



## FOLD, CALL, OR RAISE? CHINA'S POTENTIAL REACTIONS TO AUKUS

BY YUN SUN

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Over a month has passed since the announcement of the defense cooperation agreement among Australia, the United Kingdom, and the United States (AUKUS). While the deal includes cooperation in a variety of areas, the most eye-catching aspect of the cooperation is the sale of nuclear-powered submarines, a crown jewel of US military technology, to Australia. Although AUKUS does not mention China directly, it is well-understood that China motivated the formation of this partnership. Given the scope of AUKUS and its relatively long implementation timeframe, there are four ways to analyze Chinese reactions: threat assessment, nuclear nonproliferation, potential responses, and the regional arms race.

### The threat assessment

The Chinese worry about Australia obtaining nuclear-powered submarines, but do not consider the threat urgent. They are concerned by the impact such submarines could introduce to China's maritime domains, especially in the South China Sea and the Taiwan Strait. Beijing, therefore, has focused on the deal's geopolitical impact and attacked AUKUS, arguing that it is the product of a "[Cold War mentality](#)" among Canberra, London, and Washington and that it will undermine regional security and stability. Some have equated AUKUS with an "Asian version of NATO," with the potential to expand to include other like-minded countries.

Despite the severity of the challenge, there is also an impulse in Beijing to "wait and see" as to its real

impact, as the details remain elusive and consultations will take time. The Chinese are not yet clear whether the submarines will be built, or whether they will come from retired US fleet. In addition, Beijing believes that AUKUS might be scrapped by future political transitions in the Australian government, especially considering its high financial and strategic costs. The fact that three former Australian prime ministers have expressed [varying reactions to AUKUS](#) leaves China with a sense of hope that this may not be a done deal.

### Impact on proliferation

The most stringent Chinese attacks on AUKUS have focused on its implications for nonproliferation. The Chinese Permanent Representative to the United Nations in Vienna [made a statement](#) on Sept. 16 on the deal's "undisguised nuclear proliferation activities." He called for the International Atomic Energy Agency (IAEA) to publicly condemn AUKUS, which, he claimed, demonstrates the "double standard" the United States and United Kingdom pursue in nuclear exports. According to a prominent Chinese arms control expert, director of the Arms Control Center at the China Institute of Contemporary International Relations (CICIR) Guo Xiaobing, AUKUS violates the mission and core obligations of the Nuclear Nonproliferation Treaty (NPT) in [five different ways](#):

- It contributes to the proliferation of a delivery system for weapons of mass destruction.
- It contributes to the proliferation of fissile materials that could be used to make nuclear weapons.
- It has the potential to lead to the proliferation of uranium enrichment technologies.
- It undermines the NPT because it sets a bad precedent.
- It could fuel a regional arms race.

To be sure, AUKUS does not violate the NPT. In the [IAEA Safeguard Glossary](#) (2001 Edition), section 2.14, on the use of nuclear material in a non-

proscribed military activity which does not require the application of IAEA safeguards, it is stipulated that “[n]uclear material covered by a comprehensive safeguards agreement may be withdrawn from IAEA safeguards should the State decide to use it for such purposes, e.g. *for the propulsion of naval vessels*” (emphasis added). This, in other words, excludes nuclear-powered submarines from IAEA safeguarding requirements. As such, then, China’s attack on AUKUS is that it violates the spirit of the NPT, but not its letter.

### **Potential responses**

Given the impact of AUKUS is not immediate, Chinese reactions will take time to manifest. At present, China appears to prioritize understanding the scope and details of AUKUS and attacking its legitimacy for geopolitical and nonproliferation reasons. Still, in retaliation, some have proposed additional economic sanctions on Australia through trade. Hu Xijin, chief editor at *Global Times* called for “[no mercy](#)” to Australia if Canberra dares to “assume it has acquired the ability to intimidate China now that it has nuclear submarines and strike missies.” He has also proposed that China should “kill the chicken to scare the monkey” if Australia takes any aggressive military moves. In the event of perceived attacks from Australia, this could mean that China will retaliate militarily.

### **The most important challenge for China**

For Chinese strategic thinkers, the real danger and core challenge of AUKUS (and the United States’ overall coalition-building in the region) lies in the intensification of the arms race in the Indo-Pacific. Although Beijing considers that the goal of its military buildup is to offset, or undermine US military dominance in the region, rather than targeting any regional countries, Chinese officials seem to be coming to the painful realization that their military modernization has led regional players to seek new (or more) weapons. Plainly, Beijing is realizing that its actions have contributed to a regional arms race. What’s more troubling for China is that this [arms race](#) is between China on one side and the United States and its allies and partners on the other. Beijing, then, must counter multiple countries at the same time.

Equally upsetting for China is that this arms race is created, fueled, and supplied by the United States. Starting with nuclear-powered submarines to Australia, China believes that the United States will receive—and deliver on—rising demands from allies and partners in the region for newer and more advanced weapon systems, even if they are not nuclear-powered submarines; South Korea, for one, has made this request for a decade.

Beijing must decide if it should “fold,” “call,” or “raise.” “Calling” or to “raising” vividly reminds China of the fall of the Soviet Union, and how Moscow exhausted its resources in its arms race with the United States. “Folding” does not appear to be an option—Beijing is unlikely to give up its regional ambitions. Beijing could call for arms control dialogues, but that will require compromises, and it is unclear that there is an appetite for this in China at the moment. Still, AUKUS might force China to make tough decisions.

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