

After AUKUS: France Tailors its Indo-Pacific Strategy

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Summary

Comprising Australia, the United Kingdom and the United States (US), AUKUS not only caught French foreign and security policy circles by surprise but also undermined France's interests in the Indo-Pacific, resulting in adjustments to its Indo-Pacific strategy. Despite adopting adjustments on several fronts, France's security engagement with partners in the Indo-Pacific, including the US, will continue unaffected and are even likely to deepen.

Introduction

AUKUS, a trilateral security pact among Australia, the United Kingdom (UK) and the United States (US), came as a shock to French foreign and security circles.¹ Or, as the French Foreign Minister Jean-Yves Le Drian described it, a “betrayal” by and a “crisis of trust” between allies. The surprise announcement instantly belied the promises made by US President Joe Biden’s administration that, unlike the Donald Trump government, which believed in unilateral actions, US foreign policy behaviour would, henceforth, consider the perspective and concerns of its allies. AUKUS has raised painful questions regarding how much the US values European contributions to hard security in the Indo-Pacific. AUKUS also destroyed the foundations of the French strategic partnership with Australia, one of the three pillars of French engagement in the Indo-Pacific region (the two others being India and Japan).

French interests in the Indo-Pacific, however, remain firmly ensconced. Therefore, the modalities of French foreign and security policy engagement to defend its interests in the Indo-Pacific will and must adjust to the reality of AUKUS. It has led to four immediate outcomes:

1. France made serious diplomatic efforts to incorporate the Indo-Pacific region into the Franco-American and transatlantic agendas. However, given the Biden administration’s low priority to further Indo-Pacific collaboration with Europe, French attempts are unlikely to succeed;
2. The simultaneous emergence of a “third-way” narrative, which emphasises a European alternative offer to Indo-Pacific states seeking to avoid a binary choice of aligning with China or with the US, and which will materialise in the Paris-held Indo-Pacific Ministerial Summit on 22 February 2022, to which neither Washington nor Beijing have been invited;

¹ “‘Crisis of trust’: France snubs Australia as it outlines Indo-Pacific vision”, *The Sydney Morning Herald*, 24 November 2021, <https://www.smh.com.au/world/asia/france-snubs-australia-as-it-outlines-indo-pacific-vision-20211124-p59bp6.html>.

3. A freeze in Franco-Australian relations, which will last at least as long as Australian Prime Minister Scott Morrison is in power; and
4. Reinvigorated emphasis on “ASEAN centrality”, with a focus on relations with Indonesia, perceived as a potential strong partner for France in the Indo-Pacific region.

Understanding the French Loss

France lost an arms contract with AUKUS – the Barracuda submarine contract. In reality, the submarine contract was not vital for the French military shipbuilding industry. The programme was facing many obstacles, given the difficulties of sourcing credible Australian suppliers to meet the contractual obligations of a submarine deal, which would have required at least 50 per cent indigenous manufacturing – a quota raised to 60 per cent in 2020.² It explains why some in the arms industry have expressed relief at the termination of the contract – and why no negative impact is expected on future French arms sales in the region.

Given such obstacles, many in Paris are highly sceptical that the nuclear-powered submarine (SSN) deal under AUKUS will proceed smoothly. AUKUS, as of early 2022, is only a political statement of intent. When the 18-month period planned for concluding a deal on the technical specifications of the programme comes to an end in May 2023, the Australian public and its decision-makers will have to take stock of four major issues: the cost of the programme; the level of technology transfers to the Australian arms industry; how the presence of nuclear propulsion on Australian territory will be managed; and how many jobs will be created for Australian workers. Each could result in the programme becoming controversial and politicised. Some within the defence establishment and the arms industry in France do not rule out the possibility, albeit unlikely, that the failure of AUKUS’s SSN project could lead a future Australian government resuming work on the Barracuda programme with Naval Group.

Notwithstanding the relatively minor impact on the French military industry, AUKUS dealt a blow to the French strategy towards the Indo-Pacific. If the secretive negotiations leading to the deal and the pageantry displayed during its announcement disregarded France’s status as a major European power and ally, it also undermined the French interests as a resident Indo-Pacific player and projected an image of French weakness. France has sovereignty disputes in the area regarding the delimitation of the French Exclusive Economic Zone (EEZ) between New Caledonia and Vanuatu and in the Mozambique channel with Madagascar. However, a significant milestone was crossed in December 2021 when the third and final referendum for the independence of New Caledonia ended with a favourable outcome for the French Republic.³

² Manon Lemerrier, «Sous-marins australiens classe Attack : contrat du siècle et risque réputationnel pour Naval Group», *Portail de l’Intelligence Economique*, 2 April 2020, <https://portail-ie.fr/analysis/2354/sous-marins-australiens-classe-attack-contrat-du-siecle-et-risque-reputationnel-pour-naval-group>.

³ French Interior Ministry, «3e référendum d’autodétermination en Nouvelle-Calédonie», 10 December 2021, <https://www.interieur.gouv.fr/actualites/actu-du-ministere/3e-referendum-dautodetermination-en-nouvelle-caledonie>.

Protecting the French EEZ from future threats provided France with a pragmatic rationale to partner with Australia. Before AUKUS, Paris genuinely believed that the conventional Barracuda programme would embed France and Australia in a strategic partnership for decades to come, culminating in long-term trust-building and deepening of bilateral relations. AUKUS has shown that this is no longer possible with the Morrison government. However, a frozen relationship does not equal a halt in cooperation, including in the security sphere. France has still extended an invitation to Australian Foreign Minister Marise Payne to attend the Paris-hosted Indo-Pacific Ministerial Summit, and Paris and Canberra have collaborated to provide disaster relief to Tonga after the country was struck by a volcanic explosion and a tsunami, as a part of the FRANZ cooperation agreement (France-Australia-New Zealand).⁴ These are signs of normalising communication despite distrust. On the other hand, an upgrade of France-Australia ties will have to wait for a change in Australian government.

AUKUS was also a setback for France's tireless advocacy of an Indo-Pacific vision inside the European Union (EU). It is only because of close cooperation between France, Germany and the Netherlands that the EU is adopting a *Strategy for Cooperation in the Indo-Pacific*. The published text by the EU Commission is currently under review by the European Council and Parliament.⁵ As a result of the consensus established among EU member states, the document bridges two fundamental differences between the French and German approaches to the Indo-Pacific. The French vision favours deep bilateral partnerships with the region's most significant powers – Australia, India and Japan – which may include Indonesia in the future. Germany, on the other hand, supports multilateralism and ASEAN centrality. Further, Paris prioritises maritime security and the military dimension of the regional security architecture, whereas Berlin places trade and investment diversification at the heart of its Indo-Pacific strategy.

The outcome at the EU level favours the German approach. In France, the armed forces ministry was the principal advocate of an Indo-Pacific strategy and, hence, was heavily focused on maritime security. After the presidency and the foreign ministry reviewed the issue, a “third-way” narrative emerged, stressing that Europe should offer alternatives to Indo-Pacific countries pressed to choose between the US and China. An inclusive embrace of the Indo-Pacific states and a rejection of bipolarity are thus the two sides of France's post-AUKUS positioning in the Indo-Pacific. The shift from a hard realist security vision of the balance of power in the Indo-Pacific to the “third-way” narrative has made it easier for Germany to adopt French views in its approach to the region. After three years of debate in Berlin, the German Navy sent a frigate to East Asia on a naval diplomacy mission, crossing the South China Sea and “bolstering international law”, according to the German foreign ministry.⁶ Similarly, a Dutch ship joined exercises with the UK, the US and Japan in the South

⁴ “France sends aid to volcano-struck Tonga from neighbouring New Caledonia”, RFI, 24 January 2022, <https://www.rfi.fr/en/international/20220124-france-sends-aid-to-volcano-struck-tonga-from-neighbouring-new-caledonia>.

⁵ European Commission, JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL: The EU strategy for cooperation in the Indo-Pacific, 16 September 2021, https://eeas.europa.eu/headquarters/headquarters-homepage/104126/joint-communication-indo-pacific_en.

⁶ Federal Foreign Office, “German engagement in the Indo-Pacific: Frigate ‘Bayern’ crosses the South China Sea”, 16 December 2021, <https://www.auswaertiges-amt.de/en/aussenpolitik/regionaleschwerpunkte/asien/frigate-bayern/2502176>.

China Sea for the first time in 2021.⁷ These modest contributions by Germany and the Netherlands strengthen Europe's naval signals and its support of a maritime order based on the United Nations Convention on the Law of the Sea (UNCLOS).

Future of Transatlantic Cooperation in the Indo-Pacific

AUKUS sends a clear signal to France and the EU that the Biden administration sees no significant value in European contributions to the balance of military power in the Indo-Pacific. Notably, AUKUS has uncovered an unpleasant gap between the reality of transatlantic cooperation and an American narrative that emphasises building coalitions to counter Chinese influence.

In practice, Biden's China policy stands on two separate pillars, which, as the AUKUS announcement showed, were not well coordinated by the White House. The first pillar is the trade and technology agenda, where Washington sees Europe as a priority partner. To the credit of the Biden administration, it took on board an EU proposition, the transatlantic Trade and Technology Council (TTC). The TTC provides a framework to design and implement an ambitious roadmap for export control, investment screening, building norms and standards for emerging technologies. At a later stage, joint industrial policy action is possible beyond the current commitment to jointly address short-term supply chain disruptions in the semiconductor industry. In short, the transatlantic trade and technology agenda is moving forward. There are, of course, differences, such as the preference given to American companies by the Department of Commerce when requesting export licences to sell goods to Chinese companies, which are widely seen as unfair in Europe. But there is a shared vision to counter Beijing, and the French government refrained from causing difficulties to the first Trade and Technology summit in Pittsburgh by sensibly choosing not to draw a link between AUKUS and the transatlantic technology agenda.

The second pillar of the Biden administration's China policy is the power balance in the Indo-Pacific. Europe logically comes in the third tier of cooperation partners, following US alliances in the region – especially the US-Japan alliance – and after the Quad and AUKUS. In 2021, the French Navy operated an SSN in the South China Sea and had its most advanced SIGINT ship sail through the Taiwan Strait, on top of the regular deployment of a frigate through the South China Sea, demonstrating France's commitment to UNCLOS. Amphibious assaults joint exercises were conducted with the US Marines and Japan in Sasebo in May 2021 for the first time.⁸ The SSN and SIGINT deployments are significant because they are typically capabilities the US would request allies to deploy in conflict scenarios in Asia. These French actions were conducted autonomously, but there was operational coordination with the US Navy at some stages of the SSN mission.

⁷ "Three Nations' Navies Join Royal Navy Carrier Near S. China Sea", *The Maritime Executive*, 25 August 2021, <https://www.maritime-executive.com/article/three-nations-navies-join-royal-navy-carrier-near-s-china-sea>.

⁸ Mathieu Duchâtel, "Australia and the Future of Deterrence Against China", Institut Montaigne, 22 September 2021, <http://www.institutmontaigne.org/en/blog/australia-and-future-deterrence-against-china>.

In sum, the French Navy has already deployed the sort of capacity that the Royal Australian Navy will only be capable of deploying by the late 2030s, assuming the AUKUS SSN programme is successful. How should the US incorporate French contributions and actions into its future vision of allied deterrence against unilateral Chinese attempts to change the status quo in East Asia and the South China Sea? So far, the US has provided vague answers. Washington may be unwilling to welcome autonomous engagement in the Indo-Pacific that does not follow a clear chain of command. At the same time, the US has a stake in a regular European naval presence in the South China Sea. If the People's Liberation Army chose to create an incident with a Dutch, French or German ship to signal its intention to create a zone of exemption from international law, the US would need to respond. Not answering would raise questions regarding the US commitment to peace and stability in the region.

AUKUS has resulted in greater Franco-American and transatlantic engagement in the Indo-Pacific. According to Kurt Campbell, the Indo-Pacific coordinator at the National Security Council who is widely credited for spearheading AUKUS, "the [US] has taken very serious efforts to ensure that our dialogue, our partnership, and our engagement with our European allies in the Indo-Pacific remains strong and is growing over time."⁹ The official US-EU dialogue on China in December 2021 resulted in a joint communiqué that makes no mention of the Indo-Pacific, but contains strong language on "China's problematic and unilateral actions in the South and East China Seas and the Taiwan Strait (which) undermine peace and security in the region", as well as on freedom of navigation – the real substance of Indo-Pacific security.¹⁰

The outcomes of post-AUKUS Franco-US consultations on the Indo-Pacific have not been released publicly. There are still two contending explanations for Washington's behaviour in Paris, showing that the post-AUKUS process of bilateral consultations has not brought definitive clarity or restoration of mutual trust. One emphasises the lack of coordination at the National Security Council between the two pillars of America's China policy. It is a spin on Biden's characterisation of the AUKUS process: "What we did (with AUKUS) was clumsy."¹¹ The other sees a deliberate offensive against the idea of a European "third-way" in the Indo-Pacific, which French President Emmanuel Macron championed as a logical expansion of his emphasis on European strategic autonomy. The Biden administration should not be expected to invest many resources to strengthen security cooperation with Europe in the Indo-Pacific. However, it is essential to note that AUKUS has had no impact on the quality of Franco-US military-to-military ties. On the contrary, the two Navies signed an ambitious Strategic Interoperability Framework in December 2021, framing naval cooperation for the next twenty years, with a focus on power projection and sea control.¹²

⁹ "IN CONVERSATION: KURT CAMPBELL, WHITE HOUSE INDO-PACIFIC COORDINATOR", Lowy Institute, 1 December 2021, <https://www.lowyinstitute.org/publications/conversation-white-house-indo-pacific-coordinator-kurt-campbell>.

¹⁰ US Department of State, U.S.-EU: Joint Press Release by the EEAS and Department of State on the Second High-Level Meeting of the U.S.-EU Dialogue on China, 2 December 2021, <https://www.state.gov/u-s-eu-joint-press-release-by-the-eeas-and-department-of-state-on-the-second-high-level-meeting-of-the-u-s-eu-dialogue-on-china/>.

¹¹ "Biden: We were clumsy over France submarine row", BBC, 29 October 2021, <https://www.bbc.com/news/world-us-canada-59085806>.

¹² Xavier Vavasseur, "US Navy, French Navy Ink Strategic Interoperability Framework", *Naval News*, 18 December 2021. <https://www.navalnews.com/naval-news/2021/12/us-navy-french-navy-ink-strategic->

Conclusion

AUKUS broadly underlines the importance of trust in international relations. Trust between states operating to safeguard and maximise their interests is hard to measure. Still, its centrality to the conduct of foreign policy is unveiled only when it suffers significant damage because of others' actions.

AUKUS notwithstanding, French interests in the Indo-Pacific are permanent, and the overall *modus operandi* of French engagement in the region, including military operations, will not change dramatically. An effective Paris-Canberra partnership may be rebuilt over time with new leadership in Australia. In turn, France's relations with India and Japan have automatically increased in relative importance as Paris seeks to deepen engagement in the Indo-Pacific.

Can the French shipbuilding industry participate in an SSN programme in India, Japan or South Korea? It has the capacity and capability to do so. If Canberra had approached Paris and Washington for such a programme, the French answer could have been positive. However, such a demand was never made, and AUKUS has changed the parameters of the nuclear submarine equation in the Indo-Pacific. Of the three countries cited, India is the most likely to turn to France for its SSN programme, and AUKUS has strengthened India's negotiating position vis-à-vis prospective suppliers.¹³ Conversely, military competition with China in the Indo-Pacific could lead the US to make unprecedented offers to regional powers willing to contribute to the deterrence efforts against China.

How will transatlantic relations vis-à-vis China evolve from now on, and what is the role for France in this dynamic? The February 2022 summit confirms France's resolve to continue diplomatic efforts to increase European engagement in the Indo-Pacific. If Macron is re-elected for a second term in May 2022, he will have to work on circumventing a fundamental disagreement with Washington. Under his leadership, Paris tends to see the return of bipolarity as a threat to European interests and seeks autonomous space to operate despite its alliance with the US. While French decision-makers mostly agree with Washington on the trajectory of Beijing's domestic governance and international behaviour, they perceive it as US-China rivalry rather than China's rise threatening French and European interests. This worldview is not incompatible with a robust transatlantic cooperation agenda, nor is it an obstacle to France joining a US-led coalition in the event of war in East Asia. But France's partners must consider this objective reality. And in the end, it appears to be in Washington's best interests to encourage and value allied contributions to the Indo-Pacific maritime order instead of undermining them.

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¹³ Yogesh Joshi, "AUKUS: Arms, Allies and the Geopolitics of the Indo-Pacific", ISAS Insights, 6 October 2021, <https://www.isas.nus.edu.sg/papers/aukus-arms-allies-and-the-geopolitics-of-the-indo-pacific/>.