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Why Australia Should Go With Germany for Its Future Submarine Project

The German offering for Australia's next-generation submarine requirement is unprecedented.

By **Heiko Borchert**

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Australia is in the midst of evaluating its strategic partner for SEA1000, the Future Submarine Project. As Andrew Davies, director of the Australia Strategic Policy Institute, **wrote**, this is a "wonderful case study of defense acquisition" spanning "every aspect of defense decision-making from long-term strategic crystal ball gazing, including the possible impact of future technologies, through military strategy development and force structuring, all the way to robust politics of shipyard jobs."

The scene is set with Germany, France, and Japan as the three contenders, and China as the country to be hedged, with **reports** by colleagues of the former Prime Minister Tony Abbott claiming that Australia's alliance partner, the United States, seemingly prefers that Canberra choose Tokyo's offering. Australia made it clear from the outset that U.S. interference with its decision was unwanted. Despite that, the United States plays an important role as the "strategic integrator." Every contender needs to have U.S. combat and weapons systems, thus equalizing all offers with regard to key technical parameters relevant for the submarine's combat value. This, in turn, puts the focus on the politico-economic package as the main differentiator.

Germany is still growing into its more influential global role in the new geostrategic environment of the 21st century. But the fact that Washington is the ultimate "strategic integrator" for SEA1000 puts Germany's geostrategic role into perspective and accentuates the true added value of its offer to Australia: a hard-to-beat combination of global economic influence, inroads into the capitals of all actors that matter for the long-term stability of the Indo-Pacific, as well as a proven record of engineering excellence for the industry champions involved in SEA1000.

As one of the world's leading trading nations, Germany has a **fundamental interest** in the stability and prosperity of the Asia-Pacific (APAC) region. In 2014, APAC nations ranked second as Germany's most important trade partners, accounting for more than 300 billion euros of volume. Between Australia and China, two of Germany's top three raw materials suppliers are in APAC. The region is also an important destination of German foreign direct investment, with China, Australia, Japan, and Singapore being the most important trade destinations.

Within this context, Germany offers Australia submarine and undersea technology embedded in a comprehensive package. This package applies advanced manufacturing methods to leverage the benefits of information technology to seamlessly integrate different stakeholders throughout the whole life cycle of the program. This will create opportunities for innovative spin-offs and strengthen Australia's heavy industry. In doing so, over **700 German-owned companies in Australia (including 480 subsidiaries) with more than 100,000 employees** provide a vital link to make sure that technology will diffuse into all relevant sectors of Australia's industrial base, thereby targeting approximately 70 percent of Australian industry for SEA1000.

Germany's interest in economic and political cooperation with Australia must be seen in light of the long-term trends shaping the regional geostrategic environment. First, China's rise triggers a debate about the appropriate behavior



A German designed Type 214 submarine at the HDW building yard in Kiel, 2008.

Image Credit: [GDK via Wikimedia Commons](#)

among APAC nations and their partners to build a stable and prosperous regional order. Second, Middle East oil and gas producers and energy consuming nations in the APAC region are growing closer. As a consequence securing sea-lanes of communication that connect both regions will rise in importance, providing ground for defense and security cooperation. This occurs in parallel to Russia's efforts to offer more gas to the APAC region by pipelines on land and LNG shipments connecting Eastern Siberia with Japan, South Korea, Singapore, Thailand, and Malaysia. Ultimately, Russia's energy interests will also influence Moscow's maritime interests in the region. These trends converge at a time when Germany is opening discussions with Australia for long-term LNG supply.

In addressing these trends, Berlin will help diversify Canberra's portfolio of political partnerships by leveraging its political inroads into key countries across the Indo-Pacific region. In the Middle East, Germany maintains balanced relations with Arab nations and Israel, thus enabling it to actively engage in bringing stability and prosperity to one of the world's most conflict-prone regions. India is playing an increasingly important role for Germany's high-technology industry and both nations are deepening security and defense ties. Singapore, which has German submarines under construction, is an important ally overseeing one of the world's most important chokepoints.

Security relations with South Korea, a country that maintains a large fleet of German submarines, are important, and the security dialogue with Tokyo is soon to be complemented with an agreement on bilateral defense technology cooperation. Despite rifts over Ukraine and Syria, Germany's voice still matters in Moscow, which is of relevance given Russia's ambitions in the APAC region. Germany's bilateral relations with China are based on vibrant economic ties. Finally, Germany's partnership with the United States extends well beyond strong ties within the NATO alliance and is grounded on Washington's key role in building up Germany up after World War II.

Against this background, the Australian-German partnership stands on solid ground. The **2012 Berlin-Canberra Declaration** was extended last year with the work accomplished by the **Australia-Germany Advisory Group**. Australia's cultural alignment with nations of the North Atlantic community is what provides Canberra "both strategic relevance and room for strategic maneuver," as **Allan Behm**, former head of the International Policy and Strategy Division in Australia's Department of Defense, pointed out. Consequently, Australia has chosen Germany as its only partner in continental Europe to conduct bilateral ministerial consultations on security and defense issues of mutual interest. Germany, considering Australia a true value partner, has put great effort into setting up a bilateral framework that goes far beyond prior commitments in other defense-related projects.

Moreover, strong backing from the country's political leadership will translate into substantial government-to-government support should Berlin be awarded the contract. Among others, Germany is ready to broach joint technology development in areas most relevant to Australia, joint training for submarine crews and personnel, quality control and auditing by agencies of the German Ministry of Defense, and direct access to government decision-makers to shepherd the project through tough times, which are likely given the challenging nature of the SEA1000 endeavor.

Germany does not regard SEA1000 as just a commercial defense export project. Rather, Berlin sees it as a joint collaborative effort that epitomizes the essence of its strategic partnership with Australia. Canberra rightly expects all contenders to go the extra mile to demonstrate that they are willing to act as strategic partners. This is what Berlin is doing by considering Australia a valuable partner that deserves an unprecedented offer.

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