Australia awards $50 billion submarine contract to France

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The Liberal-National government of Prime Minister Malcolm Turnbull announced on Tuesday that French state-owned shipbuilder DCNS has been awarded the contract to build 12 submarines for the Australian Navy, with the assembly taking place in Australia. The new submarine fleet, one of the largest military procurements in the world, will cost at least $50 billion to build over the next two decades. As much as $100 billion extra will be required to keep the submarines operational until the 2060s.

The announcement places militarism and war preparations—financed through austerity against the working class—at the very centre of the Australian budget to be brought down on May 3 and the federal election that will be called shortly after. Turnbull and his ministers are attempting to justify cutbacks to social spending with the assertion that the country must "live within our means," while squandering vast resources on a build-up of the armed forces and the revival of military manufacturing industries.

The first of the new submarines will not enter service until at least 2031-32. They are intended to replace Australia's current fleet of six Collins class, diesel-electric powered submarines. One of the largest conventional submarines in the world, the Collins subs have a range of 12,000 nautical miles. Australia's submarines are integrated with US naval operations and deployed to stalk the key sea lanes between the Indian and Pacific Oceans and the South China Sea. In the event of war with China, they would be used to assist the US to impose a naval blockade, cutting off Chinese access to oil and other raw materials from the Middle East and Africa.

The submarine project has been the subject of competitive bids and evaluation for the past three years. Backed by the French government, DCNS offered to redesign its existing nuclear-powered Barracuda class to meet Australian specifications for a stealthy, diesel-electric powered vessel capable of matching the long range of the Collins. German shipbuilder ThyssenKrupp offered to upscale its smaller diesel-electric submarine, while Japan's Mitsubishi Heavy Industries proposed to significantly modify its Soryu conventional submarines. Each bidder had to agree that the submarines' combat system and weapons be sourced from the United States so that the Australian vessels would be fully compatible and interoperable with the American Navy.

The three competitors also had to undertake to assemble all 12 submarines at the naval shipyards in Adelaide, the South Australian state capital. The opposition Labor Party and the trade unions waged a reactionary campaign of economic nationalism, demanding that all construction take place in Australia, regardless of any additional costs.

Under former Prime Minister Tony Abbott, the Liberal-National Coalition government adapted to Labor's campaign. Elected in September 2013, the Coalition is facing potential defeat in the coming election, after just one term. Its standing is particularly low in South Australia, where jobs are being decimated. General Motors Holden will end car production at its plant in northern Adelaide and sack its remaining workforce at the end of 2017. Thousands of jobs are being destroyed in car-related industries. Steel producer Arrium hovers on the brink of bankruptcy, threatening to close its plant at Whyalla, west of Adelaide.

Turnbull, who ousted Abbott in a backroom factional coup last September, announced the submarine contract at the Adelaide shipyards, hoping to shore up electoral support. He said the submarines would be built "with

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Australian jobs, Australian steel, [and] Australian expertise." The claim that submarine construction will reverse the deindustrialisation and social decay of the working class areas of Adelaide is a delusion, however. Work will not even begin until the early 2020s and employ barely 2,800 workers. Moreover, the jobs to be created are completely tied to the catastrophic perspective of preparing for war.

The Japanese government, which backed Mitsubishi, expressed bitter disappointment that its bid was not successful. The submarine contract would have been the first major arms export by a Japanese corporation and had been touted in both Australia and Japan as a means of cementing closer strategic relations between the two countries. It was an open secret that, if Mitsubishi's offer was competitive, the Obama administration and the US military establishment wanted the contract to go to Japan, rather than European companies.

Military commentators have concluded that, in the end, the Japanese offer was inferior to the French and even the German proposal. The official evaluation team included not only former top-ranking Australian military figures, but former US admiral Stephen Johnson, who oversaw American submarine procurements. The team that "peer-reviewed" the recommendation to give the contract to DCNS included two other former US admirals.

Various media and think tank commentators are nevertheless speculating over whether Chinese opposition to awarding the contract to Japan played a role in the government's decision to award it to DCNS.

In its marketing pitch, DCNS itself played up the prospect of tensions with China. In March, DCNS president Herve Guillou declared, while visiting Australia, that handing the contract to Japan could be "perceived" in China as part of a containment strategy. In a remarkable statement, company deputy chief executive Marie-Pierre de Bailliencourt warned: "You start wars through perceptions." She asked journalists what Australia would do if "Japan and China went to war" while the submarines were still being constructed.

Under conditions in which Australia is a frontline US ally in Washington's provocative military build-up in Asia against China, the decision to award the submarine contract to DCNS has avoided any immediate worsening of relations with Beijing. It also serves the US and Australian objective of drawing France more closely into the strategic planning for confrontation with China. France still holds significant Pacific territories, including French Polynesia and New Caledonia—an island group just 1,200 kilometres from eastern Australia—and has a small, but capable, military presence in the region. The 2016 Australian Defence White Paper stressed military cooperation with France, both in the South Pacific and to "support the security" of both their claims over territory in Antarctica.

French President Francois Hollande declared the DCNS contract was a "decisive step forward" in a strategic partnership with Australia. Defence Minister Jean Yves Le Drian enthused: "We're married to Australia for the next 50 years."

The relationship will come with a price tag, in the form of US and Australian expectations that France will give more vocal and even practical support to their stance against China. The French navy is already conducting a growing number of joint exercises with American, Australian and South East Asian militaries in the Asia-Pacific.

In March, following US "freedom of navigation" provocations inside Chinese-claimed waters in the South China Sea, Rear Admiral Bernard-Antoine Morio de l'Isle, the joint commander of French forces in French Polynesia, declared that the French Navy would also "perform their missions in international waters, as they should."

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