



The Worst Deal Ever – Australia To Pay U.S. For Nuclear Insecurity

Description

The the last week's review I mentioned the AUKUS deal. It was first announced in September 2021. Back then I wrote:

Yesterday the U.S., the UK and Australia announced that the latter one will buy nuclear powered submarines to do the U.S.' bidding against China.

...

This is a huge but short term win for the U.S. with an also-ran booby price for Britain and a strategic loss of sovereignty and budget control for Australia.

It is another U.S. slap into the face of France and the European Union. The deal will piss off New Zealand, Indonesia and of course China. It will upset the international nuclear non proliferation regime and may lead to the further military nuclearization of South Korea and Japan.

Australia currently has six conventional submarines. It had ordered new ones from France but scrapped that deal for AUKUS:

The price for the new submarines Australia will have to pay will be much higher than for the French ones. Some \$3 billion have already been sunk into the French contract. France will rightfully demand additional compensation for cancelling it. The new contract with the U.S. or UK will cost more than the French one but will only include 8 instead of 12 boats. As three boats are needed to keep one at sea (while the other two are training or in refit), the actual patrolling capacity for Australia's navy will sink from 4 to 2-3 concurrent submarines at sea.

The much higher price of the fewer more complicate boats will upset Australia's defense budget for decades to come.

I further suggested that blackmail may have played a role in the AUKUS deal.

A few day's after the announcement there were new details published which suggested that Australia would lease nuclear submarines from the U.S. because the new ones will take many years to build. It would upgrade Perth harbor to be able to handle nuclear propulsion boats:

Perth will thereby be built up into a base that is compatible with the likely permanent stationing of U.S. nuclear submarines. These carry nuclear weapons.

The 'leased' boats, or at least their propulsion parts, would of course be still manned by U.S. or British sailors. The Australians already have problems retaining crews for their existing submarines. The few that will be available for the 'leased' boats will not be enough to run them. The Australians would pay largely for the privilege of being guests on board of doubtlessly U.S. commanded submarines.

Australia's overall position did not look well:

Australia's extraction boom fueled by China's rise is coming to an end. The country will have to cut its budget and will need to seek a new economic model.

But why did I call this a "huge but short term win" for the U.S.?

It is a win in that the U.S. has gained a submarine base in Australia and will get paid for using it. This looks well if the intent is to wage a cold war on China. It is doubtful that this is a necessary strategy and it is equally doubtful that it can be successful. The weapons manufacturers will of course still love it.

But it is only a short term win in the sense that the U.S. will lose many of its current and potential future partners over it. It has degraded its QUAD partner India and Japan to second tier status. It has increased suspicion in Indonesia, Malaysia and even Singapore of eventual nefarious plans against them.

In May 2022 Australia elected a new parliament. Labor replaced the Liberals in the government. It found that the new submarines and the whole deal was extremely expensive. That was the chance [to bury it](#):

The answers are obvious. Ditch the whole AUKUS deal and buy the German U-boats.

The real reason for the deal might well have been the U.S. wish for a port and base in Australia from where it can send its own nuclear submarines to harass China.

The offer to Australia to buy nuclear submarines was likely only made to remove Australian public resistance to the stationing of nuclear submarines (with nuclear weapons) on the

continent.

Australia will be better off without those.

But Anthony Albanese, the new prime minister, did not have the courage to push for ending the deal. Last week the three involved countries announced new details:

Australia's nuclear submarine program will cost up to [AUS]\$368 billion over the next three decades, with confirmation that the federal government will buy at least three American-manufactured nuclear submarines and contribute "significant additional resources" to US shipyards.

The Australian government will take three, potentially second-hand Virginia-class submarines early next decade, pending the approval of the US Congress.

There will also be an option to purchase another two under the landmark AUKUS defence and security pact, announced in San Diego this morning.

In the meantime, design and development work will continue on a brand new submarine, known as the SSN-AUKUS, "leveraging" work the British have already been doing to replace their Astute-class submarines.

That submarine — which will form the AUKUS class — would eventually be operated by both the UK and Australia, using American combat systems.

One submarine will be built every two years from the early 2040s through to the late 2050s, with five SSN-AUKUS boats delivered to the Royal Australian Navy by the middle of the 2050s.

Most curious is the buy of second hand Virginia class boats. A leasing agreement would have been much better. Nuclear driven submarines are extraordinarily expensive to scarp. Their 60% enriched Uranium fuel will have to be guarded for a very long time. Australia has no experience with anything nuclear.

The former Australian prime minister Paul Keating has called the agreement the worst deal in history:

Paul Keating has labelled the \$368bn Aukus nuclear submarine plan as the "worst deal in all history" and "the worst international decision" by a Labor government since Billy Hughes tried to introduce conscription.

The former Labor prime minister launched an extraordinary broadside against the Albanese government at the National Press Club on Wednesday, blasting the "incompetence" of Labor backing the decision to sign up to Aukus while in opposition and when it had "no mandate" to do so.

...

The \$368bn being spent to acquire as few as eight nuclear submarines – Virginia class and

next-generation SSN-Aukus submarines – was the “worst deal in all history”, he said, because it could buy 40 to 50 conventional submarines instead.

Keating also revealed that France, which lost a contract for conventional Attack class submarines in favour of Aukus, had offered “a new deal” for the “newest French nuclear submarines”.

These would require only “5% enriched uranium, not 95%, weapons grade” and came with a “firm delivery date” of 2034 at “fixed prices”, he said. The French received “no response”, Keating claimed.

James Acton, an expert a nuclear defense policy, commented on the deal:

((James Acton))) @james_acton32 – [20:16 UTC · Mar 13, 2023](#)

As @POTUS, @RishiSunak, and @AlboMP announce AUKUS submarine plan, here's my assessment of the technical and proliferation risks.

BLUF: They've made serious efforts to mitigate those risks, but those that remain are real and significant.

[Link to video of announcement](#)

(1/n)

Here's the plan (in brief):

1. ?? & ?? deploy SSNs* in??(from 2027)
 2. ??deploys Virginia-class SSNs purchased from ?? (from ~2032)
 3. ??deploys AUKUS SSNs, designed and produced with UK (starting in early 2040s)
- *SSN=nuclear-powered attack sub.

(2/n)

...

Acton details the risks of the deal. They are huge. Next to financial, technological and timing risks there are also the proliferation issues. The deal is defying the Nuclear Non-Proliferation Treaty and should Australia get an exception for the deal from the IAEA others will make similar requests.

I responded Acton's second tweet:

Moon of Alabama @MoonofA – [20:24 UTC · Mar 13, 2023](#)

1. is what the U.S. wanted from AUKUS.
2. will be with mostly U.S. crew and under only nominal AUS command.
3. is way too costly for AUS and will never happen.

Australia will spend billions to upgrade naval base HMAS Stirling in Western Australia so the U.S. and UK can use it for their rotational stationing there. It will 'invest' more billions in nuclear shipyards in the U.S. and UK. It will pay billions for the Virginia class boats over which it will have little sovereignty.

Submarine designs are long complicate programs. It took 35 million labor hours design the first batch of Virginia-class boats and it took nine million labor hours to build the first one. The new SSN-AUKUS will have similar costs and issues. I for one expect that none will ever be build. Neither Australia nor the UK have the money for them.

Still – the political fallout will come from all sides.

With this deal Australia is essentially paying the U.S. an exorbitant price to confront Australia's biggest customer, China. Its neighbors are unhappy. Indonesia is making noise about the proliferation risk as is Malaysia. Europe is miffed that Australia scrapped the deal with France and rejected the new French offer. The deal does not increase Australia's security.

Labor party members, who saw the [interview with Keating](#) (vid), will come to understand that their party leaders made the wrong decision.

What will it take to revers it?

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