

French firm DCNS wins \$50 billion submarine contract

Written by The Conversation USA

The French have defeated German and Japanese bids to win the \$50 billion contract to build Australia's 12 new submarines, which will be constructed in Adelaide.

Announcing the decision at the ASC shipyard in Adelaide, Prime Minister Malcolm Turnbull said the project would produce 2800 jobs and have an "immense spin off" for the rest of the economy. Of the jobs, 1100 will be direct employment and 1700 will be through the supply chain.

"These submarines will be the most sophisticated naval vessels being built in the world," Turnbull said.

With local construction vital especially in the context of South Australian Liberal seats, Turnbull and his ministers are heavily promoting the line "Australian built, Australian jobs, Australian steel".

The contract has been delicate in diplomatic terms. Former prime minister Tony Abbott effectively gave the nod to Japan.

Turnbull said allies had been spoken to, and noted the evaluation had included leading American submarine experts. He went out of his way to reaffirm Australia's commitment "to the special strategic partnership between Australia and Japan which gets stronger all the time". A visiting Japanese submarine left Sydney shortly before Turnbull's announcement.

The recommendation from the evaluation process was "unequivocal" in favouring the French bid, Turnbull said.

He said the project was "a momentous national endeavour" that, together with the recent announcement about the construction of surface vessels, "is securing the future of Australia's navy, over decades to come".

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But he underlined that the decision went way beyond military considerations. “We do this to secure Australia, to secure our island nation, but we do it also to ensure that our economy transitions to the economy of the 21st century – that we have the technology and the skills and the advanced manufacturing and the jobs for our children and our grandchildren for decades to come.”

The “vast bulk” of the work on the submarines would be done in Adelaide, Turnbull said, although the supply chain would include items from other parts of the country and the combat system in large part would come from the US.

The reference to Australian steel comes after South Australian-based steelmaker Arrium went into voluntary administration. But the steel it has been making is not suitable for the submarines. Turnbull said the characteristics of the steel required would await the completion of the design process but the government was committed to it being Australian steel.

Defence Minister Marise Payne said the submarines would be a “vital part of our naval capability to 2060 and beyond”.

The French company DCNS’s Shortfin Barracuda – a conventionally powered version of its nuclear submarine – will be designed specifically for the Australian Navy.

A video by DCNS profiling the Shortfin Barracuda Block 1A.

DCNS says the submarines will contain “France’s most sensitive and protected submarine technology and will be the most lethal conventional submarine ever contemplated”.

One of the selling points of the French submarine was that it is very quiet.

The company says that by adopting DCNS’s technology, “Australia will join an elite club of nations which includes only the United Kingdom, the United States of America, and France”.

“The Shortfin Barracuda is a magnificent, inspiring submarine which will remain technologically

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superior until well into the 2060s,” the company says in its publicity material.

DCNS committed to implement the government’s innovation and science agenda, including working with universities across Australia to make sure naval engineering degrees include courses specialising in submarine-related subjects.

After a recent leak that the Japanese bid was not favoured, the government went to extraordinary lengths to keep the final outcome under wraps. A phone hook-up of cabinet ticked off the announcement on Tuesday morning just before the Turnbull announcement. The substantive decision had been made by cabinet’s national security committee, and Turnbull had notified French Prime Minister François Hollande on Monday.

Labor’s Senate leader Penny Wong, a South Australian, said the first people to take credit should be South Australians, who had stood up to have the submarines built in that state. She said Turnbull should rule out a “hybrid build” – that is, any of the vessels being built offshore – which was one of the options put forward by the French company.

Opposition defence spokesman Stephen Conroy said a Labor government would ensure the contract specified that all 12 vessels were built in Adelaide. He said the company’s preference, stated publicly and privately, had been to have the first submarine built in France. If that happened, the supply chain would be sourced in France.

Abbott issued a statement saying the submarine decision “flows from an exhaustive and very comprehensive process put in place by the Abbott government”.

“I am pleased that the shameful procrastination of the Labor years is now over. Australia’s special relationship with Japan is more than strong enough to withstand this disappointment and I am confident that our strategic partnership will continue to grow through other means,” he said.

Michelle Grattan does not work for, consult, own shares in or receive funding from any company or organization that would benefit from this article, and has disclosed no relevant affiliations beyond the academic appointment above.

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