

## Why AUKUS could be good for the EU

Frances Cowell

*How it was done matters at least as much as what was done. While its too soon to say what the eventual fallout will be, the AUKUS contretemps could be good for the EU. The European Network's Frances Cowell explains why.*

You can understand the US position. Keen to strengthen its presence in Asia-Pacific, Australia is an obvious choice to complement its military bases in Guam and Diego Garcia. And while nuclear-powered submarines might not be necessary for Australia's own defence, their range casts them as a minimum requirement for operations north of the Equator. US firms also land lucrative contracts to build the submarines.

It is less clear what Britain gains, apart from some vague kudos for being seen to be part of an A team (and being able to hurl an impotent post-Brexit insult at the French).

For Australia, AUKUS is a mixed blessing. Everyone of course understands that strategic circumstances change and Australia is perfectly entitled to reassess its defence requirements in light of them. And that can easily result in a need to cancel or significantly modify an existing contract with an external supplier.

But there is a sneaky, lower-fifth and a grown-up way of doing this. As former Australian Prime Minister, Kevin Rudd, put it in an interview with France 24, the grown up way would be to “ ... have notified the French government and the French company building the submarines about its intentions to switch from diesel-propelled to nuclear-powered subs. ... instead of simply choosing the American offer, Canberra should have let France compete in a new open tender.”

Australia may succeed in joining the exclusive nuclear-sub-owners' club - if only as an honorary member, but the cost of doing so, over and above the cost of the submarines themselves, is that it has shown itself to be an untrustworthy partner. Some also think it risks exposing Australia as a potential military target - and it does nothing to help mend Australia's relationship with China, which now applies sanctions to half of what it buys from Australia. Neither will Australia necessarily master the nuclear technology, as it is not clear that the US will share it, or even involve Australians in the construction and operation of the vessels. Filling the gap between the expected delivery of the French submarines and the nuclear ones entails leasing half a dozen or so similar boats from, who else, the US.

Macron wasted no time in making this an EU issue, and the EU responded with its most potent weapon: its economic heft. The prospective trade agreement being negotiated with the EU is a big deal for Australia, which counts the EU as its third biggest trade partner. China, by far its biggest, is seeking to reduce its reliance on Australian raw materials following the Australian Prime Minister's call for an independent inquiry into the causes of Covid-19. When and if China succeeds in developing alternative suppliers in Africa and reduces the gigantic amount of iron

ore it now imports from Australia, the relative importance of the EU as Australia's trading partner jumps significantly, so the EU's decision to postpone trade negotiations could hurt.

For President Macron, it was also an opportune time for the EU to confront the need to depend less on the US for its defence and to think about how and how much it should coordinate its defence resources and how it will define its relationship with NATO.

Similarly, the EU is and is likely always to be Britain's dominant trade partner. (The reverse is not true, despite what arithmetically challenged Brexiteers might try to tell you.).

Good for the US, not obviously good and perhaps bad for Britain, and for Australia, uncertain benefits and a sullied image at a bad time to sour relationships with an important trading partner; over time AUKUS could well benefit the EU.

In responding decisively and collectively, the EU demonstrated not just to Australia, but to the rest of the world that it is prepared to throw its weight around to protect its interests.

This builds on other recent EU initiatives in R&D, procurement of medical supplies and public financing. The development by Germany's BioNTech of the revolutionary new Covid-19 vaccine, collective procurement of vaccines and medical supplies, and the decision, early in the pandemic, to issue collective EU Recovery Bonds showcase the EU's prowess in scientific research, further enhances the cost-effectiveness of its health care (and prepares the bloc for the next health crisis, when it occurs), and reduces the EU's overall long-term financing costs. AUKUS has added to this with one more step toward EU collective action, this time in flexing its economic muscle and perhaps also in defence.

The EU has always been good at turning bad news to its advantage. AUKUS may have made it even better.

*This article was first published on TheEuropeanNetwork.eu in November, 2021*