

## Aukus: Making waves in the Pacific

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If the 20<sup>th</sup> century was the American century, then the 21<sup>st</sup> looks set to be Asia's. Whether this be China's increasingly important role as the 'factory of the world', India's boasting of the fastest-growing economy globally, or the relentless 'future-focus' of the nations in developing business, tech



and urban evolution, it is indeed, difficult to look beyond Asia as the region that will dominate the global conversation in the coming decades. But with every economic benefit and social development, comes the spectre of political cold war or outright military action, and heightened uncertainty that this pairing will damage the economic – and political - direction that the increasingly globalised world is going in.

The most recent flare-up, and arguably the most crucial of recent years, in terms of peace & security in the region, is the Aukus pact. A deal between Australia, the UK, and the USA to supply the former with nuclear-powered submarines, AI, and other defence technologies. This is considered as nothing less than a deliberate raising-of-the-stakes to China, and a knowing attempt to reframe the conversation of military, and political, power in the Pacific. In the great geopolitical game, after all, regional security – concerns over which, the three leaders alleged, had 'grown significantly' – underpins everything else even at a remove. And playing the nuclear card highlights just how seriously the West is taking the multiple threats posed by China.

Certainly, this can be viewed as either immense overkill, as tends to be the case with nuclear sabre-rattling, or an attempt to force China into a regional climbdown, that will render the ultimate manufacturing infrastructure to Australia unnecessary. The mere fact that the Aukus pact exists, though, is proof positive that the Asia-Pacific region cannot be ignored by those competing for power and influence.

UK Prime Minister, Boris Johnson, alluded to this, with his recent appointment of Admiral Sir Tony Radakin to the position of Chief of Defence Staff. The first 'navy man' to be so for a generation, in a move that was seen as an implicit acknowledgement of how the Pacific was going to be the most important theatre of war in the coming years; and of how the UK would expect, and be expected, to play a major role.

There is, of course, an alternative school of thought that says that interference by Britain and America (particularly so in the former's case) is either an example of new imperialism, or a last-ditch attempt at retaining relevance on the international stage. Britannia still thinking she rules the waves, and that this is not peace-minded altruism but an attempt to redefine a role by force.

Certainly, there has been little attempt up until now to corral China's power with anything more than words. But with the UK's need to retain (or regain) international relevance, and the long-established American strategy of going to war as a sticking plaster for covering up domestic failures, the Pacific is now the main area of international interest.

Whether you call this a pivot, or a tilt, all parties are going gung-ho. The Aukus signatories asserting that this is a necessary move, China declaiming it as imperialist provocation, and other nations that might not want more nuclear-powered submarines in their vicinity, such as New Zealand and Japan, wondering why they haven't been given a say. There is an argument that the very act of announcing a strategy to reduce tensions, will naturally inflame them. Anything that contradicts China's real, or presumed, pre-eminence in the region, will do that.

China's general sense that it is the real powerbroker in the region was highlighted by Xi Jinping's November delivery of a 'historical resolution'. Only the third in history, it reaffirmed his position of absolute power at the helm of Beijing and the further consolidation of the Communist Party's goals. China's journey is still ongoing, and Xi is enshrined as the man to lead it. Any action he takes, which will, after all, be the action of a superpower, will now, even more so than normal, be welcomed, hymned, and supported by his country. Effectively, this gives Xi *carte blanche* to do anything he wants through the twin prisms of the cult of personality that already existed, and the myth of the 'eternal leader' that the historical resolution now reinforces. Consequential comments along the lines of the need of all parties to avoid another Cold War, were thinly veiled threats: ideologically, and geopolitically, China will not brook any alternative to its desires.

China's immediate practical concern is, and has been for years now, Taiwan. It was only recently that Hong Kong, as an outpost of dissidence and opposition (at least at the social level), was pacified by highly restrictive political measures. Beijing's attention will now more than ever be focused on Taiwan, which it continues to regard as a breakaway region that should (and will be) subject to Chinese law. Given that the defined political path of the current Taipei government is for full independence, and with Beijing's actions in the supposedly autonomous Hong Kong drawing worldwide condemnation, Chairman Xi has not yet seen fit to take the final, decisive step of military aggression.

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Instead, the path at present, has been of economic and political suppression. Blocking businesses that do not publicly commit to naming Taiwan as part of China from operating in-country and ensuring that less than twenty states worldwide offer official recognition to Taipei, rather than Beijing.

Should a full-scale military conflict occur, Taiwan has long been confident that it would not be overrun in a 'ground war'. The goal of sinking as many troop-carriers as possible through investment in missiles, and then either denying Chinese forces footholds on the beachhead, or via a guerrilla-style campaign of attrition (almost all adult Taiwanese have some degree of medical and military training). This would be predicated on the knowledge that China would find it difficult to justify the takeover of an island they had bombed into submission, and that every other regional power – plus America – is firmly on Taiwan's side and would institute a punitive diplomatic (if not military) response.

The prospect of an all-out invasion has so far seemed remote. The sense that this sort of thing just cannot happen in this day and age, but the war drums are beating louder from both sides. Taiwan claiming that an invasion is a very real possibility by 2025, and Xi's aforementioned ascension into the modern mythology, almost compelling him to complete what is seen as a national requirement.

What does this mean for businesses working in the region, who now, more than ever, will be operating under what US Joint Chiefs of Staff Vice-Chairman Gen. John Hyten has identified as a 'threat-based' strategy rather than a 'capability-based' one? It would be easy to suggest that nothing is really going to change. That neither China nor the Aukus nations are irrational enough to ignite a conflict. While this is arguably no longer true, there are still immediate consequences and eventualities with which businesses must come to terms. Already mentioned has been China's reticence to allow businesses not acknowledging Beijing's superiority over Taipei's, which could lead to more wide-ranging sanctions against firms not willing to openly 'choose sides'. But this is reflected also in a growing dissatisfaction from the legal and financial sector.

The degree to which they will have continued freedom to operate in a Hong Kong environment characterised by arbitrary arrest and a compliant judiciary, or potential politically driven exchanges of detentions and accusations such as the ongoing Meng Wanzhou (Huawei) scandal. Moreover, given Beijing's re-statement of the Pacific as its own backyard, it is to be expected that further efforts will be made to exert this dominance. Through outright 'malicious cyber-attacks' against international businesses, as has been alleged by Australia, or by extensive, yet discreet, use of shell firms and proxies to extend ultimate influence. This is the reality of Pacific business, and the difficulties posed will only be exacerbated by increasing nuclear tensions or further Chinese bellicosity.

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This is not a fight in which either side can back down. For the Aukus nations, the supposed peace of the world is at stake and countering China's ambitions is a necessary step. For China, the opportunity for territorial, political, and economic expansion, is a natural right. Whether or not this gets 'hotter', the Pacific is already sufficiently destabilised to require careful consideration and diligence on all issues, actual and potential, before companies lay down roots in a garden that could be torn apart at any minute. Unlike the Aukus submarines, these issues cannot remain under the surface for long.

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