

The strategic dimension of 'Option J' Australia's submarine choice and its security relations with Japan

A S P I

AUSTRALIAN
STRATEGIC
POLICY
INSTITUTE

85

Andrew Davies and Benjamin Schreer

Executive summary

There's a possibility that Australia's future submarine (FSM) will be based on a Japanese design. The government has explicitly kept that option open, along with the possibility of buying the boats from Germany or France.

There are reasons to worry about the project and industrial implications of 'Option J'. Wherever the FSM is designed, built, or both, the supplier's political reliability and technological suitability are vital, as is establishing trust in the ability of both sides to work together effectively and efficiently on such a complex capability. Experience on other projects has shown that those things can't be taken for granted. Working on a commercial basis with a European supplier with experience in exporting submarines and submarine-building would probably be less fraught (it's unlikely to be easy, regardless) than establishing a robust through-life relationship with Japan more or less from scratch.



Soryu class SS-502 JDS *Unryu* being launched. Photo source JMSDF website, used with permission.

However, where the Japanese option is concerned, there are also significant strategic factors to be considered, with both positive and negative implications for Australia's interests and for regional security. Critics have talked up the negatives, but we're not convinced by the arguments put forward to date. In particular, the negative implications for Australia's trade, security and relationship with China have been overstated, as has China's ability to punish Australia should it be inclined to do so.

Our paper shouldn't be interpreted as an endorsement of Option J. This isn't an 'apples versus apples' competitive evaluation and the two options have qualitatively different strengths. But it's not right to say that Option J offers little in the way of positives, although they haven't received a lot of press. We think that an engaged and capable Japan that's prepared to work with its ally, the US, and other partners towards a common view of regional order based on shared values and underpinned by military interoperability and cooperation is a net benefit to Australia and to the region more broadly. An Australia–Japan submarine deal would make that more likely. It would also signal a further deepening of the Australia–Japan defence relationship at a time of shifting major-power relations in the Asia–Pacific region.

Introduction

The government recently committed to a 'competitive evaluation process' to get the 'best possible deal' for Australia's future submarine (FSM). The choice of terminology—and the apparent difficulty in explaining it—suggests that this is a more complicated exercise than the relatively straightforward market testing that takes place in other projects. Given that a restricted tender process would be the likely choice for a commercial deal with an established supplier, it appears that the government is keeping its options open and is looking very hard at the 'Japanese option', which would require a special arrangement to be in place between the two governments. By opting for a hybrid 'competitive evaluation', the government keeps open the option of a purchase from a European supplier—in practice France or Germany, Sweden having been dropped from the process.

These are two markedly different options, and they offer Australia different costs and benefits, as well as quite different opportunities for local industry. Japan has never exported such sensitive military technologies and is still figuring out how to do so. And that's not the only difference: whereas a deal with any European country would be based mainly on defence-industrial factors, buying submarines from Japan would add a significant strategic dimension as well. It would signal a further deepening of the Australia–Japan defence relationship at a time of shifting major-power relations in the Asia–Pacific region.

This paper examines what a possible Australian–Japanese submarine deal would mean for the wider relationship between the two countries, as well as the geostrategic implications. There are several key questions: What's the strategic significance of a possible submarine deal with Japan? Under what conditions would it be in Australia's interest to proceed with a deal? How should government manage Option J in the context of the broader Australia–Japan defence relationship?

The broader strategic context of Australia–Japan defence relations

In July 2014, Australia and Japan signed the Agreement Concerning the Transfer of Defence Equipment and Technology. It's clear that the beginning of serious negotiations about a possible submarine deal wasn't just the outcome of the good chemistry between Shinzo Abe and Tony Abbott. Rather, it was another milestone in the evolution of Australia–Japan defence ties, following a trend that successive Australian governments had pursued for more than a decade. While Australia has other formal defence relations (with New Zealand and as part of the Five Power Defence Arrangements), it's clear that the relationship with Japan is evolving into Australia's closest after the US alliance. It also potentially represents a significant evolution of the 'hub and spokes' model of American alliances in the Asia–Pacific region. The ANZUS and US–Japan alliances have been largely decoupled up to now, but there's now the possibility of deep 'spoke to spoke' security ties.

The deepening of the relationship began under Prime Minister Howard, when government-to-government initiatives resulted in the 2005 Trilateral Security Dialogue¹ between Australia, Japan and the US. The dialogue paved the way for the 2007 signature of the bilateral Japan–Australia Joint Declaration on Security Cooperation, which introduced annual '2 + 2' foreign and defence ministers

meetings. At the time, the Howard government was even open to a formal security treaty, but the idea met with Japanese scepticism.² In May 2010, during Kevin Rudd's first term in office, the two countries concluded a defence logistics treaty (the Acquisition and Cross Servicing Agreement). This was just Japan's second such agreement (following one with the US). The Gillard government further enhanced the relationship by signing an agreement on the sharing of classified intelligence. And growing Australia–Japan defence ties have led to regular bilateral and trilateral (with the US) military exercises.

There are good strategic reasons for bipartisan support for stronger defence relations with Japan. For one, Australia and Japan have a major interest in supporting US leadership in maintaining the established liberal rules-based order in the Asia–Pacific region. Indeed, as a rising China challenges the strategic order in Asia, Australia and Japan have become the two most important allies in the US 'rebalance' towards the region. South Korea's distracted by the North Korean problem, and the other allies (the Philippines and Thailand) lack the capacity to make significant contributions to regional security. Washington therefore places much importance on trilateral US–Australia–Japan defence cooperation, but it would also like to see Canberra and Tokyo raise the level of their bilateral strategic ties in order to harmonise strategic and operational concepts and to develop greater interoperability in defence capabilities.

Like the US, Australia has also strongly supported Japan's moves towards 'security normalisation' and has encouraged Tokyo to play a more active role in regional and global security. In recent years, both sides have worked to more closely coordinate their maritime capacity-building activities in Southeast Asia and the South Pacific. As well, the potential for Australia–Japan defence technology cooperation has increased as Tokyo has relaxed its arms exports control policy. For example, the July 2014 agreement included cooperation on hydrodynamic research relevant to submarine design. There are certain to be other opportunities. The Japan Self-Defense Forces are technologically highly capable and, like the ADF, operate major American platforms, including the F-35A Joint Strike Fighter in the future.

The Australia–Japan strategic relationship also has a significant economic dimension. While Australian exports to China currently exceed those to Japan by over 50%, based in large measure on iron ore sales, it's possible that exports to Japan could increase faster than those to China over the coming years thanks to Japan's growing demand for liquefied natural gas as it looks for alternatives to nuclear energy after Fukushima. In fact, economists argue that it's likely that:

... by 2017 Japan may again be Australia's biggest single customer for goods exports, as it was for decades until China surpassed it in 2009 ... the boom in mining over the next decade will have quite a different shape. The first decade was about prices, iron ore and China. The second decade will be about volume, gas and Japan.³

Consequently, the evolution of closer strategic relations with Japan over the past decade has been driven by political, strategic, defence-industrial and economic factors, and goes far beyond the close personal relationship between the two current prime ministers (although that undoubtedly helps). And, ultimately, the two countries are both deeply invested in the same liberal democratic economic and political model.

A submarine deal with Japan: what's the downside?

With those factors in mind, it's perhaps a little odd that the possibility of a submarine deal with Japan has received a lot of criticism in the Australian polity. Before the July 2014 Abbott–Abe meeting, Australian naval officers and their Japanese counterparts had already discussed the possibility of using Japan's submarine technology—especially elements of the propulsion system—in an 'evolved' Collins-class submarine. By itself, that would've been a major step in the defence relationship, given that Japan would have to agree to transfer sensitive submarine technology, seen by navies as their 'crown jewels'. But it was the option of Japan building a 'whole' submarine for Australia that rang alarm bells for many parties.

The criticisms fall into several distinct categories. The first centres on concerns that Australia would be choosing sides in North Asian security and thus would risk being drawn into future conflict in that region. A related (and not mutually exclusive) concern is that a submarine deal would be to the detriment of Australia's important economic and security relationship with China. Then

there are concerns about Australia effectively helping Japan to 'remilitarise'. Another class of criticism is more narrowly focused on the local industrial aspects of the deal, as a Japanese submarine is widely seen to offer much less work in Australian shipyards than a deal with European suppliers. Finally, some worry about the project management and capability issues that might arise, such as the suitability of the Soryu class for Australian mission profiles and the difficulties that might be encountered in modifying the design for the RAN. And some worry about all of the above: even such a strong supporter of Australia–Japan defence relations as Greg Sheridan recently concluded that Option J 'just presents too much risk, financially, politically and militarily.'⁴

The main concern of the 'too close to Japan' school of thought is that a submarine deal would tie Australia too closely to Japan's security challenges in East Asia. In a worst case scenario, we could even become 'entrapped' in a future Sino-Japanese conflict, for example over the disputed Senkaku/ Diaoyu Islands. This concern is exemplified by former Australian foreign ministers Gareth Evans and Bob Carr, who have both argued that Australia should remain neutral in a Sino-Japanese conflict in the East China Sea.⁵ Those concerns echo Kevin Rudd's earlier warning about Australia becoming subject to 'the vicissitudes of an unknown security policy future in Northeast Asia'. Similarly, Hugh White worries that a submarine deal would amount to an 'informal' Australia–Japan defence alliance that might commit Canberra to defending Tokyo in the event of armed hostilities with Beijing.⁶ In this logic, an Australia–Japan submarine deal would make Australian involvement in East Asian conflicts far more likely. As we explain below, we're not convinced that's true.

Another main objection is that a submarine deal would have a detrimental effect on Australia's strategic and economic relationship with China. Again, Hugh White raises concerns that there's 'little doubt [that] moving closer to Japan ... has the potential to do great harm to the Australia–China relationship.'⁷ Other analysts support the view that China will be able to take punitive action because 'as Chinese wealth and power grows, the PRC will have more ways in which it can impose costs on Australia.'⁸ The underlying assumption is that China would perceive a submarine deal with Japan as an unfriendly act and would proceed to punish Australia through political or economic means, or both. The first part of that might be true (though we don't think it's a given) but we think that fears of punishment being meted out are overstated, as is the potential impact of any such move.

Concerns about reduced Australian industry opportunities if we buy Japanese submarines instead of European boats are probably justified. Both potential European suppliers have experience in exporting the building of their boats to offshore yards, and both have been careful to stress this in their pitches here in Australia; German firm TKMS told an ASPI conference in 2014 that it could build 12 submarines in Adelaide and that its expertise in managing such a process would allow it to execute the program. Japan has no such experience and, even if the willingness to export a build were there, the now well-documented problems in the air warfare destroyer project—many of which have their root cause in the design house exporting a design from a yard in Spain to a build in Australia—should be enough to cause a red flag to go up at the prospect.

There's no doubt that arguments about a local versus offshore build will be fierce and politically charged—and economic and technical arguments will often get pushed aside or exaggerated by one side or the other. We note here that Australia's two previous submarine classes show that building submarines here is neither necessary nor sufficient to ensure that the Navy has an effective submarine fleet. But, wherever the boats are built, they'll have to be supported locally, which means that the design will have to be well understood by those who have to support them, and the transfer of that knowledge and the intellectual property required to apply it will have to come with them. Any submarine deal will have to lock such an arrangement in for the lifetime of the boats—a fact that, in the case of Japan, is relevant to the discussion of 'entanglement' below.

Similarly, we don't have much to say in this paper about the technical and capability aspects of Japanese submarines, not least because it's very hard to do that on publicly available information. What information is available suggests that Japanese submarines use a design philosophy that differs from European ones. For example, the buoyancy reserve of the Swedish-influenced Collins class is about 10% (a typical figure for European designs), while open-source figures for the Soryu class suggest a number closer to 30%. And there's a strong preference in Australian circles for incorporating American combat and weapon systems, so any Japanese-sourced Australian submarine will be far from off-the-shelf. In any case, modifying a submarine design is a difficult and technically complex business. We hope (and expect) Defence to be tasked with an extensive and rigorous look at the challenges involved before any deal is reached.

Ultimately, the government will have to weigh the industrial implications and project risks of the competing options. If all of the options were on the same geopolitical footing, it'd simply run a tender contest, as was the case with Collins, and project and capability factors would be the basis for a decision. The bottom line is that Option J isn't the same as the European options. Geopolitical arguments for and against the submarine deal with Japan relate to a much bigger question about Australia's strategic positioning in an evolving Asia-Pacific order. That is, should Australia seek to strengthen the US alliance system via closer bilateral defence integration with Japan and through intensified trilateral Australia-US-Japan strategic collaboration? A Japanese submarine design with the integration of American systems would be a de facto trilateral collaboration.

For advocates of US-Sino 'power-sharing' arrangements as the future foundation of the regional security order, the answer is 'No'. Instead, Australia should remain at the sidelines of a more competitive Asia-Pacific strategic environment and leave Japan to develop its own independent deterrent capability vis-à-vis China, possibly including nuclear weapons.⁹ In that view of the world, an Australia-Japan submarine deal might amount to yet another 'China choice'.

The opposing school of thought holds that it's in Australia's strategic interest to support the US alliance system and to promote a more active Japanese defence policy. The more America's allies work to bolster the existing order, the more closely the future order will resemble the one that has provided remarkable growth and prosperity for the region, including China.

The myth of 'entrapment' and technological dependence

The argument that bilateral defence cooperation on one of the most sensitive and important front-end military capabilities would somehow lock Australia into a de facto alliance relationship that could lead to 'entrapment' in a Sino-Japanese military conflict needs close examination. Basically, it's suggested that Japan could leverage Australia's need for support for our submarine fleet to 'call in' our support in conflicts in North Asia. We think that the argument's less persuasive than the public debate suggests.

For non-scholars of alliance theory, 'entrapment' means that a country (in this case Australia) finds itself 'dragged into a conflict over an ally's interest that [it] does not share'.¹⁰ There are two ways that could potentially work: either both countries could agree that access to Japanese submarine technology carried a *quid pro quo* of military support in the event of a conflict, or Japan could use the technical and industrial dependencies put in place to support the submarines as an effective veto over Australian submarine operations, thus providing a high measure of coercive power.

Let's look at the 'entrapment by agreement' argument first. Australia isn't a treaty ally of Japan, and there's no suggestion that a submarine deal would be contingent on a formal security instrument. So it's hard to see how a deal would lock us into a defence commitment to Japan. Any future Australian government will make decisions about military commitments based on its assessments of the situation at the time. While a future Japanese government might have expectations in this regard, the main driver for any Australian decision on whether to support Japan in a military conflict with China is almost certain to be US alliance considerations.

In that respect, Australian involvement might occur, but only because it's difficult to imagine a major Sino-Japanese confrontation in which the US isn't involved as a treaty ally of Japan. The US would defend its Japanese ally only after carefully weighing its alliance commitments and strategic interests in doing so. For example, Washington's unlikely to support Japan if Tokyo unilaterally instigates a conflict with China (admittedly, a rather unlikely scenario, given Japan's culture of military restraint and its dependence on American protection). However, the US is likely to intervene in the case of a Chinese attack on Japanese territory, possibly involving US forces based in Japan. In that case, the conflict would challenge American alliance credibility and thus the East Asian regional order.

In such a case, and although the ANZUS Treaty wouldn't demand it,¹¹ it's quite likely that Australia would reach the same conclusions about the threat to the American alliance system and the regional security order and support its US ally—and, as a consequence, Japan. So closer defence relations with Japan through submarine cooperation don't increase the risk of Australia

becoming entangled in a Sino-Japanese conflict *per se*. We'd have to agree to be bound to Japanese security interests through a submarine deal—which isn't likely to happen.

That leaves us with the possibility that cooperation on submarines would make Australia too technologically dependent on Japanese support, thus limiting our freedom of choice on military operations and security issues. A precedent of sorts exists—and it's sometimes brought up still by advocates of local sourcing of defence equipment—in Sweden's embargo on ammunition for Carl Gustav anti-tank weapons used by Australian troops in Vietnam.¹²

Some have argued that the submarine deal would tie Australia 'to Japanese defence technology in something like the way we are now tied to US defence technology'.¹³ But, while we'd certainly enter into a new level of defence technology cooperation with Japan, it wouldn't quite be the same. Indeed, when it comes to submarine technology, the highest degree of dependency relates to the combat system installed on the FSM—which will be an American system. In the process of building the boat and optimising it for Australia's specific operational requirements, Australian engineers would gain access to and expertise on other vital parts of the submarine, such as the propulsion system.

And the FSM will be maintained in Australia even if it's originally built overseas. If we put adequate sustainment capabilities in place, we'll all but guarantee sufficient knowledge to continue operating the vessels. History shows us that Australia's UK-built Oberons were operated successfully, and Australian engineers and operators had enough understanding of the submarines' systems to perform a significant upgrade—no small task on a submarine. And the recent improvement to the maintenance performance on the Collins fleet has been underwritten by a thorough understanding of the boats on the part of ASC, rather than by reaching back to Sweden.

In summary, there are two ways Australia could find itself 'tied' to North Asian security through a submarine deal, and in both cases we'd have to be complicit in our own demise. The first is by allowing submarine collaboration to be linked to a security guarantee that goes beyond the interests that Australia already has in the US-backed regional architecture and ties us to Japanese adventurism to an unhelpful degree. The other way would be for us to fail to put adequately robust mechanisms in place to support the submarines locally—and that would mean that we'd struggle to field a decent submarine capability in any case.

No China choice

Critics have argued that China would react negatively to an Australia–Japan submarine deal, and in response might even consider punishing us. However, while Beijing might indeed voice concerns for several reasons, those concerns shouldn't affect Australia's submarine decision.

First, as a matter of principle, China shouldn't be handed an effective veto over Australia's defence policy. Giving it one wouldn't just infringe on our sovereignty, but would also provide China with another lever to influence the strategic landscape in the Asia–Pacific region. And Beijing could continue to paint Tokyo as a security outlaw—a depiction not in Australia's interest.

Second, it's simplistic and mechanistic to apply 'zero-sum' logic in which stronger bilateral defence ties with Japan automatically come at the expense of Sino-Australian relations. In today's Asia–Pacific strategic environment, cooperation, competition and conflict coexist alongside each other. That also applies to Sino-Japanese relations, in which bilateral trade and investment continue to flourish despite the dispute over the Senkaku/Diaoyu Islands.¹⁴

That's not to say that economic interdependence renders security competition or even the possibility of a military conflict in East Asia between China and Japan *passé*—that argument doesn't pass the test of history. But Beijing also has a strong interest in economic growth and the prevention of major-power war (which would be likely to involve Japan's US ally), to the point where it hasn't imposed major economic or political costs on even its archrival, Japan.

Third, there's no evidence to suggest that the closer Australia–Japan strategic ties that've developed over the past decade have damaged Australia's political and economic relations with China in practical terms. While Chinese officials and academics have

complained about the improvement of Australia–Japanese security relations, Beijing hasn't threatened to stop or even reduce bilateral trade, and military exercises between Australia and China have continued to widen in scope. The ADF has recently increased cooperation with China's People's Liberation Army (PLA). For instance, in October 2014, PLA soldiers participated for the first time in a trilateral military exercise (Exercise Kowari) with the ADF and US forces in northern Australia. While still few in numbers, the PLA's participation was important symbolically and challenges the notion that closer Australia–Japan ties lead to a more distrustful relationship with China.

In fact, Australia can sometimes be a vocal critic of China and not suffer unduly. When China unilaterally declared its East China Sea Air Defence Identification Zone in November 2013, the Australian Government joined the US and Japan in publicly condemning the move. Foreign Minister Julie Bishop even called in China's Ambassador to Australia to convey Australia's misgivings, drawing a strong diplomatic rebuttal from Beijing.¹⁵ At the June 2014 Shangri-La Dialogue in Singapore, then Defence Minister David Johnston publicly criticised China's maritime behaviour, stating that 'the US, Australia and Japan are very concerned that unilateral action is destabilising the region of the South China Sea particularly, and [the] East China Sea.'¹⁶

Despite all of that, China signed a free trade agreement with Australia in November 2014 that reportedly includes a better deal for Australian dairy products than China's free trade agreement with New Zealand¹⁷—and Wellington was conspicuously silent on China's air defence identification zone and has had little to say about its maritime strategic behaviour. China's economic growth therefore doesn't automatically transfer into greater political leverage over Australia's security and defence relations with Japan.

And, in any case, Australia's less vulnerable to Chinese economic coercion than is commonly supposed. As our colleague, Mark Thomson, has observed about Australia's presumed 'China choice' in the context of the ANZUS alliance (another topic that draws criticism from Chinese sources):

[T]he predominance of commodities in our trade with China provides few if any channels for the Middle Kingdom to coerce us economically. China isn't buying our commodities because they want to be our best friend . . . Rather, they buy from us because we're an efficient and reliable supplier. It's a global market and we are a class act by international standards. Put simply, [if] China doesn't buy our commodities, someone else will. Moreover, any attempt by China to punish Australia for its alliance with the US by cancelling trade would severely damage their reputation as a reliable customer and force future suppliers to demand a sovereign risk premium.¹⁸

That logic also applies to Australia's security and defence relationship with Japan. So Australia's trade relationship with China doesn't constrain our ability to act independently in the security and defence domain, even when our actions conflict with China's strategic preferences.

In fact, evidence suggests that Chinese policymakers recognise that Australia will always be strategically closer to the US and Japan, while recognising that bilateral economic and security cooperation between Australia and China is nevertheless possible and mutually beneficial.

Supporting Japan's strategic trajectory

Finally, there's the argument that Australia would be supporting Japan in reasserting itself as a strategic actor in Asia in an unhelpful way that would escalate tensions. The theme of a 'remilitarising' Japan is certainly one often used by Chinese officials and academics, who draw on the historical resonance of the Chinese experience of Japanese invasion in the 1930s.

However, fears about Japan's security 'normalisation' being a resurgence of Japanese imperialism in disguise are unwarranted. As long-term Japan watchers note, Japan's current defence policies 'are evolving to keep pace with a changing regional environment, but the idea that Tokyo will be able to threaten its neighbours as a result of the changes we're currently seeing just isn't credible. There's neither the aspiration nor the capability to do so'.¹⁹ In other words, Japan is responding to strategic challenges, rather than instigating them.

Japan's internal politics clearly show the lack of Japanese strategic ambition. The Japanese electorate remains largely opposed to major strategic policy changes, limiting the scope for any government. Prime Minister Abe's attempts to 'revise' the constitution to allow the Japan Self-Defense Forces (JSDF) to exercise Japan's right of collective self-defence has met with resistance by the Liberal Democratic Party's smaller coalition partner, New Komeito, as well as scepticism among a majority of the population. As a result, he had to settle for a 'reinterpretation' of the conditions under which the right of collective self-defence could be exercised: (1) Japan's survival must clearly be at risk; (2) no alternative courses of action are available; and (3) only the minimum of necessary force is applied.

And Japan's defence budget has increased slightly over the past three years after almost a decade of decline. The modest investment has allowed the JSDF to embark on a path to become more agile and rapidly deployable as part of their 'Dynamic Joint Defense Force' concept, investing in highly capable front-end capabilities such as submarines, destroyers and F-35A Joint Strike Fighters. The JSDF have also increased their interoperability and more closely aligned their concepts of operations with the US. However, Japan's military modernisation fundamentally resembles a process of 'targeted enhancement' of structures and capabilities in support of a defensive posture.²⁰ The JSDF aren't developing offensive capabilities or significantly extending their regional or global reach.

As American power declines in relative terms, having more capable like-minded partners will become increasingly important. As Prime Minister Tony Abbott has stated, it's in Australia's interest to help 'make Japan a country that will work to build an international order that upholds the rule of law ... to make the vast seas from the Pacific Ocean to the Indian, and those skies, open and free.'²¹ Deeper defence engagement with Japan also minimises China's ability to 'divide and conquer' US allies and erode the US rebalance to Asia, which depends significantly on allied and partner support.

Bringing Japan along as security partner, including through cooperation on submarines, could play an important role in minimising Tokyo's feeling of marginalisation in an unfriendly East Asian strategic environment. The alternative seems to be to leave Japan to itself to worry about its own 'China choice'. If so, the outcome would probably be a less secure region. Hugh White suggests that a more isolated Japan would develop its own nuclear deterrent to defend itself against China.²²

A submarine deal with Japan wouldn't, as some have suggested, 'fundamentally change Japan's strategic personality',²³ but it would certainly significantly help Japan to become a more normal, active strategic actor in the Asia-Pacific region. In supporting Australia's goal of maintaining a rules-based regional order based on the US alliance system, Japan will become more important, not less, as a defence partner.

Conclusion

Australia's decision on whether the FSM should be based on a Japanese design will be based on a number of technical and geopolitical criteria.

There are reasons to worry about the project and industrial implications of such a step, and we certainly don't dismiss them. Wherever the FSM is designed, built, or both, the supplier's political reliability and technological suitability are vital, as is establishing trust in the ability of both sides to work together effectively and efficiently on such a complex capability. Experience has shown that those factors can't be taken for granted. In that respect, working on a commercial basis with a European supplier with experience in exporting submarines and submarine building would probably be less fraught (it's unlikely to be easy, regardless) than establishing a through-life relationship with Japan more or less from scratch.

But where the Japanese option is concerned, there are also strategic factors to be considered, with both positive and negative implications for Australia's interests and for regional security. Critics have talked up the negatives, but we're not convinced by the arguments put forward to date. We think that an engaged and capable Japan that's prepared to work with its allies and partners towards a common view of regional order based on shared values and underpinned by military interoperability and cooperation is a net benefit. An Australia-Japan submarine deal would make that more likely.

Notes

- 1 [Japan–Australia Joint Declaration on Security Cooperation](#), Ministry of Foreign Affairs, Japan, 13 March 2007.
- 2 Greg Sheridan, ‘[Security treaty rejected by Tokyo](#)’, *The Australian*, 12 March 2007.
- 3 See, for instance, John Edwards, *Beyond the boom*, Lowy Institute, 2014, pp. 74, 77.
- 4 Greg Sheridan, ‘[There’s a big risk in Abbott’s plan to buy Japanese subs](#)’, *The Australian*, 19 February 2015.
- 5 Bob Carr, ‘[ANZUS call to arms would fail the pub test](#)’, *Sydney Morning Herald*, 4 November 2014, p. 14; Gareth Evans, ‘[On Japan and China: taking a stand, not taking sides](#)’, *Project Syndicate*, 14 August 2014.
- 6 See, for instance, Hugh White, ‘[Abbott should think twice before becoming friendly with Japan](#)’, *The Age*, 7 July 2014.
- 7 Quoted in Phillip Coorey, John Kerin, ‘[Japan’s Shinzo Abe warns of China threat](#)’, *Australian Financial Review*, 9 July 2014.
- 8 Nick Bisley, Brendan Taylor, *Conflict in the East China Sea: would ANZUS apply?*, Australia–China Relations Institute, Sydney, 2014, p. 7.
- 9 Hugh White, *The China choice: why America should share power*, Black Inc., Collingwood, 2012.
- 10 Glenn H Snyder, ‘The security dilemma in alliance politics’, *World Politics*, 1984, 36(4):467.
- 11 Joseph G Starke, *The ANZUS treaty alliance*, Melbourne University Press, Melbourne, 1965.
- 12 Peter Yule, Derek Woolner, *The Collins submarine story*, Cambridge University Press, Melbourne, 2008, p. 80.
- 13 Sheridan, ‘[There’s a big risk in Abbott’s plan to buy Japanese subs](#)’.
- 14 Shiro Armstrong, ‘[Economics still trumps politics between Japan and China](#)’, *Kokusai Mondai (International Affairs)*, 634, September 2014.
- 15 Catherine McGrath, ‘[China, Australia spat over Air Defence Identification Zone highlights “troubled relations” in region](#)’, *ABC News*, 28 November 2013.
- 16 David Wroe, ‘[David Johnston backs Chuck Hagel: China destabilising South China Sea](#)’, *Sydney Morning Herald*, 2 June 2014.
- 17 Lucy Barbour, ‘[Trade Minister says he’ll now work on a deal with India, after signing of FTA with China](#)’, *ABC News*, 18 November 2014.
- 18 Mark Thomson, ‘[We don’t have to choose between the US and China](#)’, *The Strategist*, 2 May 2013.
- 19 Brad Glosserman, David C Kang, [The myth of Japanese remilitarization](#), *The National Interest*, 15 October 2014.
- 20 Alessandro Patalano, ‘Japan as a seapower: strategy, doctrine, and capabilities under three defence reviews, 1995–2010’ [online](#) (paywalled), *Journal of Strategic Studies*, 2014, 37(3):403–441.
- 21 Paul Osborne, ‘[Give Japan fair go, says Abbott](#)’, *The Australian*, 8 July 2014.
- 22 White, *The China Choice*, p. 87.
- 23 Sheridan, ‘[There’s a big risk in Abbott’s plan to buy Japanese subs](#)’.

Acronyms and abbreviations

ADF	Australian Defence Force
FSM	future submarine
JSDF	Japan Self-Defense Forces
PLA	People’s Liberation Army
RAN	Royal Australian Navy

Important disclaimer

This publication is designed to provide accurate and authoritative information in relation to the subject matter covered. It is provided with the understanding that the publisher is not engaged in rendering any form of professional or other advice or services. No person should rely on the contents of this publication without first obtaining advice from a qualified professional person.

About the authors

Andrew Davies is senior analyst for defence capability and Director of Research at ASPI.

Benjamin Schreer is senior analyst for defence strategy at ASPI.

About Strategic Insights

Strategic Insights are shorter studies intended to provide expert perspectives on topical policy issues. They reflect the personal views of the author(s), and do not in any way express or reflect the views of the Australian Government or represent the formal position of ASPI on any particular issue.

ASPI

Tel +61 2 6270 5100

Fax + 61 2 6273 9566

Email enquiries@aspi.org.au

Web www.aspi.org.au

Blog www.aspistrategist.org.au



[Facebook.com/ASPI.org](https://www.facebook.com/ASPI.org)



[@ASPI_org](https://twitter.com/ASPI_org)

© The Australian Strategic Policy Institute Limited 2015

This publication is subject to copyright. Except as permitted under the *Copyright Act 1968*, no part of it may in any form or by any means (electronic, mechanical, microcopying, photocopying, recording or otherwise) be reproduced, stored in a retrieval system or transmitted without prior written permission. Enquiries should be addressed to the publishers.

Notwithstanding the above, Educational Institutions (including Schools, Independent Colleges, Universities, and TAFEs) are granted permission to make copies of copyrighted works strictly for educational purposes without explicit permission from ASPI and free of charge.