid tensions between the European powers and the Anglosphere; in fact, this has led to NATO's Secretary General call for strengthening Europe–North America ties.<sup>2</sup>



Strategically, AUKUS represents the changing American “strategic reorientation”<sup>3</sup> toward the Indo-Pacific. As a security partner of the US, India is the greatest non-alliance beneficiary of this changing outlook and sees the formation as a positive development for its security ambitions. The Indo-Pacific is increasingly becoming a theatre of priority for India, where it faces significant challenges, especially from China. As India faces its own challenge for regional primacy and looks to securing its territory and regional position, it has come to put great weight on partnerships with like-minded powers; the India–US defense partnership is key amongst these.

The AUKUS, a further sign of Washington’s staunch commitment to the region, comes as an added means of deterring Chinese aggression in the Indo-Pacific. Much of this perception is likely based on New Delhi’s belief that it could potentially engage with AUKUS on a deeper level, or that the trilateral could open doors for the United Kingdom’s (UK) increased participation in the region. However, India’s official silence on the pact highlights that it does hold some consternations.<sup>4</sup> For one, AUKUS could potentially dictate a move away from India in the US Indo-Pacific policy, wherein Australia is seeing growing focus, especially amidst Canberra’s tense ties with Beijing where it has overtly shown readiness to be vocal against China (something India still seeks to carefully balance). Furthermore, repercussions of AUKUS will ultimately be felt by all countries in the region once China decides to respond, either via policy or increase in defense exercises/budget. Hence, actions taken by fellow partner states could adversely affect India, even though it had nothing to do with the pact; it ultimately adds an “alliance”-like partnership to the region, focused on defense technology and nuclear armament, which Beijing will view as a key threat.

## **AUKUS in India's Calculus**

Although AUKUS is not likely to directly support India in countering Chinese adventurism at the India–China border or in the Indian Ocean, it can be an effective deterrent, forcing Beijing to recalculate its options. On the other hand, India could also be forced to deal with a security dilemma-like situation, wherein AUKUS' formation and clear emphasis on bolstering joint defense capabilities provokes a more belligerent China looking to expand its influence. For India, Australia's readiness to assume the job of the US/West's sword arm in the locale – an American Army installation on Australian soil to maintain the submarines is now unavoidable – is a welcome advancement as this is a transition to contain China. As the main country in the Quad with a long and active border dispute with China, India, post-AUKUS, would have relatively less to stress over on the maritime front with the pact in play. In addition, it buys Delhi more time to augment the nation's own maritime abilities.<sup>5</sup>

Importantly, the AUKUS is a strategic, security-focused partnership, with several areas of interest: security and defense cooperation; science and technology collaborations; and deeper integration of industrial bases and supply chains.<sup>6</sup> New Delhi sees potential to access such cooperation via the Quad framework, which will enable it to build complementarities. This is particularly true in emerging technologies sector, which forms a key domain for geopolitical contest; as states modernize their militaries and adopt and integrate new critical technologies, areas like space, cyber and communications will become of primary focus in state conflicts.<sup>7</sup> Here, India can look for opportunities for increased exchanges with AUKUS, and perhaps even critical technology transfers, for greater region-wide cooperation to address shared threats – like those in the digital space.

Strategic circles in India have been concerned over potential challenges that AUKUS could pose for India's regional strategy. There has been a natural unease that while AUKUS implies the US' commitment to the region, this commitment could prioritize the Anglo-centric AUKUS alliance over the Quad. In other words, the onset of the new trilateral between three long-term allies could detract from how these states position India within their Indo-Pacific outlooks. Thus far, Washington has made attempts to reassure that AUKUS will not impact bilateral cooperation with New Delhi or its participation and promotion of the Quad – such as through the telephonic conversation between the Indian Defense Minister Rajnath Singh and his US counterpart, Lloyd Austin.<sup>8</sup> Nevertheless, the creation of AUKUS will make India more conscious of the virtues of, and commitment to, its strategic autonomy.

### **Restoring the Eurasian Contacts**

To sustain its strategic autonomy, New Delhi needs to further emphasize its partnerships with key middle powers in the region. In other words, despite its challenges, AUKUS presents an opportunity for India to enhance its strategic partnerships with entities, like the EU, or the mainstream European countries including France and even Russia. The secrecy surrounding AUKUS consultations prior to its announcement and the abrupt cancellation of the France–Australian submarine pact by Canberra in favor of the AUKUS' nuclear-powered submarine initiative had ignited France's fury and pointed to continued transatlantic tensions under President Biden. Here, India and France can use the event as an opportunity to deepen bilateral ties, particularly in the security sphere, with a focus on the Indian Ocean, where France holds significant territory and therefore key interests.<sup>9</sup> The AUKUS may force France to further emphasize India as a central agency in its Indo-Pacific outreach; and such a focus must be reciprocated by New

Delhi, for the formation of a comprehensive strategic maritime security partnership in the region. This can take further shape via heightened defense trade (perhaps even via a submarine deal) and joint leadership of New Delhi's Indo-Pacific Oceans Initiative (IPOI).<sup>10</sup> Both states have already indicated their desire to deepen their partnership post-AUKUS announcement, but they must actualize this commitment in the future.<sup>11</sup>

Such synergy need not be limited to only France. Importantly, India must now intensify its cooperation with the EU to emerge as one of the bloc's most prominent partners in the region. Some analysts argue that AUKUS marks an "implicit geopolitical disaster"<sup>12</sup> for the EU. Since Brexit, EU-UK ties have been highly strained, if not competitive, with the two behaving as strategic adversaries rather than partners; and the inclusion of the UK over European states more actively involved in the region (like France and Germany) has undermined their posture. As the AUKUS announcement overshadowed the EU's release of its Indo-Pacific strategy,<sup>13</sup> the EU is likely concerned that AUKUS will marginalize its regional role. Here, India can prove to be a critical regional partner to formulate a middle power partnership that prioritizes strategic autonomy. Broadly, such a partnership could cover areas like advanced technology, maritime security, supply chain resilience, renewable energy and climate change. Both sides are already working closely in several of these areas (like connectivity, clean energy and climate partnership) under their 2025 roadmap.<sup>14</sup> In the Indo-Pacific specifically, India-EU can collaborate to promote shared values and the rule of law to shape the region's future, while also maintaining their strategic autonomy between intensifying US-China competition.

### **Building Defense Partnerships with France and Russia**

The AUKUS could also have implications for India's defense trade with France, Russia and the US. In particular, AUKUS could provide a leverage

that New Delhi can employ to its advantage in securing military equipment deals. While India has remained constantly wary of militarization of the Quad process, AUKUS will allow it to maintain a non-military vision of the Quad, while engaging with like-minded partner states vis-à-vis defense ties.<sup>15</sup> India has categorically attempted to balance its ties in a manner that does not make it go against any of its European or other partner states. As European states like France pivot toward the Indo-Pacific – and as AUKUS threatens the confidentiality of transatlantic ties with the US – India emerges as the top strategic partner for Paris.

France is a permanent member of the United Nations Security Council and a main power (as well as present President) of the EU. Its focus is on offering an alternative to the challenges arising due to the rivalry between China and the US, by promoting a stable multipolar order dependent on multilateralism within the Indo-Pacific; India shares a similar vision. This must prompt a genuine advancement to the India-French all-weather partnership that has seen active growth during the past year with the speedy delivery of Rafale jets, France's 200 million Euros<sup>16</sup> COVID response fund for India and the offered support of armed forces to India in the immediate aftermath of the Galwan incident.<sup>17</sup> France is one of India's key suppliers of weaponry after Russia; now, this partnership must expand into export with Indian defense sector looking to become more indigenous. The creation of a solid oceanic partnership among France and India should be supported in a post-Galwan period.<sup>18</sup> New Delhi's incorporation as an observer in the Indian Ocean Commission (IOC) adds to this ambit, with India–Africa network being progressively critical to India (and Japan) considering China's steadily expanding impression in the African mainland. A maritime collaboration system between France–Japan–India in the Western Indian Ocean (providing link into Africa), which has generally served as France's area of influence, should be pushed for. The

“Joint Strategic Vision of India–France Cooperation in the Indian Ocean Region” should venture into a maritime defense sector that looks to make an open and rules-based sea space, building on existing naval exercises, like Varuna, Samudra Setu and Resilience operations, as well as La Perouse (with the Quad).<sup>19</sup> Concurrently, French foreign direct investment in India and China could be better balanced if French organizations broaden their supply chains away from China by investing more in India, and use it as center point for assembling, in accordance with “Make in India.”

The AUKUS also allows opportunity for India to build ties with Russia, especially as Moscow’s own concerns regarding US-led entry into the Indo-Pacific and Eurasia grow. The India–Russia angle will have to be viewed in the context of broader India–China rivalry. The Galwan dispute has left Russia in a complicated position, where it can neither leave its traditional partner, India, nor move away from its ideological and powerful friend, China. Any dispute between China and India could possibly lead to trouble for Russia and other groupings – like Russia–India–China (RIC), Brazil–Russia–India–China–South Africa (BRICS) and Shanghai Cooperation Organization (SCO) – between the three nations, thereby hampering the strategic and defense relations. It is important for Russia to keep both China and India on the same page to ensure that the three Eurasian powers stick together against the West. This was seen during the Doklam crisis of July 2017, when Russia preferred to stay neutral instead of supporting either side. The strategic and defense relationship between India and Russia is a seasoned one, with a number of treaties and bilateral agreements signed between them, including the 2010 joint statement that elevated the partnership to the level of a “special and privileged strategic partnership.”<sup>20</sup>

India’s relationship with Russia is a long-standing one. Despite the US sanctions targeting Russia, like Countering America’s Adversaries Through Sanctions Act,<sup>21</sup> India signed arms deal with Russia for purchasing four S-

400 Triumph surface-to-air missile defense system in October 2018. In fact, in a recent visit to Moscow, Indian Defense Minister Rajnath Singh ensured that Russia initiates the delivery of the promised surface-to-air missile systems by the end of 2021.<sup>22</sup> Apart from this, both the nations have signed several other defense deals over the years. Recently, the Indian Air Force has placed an order for 33 new fighter aircrafts from Russia, including 21 MiG-29s and 12 Su-30 MKIs, worth over Rs 60 billion (\$793 million).<sup>23</sup> Thus, as the US turns to its traditional Anglo-Saxon allies, the time for India to turn to its own traditional partner states, like France and Russia, is now.

### **Mapping India's Role**

The AUKUS allows India the opportunity to put its geostrategic interests in the Indo-Pacific region beyond the Quad or US-led security architecture. Yet, as Washington decides to invest in resources beyond the Quad states – without even making them part of the conversation – India too must look at AUKUS as a way to build its own partnerships bilaterally. Much like Europe's quest for "strategic autonomy,"<sup>24</sup> the time for India to revise and refamiliarize itself with its own "strategic autonomy" aspirations – beyond non-alliance – has come, where New Delhi builds capabilities independent of the US.

This being said, it is also important that competition between democracies does not limit collaborations amongst them. For instance, a potential fear that US policy toward the region may begin to depend more on Canberra should not lead to suspicion or create a gap between India–Australia. Cooperation with the AUKUS – via Quad or bilaterally – remains a possibility. The AUKUS is an outcome of shared political motives, strategic objectives and ideological affinity; and India's adversarial relations with China in the Indo-Pacific compliment the AUKUS arrangement. Taking a leadership role in bettering transatlantic ties (especially due to its close

partnerships with both France and the US), ensuring continued growth in bilateral relations with the UK and deeper push on resolutely building the Quad framework are efforts that India must undertake, which will ultimately strengthen regional security while allowing AUKUS to grow.

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## **5. Politics between Technology and Proliferation**

## 5.1 AUKUS, the EU and the Politics of Technology Sharing

*Kapil Patil*

The recent announcement of the AUKUS security pact, involving the transfer of nuclear propulsion and other critical military technologies between the United States (US), the United Kingdom (UK) and Australia, has triggered much churning around the world. The nuclear propulsion technologies are the most consequential strategic technologies of the nuclear age and the Biden administration's decision to share them with Australia marks a momentous decision that has few parallels in the history of global techno-strategic alliances. While a section of the academic community is intensely debating the proliferation impacts of this technology-sharing arrangement, the announcement of AUKUS is likely to have much wider impacts, including potential changes in the flow of various military technologies from Europe to other parts of the world, that need better appreciation.

In recent years, the worsening US–China trade war and supply chain disruptions caused due to the COVID-19 pandemic have forced the European Union (EU) members to discuss the prospects of more autonomous and resilient techno-commercial ties around the world. The announcement of AUKUS, which came amidst the cancellation of the mega AU\$ 55 billion deal between Australia and France for the supply of conventionally powered submarines, has inadvertently fueled the debate surrounding Europe's technological sovereignty. The unveiling of AUKUS, in many ways, compels the EU and its member states to rethink their techno-

commercial relations globally, and to reassess their approach toward global technology control regimes which they helped to create and enforce throughout the Cold War and post-war years.

### **Impact on the EU's Defense Industries**

The AUKUS-style strategic realignment and any consequent loss of defense markets do not bode well for Europe's overall defense industrial base, which has increasingly come under pressure from series of structural shocks. From the 2008 global financial crisis to the Eurozone crisis, to "Brexit," the successive economic shocks have adversely affected the European defense industries and forced them to diversify and search for new markets in Asia and elsewhere. As the European economies began to recover from these shocks, the COVID-19 pandemic has yet again slowed military production across Europe and tested the resilience of its supply chains.<sup>1</sup> While the overall impact of the COVID-19 pandemic on Europe's defense industries has been limited, sectors such as aviation and shipbuilding have reported major production slowdowns due to shrinking demand and supply chain disruptions.

The European aviation major, Airbus, reported a -38.6 percent of revenue decline in the first six months of the pandemic, while the naval shipbuilding sector globally reported a slowdown in both demand and supply.<sup>2</sup> As the COVID-19 pandemic forced the governments world over to allocate a larger share of public budgets to upgrade health infrastructure and to undertake mega vaccination programmes, the defense industries have been at the receiving end of shifting budgetary priorities and are, once again, bracing for another wave of restructuring and long-term adjustments toward keeping national security industries productive and innovative.<sup>3</sup>

## **The US Repositioning in the Global Order**

Amidst the ongoing structural changes, the Anglo-American unilateralism in revising the rules of sharing highly restricted nuclear technologies by making an exception of Australia, resulting in the repudiation of the France–Australia submarine contract, is likely to further restrict the EU’s defense exports to the Asia-Pacific region. Another global trend that became prominent post-2008 crisis is the revival of industrial policy discourse that has led countries around the world to prioritize their local industries over off-the-shelf defense procurement. Furthermore, the demand for comprehensive offsets in defense contracts in certain countries, like Australia, Brazil, Malaysia, Turkey, and India, is in line with the prescriptions of the new industrial policy regimes that place the burden of industrial capability development on supplier firms.

In the light of these mega trends, the AUKUS deal affords the US a rare strategic opportunity to position itself in the Indo-Pacific security architecture and to forge a long-term partnership with Australia for the supply of complex national security systems and services, such as nuclear propulsion, cruise missiles, radars, undersea communication systems and so on. The emerging centrality of the US in the global military technology and innovation structures for defense technologies is also significant in the light of perceived American decline induced by series of setbacks, ranging from China’s rapid rise to fighting expensive wars to the economic downturn induced by President Trump’s inward-looking policies that left the US scrambling for its global pre-eminence.

The US already accounts for about 37 percent of global arms supplies.<sup>4</sup> The firming up of the defense partnerships with key players in the Indo-Pacific region, such as Japan, India and now Australia, will consolidate Washington’s long-term market presence for the supply of high-tech

defense hardware and new-generation military technologies. Japan has been America's traditional ally and major client for military hardware. Further, the reset in Indo-US ties enabled by the 2005 Indo-US nuclear cooperation agreement saw a rapid deepening of Indo-US defense ties. With the two countries signing four foundational agreements, New Delhi has emerged as the second largest recipient of American military hardware and enjoys the status of America's "major defence partner."<sup>5</sup>

The deepening of the Indo-US defense partnership is also evident from New Delhi's decision to purchase a host of military platforms, including the most recent procurement of MH-60R naval and AH-64E Apache helicopters.<sup>6</sup> Australia too has been a purchaser of the US military hardware and the new submarine deal would bring the two countries into a much closer partnership involving synchronized platforms, real-time intelligence sharing and improved interoperability and combat readiness.<sup>7</sup> The US approach to influence critical military supply and production networks through well-defined and entrenched strategic partnerships is likely to affect export competitiveness of other defense suppliers around the world.

At the end of the Cold war, the defense industries in the EU witnessed major restructuring through a series of mergers and vertical integration of the major firms through diversified supply chains. The growing defense budgets in the EU countries as well as the strong export demand helped many European arms exporters to consolidate their position in the global market and enabled them to steer innovation in fourth and fifth-generation warfare technologies. Furthermore, the rise of the digital paradigm and the growing convergence between military and civilian technologies helped to enhance the efficiency of Europe's military production base and made it competitive in the export markets.



The AUKUS submarine platform deal, therefore, comes with significant costs for strategic calculations of the EU members. The deal not only reduces the overall level playing field for the EU industries in comparison to their US competitors but also exacerbate the intra-EU competition for defense exports. Since innovation and cost competitiveness are rarely the clinching factors in national security contracts, and political intermediaries often play a critical role in the execution of critical contracts, ensuring export competitiveness remains a serious priority for European business leaders. The EU member states thus need more robust risks assessment and mitigation strategies to ensure that demand for their defense industries is sustained in the long run. It remains to be seen how defense and national security supply chains in Europe would cope with slackening demand against the prospective consolidation of the American industries.

### **Technology Sharing in EU's Indo-Pacific Outlook**

The AUKUS deal, in many ways, portends a tricky path for the EU as it seeks to increase its engagement in the Indo-Pacific region, which has rapidly emerged as the leading consumer belt and a heartland of industrial growth and productivity. Being home to three-fifths of the world's population and contributing about 60 percent of the world's gross domestic product (GDP), the Indo-Pacific region is critical for the EU in terms of enhancing trade and investment and creating new markets for its innovative goods and services.<sup>8</sup> In this context, the recently released "EU Strategy for Cooperation in the Indo-Pacific," brought out by Brussels, sets clear priorities for building resilient supply chains, ensuring free market access, fostering green and digital transitions, building innovation and research partnerships, cooperation in emerging technologies, such as 6G and advanced semiconductors, etc.<sup>9</sup>

The overarching techno-commercial focus of the EU's Indo-Pacific strategy is conspicuous. However, the growing geo-economic competition in the Indo-Pacific region, coupled with China's prominence in the regional trade networks, requires Brussels to adopt a calibrated approach that allows it to safeguard its critical technologies and investments. Achieving greater techno-commercial autonomy and supply chain resilience is therefore critical for the EU, as it faces a resurgent America under Biden administration on the one hand, and an authoritarian China on the other. The inauguration of the Biden administration saw the US aggressively reclaiming its position as the leading global innovator and supplier of high-technology products.

The proposed "Innovation and Competition Act (ICA), 2021" by the US Senate promises about \$250 billion investment in scientific research, indigenous innovation and semiconductor production over the next few years. The recent disruptions in semiconductor supply chains have also affected the European industries, and the EU needs to ensure that Washington's bid to reshore production of semiconductors does not become a zero-sum game. As the EU seeks to strengthen technological cooperation with the US in emerging technologies, such as artificial intelligence, robotics, and a host of green and digital technologies, it is imperative that Brussels addresses the negative fallouts of the AUKUS and carefully calibrates its position in the intensifying trade war between China and the US.

The EU's cooperation with China faces its own set of problems, which are outlined in the new strategy, albeit modestly. The EU's determination to strengthen global trade rules against unfair practices, such as industrial subsidies, economic coercion, forced technology transfers and intellectual property theft, primarily emerges from Brussels experience of high-technology trade with China. Given its unflinching commitment to protect democratic values in fostering technological change and its emphasis on

principles of openness in scientific research and technology sharing, the EU is likely to find it difficult to institutionalize long-term technology-sharing cooperation with China.

Although the Comprehensive Agreement on Investment (CAI) offers a good basis for the EU to enhance trade with China in commercial products, like medical devices, green goods and digital platforms, the EU needs to press China on issues of intellectual property right infringements, industrial subsidies and unsustainable innovations. Amidst a competitive America and an unreliable China, the EU's engagement with Asian powers, like India, Japan, South Korea and Taiwan, holds immense promise for building robust technology and innovation partnerships that are premised on transparent and inclusive technology-sharing norms and practices.

Such partnerships would enable the EU to enforce inclusive technology-sharing norms and pursue productive trade and economic engagements in the Indo-Pacific region. While the defense production and innovation may have become a zone of contestation, the field remains wide open for the EU and its member states to leverage their industrial and innovation capabilities in a range of commercial technologies and bolster their competitiveness. The AUKUS episode, in sum, calls for the EU to adopt a more independent and autonomous vision for safeguarding its vital strategic, technological and economic interests. A greater intra-EU consensus and coherence on vital strategic and economic matters would go a long way in forging a multilateral order that facilitates open, transparent and inclusive technology flows and provides a stable trade and innovation environment for all.

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## Notes

<sup>1</sup> Kalin Anev Janse, "How the Financial Crisis Made Europe Stronger," World Economic Forum, March 16, 2016, <https://www.weforum.org/agenda/2016/03/how-the-financial-crisis-made-europe-stronger/>; J.M. de Vet, D. Nigohosyan, J.N. Ferrer, A.K. Gross, S. Kuehl and M. Flickenschild, "Impacts of the COVID-19 Pandemic on EU Industries," European Parliament Think Tank, 2021.

<sup>2</sup> "Airbus Posts Net Loss on Plunging Deliveries during Pandemic," *TechXplore*, July 30, 2020, <https://techxplore.com/news/2020-07-airbus-net-loss-plunging-deliveries.html>.

<sup>3</sup> Lucie Béraud-Sudreau, "COVID-19: A New Wave of European Arms Industry Consolidation?," Stockholm International Peace Research Institute (SIPRI), September 17, 2020, <https://www.sipri.org/commentary/essay/2020/covid-19-new-wave-european-arms-industry-consolidation>.

<sup>4</sup> See Pieter D. Wezeman, Alexandra Kuimova and Siemon T. Wezeman, "Trends in International Arms Transfers, 2020," SIPRI Fact Sheet, March 2021.

<sup>5</sup> Ministry of External Affairs, Government of India, "Joint Statement: Vision and Principles for India–U.S. Comprehensive Global Strategic Partnership," February 25, 2020, [https://mea.gov.in/bilateral-documents.htm?dtl/32421/Joint\\_Statement\\_Vision\\_and\\_Principles\\_for\\_IndiaUS\\_Comprensive\\_Global\\_Strategic\\_Partnership](https://mea.gov.in/bilateral-documents.htm?dtl/32421/Joint_Statement_Vision_and_Principles_for_IndiaUS_Comprensive_Global_Strategic_Partnership).

<sup>6</sup> Ibid.

<sup>7</sup> US Department of State, "U.S. Security Cooperation with Australia," Bureau of Political-Military Affairs, September 14, 2021, <https://www.state.gov/u-s-security-cooperation-with-australia/>.

<sup>8</sup> See “The EU Strategy for Cooperation in the Indo-Pacific,” Joint Communication to the European Parliament and the Council, Brussels, JOIN (2021) 24 final, released on 16<sup>th</sup> September 2021, URL:

[https://eeas.europa.eu/sites/default/files/jointcommunication\\_2021\\_24\\_1\\_en.pdf](https://eeas.europa.eu/sites/default/files/jointcommunication_2021_24_1_en.pdf).

<sup>9</sup> Ibid.

## **5.2 AUKUS, the EU and Non-proliferation Negatives: The Way Forward**

*Hina Pandey*

Located in the context of the need to counter a common strategic adversary, military cooperation between allies with similar interests and objectives should not raise eyebrows. However, AUKUS – a trilateral security pact between the United States (US), the United Kingdom (UK) and Australia – has invited wide-ranging debate on its perceived strategic benefits; it being counterproductive toward the Quadrilateral Security Dialogue (Quad) momentum; its potential for triggering an arms race; and proliferation concerns. The AUKUS’ call for guiding Australia’s pathway and support toward building eight nuclear-powered submarines has particularly led to a debate within the non-proliferation community that is unlikely to fade away in the next 18 months – the time frame stipulated for finding the pathways to discuss how to bring this declaration to fruition.

### **Debate on Proliferation Concerns**

The submarines under discussion would be nuclear powered and not nuclear armed, yet this aspect of the pact has invited an extensive critique from many in the non-proliferation community. To begin with, the current practice of the UK and the US’ reactors for powering submarines entails the usage of bomb-grade highly enriched uranium (HEU) fuel, which is being viewed by scholars from the Asia-Pacific as “bearing serious negative implications for nuclear proliferation, damaging the NPT regime”;<sup>1</sup> others view it as contributing to “the perception of an Indo-Pacific lacking nuclear

stability and prone to costly miscalculation.”<sup>2</sup> Some scholars have gone on to suggest that it “allows previous initiatives such as Southeast Asia Nuclear Weapon Free Zone (SEANWFZ) to dissipate.”<sup>3</sup>

Non-proliferation experts from the US have argued that “Biden administration may not have thought through the non-proliferation implications for such a deal and that the idea of HEU fueled submarines would be a mistake for many reasons [...]”<sup>4</sup> Some others have viewed it as a fundamental policy reversal for the US and fear that it might allow Australia to use a Non-Proliferation Treaty (NPT) loophole for the non-nuclear weapon states (NNWS) to remove parts of their fissile material stockpile specifically to fuel nuclear submarine reactors from international control.<sup>5</sup>

In essence, the non-proliferation advocates view this security arrangement as setting a dangerous precedent for others who might want to do the same. For instance, “countries might see submarines as a convenient excuse for making or acquiring bomb useable HEU [...] and tonnes of new nuclear material might remain outside of the international safeguards.”<sup>6</sup> This is possible because: (i) the NPT NNWS are not prohibited from building or operating nuclear-powered ships; (ii) NPT “permits non-nuclear-weapon states to withdraw nuclear material from safeguards for use in a ‘non-prescribed military activity,’ that is, naval reactors”;<sup>7</sup> and (iii) naval reactors cannot be kept under the International Atomic Energy Agency’s (IAEA) watch for practical purposes.

While no NNWS has exercised this loophole, countries such as Iran, South Korea and Brazil have all toyed with the idea of possessing submarines. In 2018, Iran was said to have notified the IAEA about its “intention to construct naval nuclear propulsion in the future.”<sup>8</sup> In relation to this, it is to be reiterated that Iran has already legitimized for itself the “the right to

enrichment” within the parameters of the Joint Comprehensive Plan of Action (JCPOA) as the NNWS’ inalienable right to (peaceful) nuclear energy under the NPT. This is an exception to the norm. Since Iran has been able to leverage the existing ambiguity concerning the “right to enrichment and reprocessing,” it is not completely implausible to imagine that other like-minded countries might find this development tempting to promote their geopolitical ambitions. The real concern as expressed by James Acton, is not that American allies (such as Australia) that may share similar non-proliferation concerns would institutionally bend these norms, but how American adversaries might abuse the same.

While the US has clarified this deal as a one-off exception unavailable to other allies in future, it still has the potential to harm the broader non-proliferation regime. This is because setting these precedent ties into “the US double standards,” wherein exceptions in its bilateral civilian nuclear cooperation have been provided to some, while the same have been denied to others. This especially makes “the US allies [...] less likely to respond robustly to proliferation threats when doing so would entrench a double standard.”<sup>9</sup>

Caitlin Talmadge, in her recent article, has argued that not only these concerns are overblown but also outweighed by the security benefits of the deal, such as – strengthening the US ability to counter China militarily and politically.<sup>10</sup> The proliferation concerns are negated on three accounts: (i) the US has numerous ways to manage proliferation and practical steps are likely to be devised by it to address proliferation concerns; (ii) previous US non-proliferation exceptions are just that and have not resulted in negative proliferation consequences; and (iii) the case of Iran taking such a step to leverage the loophole in future would likely be dismissed “if the US could deliberately seek to constrain this precedent by publicly outlining the conditions under which<sup>11</sup>” such a deal could be materialized. In this manner,



the deal might actually be setting a healthy precedent, “probably more likely to reduce proliferation risks in the Indo-Pacific than increase them.<sup>12</sup>”

Indeed, the possible implications of the AUKUS have opened a can of worms. Its announcement has created a transatlantic rift and led to nuclear anxieties about the future. Thus, there is a need for sufficient discussions and addressing of nuclear risks as AUKUS has the potential to impact the current momentum in the Indo-Pacific region. In this context, space for a structured discussion addressing these concerns, including ways to mitigate risks and threat perceptions, is automatically created.

### **AUKUS and the European Union (EU): Balancing Nuclear Non-proliferation and Geopolitics**

The EU sees the Indo-Pacific as a significant strategic region and views the “future of Indo-Pacific and EU as inextricably linked.”<sup>13</sup> Based on this premise, the EU intends to increase its engagement with the region and to this end, building, sustaining and strengthening of mutually beneficial, long-lasting relationships remains imperative. This is conveyed clearly in the recently released “EU Strategy for Cooperation on the Indo-Pacific.” The document has further highlighted several areas for the expansion of synergies between both actors.

One may argue that, for the Indo-Pacific, this renewed commitment of the EU adds to its grand strategy of shaping the geopolitics favorable to all state actors. Furthermore, the Indo-Pacific also gains from multilateral partnerships on diverse issues.

The EU’s Indo-Pacific strategy was released on the same day as the announcement by the White House on AUKUS. As such, the strategy lays out the path for the EU to become a key player in the Indo-Pacific in terms of strategic engagement – not only in economic affairs. It is a consensus-based outline for all the EU members toward the Indo-Pacific, which is

reflective of a significant shift in the EU thinking as “20 months earlier, the term ‘Indo-Pacific region’ was not even used in official documents in either the EU or its member states.”<sup>14</sup> This is very much the EU embracing the Indo-Pacific strategic construct.

Security and defense has been identified as one of the seven priority areas in the EU’s approach toward the Indo-Pacific that would invite active new partnerships and initiatives with the Indo-Pacific member countries. Nuclear issues encompassing nuclear safety, non-proliferation and dual-use export are some of the areas in which the EU seeks to develop multilateral partnerships as a part of its Indo-Pacific cooperation strategy. In fact, the EU’s strategy document has put forth the facilitation of dialogues on significant security issues, including nuclear non-proliferation and nuclear disarmament (in addition to other issues, such as counterterrorism, cybersecurity, space and maritime security), with the Indo-Pacific states as part of its efforts toward stepping up its diplomatic outreach to broaden partnerships. Therefore, in the near future, the deployment of military advisors to EU delegations to promote such dialogues in the region might be expected. This also remains in line with the EU’s interest to seek greater cooperation with the Indo-Pacific partners under the framework of “Common Security and Defence Policy” (CSDP) stipulated in 2005.

The nuclear debate on AUKUS has created a space for discussion on the management of risks perceptions and bridging the existing differences and concerns among many actors in the Indo-Pacific. Depending on the unfolding of operational aspects of AUKUS, the EU can be a facilitator of dialogue toward mitigation of these risk perceptions. Management of these concerns is important for the broader objective of non-proliferation as misperceived intentions have the potential to fuel anxieties that might further lead to proliferation temptations.

Furthermore, the need to do so is accentuated as “shocks and aftershocks of AUKUS will be felt around the world for some time to come.”<sup>15</sup> The role of the EU as a facilitator in mitigating risks perceptions thus might be a step in the right direction. The EU’s recognizable contribution toward the Iranian nuclear negotiations, leading to the conclusion of the landmark agreement-JCPOA, and it currently being an active party to the Vienna talks aimed at salvaging the JCPOA further adds to its credentials for taking the lead. Additionally, the EU’s clout with key Indo-Pacific members, for instance, Association of Southeast Asian Nations (ASEAN; which has evidently expressed concerns over the proliferation implications of AUKUS), can be a valuable addition in mitigating risks perceptions.

The EU’s commitment toward strengthening and upholding the integrity of NPT; its acknowledgement of the current strain on the NPT and disarmament architecture; and the need to contribute toward the improvement of strategic context for non-proliferation as well as disarmament could be the guiding rationale for such an initiative.<sup>16</sup> There is scope for the EU to be the common ground in cultivating a shared understanding of non-proliferation linkages of AUKUS for the skeptics. The possibility of such a step exists as two initiatives from the EU, namely, Quad Nuclear Verification Partnership<sup>17</sup> (built on the UK–Norway Initiative, 2007) and the recently conducted Franco-German Exercise for Nuclear Disarmament Verification <sup>18</sup> (September 27, 2019), have already demonstrated the willingness to preserve and advance progress on NPT-related issues. Additionally, the need to strengthen dialogue between the NNWS and nuclear weapon states (NWS) is recognized by the EU in almost all of its official non-proliferation positions. In this manner, the EU can be an indirect partner to AUKUS, and also facilitate nuclear responsibilities of self and encourage others.

One challenge in this context could be envisioned from individual member states, such as France<sup>19</sup> and Germany,<sup>20</sup> that have taken opposition to the AUKUS and have been known to support the call for greater autonomy and European sovereignty<sup>21</sup> for EU's security affairs. Particularly after the AUKUS fallout, it is imaginable how individual countries may oppose such participation. However, it is important to note that most of the EU member states have either supported<sup>22</sup> AUKUS or their reactions have remained muted, especially with regard to the proliferation debate (see Appendix). Thus, in the larger interest of non-proliferation, tactful diplomacy is required to bridge existing differences. France, the UK, Australia and the US could use the rift as an opportunity to create a shared understanding of one of the evolving issues affecting the NPT. In this manner, the EU can be a partner in striking a balance between two important objectives: nuclear non-proliferation and navigating the dynamics of the Indo-Pacific.

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## Appendix

Table A1: EU Member States Reactions to AUKUS (Sources in Footnote).<sup>23</sup>

Country	Reaction on AUKUS' Implication for Non-proliferation	NPT Ratification Date	Additional Remarks
Austria	Welcomed AUKUS	Yes (1969)	---
Belgium	Muted	Yes (1975)	---
Bulgaria	----	Yes (1969)	---
Croatia	----	Yes (1992) <i>Succession</i>	---
Cyprus	----	Yes (1970)	---
Czechia	----	Yes (1970)	---
Denmark	Muted position	Yes (1969)	“‘can’t understand’ Paris’s position
Estonia	Muted	(1992) <i>Accession</i>	“Estonia hopes US, France resolve Aukus conflict as soon as possible” <sup>2</sup>
Finland	----	Yes (1969–70)	---
France	Strongly opposed	(1992) <i>Accession</i>	Called for greater strategic autonomy for the EU
Germany	Supported French position	Yes (1975)	Strongly opposed the treatment to France
Greece	---	Yes (1970)	---
Italy	Muted	Yes (1975)	---
Latvia	---	(1992) <i>Accession</i>	---
Lithuania	---	(1991) <i>Accession</i>	---
Luxembourg	---	Yes (1975)	---
Malta	---	Yes (1970)	---
Netherlands	Muted	Yes (1975)	“Aukus: The insult of France also affects the Netherlands” <sup>3</sup>
Poland	---	Yes (1969)	---
Portugal	Supported the French position	Yes (1977)	“The Portuguese Foreign Minister has stated that Australia has ‘broken commitments’” <sup>4</sup>
Romania	---	Yes (1970)	---
Slovakia	---	1993 <i>Succession</i>	---
Slovenia	---	1992 <i>Succession</i>	---
Sweden	Muted	Yes (1970)	Understood French irritation but needed more details

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## Notes

<sup>1</sup> Chung-in Moon, "The Implications for AUKUS Deal," *The Pulse*, Asia-Pacific Leadership Network (APLN) Debate, September 22, 2021, <https://apln.network/projects/the-pulse/apln-on-aukus-deal>.

<sup>2</sup> Ton Nu Thi Ninh, "The Implications for AUKUS Deal," *The Pulse*, APLN Debate, September 23, 2021, <https://apln.network/projects/the-pulse/apln-on-aukus-deal>.

<sup>3</sup> Marty Natalegawa, "The Implications for AUKUS Deal," *The Pulse*, APLN Debate, September 22, 2021, <https://apln.network/projects/the-pulse/apln-on-aukus-deal>.

<sup>4</sup> Sharon Squassoni, "The Implications for AUKUS Deal," *The Pulse*, APLN Debate, September 22, 2021, <https://apln.network/projects/the-pulse/apln-on-aukus-deal>.

<sup>5</sup> Sébastien Philippe, "The New Australia, UK, and US Nuclear Submarine Announcement: A Terrible Decision for the Nonproliferation Regime," *Bulletin of Atomic Scientists*, September 17, 2021, [https://thebulletin.org/2021/09/the-new-australia-uk-and-us-nuclear-submarine-announcement-a-terrible-decision-for-the-nonproliferation-regime/?utm\\_source=Newsletter&utm\\_medium=Email&utm\\_campaign=Monday Newsletter09202021&utm\\_content=NuclearRisk\\_TheNewNuclearSubmarineAnnouncement\\_09172021](https://thebulletin.org/2021/09/the-new-australia-uk-and-us-nuclear-submarine-announcement-a-terrible-decision-for-the-nonproliferation-regime/?utm_source=Newsletter&utm_medium=Email&utm_campaign=Monday+Newsletter09202021&utm_content=NuclearRisk_TheNewNuclearSubmarineAnnouncement_09172021).

<sup>6</sup> "What does the Australian Submarine Deal Mean for Non-proliferation?," *The Economist*, September 17, 2021, <https://www.economist.com/international/2021/09/17/what-does-the-australian-submarine-deal-mean-for-non-proliferation>.

<sup>7</sup> James Acton, "Why the AUKUS Submarine Deal is Bad for Nonproliferation – And What to Do about It," Carnegie International, September 21, 2021, <https://carnegieendowment.org/2021/09/21/why-aukus-submarine-deal-is-bad-for-nonproliferation-and-what-to-do-about-it-pub-85399>.

<sup>8</sup> Callum Paton, "Iran Plans Nuclear Submarines in Defiance of U.S. and Trump's Warnings," *Newsweek*, February 23, 2018, <https://www.newsweek.com/iran-plans-nuclear-submarines-defiance-us-and-trumps-warnings-817525>.

<sup>9</sup> Acton, “Why the AUKUS Submarine Deal is Bad for Nonproliferation.”

<sup>10</sup> Caitlin Talmadge, “Don’t Sink the Nuclear Submarine Deal,” *Foreign Affairs*, September 27, 2021, <https://www.foreignaffairs.com/articles/united-states/2021-09-27/dont-sink-nuclear-submarine-deal>.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

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## **6. Summing Up**

## **6.1 Europe, Post the AUKUS – Character, Context and Choices**

*Jagannath Panda and Niklas Swanström*

The AUKUS is a critical geopolitical development in the Indo-Pacific and will influence power politics in the region. As a trilateral security pact, AUKUS appears to have a more concentrated focus on military–technological partnerships. Yet, the operational impact of AUKUS will be trans-sectoral. Its aim is to address gaps in the fields of critical technologies and supply chain management, along with cooperation in political spectrum, among three key economies: Australia, the United Kingdom (UK) and the United States (US).

More importantly, the character of the AUKUS is contextual and cross-continental, having enormous implications for Europe as a whole. Against the backdrop of AUKUS, the strategic choices that many European countries (or the European Union [EU] as a unit) make will hold utmost geopolitical significance.

### **The Key Considerations**

By bringing together the debates and arguments contained herein, some conclusions and implications for Europe post the AUKUS can be drawn.

### **AUKUS is Not Opposed to EU's Strategic Objectives**

Despite the outrage that AUKUS has caused in France – and Europe at large – the group is not fundamentally opposed to the EU's strategic objectives in the region. In fact, it arguably seeks to supplement these aims. The Indo-Pacific is an increasingly important geopolitical and geo-economic space for

the EU, as demonstrated by its release of a formal Indo-Pacific strategy that aims to boost the bloc's presence and position as an active stakeholder in the region. The AUKUS can help further such a continental connect and support the EU's strategic ambitions in the Indo-Pacific.

As China looks to expand its influence across Central Asia, Eurasia and toward Eastern (and thereafter Western) European regions, AUKUS can help bridge the distance between Europe and Asia. In other words, AUKUS is not merely a grouping to strengthen the security and stability of a distant region, but one that connects the Euro-Atlantic and Indo-Pacific theatres more closely.

### **Europe Needs Clarity on “Strategic Autonomy”**

The announcement of the pact and the related cancellation of the Australia–France submarine deal was undoubtedly a setback for French Indo-Pacific strategy, but it does not necessarily detract from the transatlantic link entirely. It has, however, made Europe question its dependence on the US and encouraged calls to decouple from Washington in preference of maintaining strategic autonomy.

Although US President Joe Biden had pledged to consult European allies on major foreign policy decisions,<sup>1</sup> AUKUS was negotiated in secrecy and excluded key European allies, signifying a break in trust in transatlantic ties. Also, the US' sudden withdrawal from Afghanistan raised questions about its ability as a global leader. France's Minister of Economy, Bruno Le Maire, even argued that the event was a wake-up call that showed Europe could no longer afford to rely on the US for its security needs.<sup>2</sup> Paris has been actively calling to strengthen “European sovereignty,” while Berlin has argued that Europe must shape its own future away from the US.<sup>3</sup> In essence, AUKUS points to a gradually widening gap between the US and Europe, which could continue to hinder a trustworthy security partnership between the two.

## **Europe Needs a Common Security Outlook**

Post-AUKUS, both Paris and the EU have acknowledged the fact that while the US is turning out to be less in sync with European interests, it will stay a key partner for the EU states, particularly in security and defense. However, it is increasingly important that the EU comes together to formulate a common security outlook.

The AUKUS was, unfortunately, announced on the very day that the EU finally published its Indo-Pacific strategy, further emphasizing the “need for a common EU approach in a region of strategic interest.”<sup>4</sup> This essentially means that there must be an active implementation of stronger military collaboration between the EU countries, even as Washington remains a critical partner. Through more vigorous and compelling cooperation within Europe, the EU must take on greater liability for ensuring its continental security. The goal for such an independent and shared outlook is to make Europe a more dependable and indispensable partner for Washington, wherein the US’ strategic policies view EU as a primary stakeholder globally.

The question remains whether Europe has the political will, cohesion and military power ambitions for such a united position. It is well known that the EU is not a military power in itself, and especially not in the Indo-Pacific, even if France is currently the most potent military power in the region. Thus, AUKUS will only reinforce, and possibly increase, the ongoing division in the EU on its security policy, but the broader European community also need to be realistic in what EU can accomplish as a security provider.

### **France can Emerge as a European Leader Post-AUKUS**

France's call for "strategic autonomy" and the creation of an EU rapid intervention force comprising 5,000 troops – providing the base for independent security options to the bloc in times of crises – has gained backing from the EU post the US-led withdrawal of troops in Afghanistan.<sup>5</sup> While the withdrawal decision was not a surprise, it was its execution that drew a fissure in the transatlantic ties. A huge part of European states' military budgets has gone into Afghan operations and the US decision to exit Kabul the way it did fundamentally ignored European interests.<sup>6</sup> Therefore, the withdrawal and now AUKUS have indicated to the EU that even a democratic US administration will not hesitate to undercut European core interests and prioritize its own national interest over its allies.<sup>7</sup>

Under such conditions, the EU must not only build a clearer vision plan of what it aims or wishes to achieve in the medium to long-term future vis-à-vis the Indo-Pacific, but also garner the political commitment to accomplish it. Although the EU has taken a major step forward in formally outlining its strategy in the Indo-Pacific, it is yet to specify how it plans to achieve its goals in the short term. France's status as a resident Indo-Pacific power with a primary stake in the region means that it can take the lead in driving Brussels' regional engagement. It can capitalise on its EU presidency as well as its immense prowess as one of Europe's foremost military power to shape Europe's engagement in the Indo-Pacific.

### **Transatlantic Ties will be Reframed Post-AUKUS**

In this context, it is likely that we will see a reframing of the US–Europe relationship in the coming times. Indeed, the North Atlantic Treaty Organization (NATO) Secretary General sought to temper the AUKUS fallout by explaining that AUKUS was not aimed at opposing Europe (or NATO) and that the situation should not be allowed to cause a transatlantic

schism or rift.<sup>8</sup> Europe, in turn, could use this opportunity to strategically further its ambitions and interests. For instance, as the US sought to mend ties with France post-AUKUS, it acknowledged the lack of consultation amongst the allies and vowed to do better in future, while indicating support for a number of key French policy objectives, such as more logistical aid in Sahel.<sup>9</sup>

In other words, the time is ripe for Europe, and in particular France, to use fears of a crack in the transatlantic alliance to gain Washington's support for goals dear to Brussels' national interests. For instance, Central European NATO and EU members were upset by the lifting of the US sanctions on Nord Stream II, a gas pipeline clearly endangering their energy security.<sup>10</sup> The EU partners could now re-question this removal of sanctions, not only asking for their re-imposition but also showing their readiness to take strategic advantage of a diplomatic failure on the part of the US, thereby balancing the power status between the two. This said, it is crucial that it does not lead to petty conflicts, but is utilized to strengthen Europe to become a stronger partner.

Importantly, in a bid to maintain ties with the EU and France after recent upsets, the US has formally supported "greater European military and defense capabilities."<sup>11</sup> Washington could thus find ways to encourage the development of EU's individual defense capabilities as a way for greater parity in their partnership, as well as increased opportunities for collaboration on the international stage, with third partners like India and Japan, among others. This could take shape through increased cooperation in defense technology manufacturing and defense resource supply chain provisions. What is needed is a dialogue between the US and the EU on Europe's strategic autonomy and how this can strengthen the alliance.

### **EU's China Policy may be More Neutral**

Another element worth considering when discussing future scenarios is China's engagement with the EU and the latter's not-so-united China policy. While EU-China relations have noticeably become increasingly strained in recent years, the EU has been majorly divided on China. Thus, despite growing concerns regarding its breach of international norms in Hong Kong, human rights violations in Xinjiang, coercive military diplomacy in various regional pockets of the Indo-Pacific and assertive behavior on the international stage, the EU as a grouping, has been unable to draw a common position on China.

This divide is underpinned by the fact that several European powers, including Germany, France, Spain, Italy, the Netherlands, Sweden and Hungary, share strong economic ties with China and are dependent on Chinese investments for growth. In fact, China became the largest trading partner of the EU in 2021, only emphasizing its deep-seated economic engagement and influence within the EU, which makes coordinating a common position on China exceedingly complex. Along with this, the fissure caused by AUKUS could further prevent the EU from coordinating a shared approach toward China. However, in recent times, EU states have increasingly been subjected to diplomatic and economic coercion by Beijing in retaliation for perceived slights or to further its interests – case in point being China's reaction to Lithuania's decision to authorize Taipei to establish a representative office in Vilnius under the name "Taiwan."<sup>12</sup> Such instances have resulted in divisive politics and been a source of concern for the EU. This could potentially push the EU to present a stronger, more united stance on the "systemic challenge" posed by China.

Thus far, the EU has sought to focus on an "strategically autonomous" policy toward China, the need for which was especially highlighted by French President Emmanuel Macron and German Chancellor Angela Merkel, as the US was pushing for a common US-EU policy earlier this

year.<sup>13</sup> A better explanation on EU's China policy was further reflected in German Foreign Minister Heiko Maas' statement: "In the EU, we have been describing China as a partner, competitor and systemic rival at the same time...."<sup>14</sup> These advances reflect a profound crack in EU's policies toward China, which – along with developments such as the AUKUS – could shape its Indo-Pacific policy more toward a neutral policy. In all likelihood, this will continue until a common, united and unambiguous policy toward the Indo-Pacific, Beijing and the US is chalked out.

### **A Non-China-centric Asia Policy and Engagement**

It is pivotal for Europe to maintain an independent outlook vis-à-vis ties with Asia. In this regard, countries like Japan and India, with whom the EU shares strong bilateral ties, can emerge as key partners of focus. It is important that the EU is able to maintain strong economic and political ties with Asian economies in a bid to both present itself as an active player in the Indo-Pacific region as well as to offset China's growing footprint. The India–EU Strategic Partnership, India–EU Connectivity Partnership, EU–Japan Economic Partnership, EU–Japan Strategic Partnership, EU–South Korea Free Trade Agreement as well as the Association of Southeast Asian Nations (ASEAN)–EU Strategic Partnership are some key agreements that are shaping Brussels' engagement with the Asian states. Building further on these agreements – while incorporating greater room and depth for security linkages – can allow the EU to build a strong presence in the region.

While affirmation of the US' commitment to the Indo-Pacific may have been proved by AUKUS, trust in Washington's leadership has subtly waned. In this respect, the EU can emerge as a holistic partner for Asian states looking for security in the political, economic and military domains. Partnerships with existing ventures, such as Japan's Expanded Partnership for Quality Infrastructure and South Korea's New Southern Policy, could be built,



translating into deeper ties that could eventually build security arrangements. Until now, most of EU's engagements with Asian powers have, in some form or the other, drawn from US actions or experiences. Careful maneuvering of the present climate in Asia can bring about much gains to the EU; and with the adoption of its own Indo-Pacific policy, focus on the Asian landmass as the fulcrum of the region is crucial.

### **UK's Indo-Pacific Policies versus the EU**

Post-Brexit, the UK's bid for a "Global Britain" has led to its strategic pivot to the Indo-Pacific wherein it now wants to play an active, independent role. Keeping the post-Brexit resentments in mind, the selection of London for AUKUS over Paris has stung not just France's but also European sentiments. As the UK continues to build its bilateral ties with Japan, India, Australia and even China, the EU must seek to move forward faster in a bid to ensure that European presence does not end up being limited, if not equivalent, to British presence in the region.

Britain's naval presence in the region has also seen active growth. Should potential engagement of AUKUS with countries like Canada and the broader "Five Eyes" develop in the future, Paris' outlook will be all the more shaken. It is hence all the more crucial for EU's weight to fall behind France, allowing it to lead European engagement in the region that allows for an all-round engagement across sectors.

### **EU Engagement in the Growing Trend of Minilateralism**

Minilaterals have become the new form of multilateral engagement in the Indo-Pacific region. From the US–India–Japan–Australia Quadrilateral Security Dialogue (Quad) to the recently announced US–India–Israel–United Arab Emirates "Middle East Quad" to trilaterals, such as India–Japan–Australia, US–Japan–Australia and France–Australia–Japan, these groupings have been actively shaping diplomatic engagements in the region. China too has engaged in such groupings: the creation of a China–

Nepal–Bangladesh–Pakistan “Himalayan Quad” and continued engagement in the Russia–India–China dialogue are examples.

The time is hence ripe for the EU to actively enter into tripartite and quadrat engagements with Asian and Indo-Pacific states. Accentuated by its Indo-Pacific policy, the EU as an organization can now build potential minilaterals, such as an India–Japan–EU grouping or an EU–Australia–Japan venture. While these do not have to be defense partnerships such as AUKUS, they could lay the stepping stone for future militarist engagements, especially ones that focus on defense technology. Here, it is important to note that the minilateral’s focus could be sectoral as well: for instance, a quadrilateral between the Japan–India–Australia–EU that focuses on dedicated participation by Nordic countries to help advance the Supply Chain Resilience Initiative (SCRI) and link it to Europe could be devised.

### **EU’s Indo-Pacific Strategy versus that of EU States**

Germany, France and the Netherlands remain the three EU states with Indo-Pacific policies of their own. Being the first three states to endorse and accept the Indo-Pacific concept, they have played a key role in pressuring the EU to build an Indo-Pacific strategy in the first place. As a result, the strategy the EU has put across has been widely termed as a “paper tiger” due to a high degree of ambivalence and no direct mention of China. In this context, China’s economic clout in Europe remains lucratively high, as seen via the countries’ reluctance – even under a broader EU umbrella – to endorse an openly anti-China stand.

The EU’s endorsement of the Indo-Pacific, hence, will remain largely hollow until backed by collective spirit of its member states. While most EU countries already have specific China policies, it is still a gaping strategical issue that they do not have official parlance related to the Indo-Pacific. It is important for Brussels to coax and promote its member states to build Indo-

Pacific strategies of their own, which will not only further aid the EU's entry into the region but also allow for deeper bilateral and trilateral engagement between Europe and Asia.

### **EU's Technology and Proliferation Outlook**

The loss of defense markets resulting from AUKUS bodes ill for Europe's broader defense industry that had been staggered due to the economic impact of Brexit, plus COVID-induced economic slowdown. The AUKUS further creates a challenge for the EU to build its defense engagement with the Indo-Pacific region, at present a leading consumer and manufacturer of defense goods, with a focus on defense technology. It is hence, important for the EU to achieve autonomy in technology-driven commercial supply chains, especially as the US and Chinese influence grows and their bilateral tech war intensifies. Concurrently, focus on non-proliferation has remained high in Brussels. Even though the AUKUS submarines are not nuclear armed, only nuclear powered, there are implications regarding the current practices implemented by the US–UK in fueling the reactors for the vessels. As security and defense has been identified as one of seven key areas in the EU's Indo-Pacific outlook, with nuclear issues being a key point that the EU wishes to explore via multilateral partnerships, it is vital that Brussels invests in dialogue to build this rhetoric forward. Emerging as a frontrunner in Asia's defense technology race and leading debate on non-proliferation with a focus on the Indo-Pacific could build for the EU a major role in the region.

### **The Way Forward: A Stronger Europe–Asia Connect**

Regardless, the AUKUS trilateral is here to stay, and will remain a central Indo-Pacific fixture to shape the region's (and global) future. Apart from its implications for transatlantic ties and EU–China relations, the inking of AUKUS has opened a window of opportunity and a chance for regional countries, particularly India and Japan, to deepen their relations with the EU.

Importantly, the EU intends to step up engagement with “like-minded” Indo-Pacific countries with the adoption of the “EU Strategy for Cooperation in the Indo-Pacific,” where countries like India and Japan have a major mention.<sup>15</sup> The strategy unveils the EU’s focus toward Indo-Pacific countries when it comes to imperative issues of supply chain diversification, trade, climate change, biodiversity loss and the socio-economic impact of the COVID-19 pandemic. Certainly, these are areas where India and Japan can collaborate with the EU, considering their shared concerns. The three actors already have frameworks in place for extensive cooperation; now, they can use the opportunity created by AUKUS to find further synergy and deepen their collaborations in the near future.

Such a synergy is already visible in India–France dynamics post the AUKUS announcement, in their bilateral foreign ministerial and state leader exchanges. A myriad of opportunities await the three partners in several domains, such as trade and investments, climate change and renewable energy, defense and security, research and innovation, health, education and people-to-people contacts. However, all three actors will need to actively take forward such a connect (on both bilateral and trilateral basis) to ensure their shared goals of secure, stable and democratic world order. A continental connect with Asian partners can then be expanded for outreach to third parties, including African and Southeast Asia countries. Expanded partnerships can help the EU branch out beyond China in Asia. The extended collaboration with various other regional countries will help balance its dependence on the US and China, while enhancing its economic and strategic presence in the Indo-Pacific.

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