

The AUKUS Blowout

The cost of AUKUS, and the loss of sovereignty — counting the full bill in money, trade, friendships, sovereignty, and the future it forecloses.

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ABSTRACT

AUKUS is defended as a single, distant number; its real cost is a stack of separate ones that cannot honestly be summed, because they are not the same kind of cost. Australia has already spent about \$11 billion with no submarine in the water, and billions more offshore and non-refundable to US and UK shipyards; the \$368 billion headline carries a 50 per cent contingency and will climb toward \$480–650 billion. Beyond the money sit the trade and fuel risked by treating the largest customer as an enemy, the friendships spent, an open-ended nuclear liability, and a national direction set away from the country Australia could be. It surrenders sovereignty — the boats arrive only if a future US president allows it — and risks the irreversible cost: Australian lives, in a war that cannot be won. The same money buys a defence that is owned, relevant, and delivered sooner.

\$368B

headline cost, to 2055

**\$480-
650B+**

the likely blowout

~\$11B

spent, no boat in the water

**~6% of
GDP**

at risk in a China rupture

0

boats without a US
president's sign-off

**tens of
thousands**

the lives a war would cost

PUBLISHED DOCUMENTS

This assessment is published in two forms — read the short version or the full case.

The bill in brief →

The five-page summary — every cost with its estimate and worst case.

This memo (PDF) →

The complete assessment — 17-page PDF, nine costs and 17 references. (Also below.)

The bill at a glance

AUKUS is sold as one number. It is in truth a stack of costs of different kinds — a lifetime bill, an annual exposure, one-off losses, uncosted long-tails, and costs that cannot be priced at all. They are set out below. They cannot be added into a single figure, and the heaviest entries — sovereignty, the wrong direction, and lives — are the ones with no dollar sign. That is the point: the true cost of AUKUS is not the headline, and not a neat multiple of it, but a bill in several currencies at once.

And the bill is not fixed — it escalates. Every figure below grows the further the confrontation runs, and the posture deepens the confrontation that drives them. The build cost climbs from \$368 billion toward \$480–650 billion on the record of every comparable programme; the trade cost moves from the investment already lost toward the full rupture; the sovereignty cost grows with each revision Washington imposes. The low numbers are where the bill sits today; the high numbers are where the trajectory points. That escalation is the blowout the title names — and on the current course it is the likely case, not the worst one.

#	THE COST	ESTIMATE — BAND	WHAT IT MEASURES
1	Buy and build	\$368B → \$480-650B+	Whole-of-life to 2055; floor includes a 50% contingency
2	Declaring China the enemy	~\$10B+/yr now → up to ~6% of GDP/yr (~\$160B) at risk	Foregone investment and eroding share now; a two-way rupture in the tail
3	Choosing America	~\$1-3B/yr, and no trade gained	Tariffs despite the alliance; no trade dividend; a preview of "America First"
4	Choosing Britain	~A\$4.6B+ to the UK industrial base	Paying a marginal, departed partner to build a British design it cannot guarantee
5	The cost in sovereignty	Unpriced — the whole bill is conditional	No boat without a US president's certification
6	The costs no one totals	~\$10-20B+, and defence toward ~5% of GDP	Nuclear long-tail, crowding-out, lock-in, target status
7	The wrong direction	The nation foregone	The renewable-energy and manufacturing country not built
8	Lives	Unpriced — tens of thousands	The one cost that cannot be reversed

1. The cost to buy and build — \$368B → \$480-650B+

Begin with the case for it. Proponents argue that \$368 billion is a 31-year, whole-of-life envelope, not a single cheque; that nuclear-powered submarines are the most capable platform available and no comparable off-the-shelf option exists; that real groundwork — shipyards, training, a regulatory regime — is being laid; and that the alliance partners' main worry is whether Australia has the political will to see it through. On its own terms it is a serious programme, seriously pursued.

The numbers tell a harder story. \$368 billion is a 2023 planning estimate, running to 2055, and it already carries a 50 per cent contingency — the least it will cost, not the most. Comparable builds beat even their loaded estimates. Britain's Astute class ran about 30 per cent over budget and years late; the French Attack-class submarines Australia dumped for AUKUS climbed from about \$50 billion toward \$90 billion before a single boat was built. SSN-AUKUS is larger than either, less proven, and to be built in a yard not yet constructed.

An Astute-scale overrun puts the bill near \$480 billion; a near-doubling of the kind the French programme was already on would push it past \$650 billion. The blowout is the expected case, not the worst one.

Meanwhile the spending has started and the capability has not. About \$11 billion will have gone by mid-2027 with no submarine in the water, and roughly US\$3 billion has already been paid into American and British shipyards on non-refundable terms — money that buys industrial capacity in Pennsylvania and Derby, not Australian defence. Seventeen years after the 2009 decision to acquire a new submarine, the number of boats delivered is zero.

The mismatch between when the money goes out and when anything arrives is the programme in one view:

PERIOD	WHAT AUSTRALIA PAYS	WHAT AUSTRALIA GETS
To 2027	~\$11B spent; ~US\$3B to US/UK shipyards (non-refundable); \$3.9B Osborne yard; ~\$8B HMAS Stirling	Crews in training; rotational US/UK boats visiting — no Australian submarine
Late 2020s-early 2030s	Peak build: yard construction, Virginia purchases (~\$5B each), the A\$4.6B UK contribution	First <i>owned</i> boat ~2032 — a second-hand US Virginia, already ~20 years old
2030s	Sustained high spend across three shipyards (US, UK, Osborne)	Two more second-hand Virginias (~2035, ~2038); Collins life-extended to cover the gap
Early 2040s	Construction of the first Australian-built hull	First <i>sovereign</i> SSN-AUKUS delivered — roughly two decades after spending began
To 2055+	The \$368B envelope, then open-ended sustainment	The full five-boat fleet not complete until the 2050s-60s

Read down the right-hand column: the capability is back-loaded by twenty years while the bill is front-loaded, and every early payment is spent before a single Australian boat exists — much of it offshore and non-refundable. The peak of the spending and the arrival of the capability are a generation apart.

2. The cost of declaring China the enemy — ~\$10B+/yr now, up to ~6% of GDP/yr (~\$160B) at risk

China is not a side market. It is almost a third of everything Australia sells abroad and the largest single customer for its resources, energy, farms and services alike — about \$312 billion of two-way trade in 2024. In 2023-24, China took about 63 per cent of Australia's

seaborne export tonnage and 41 per cent of its seaborne export earnings, against 16 per cent for Japan and 7 per cent for Korea. For most of what Australia produces, China is not one buyer among several. It is the buyer.

Iron ore is the heart of it — more than half the value of everything Australia ships to China, and almost the entire trade surplus. It is also the reason China left Australia's biggest earner alone during the 2020-23 dispute: Beijing could squeeze barley, wine, coal and lobster, but not iron ore, because it had no alternative at the scale its steel mills need. That one dependence has been Australia's protection.

China is now buying its way out of that dependence. In November 2025 the first ore shipped from Simandou in Guinea — a roughly US\$20 billion, largely Chinese-built project with its own 600-kilometre railway and purpose-built port, commissioned by a Chinese vice-premier and described in Beijing's own terms as a way to cut reliance on Australian and Brazilian ore. It is state strategy, not a stray commercial venture: China's 2021 five-year planning elevated resource security to a top national priority and named iron ore explicitly, and the mine sits inside a broader plan to secure supply and pricing leverage. It ramps toward 120 million tonnes a year by about 2029. And Simandou is only the visible edge of a wider shift: China is past peak steel, and its steel association projects the scrap-fed electric-arc route rising from about a tenth of output now toward thirty per cent by 2035 — a move that on its own trims iron ore and metallurgical coal imports, the two commodities Australia leads the world in selling. The mine is the headline; the structural erosion is the steel industry changing shape underneath it.

The timing is the tell, and it implicates Australia's own choices. China's drive to diversify accelerated as the relationship deteriorated — through the 2020 coercion and the steady hardening of Australia's military alignment with the United States, from the rotational US Marine force based in Darwin since 2011-12 to AUKUS in 2021. Beijing reads a US-aligned Australia as a supplier that could, in a confrontation, be leaned on to turn iron ore into a weapon — a reading Australian analysts state plainly. A Commonwealth Bank geo-economics note in early 2026 judged it reasonable to expect Washington might one day press Australia to weaponise its iron ore exports against China, and expected China's mitigation to continue or even intensify, precisely because neither Australia's alignment nor China's threat assessment is likely to change. The posture, in short, is supplying the motive. The honest qualifier is that this bites slowly: Simandou may ship only 40-50 million tonnes by 2027 against Australia's roughly 930 million, Australia stays the low-cost, near-indispensable supplier for years yet, and some diversification would proceed on commercial logic alone. But the direction is unmistakable, and partly self-inflicted — Chinese investment into Australia has fallen about 85 per cent since 2018 while billions flow into Guinea. The commodity that made Australia too important to punish is the one China is now spending twenty billion dollars to stop needing — and Australia's own strategic choices are part of the reason.

The posture's price has already been demonstrated. Between 2020 and 2023 China placed tariffs or informal bans on barley, wine, beef, coal, timber, cotton and lobster; coal exports to China fell from about \$13.7 billion to \$2.2 billion in a single year. Relations have since normalised — the wine tariffs came off in March 2024 — which is what makes the lesson clear. The trade recovered, so the cost was not permanent; but it was real, it was inflicted

at will, and a free-trade agreement did not prevent it. A customer with that much market power does not need tariffs; it finds non-tariff reasons whenever the politics demand.

What a full cutoff looks like — not the partial squeeze of 2020 — was shown in Lithuania. In November 2021 Vilnius let Taiwan open a representative office named "Taiwanese" rather than "Taipei"; Beijing downgraded relations and erased Lithuania from its customs system, and exports to China collapsed by more than 90 per cent almost overnight — about 99.85 per cent by value in the WTO proceedings — with no formal sanction ever issued, so there was nothing to appeal, and the EU's later WTO case stalled for want of a paper trail. The pressure reached past direct trade: China warned firms in Germany and beyond that goods containing any Lithuanian parts would be blocked too, turning a whole country into a supply-chain liability. Analysts place Lithuania in the same category as Australia, Canada and South Korea — one playbook, triggered by the same kind of issue: a stance Beijing reads as touching Taiwan or its sovereignty. AUKUS is exactly such a stance, made permanent. The only reason Australia drew the milder 2020 version and not the Lithuanian one is iron ore — Lithuania was disposable because China barely needed it, under 1 per cent of its exports, whereas cutting Australia off still costs Beijing dearly. That shield is precisely what Simandou is built to remove; once it is gone and the trigger arrives — a Taiwan crisis, or the war the submarine is bought to fight — the Lithuanian treatment becomes available at Australian scale.

The exposure is not only in commodities. International education — Australia's largest services export, worth more than \$50 billion a year on the official count — has China as its single biggest source country, and it is exactly the trade that bends to the political weather: during the 2020 dispute Beijing steered students away, and revenue dipped before recovering. People-based exports like education and tourism are the most sensitive of all to whether China is treated as a partner or an enemy.

None of this is the headline cost, though, and that is the point. The 2020 coercion is the floor — inflicted, absorbed, and largely reversed. The cost that actually mounts is quieter, recurring, and absent from any year's trade figures: investment. Chinese direct investment into Australia has collapsed — from a peak near A\$15 billion in 2016 to about A\$1 billion a year now, with the stock of Chinese capital here down some A\$11 billion from its 2019 high even as total foreign investment in Australia grew nearly 80 per cent over the same decade. Industry bodies put the cause squarely on Canberra's own screening decisions. That is on the order of ten billion dollars a year in capital now going to Belt-and-Road partners, South-East Asia and Africa instead — including into the very projects, Simandou among them, built to need Australia less. And beneath the number sits the larger repricing: a third of the national economy has quietly shifted from a bankable asset to a political liability, carrying a permanent risk premium whether or not Beijing ever acts again.

All of that describes the relationship as it runs today. The cost that should set the strategy is what happens if it stops. The 2020 squeeze is the reassuring case, and it is real: because iron ore kept flowing and exporters found other buyers, the net hit was about \$1 billion, a quarter of one per cent of exports. But that is a partial squeeze. A full stop is a different event. China takes about a third of all exports; commodity sales to China alone are worth more than 5 per cent of GDP — over \$130 billion a year — and iron ore by itself around 8 per cent. Modelling of an all-out trade war — even after exporters scramble for other buyers and the dollar falls hard — puts the cost to Australia at roughly 6 per cent of GDP —

about \$160 billion a year — and 14 per cent of real income per head, against about half a per cent for China. That is the asymmetry the posture ignores: in a true rupture, Australia is the one that breaks.

And a full stop is less a peacetime risk than a wartime certainty. It comes either when China finishes building its way out of needing Australian iron ore, or with the war the submarine is bought to fight — in which the trade stops regardless, by embargo or by the blockade that closes the sea lanes the ore and gas travel on. Either way the third of exports goes. This is the hinge of the whole bet: the \$368 billion submarine is acquired to prepare for the one event that would itself erase a third of the national income, and it cannot prevent that loss — a submarine cannot make a market buy, or force a ship through a blockade.

There is a benefit here that Australia has banked for a generation and rarely names. China did not only buy what Australia digs up; it supplied the cheap manufactured goods — the clothes, appliances, electronics, furniture and building materials — that held the cost of living down while incomes rose. That flow is a standing discount on the whole price level: the Reserve Bank judges cheap Chinese goods to be disinflationary for Australia in net terms, precisely because Australia carries a higher share of Chinese products in its import basket than almost any comparable economy, and it has counted that downward pressure on prices as a reason it can cut interest rates. Cheap imports on one side and resource demand on the other are two halves of the same relationship, and together they underwrote the long run of low inflation and unbroken growth — the prosperity that kept the warnings of an earlier era, that Australia risked sliding into a “banana republic”, from coming true. The uncomfortable truth is that the country Australia is arming against is the one that has quietly subsidised its standard of living.

The rupture would also run the other way — and here Australia's luck runs out. The 2020 squeeze was survivable because commodities find other buyers: iron ore sells to whoever makes steel. Imports are the opposite. China is not only Australia's largest customer but its largest supplier — about \$120 billion of goods a year, roughly a quarter of everything Australia imports, the cheap manufactures that have quietly held the cost of living down for a generation. And in the categories that matter there is no quick substitute, because China is not one factory among many but the factory: about 35 per cent of all the world's manufacturing, more than the next nine countries combined. It makes more than seventy per cent of Australia's imported furniture, electronics, lighting, steel structures, shipping containers and toys, and some eighty per cent of the world's solar panels. Cut that off and the loss is not income but supply — shortages and a price shock across the shops, the worksites and the energy transition, with no cheap source to switch to and years needed to build one. And the loss would not be a passing shortage that fades once stocks clear. There is no supplier at China's scale or price to switch to, so re-sourcing from dearer producers or rebuilding industry at home resets the cost base permanently upward: the generation-long discount on prices reverses into a lasting cost-of-living shock — and it arrives in the same rupture that has just taken a third of the export income, the worst possible moment to absorb it. The comforting \$69 billion surplus is no shield: strip out iron ore and it vanishes — one commodity, one region, one customer, masking how one-sided the dependence has become.

Fuel is the sharpest instance of the same dependence. China is not only Australia's biggest customer and its biggest supplier of goods; it is the single largest source of its jet fuel —

kerosene — supplying roughly a third of it. Australia imports about 80 per cent of the fuel it burns, holds only around 30 days of jet fuel and diesel, and carries the lowest petroleum stocks of any IEA member by a wide margin. This is not a thought experiment: in the 2026 Strait of Hormuz crisis, China told its refiners to suspend fuel exports and Australia scrambled to replace more than a quarter of its jet-fuel supply at short notice. A break with China — or the war that would force one — does not only cost the export income; it severs a fuel line into a country that holds barely a month of reserves and has almost no refining left to fall back on. The same submarine that cannot make a market buy also cannot refine a litre of fuel or refill a reserve.

Set against all this, the figure quoted earlier — a full rupture near 6 per cent of GDP, about \$160 billion a year and 14 per cent of real income per head — is only the half that can be counted. It is the lost income, and on its own it is already a contraction deeper than a normal recession. It is not the whole cost, because the larger half cannot be put in a model: the empty shelves and the cost-of-living shock as the cheap-goods discount reverses, the fuel running down inside a month, the medicines and industrial inputs with no domestic source, investment frozen and the dollar falling — the supply of goods, fuel, medicine and materials seizing at once, in the wartime case where the cut-off is not Beijing's choice but a consequence of the blockade the submarine is built to fight. That is the difference between a recession and a rupture: a recession is less income; this is the machinery that turns income into goods, fuel and medicine breaking down together. A cut of that kind does not shave points off growth. It breaks the economy, and with it the nation that rests on it. It is the heaviest figure in this section, and the one the case for the posture never writes down.

There is a final, self-inflicted edge to this. Australia wants the good of the relationship — the market, the cheap goods, the investment — while delivering the bad: a military pact built to fight China, and a habit of naming it, in public, the enemy. Tone and respect carry real weight with Beijing, as analysts of the relationship consistently note. The 2020 rupture was driven not only by the substance of Australia's positions but by the public manner of them — a senior government leading the world's call for a COVID inquiry in terms Beijing read as an accusation — and the stabilisation since 2022 restored the trade while giving up nothing of substance, simply by lowering the volume. That is proof that respect is nearly free. But the deepest disrespect is not a matter of tone; it is the posture itself — and AUKUS is the posture, a generational commitment to arm against China that no softening of language disguises. A proud power answers such a thing in kind, as this section has shown: by pulling its investment, diversifying its supply, and, in time, taking its market elsewhere. Australia is trying to keep the good of China while delivering the insult — and it does not get to choose only the half it wants.

There is a deeper irony still. The power Australia is arming against is the one whose foresight recently shielded it. When the Strait of Hormuz closed in 2026 and roughly a fifth of the world's seaborne oil stopped moving, China absorbed the larger part of the shock from reserves and pipelines it had spent two decades building, soaking up most of the fall in seaborne crude rather than bidding against everyone else for what was left. It was self-interest, not charity — but the effect was to keep a global scramble for oil from forming, and an import-dependent Australia, with about a month's fuel and no quick way to cut its consumption, was carried through on that restraint. Had China instead fought for the remaining barrels, Australia would have been among the first to run dry. The lesson is

unsparing: the country Australia treats as the threat is the one that prepared, and the country it follows into the pact is the one that left it defenceless. Submarines are not preparation; reserves, refineries, pipelines and self-reliance are. (The 2026 crisis is examined in the companion assessment, *The Proof of the Hormuz Pudding*.)

3. The cost of choosing America — ~\$1-3B/yr, and a preview of the ally

Australia strains its most valuable economic relationship in the name of the American alliance, and the ally it chose taxes its goods anyway. You would expect an alliance this close — and one the junior partner is paying handsomely for — to buy some trade advantage, or at least shelter from a blanket tariff. It bought neither. Washington refused Australia an exemption from its steel and aluminium tariffs in March 2025 — now 50 per cent on metal articles, 25 per cent on derivatives; the Prime Minister called the decision "entirely unjustified" and was told there would be no exemptions. On top sit a 10 per cent across-the-board import surcharge, a proposed 12.5 per cent "forced-labour" tariff, and a 100 per cent tariff on pharmaceuticals — a category in which blood products are nearly 90 per cent of Australian exports. All of it applies despite a free-trade agreement, despite the alliance, and despite the United States already selling more to Australia than it buys. Australia, for its part, did not retaliate, and the direct dollar cost is modest — the US takes under 5 per cent of Australia's exports.

In fairness, none of this is a penalty for AUKUS. US protectionism is a product of domestic American politics, applied to friend and rival alike; the tariffs would fall on Australia with or without the submarine deal. But that concession sharpens the point rather than blunting it. The tariffs are not a cost AUKUS caused — they are a preview of the ally AUKUS binds Australia to. This is "America First" in plain view: a treaty partner taxed under a free-trade agreement, given no more shelter than a rival, because Washington's domestic politics find it convenient — and taxed while it hands the United States \$368 billion, basing rights, and a rewrite of its export-control law. An alliance this close, and this expensive, was supposed to count for something in Canberra's favour; instead Australia is lumped in with everyone, asks for relief, is refused, and does not retaliate. That is the question worth asking out loud: why does Australia keep paying the full price of the alliance and accept being taxed like any other country, while asking nothing of what the alliance is meant to return? If Washington will not spare a friend a steel tariff when its own politics point the other way, the larger question answers itself — what happens when the friend's interests and America's diverge on something that matters more than steel?

That is not hypothetical, because the same behaviour is already inside the deal. Under US law the submarines transfer only if a president certifies the handover will not weaken American forces; and on 30 May 2026, to relieve pressure on its own shipyards, Washington cut Australia's pathway to three second-hand boats with no new build. The logic that produces the tariffs — American interests first, the ally's second, the treaty notwithstanding — is the same logic that decides whether Australia ever receives a submarine at all. The tariffs are the cheap, early instance of it; the submarines are the expensive, decisive one. This is the trade-domain proof of the dynamic the companion assessment, *America First, Australia Loses*, sets out in full.

And the deal returned no trade to set against any of it. AUKUS is a defence pact, not a trade agreement: it opened no market and lifted no tariff, because free trade with the United States already existed under AUSFTA, signed in 2005 — and the one trade-adjacent gain of the wider alignment, the 2025 critical-minerals framework, is separate from AUKUS and offers cooperation, not tariff relief. What AUKUS added was the reverse of a trade benefit — billions into American and British shipyards, Virginia-class boats bought from the US, and export-control law rewritten to American specifications. So the posture loses twice over: it antagonises the customer that takes a third of the nation's exports, and from the ally it chose instead it collects tariffs, not trade — and a demonstration, in advance, of exactly how that ally ranks Australia's interests against its own.

4. The cost of choosing Britain — ~A\$4.6B+ to the UK, and a partner that left

Australia's third partner is the one with the least claim on its future. Britain is a marginal economic presence here: about £24 billion of two-way trade, which makes Australia the United Kingdom's twenty-first-largest trading partner, barely one per cent of its trade, and leaves Britain taking around two per cent of what Australia sells the world. The flow favours London — Britain sells Australia roughly twice what it buys. This is not a partner that opens markets; it is one Australia already learned to live without. When Britain joined the European Economic Community in 1973 it ended the Commonwealth trade preferences that had made it Australia's protected market, and Australia was forced to build the Asian trade it lives on today. Paul Keating's verdict — that Britain dumped Australia half a century ago — is simply what happened.

Yet AUKUS reverses the ledger and has Australia paying Britain. Canberra has committed about A\$4.6 billion (£2.4 billion) over a decade to expand Britain's submarine industry — the Rolls-Royce reactor works at Derby, the BAE yards at Barrow — and to fund part of a British-designed boat, the SSN-AUKUS, whose reactors will be built in England for the life of the fleet. Australia is subsidising British submarine jobs and a British design, for vessels that begin arriving in the 2040s, while Britain takes two per cent of its goods trade. Asked at Senate Estimates how that contribution would be split between Rolls-Royce and other firms, Australian officials could not say: Britain decides where the money goes.

And Britain can barely build its own. The same yards must deliver the Dreadnought missile submarines alongside the AUKUS boats; the Astute class ran years late and over budget, its completion date redacted for years; analysts warn the first AUKUS submarine may slip, and the program with it. Australia's money is welcome in Barrow precisely because Britain's own navy is stretched and its industry needs the work. That is the heart of it: Australia is funding the re-entry of a distant, fiscally strained former imperial power into a region it left, for a capability it does not control and cannot be sure will arrive, at the expense of the Asia it actually trades with.

5. The cost in sovereignty — unpriced; the whole bill is conditional

Of all the costs this is the one with no dollar figure and the widest reach: the programme is built so that Australia does not control it. The submarines transfer only when a US president certifies that handing them over will not degrade American capability — so the entire \$368-billion-plus bill buys a capability that arrives, if at all, at Washington's discretion. And the certification is not a formality Washington can simply grant: it is gated on a physical build rate the United States has never achieved. The US Navy says it must produce about 2.33 Virginia-class boats a year — on top of one Columbia-class ballistic-missile submarine — before it can spare any for Australia without thinning its own fleet. The actual rate has been about 1.1 to 1.3 a year and has never reached 2.0; a single boat was funded in FY2025. The Navy now expects to reach two a year only around 2032 — the very year the first Australian transfer is due. So the boats depend not just on a president's signature but on American shipyards roughly doubling their output first; until they do, the law's own test — no transfer that degrades US capability — points to no transfer at all. The 30 May 2026 revision made the dependence plain. The original plan was already lean — two used Virginia boats and one newly built hull, delivered across 2032, 2035 and 2038. To relieve pressure on its own shipyards, Washington removed the one new boat: all three will now be second-hand US Navy submarines, and the joint statement did not even specify which variant. The downgrade is real, not cosmetic — used boats arrive with much of their 33-year reactor life already spent, closer to 23 years remaining, which pulls the end of Australia's Virginia fleet forward by about a decade and narrows the margin before the untested SSN-AUKUS must arrive. Same price, same wait, older boats — terms set to suit the US industrial base rather than Australian need. The boats are designed to operate inside a US campaign, and the American review openly questioned whether Australia would deploy them in a fight over Taiwan — which is to ask whether the capability is Australia's to direct at all.

And the sovereignty AUKUS surrenders is not even the sovereignty Australia is shortest of. In 2015 the Northern Territory leased the Port of Darwin — the strategic northern port, beside the precinct the US Marine Rotational Force operates from — to the Chinese-owned Landbridge Group for 99 years and \$506 million; a decade on, both major parties have committed to buying it back, over Beijing's warnings of trade reprisal. Australia sold control of critical infrastructure and is now paying to reverse it. Rare earths make the deeper point: the government has had to force China-linked investors out of Northern Minerals' Browns Range project twice, in 2024 and 2026, to keep one of the few heavy-rare-earth deposits outside China in friendly hands — but China still dominates the refining that turns ore into magnets, so owning the mine confers little leverage on its own. Australia's real weakness is that it digs and ships raw material while others control the part that matters. No submarine addresses any of this. Sovereign control of your own ports, minerals and supply chains does.

6. The costs no one totals — ~\$10-20B+, and ~5% of GDP

Beyond the visible bill sit costs that rarely appear in any total. Nuclear stewardship commits Australia to managing high-level radioactive waste for the life of the boats and

beyond, to funding a naval-nuclear regulator, and to indemnifying the United States and United Kingdom against nuclear-risk liability — with no waste site identified and a long-tail cost genuinely hard to price; Britain's bill for disposing of its own retired submarines runs to the order of \$10–20 billion, and Australia's is uncoded. Sustaining the programme is pushing defence spending toward 5 per cent of GDP — roughly \$140 billion a year — money found by foreclosing other national choices. The arrangement is engineered to be hard to leave: each non-refundable payment and treaty commitment raises the cost of exit, and a plan that becomes "too big to cancel" is not thereby a good plan. And hosting the facilities and basing the boats raises Australia's value as a target — a cost paid not in dollars but in risk.

7. The largest cost: the wrong direction — the nation foregone

The largest cost is not a line item. It is the direction the programme sets, and it is wrong twice — wrong as defence, and wrong as industrial strategy.

Wrong as defence: the submarine is built for a fleet engagement, but the contest that decides an island trading nation is a blockade. A submarine cannot lift a blockade, make a tanker sail, refill a fuel reserve or feed a population — the threats, set out across this series, that actually decide the country.

Wrong as industrial strategy: Australia has no surplus of nuclear engineers, submarine trades, systems integrators or advanced-manufacturing capacity. It has a shortage — the workforce gap is one of the programme's own acknowledged risks — and AUKUS draws that scarce pool down to build a foreign-designed boat, and in its early years to expand American and British shipyards. Every reactor specialist, welder and unit of factory capacity it consumes is one not available for anything else. The cost is paid in talent, not dollars.

None of this means cancelling what AUKUS has begun and throwing it away. The submarine effort is better understood as redirected than scrapped: the yards at Osborne and Henderson, the undersea trades, the systems integrators and the maritime-engineering depth the boats would have consumed are the same capabilities a sovereign subsea industry needs. That workforce installs and maintains the subsea power transmission and the Asia-Pacific subsea corridor that tie the region together; it builds and crews the service and support vessels that lay and tend them; it runs the cable- and pipeline-repair fleet that keeps those lines alive under strain; and it develops the uncrewed and autonomous undersea systems — the drone submarines — that a modern undersea capability increasingly leans on, at a fraction of the cost and risk of a crewed nuclear boat. That is a shift from eight nuclear submarines to a broader, deployed and expandable scope — the expertise kept and widened, not lost. The detailed pillars sit elsewhere in the series — the subsea corridor and its industrial base (Memos 26 and 27), sovereign manufacturing (Memo 18), and armed neutrality (Memo 33).

That same base is what builds a nation. Continental passenger and freight rail, gigawatt-scale solar and pumped hydro across the inland, the transmission and water backbone that ties the continent together, sovereign processing of the critical minerals the energy

transition runs on, and the factories that build all of it — the Modern Movement Australia programme — draw on the identical engineering depth and trades the submarine consumes. The country can point that base at one or the other; it cannot point it at both. And the two choices do opposite things. A submarine depreciates: billions to acquire, more to crew for thirty years, no economic return. Rail, energy and manufacturing compound — they move freight, sell power, turn raw minerals into finished exports, and earn a return for as long as they stand. The same money redirected buys fuel and energy independence, sovereign manufacturing, food and medicine security, and a standing engineering force that builds in peacetime and responds in crisis — owned by Australia and vetoable by no one. It is also the better defence: a nation that can feed, fuel, power and supply itself cannot be strangled by a blockade. The detailed pillars sit elsewhere in the series — self-reliance (Memo 32), fuel sovereignty (Memo 34), armed neutrality (Memo 33), sovereign manufacturing (Memo 18), and the realignment that ties them together (*From AUKUS to AUASIA*). The opportunity cost of AUKUS is not a number. It is the country Australia could build with the same money, the same talent and the same years.

8. The cost that cannot be undone: lives — tens of thousands

Every cost so far can be reversed. Money can be repented; trade restored, as it was after 2020; a friendship repaired, as the French one has begun to be; a direction changed and sovereignty reclaimed. One cost cannot be undone, and it is the gravest: the lives of the Australians who would fight and die in the war this posture draws the country into.

The submarines and the bases make Australia a combatant. The boats are built to operate inside a US campaign, and the American review asked whether Australia would send them into a fight over Taiwan; the facilities already on Australian soil mean that, in the targeting logic of any power the United States fights, enablement reads as participation. The wargames used to justify the platforms forecast the toll — the invasion scenario that dominates planning projects tens of thousands of combatant casualties and a region left devastated. Nor would the dying stop at those in uniform: the contest that decides an import-dependent nation is a blockade, and a blockade kills by starvation and shortage; the naval blockades of the last century killed civilians in the hundreds of thousands.

What makes this the heaviest entry is its purpose. These would be Australian lives spent in a war that, on the analysis, cannot be won — one only the United States and China survive as functioning nations, by continental depth rather than by victory. The surest protection for Australian lives is not a better submarine. It is not being bound to the war at all.

9. MMA position

The true cost of AUKUS is not a single figure to argue over. It is a stack of costs in different currencies — a \$368-billion bill heading toward \$480–650 billion; up to 6 per cent of GDP in trade put at risk, and with it a third of the nation's jet fuel and the cheap goods that hold the cost of living down; sovereignty surrendered to a foreign veto; an uncosted nuclear long-tail; the renewable-energy and manufacturing nation foregone; and, gravest and

beyond recovery, the Australian lives a war drawn down on the country would cost. They cannot be added into one number, and the heaviest of them carry no dollar sign at all.

At that price the programme buys the wrong capability for the threat that actually decides the country, and surrenders the power to decide its own use. A plan that costs this much, across this many dimensions, must be reviewed. The alternative is not to be weaker or more alone: it is to spend the same money on a defence that is owned, relevant and delivered sooner — and, because every other cost can be reversed but lives cannot, to keep Australia out of a war that is not its own. Find peace, and build a united Asia.

References

1. AUKUS programme cost — headline A\$368 billion to 2055 (acquisition, sustainment, infrastructure and disposal), incorporating a contingency of about 50 per cent; spend of roughly \$11 billion projected by mid-2027 with no submarine delivered; about US\$3 billion paid into the US submarine industrial base and further sums to the UK (Rolls-Royce, Derby), on non-refundable terms; zero boats delivered in the 17 years since the 2009 decision to replace the Collins class. (Australian Submarine Agency; Senate Estimates; Michael West Media; Australian Strategic Policy Institute; 2023–2026.)
2. Cost-overrun precedent — the UK Astute class ran roughly 30 per cent over budget and years late, the sixth boat taking more than 13 years; the French Attack-class submarines Australia cancelled for AUKUS rose from about A\$50 billion toward A\$90 billion before construction; SSN-AUKUS is a first-of-class design larger than the Astute or Virginia, to be built in an Adelaide yard not yet constructed. An Astute-scale (~30%) overrun on \$368 billion is about \$480 billion; a near-doubling on the French trajectory exceeds \$650 billion. (UK National Audit Office; BAE Systems; Royal United Services Institute; 2019–2026.)
3. China trade scale — China is Australia's largest two-way trading partner, about \$312 billion in 2024 and roughly a third of exports; the largest market for resources, energy, agriculture and services. In 2023–24 China took about 63 per cent of seaborne export tonnage and 41 per cent of seaborne export earnings (Japan 16 per cent, Korea 7 per cent); commodity exports to China are worth more than 5 per cent of GDP and iron ore alone has run near 8–10 per cent. On the import side, China is also Australia's largest supplier — about \$120 billion of goods in 2024–25, roughly a quarter (about 27 per cent) of imports by value — providing more than 70 per cent of imported furniture, lighting, electronic circuits, steel structures, shipping containers, mattresses and toys; China is about 35 per cent of world manufacturing output (more than the next nine countries combined) and about 80 per cent of global solar manufacturing. Australia's roughly \$69 billion surplus with China is built almost entirely on iron ore. (DFAT; Australian Strategic Policy Institute; AMP; IMD / OECD; 2024–2026.)
4. Iron ore, Simandou and the strategic motive — iron ore is more than half the value of exports to China and drives the trade surplus; China spared it in the 2020–23 coercion for lack of alternatives. The Chinese-led Simandou project in Guinea (about US\$20 billion; first shipment November 2025, arriving China January 2026; 600-km railway and new port; ramping toward 120 million tonnes a year by about 2029) is, in Beijing's own

terms, a way to cut reliance on Australian and Brazilian ore; China's 2021 five-year planning elevated resource security to a top priority and its "Cornerstone Plan" targets supply security and pricing leverage. Diversification accelerated as the bilateral relationship deteriorated and Australia's US alignment hardened — the rotational US Marine force in Darwin (announced 16 November 2011 under the US Force Posture Initiatives; first deployment April 2012) through to AUKUS (2021). A 2026 Commonwealth Bank geo-economics note judged it reasonable to expect Washington might press Australia to weaponise iron ore exports against China, and expected China's mitigation to continue or intensify because neither Australia's alignment nor China's threat assessment is likely to change. The honest counter-view (East Asia Forum) holds Simandou no near-term threat to Australian economic security: near-term Guinean supply of 40–50 million tonnes by 2027 is modest against Australia's ~930 million, ownership is mixed (Rio Tinto is the largest holder in one consortium), and Australia stays a low-cost, indispensable supplier for years yet. Chinese investment into Australia has fallen about 85 per cent since 2018. (Caixin; Lowy Institute; Commonwealth Bank via Yahoo Finance; East Asia Forum; Nautilus Institute / Australian Department of Defence; 2021–2026.)

5. The recurring cost — coercion and foregone investment — China imposed tariffs or informal bans on barley, wine, beef, coal, timber, cotton and lobster in 2020–23; coal to China fell from about \$13.7 billion (2019–20) to \$2.2 billion; about \$20 billion of trade was disrupted, but trade diversion kept the net loss near \$1 billion (about 0.25 per cent of exports) and most measures, including wine tariffs (March 2024), have since been lifted — the episode is the floor, not the headline. The larger recurring cost is investment: Chinese direct investment into Australia peaked near A\$15.4 billion in 2016 and has fallen to about A\$1 billion a year (2023–25); on the broader FIRB measure Chinese approvals in 2024–25 were roughly A\$2.2–2.8 billion against about A\$122 billion from the United States. The stock of Chinese investment has dropped about A\$11 billion from its 2019 peak even as total foreign investment in Australia grew about 79 per cent (2015–24); Australian industry bodies identify Canberra's screening policy as the decisive cause. (Australian Treasury; Lowy Institute; KPMG / University of Sydney, "Demystifying Chinese Investment in Australia"; Australia-China Relations Institute, UTS; 2021–2026.)
6. Cost of a full rupture — modelling of an all-out Australia-China trade war estimates a hit of about 6 per cent of GDP and 14 per cent of real income per head for Australia, against about 0.5 per cent for China; no other economy can fully replace the Chinese market for Australian exports. (The Conversation / Quiggin and Laurenceson; peer-reviewed input-output modelling; 2020–2026.)
7. International education — Australia's largest services export, about \$52 billion in 2024 (41 per cent of services exports) and fourth-largest export overall; China is the single largest source country (about \$8.7 billion in 2023; almost a third of the total in 2019). The headline figure is contested — some analysts put the true export value lower once students' local earnings are excluded. (Department of Education; ABS; Universities Australia; Institute of Public Affairs; 2024–2026.)

8. Jet fuel and import dependence — Australia imports about 80–90 per cent of refined fuel, with two refineries meeting roughly 17–20 per cent of demand; China is the single largest source of jet fuel, about 32 per cent, with cargoes near 190,000 b/d in early 2026. As of March 2026 stocks were about 30 days of jet fuel and diesel — the lowest of any IEA member. During the 2026 Strait of Hormuz crisis China asked refiners to suspend fuel exports, leaving Australia to replace about 28 per cent of jet-fuel imports. China absorbed the larger part of the fall in global seaborne crude during the crisis — drawing on strategic reserves and pipelines built since the 2000s — cushioning the wider market rather than competing for scarce supply; the episode is examined in the companion memo "The Proof of the Hormuz Pudding". (Australian Institute of Petroleum; IEEFA; OilPrice; US EIA; Reuters; 2025–2026.)
9. US tariffs on Australia — Washington declined to exempt Australia from Section 232 steel and aluminium tariffs in March 2025 (now 50 per cent on articles, 25 per cent on derivatives); a 10 per cent import surcharge applied after the February 2026 Supreme Court ruling on the earlier reciprocal tariffs; a 12.5 per cent "forced-labour" tariff was proposed in July 2026 and a 100 per cent pharmaceutical tariff from September 2026 (blood products are nearly 90 per cent of Australian pharmaceutical exports); beef and gold are exempt. The US takes under 5 per cent of Australian exports and runs a trade surplus with Australia; Australia ruled out reciprocal tariffs. AUKUS is a security pact and added no trade access; free trade already existed under AUSFTA (2005). (DFAT; Australian Government export and tariff pages; SBS; EY; 2025–2026.)
10. Sovereignty and the May 2026 revision — under US law a Virginia-class transfer in the early 2030s requires the US Navy to advise it will not degrade US capability, plus Presidential approval. The 2023 Optimal Pathway was to give Australia three Virginias across 2032/2035/2038 — two in-service Block IV boats and one new-build (a Block VII, without the Virginia Payload Module). The 30 May 2026 revision (Singapore) removed the new-build: all three are now in-service boats, and the joint statement did not specify the variant. In-service boats arrive with much of their ~33-year reactor life already spent (around 23 years remaining), bringing the fleet's end forward by roughly a decade (last boat about 2061 versus about 2071) and compressing the transition to SSN-AUKUS. A US "America First" review questioned whether Australia would deploy the boats in a Taiwan contingency. (US Congressional Research Service; United States Studies Centre; Naval News; Breaking Defense; 2023–2026.)
11. Port of Darwin — leased to the Chinese-owned Landbridge Group for 99 years and \$506 million in 2015; the port adjoins the Larrakeyah Defence Precinct and is used by the US Marine Rotational Force; in 2025 both major parties committed to returning it to Australian ownership, over objections and trade-reprisal warnings from Beijing. (Parliament of Australia; Australian Strategic Policy Institute; contemporaneous reporting; 2015–2026.)
12. Rare earths — the government ordered China-linked investors to divest from Northern Minerals' Browns Range heavy-rare-earths project in 2024 and again in 2026, with Federal Court enforcement; Browns Range targets dysprosium and terbium, critical to magnets in defence and clean-energy systems and scarce outside China. China dominates the separation, refining and magnet manufacturing that confer real leverage;

mining alone does not. Northern Minerals is in line for about US\$500 million from the US Export-Import Bank. (Reuters; The Conversation; Rare Earth Exchanges; 2024–2026.)

13. Nuclear stewardship and non-proliferation — the Australian Naval Nuclear Power Safety Act 2024 establishes a naval-nuclear regulator, has Australia accept high-level radioactive waste domestically for the first time, and requires Australia to indemnify the US and UK against nuclear-risk liability; no waste site has been chosen. The UK's 2019 estimate to dispose of its 20-plus retired submarines was on the order of US\$10 billion. The transfer of highly-enriched-uranium reactors to a non-nuclear-weapon state sits in tension with the Treaty of Rarotonga and the Non-Proliferation Treaty. (Guardian; Corrs Chambers Westgarth; UK National Audit Office; 2019–2026.)
14. Strategic and human cost — CSIS wargaming of a Taiwan invasion projects tens of thousands of combatant casualties and a devastated region; the contest that decides import-dependent nations is a blockade, which harms civilians by shortage; twentieth-century naval blockades killed civilians in the hundreds of thousands. Australia's US facilities (Pine Gap, North West Cape, Tindal, Darwin, HMAS Stirling) make enablement read as participation. (CSIS; Australian Strategic Policy Institute; Defence Connect; companion memo "The Proof of the Hormuz Pudding"; 2023–2026.)
15. Diplomatic management and the cost of disrespect — analysts of the relationship hold that atmospherics and tone carry real weight with Beijing, and that the 2020 rupture was driven partly by the public manner of Australia's conduct — notably leading the global call for a COVID-origins inquiry in terms read as a public accusation — not by substance alone; the post-2022 "stabilisation" restored trade while giving up nothing of substance, largely by lowering the volume of public confrontation ("megaphone diplomacy"). (Australian Institute of International Affairs; The Conversation; Foreign Policy Research Institute; former Australian diplomat Colin Heseltine via Michael West Media; 2018–2026.)
16. China's coercion of Lithuania — after Vilnius allowed a "Taiwanese Representative Office" (rather than "Taipei") to open in November 2021, China downgraded diplomatic relations and removed Lithuania from its customs system; Lithuanian exports to China fell more than 90 per cent (about 99.85 per cent by value in the WTO proceedings), with no formal sanction issued. Beijing extended the pressure through secondary measures, warning firms in Germany and elsewhere that goods containing Lithuanian components would also be blocked. China accounted for under 1 per cent of Lithuania's exports, so the direct hit was small — the force lay in the supply-chain threat and the precedent. Analysts class it with the coercion of Australia, Canada and South Korea. The EU's WTO case (DS610, 2022) was later paused for lack of a documentary order. (Asia Society; CSIS; Global Taiwan Institute; EU/WTO DS610; South China Morning Post; 2021–2025.)

This memo counts costs; it takes no position on the morality of any party, only on what the posture does to Australia. The China relationship is treated as a strategic dependency to be managed, not a moral fault. Companion memos develop the alternative in detail: the Self-Reliant Nation, Sovereign Fuel, the Neutral Uniter, and From AUKUS to AUASIA.