

The Surface Fleet review: Strategy, geopolitics, and the future of the Royal Australian Navy



A paper based on a presentation to the Institute in Sydney on 27 August 2024 by

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This paper comments on the force structure and acquisition recommendations for the Royal Australian Navy (RAN) in the Australian Defence Strategic Review (DSR) released in April 2023. The author reiterates that for a maritime nation, the Navy's surface combatant fleet is not a peripheral capability set. In context, the attention given to the surface combatant fleet review is limiting, in that, the Review did not adequately address the outlines of the future surface combatant fleet. This is determined by the views between two schools of thought in Australian strategic thinking: Defence of Australia and Forward Defence, both however converging in the geopolitical and the strategic context. The Defence of Australia policy tends to pay limited attention to Australia's maritime trade and supply, specially in the context of securing the sea lines of communication (SLOC). The Forward Defence policy concludes that Australia needs to possess the ability to secure our SLOCs, which can stretch well beyond our near region.

Key words: Defence Strategic Review; surface combatant fleet; Defence of Australia; Forward Defence.

There is a puzzle at heart of the 2023 Defence Strategic Review (DSR). The puzzle revolves around why the DSR team were confident with many of their force structure and acquisition recommendations, while not even being able to even hazard a guess on the Royal Australian Navy's surface combatant fleet.

For example, consider some of the language around other components of Australia's force posture. When considering the B-21 *Raider* the DSR was in no doubt that the Royal Australian Air Force (RAAF) did not require it, submitting that:

The Review has undertaken detailed discussions in Australia and the United States in relation to the B-21 *Raider* as a potential capability option for Australia. In light of our strategic circumstances and the approach to Defence strategy and capability development outlined in this Review, we do not consider the B-21 to be a suitable option for consideration for acquisition.ⁱ

The most surprising aspect of this passage is not the finding – although it is open for debateⁱⁱ – it was the tone. It would have been easy, for instance, to have written: “we do not consider the B-21 to be a suitable option for consideration for acquisition *at this time*”. Yet, the drafters did not feel the need for any qualification. The passage is imbued with utter confidence.

There are many other examples. When discussing the Army, the drafters were similarly adamant in their conclusions, writing:

It is essential to immediately accelerate the acquisition of LAND 8710 Phases 1-2 – Army Littoral Manoeuvre Vessels (Landing Craft Medium and Heavy) and expand the scope of

this capability. Without this, only limited numbers of major land capabilities can be projected offshore.ⁱⁱⁱ

Proposing that it “is essential to immediately” do anything suggests a high degree of confidence that the authors understood the international environment and Australia defence needs sufficiently to make such a strong recommendation. Even in some aspects of naval acquisitions, there was little in the way doubt, fog, or friction, in the drafters' minds, stating that:

We strongly support the acquisition of a conventionally-armed, nuclear-powered submarine capability, including the establishment of an Australian Submarine Agency. We also recommend the Government reaffirm its commitment to continuous naval shipbuilding.^{iv}

All this is to say, that the absolute certainty that comes through in the language surrounding other acquisitions makes the DSR's approach to the surface fleet puzzling. For a maritime nation, the Navy's surface combatant fleet is not a peripheral capability set.^v It is arguably the central component of the defence policy and posture around which many other capabilities revolve, including submarines and maritime airpower (towards which the B-21 could potentially contribute).^{vi} Yet, when the drafters turned their attention to the surface combatant fleet they felt they could not even offer rough contours of what it should look like. Instead, the drafters submitted that:

We have recommended that the Government directs an independent analysis of Navy's surface combatant fleet capability to ensure the fleet's size, structure and composition comple-

ment the capabilities provided by the forthcoming conventionally-armed, nuclear-powered submarines. The analysis must assess the capability requirements to meet our current strategic circumstances as outlined in this Review. This should include assessment of cost, schedule, risk, and the continuous shipbuilding potential of each option. This examination should be completed by the end of Q3 2023.^{vii}

This contrasts starkly with other sections of the DSR. The unquestioned, absolute, confidence is gone. Not only could the drafters not propose detailed plans; they felt that they could not sketch the rough outlines of a future combatant fleet (e.g., by suggesting a rough number of tier 1 and tier 2 hulls). Why? Why was it that the drafters did not feel they could make a recommendation on the future combatant fleet beyond passing the buck to another study? I do not know. However, I have a hypothesis that I will share with you here.

The convergence and clash of two schools of Australian strategic thought

There are two main schools of thought running through the evolution of Australian strategic thinking: *Defence of Australia* and *Forward Defence*. When I addressed RUSIDSS NSW in 2023, I argued that the DSR was the convergence of these two schools of thought.^{viii} Defence of Australia and Forward Defence are converging. The growing range of weapons means that Australia's defence forces need to project further from our shores than in previous eras. Therefore, an advocate for the Defence of Australia policy would likely conclude, at least in part, that Australian Defence Force (ADF) needs to be able to operate through the Indo-Pacific Arc (the maritime gateway between the Indian and Pacific oceans) and the Melanesian Arc.^{ix} Similarly, those who traditionally believe that Forward Defence is the better defence posture for Australia would likely conclude that, today, the best way for Australia to help buttress American power and link in with an integrated defence strategy the Indo-Pacific would be to secure the bottom link of the First Island Chain. That is, increasingly the United States-led defence strategy resembles a chain stretching from South Korea, through Japan, Taiwan, and the Philippines, before looping through the archipelago to Australia's north. This is likely the best place to contribute to regional security and coordinate with our allies and key security partners. Yet, securing the bottom link in the chain looks very similar to the defence of Australia through the Indo-Pacific and Melanesian Arcs.

So, on the one hand, there has been a convergence of these two traditional schools of strategic thought. One clash remains however, over Australia's sea lines of communication (SLOC) and maritime trade. The Defence of Australia policy tends to either pay little attention to Australia's maritime trade and supply or to dismiss it as too difficult. The 1986 Dibb Report, for example, argues that:

The potential for threat to our shipping needs to be better understood. No country has ever blockaded a continent surrounded by seas such as Australia. Yet there is a tendency to believe that the Australian economy is particularly vulnerable interdiction to an of our overseas trade, and that therefore we need a capacity to protect sea lanes to a considerable distance from our mainland.

Most military activities involving disruption of Australian trade could be handled by evasive routing. Moreover, Australia has the potential to become highly self-sufficient in basic commodities. There is a need to study these matters in more detail and to identify which routes and cargoes are most important, and what alternatives are available to us.^x

In other words, there is little pressing need to secure Australia's maritime trade, and maritime supply in times of war, as it would be an overwhelming challenge to mount a comprehensive blockade of Australia. Overseas supply can be overcome through evasive rerouting and enhanced autarky. A second similar argument is that Australia cannot defend our sea lanes, so it is a fool's errand to even try. Instead, we should concentrate on self-sufficiency and threatening to attack the opponent's shipping (i.e., a Mexican standoff). Hugh White, for instance, has made this argument while developing his version of a 21st Century Defence of Australia policy.^{xi} In short, a fortress Australia is feasible for Australia as its maritime trade and supply is relatively secure and robust.

A sub-variant of the Forward Defence school of thought takes a significantly different view. It argues that protecting overseas supply is critical to the defence of Australia. James Goldrick, for instance, was the long-time sparring partner of Hugh White, advocating the importance of maritime trade and supply for Australia.^{xii} This Maritime School believes that a potential opponent could bring Australia to its knees through a distant blockade. Ergo, defending the sea lanes might be even more important than defending the continent. It is easier for the opponent and may have even more devastating consequences.

There is good reason to believe that this might be an acute vulnerability for Australia. The World Bank reports that in 2020, manufacturing represented only 5.6% of Australia's GDP. This ranked Australia 147th among the 219 nations. Australia had the lowest level of manufacturing self-sufficiency in the OECD. In 1990, China took just 5% of Australia's exports. In 2020, China bought 42% of Australia's exports, mainly iron ore and natural gas. In peacetime, these export routes will remain the most important to Australia.^{xiii} Furthermore, in wartime, Australia would continue to be dependent on overseas supply. We would continue to be dependent on overseas supply for fuel, fertiliser, water purification, medicines, semi-conductors, weapons and ordinance, to name just a few critical supplies.

The Maritime School would therefore conclude that Australia needs to possess the ability to security our SLOCs, which can stretch well beyond our near region. We should be able to contribute to regional and global efforts to maintain good order at sea and ensure that trade flows, particularly through vulnerable chokepoints. Recent examples of the Houthi attacks through the Red Sea and the 2021 *Ever Given* container ship incident in the Suez Canal highlight how even distant challenges can directly affect Australia's maritime security.

The clash in the DSR and the birth of the Surface Combatant Fleet Review

The Defence of Australia policy and the Maritime School would take diametrically opposed positions towards a future surface combatant fleet. The Defence of Australia would either downplay its importance or argue that it would not need to operate far from Australia's shores. Its primary area of operations would be through Australia's home waters and out to the chokepoints through the archipelago to its north and northeast. The Maritime School, on the other hand, would advance that the future surface combatant fleet would need to be of sufficient size and capability to operate at much longer distances from Australia's shores. It would be a much more substantial surface fleet in terms of overall hull numbers and the size and capabilities of those warships. What did the DSR decide? Like the *tacos commercial*, the DSR landed on "*porque no los dos*" (why not both)?, submitting:

Australia's Navy must be optimised for operating in Australia's immediate region and for the security of our sea lines of communication and maritime trade.^{xiv}

This is the point where the drafters of the DSR would have come head long into the contradiction of their strategic reasoning. That is, the convergence of the Forward Defence and Defence of Australia policies does not necessarily contain major dissonance in terms of land power, air power, or even in regarding the procurement of nuclear-powered submarines. However, the surface combatant fleet cannot easily be both, while also remaining a "focussed force".

How does one design a surface fleet that is optimised for operating in Australia's immediate region as part of a "denial strategy" through the northern archipelago and chokepoints and secure Australia's international trade, in peacetime, and international supply, in wartime and follow the principles of a focussed force? In short, I do not know, and I suspect that the drafters of the DSR did not either, which led them to place the future surface combatant fleet into the too hard basket. I think it is possible to design a surface fleet with any two of the above aims, but all three is problematic. It is a similar choice to the classic engineering dilemma: Fast, good, cheap...pick two. In this case, it would be: denial, SLOC security, focussed force...pick two.

The Surface Fleet Review eventually solved the

problem by picking two. I would argue that the Surface Fleet Review dropped the focussed force criteria. The future surface combatant fleet as outlined in the later review appears to be a "balanced fleet" for a middle power, and I think they made the right choice.

The Author

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- ^{iv} Stephen Smith and Angus Houston, *National Defence: Defence Strategic Review*, (Canberra: Australian Government, 2023), p. 19.
- ^v On this point, my earlier presentation to RUSI NSW. See, Adam Lockyer, "Shaping Australia's International Environment by Sea Power," *United Service*, Vol. 74, No. 2, (2023), 7-10.
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- ^{vii} Stephen Smith and Angus Houston, *National Defence: Defence Strategic Review*, (Canberra: Australian Government, 2023), p. 57 (para. 8.26).
- ^{viii} On this point, my presentation to RUSIDSS NSW earlier in year went into deeper detail. See, Adam Lockyer, "The Defence Strategic Review – Strategic Implications," *United Service*, Vol. 75, No. 2, (2024), 3-6.
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- ^{xiii} Australian Naval Institute & Naval Studies Group University of New South Wales (Canberra), *Protecting Australian Maritime Trade 2022*, (Canberra: ANI, 2022), p. 8
- ^{xiv} Stephen Smith and Angus Houston, *National Defence: Defence Strategic Review*, (Canberra: Australian Government, 2023), p. 56 (para. 8.18). [Emphasis added]