

With reference to any historical example, what are the implications for the future of the Royal Australian Navy?

Topic: The past, present and future of maritime trade warfare

Commerce raiding, also known as *guerre de course* or maritime trade warfare, has been a feature of conflict since ancient times. Open sea lines of communication (SLOC) are vital to the prosperity and security of coastal nations, as identified in Australia's 2016 Defence White Paper (DoD, 2016). 63% of Australia's imports and exports by value are transported by sea, with the majority of these transiting strategic chokepoints in the South China Sea, Strait of Malacca, Indonesian Archipelago and Strait of Hormuz (BITRE, 2018). However, although naval strategy references 'sea denial', current thought dismisses the re-emergence of commerce raiding. Analysts suggest that the highly globalised economy, development of land transport routes and small size of modern navies compared to the vast fleets of the last world war make a return to commerce raiding highly unlikely.

Naval strategists before WWI also rejected commerce raiding. Since the 1856 Declaration of Paris agreeing to end privateering, it was largely dismissed (Oliver, 2013). Admiral Alfred von Tirpitz, father of the German navy, declared in 1897 that "*commerce raiding and transatlantic war against England is so hopeless [...] that we must ignore this type of war against England in our plans*" (Parkinson, 2015). English naval theorist Sir Julian Corbett argued in 1911 against commerce warfare because "*no power will incur the odium of sinking a prize with all hands*" (Corbett, 2009). These assumptions were shattered with the outbreak of war. Germany sunk 11 million tonnes of Allied shipping in WWI (McMahon, 2017). The Allied food blockade on Germany starved to death 763,000 German civilians by December 1918, directly contributing to Germany's unconditional surrender (Vincent, 1985). Commerce warfare returned in WWII with gusto. Germany sunk 21.6 million tonnes of Allied shipping, forcing the Allies to adopt large, slow convoys and disrupting war production. In the Pacific, the US waged a highly effective war on Japan's shipping from 1942-1945, sinking 8.1 million tonnes (McMahon, 2017).

Some strategists suggest that short of a return to total war, commerce raiding is unlikely to reappear. However, commerce raiding has occurred since 1945 in regional conflicts such as the Iran-Iraq Tanker War (Walker, 2013). Further, it occurs in conditions short of war. Privateers were used into the 19th century to harass other countries without declaring war and committing conventional naval forces. Arguably, Somali pirates have acted with de facto state sponsorship from their respective warlords, making them modern-day privateers (Murphy, 2013). Most recently, tit-for-tat seizures of oil tankers between the UK and Iran have led the UK and US to increase naval patrols in the Persian Gulf (Sengupta, 2019).

This essay will examine maritime trade warfare in three contexts: unrestricted warfare, focusing on Germany's use of auxiliary cruisers in WWII; limited warfare, focusing on the Tanker War; and military operations other than war, focusing on sanctions enforcement against North Korea and Iran. This essay will demonstrate that commerce raiding is an extension of peacetime economic policies, such as trade wars and sanctions, that increase in intensity through to outright warfare. Trade wars between the US and China, and sanctions on Iran, therefore increase the likelihood of a return to commerce raiding—just as American embargoes on Japan in the 1930s presaged a military campaign against Japanese shipping. Finally, this essay will consider the future of commerce raiding and how the RAN must prepare itself through force structure, doctrine and operations.

Unrestricted commerce warfare

Unrestricted commerce warfare is the far end of a spectrum of military-economic strategy targeting the economic lifeblood of another country. In unrestricted commerce warfare, all ships (military and civilian) flagged to the adversary, or neutral shipping carrying goods for the adversary, may be targeted to utterly disrupt the adversary's capacity to continue the war. Historically, this has only occurred in total war scenarios—the two world wars—due to the impact on third-party countries and the difficulty of denying an adversary their SLOCs. However, widespread commerce raiding occurred in both world wars despite the doubts of naval strategists about its feasibility and efficacy, partly because of the adoption of new technologies and tactics including submarines, the use of auxiliary vessels and the proliferation of sea mines. In the 21st century, new technologies such as drones and low-cost anti-ship cruise missiles (ASCMs) may enable commerce raiding in future warfare.

Germany's use of auxiliary cruisers in WWII is a perfect example of the asymmetric characteristics of maritime trade warfare. Auxiliary cruisers present a model for modern states to conduct maritime trade warfare through unconventional forces, noting today's smaller navies. Although the U-boats had a greater influence, Germany's eleven auxiliary cruisers sank or captured 142 Allied ships (Muggenthaler, 1977). The auxiliary cruisers had great independence and posed a threat to Allied SLOCs across the seven seas: *HSK Kormoran* cruised for eleven months before it was finally sunk, while *HSK Altantis* covered 160,000km in 20 months (Muggenthaler, 1977). This provided Germany with sea denial capabilities beyond the Atlantic, where most German U-boats operated. For a while, the mighty Royal Navy seemed entirely incapable of defending against the raiders, which roved freely—albeit discreetly—through the Commonwealth's backyard, off the coast of the Atlantic, South Africa and Australia. Famously, *Kormoran* was even able to sink HMAS *Sydney*, a modern battle-hardened cruiser, off the coast of Western Australia—such action, however, was not the doctrinal purpose of these raiders.

Kriegsmarine doctrine stated that commerce warfare was to “*oblige enemy forces to relieve the homeland ... force him to convoy and increase the protection of his shipping even in distant waters*” thus “*increasing the demands on his forces*” and “*frighten off neutral shipping from sailing in service of the enemy*” (Hore, 2001). Doctrine noted that these goals are more important than the number of ships sunk—the strategic effect is greater than the immediate cost of lost cargoes, sailors and ships.

The Kriegsmarine sought to diminish Allied local superiority by forcing dispersal in pursuit of German raiders. In October 1939, four British and French aircraft carriers, three battleships and sixteen cruisers were tasked with escorting trade and hunting raiders in the South Atlantic, although at the time only two German ships, the cruisers *Admiral Graf Spee* and *Deutschland* were active there (Miller, 1997). Similarly, *Sydney* withdrew from the Mediterranean in 1941 with orders to escort Australian shipping because of German surface raiders operating in the area (Cooper, 2001). Between August 1940 and November 1941, five surface raiders operated in Australian waters. They sunk or captured 20 merchant vessels near Australia, mined sea-lanes and shelled Nauru, damaging a vital phosphorous plant (Gill, 1957). Australia was targeted because it was inadequately defended by naval and airpower, and because its isolation would force a greater dispersal of Allied forces. Thus, Germany sought, and achieved, a withdrawal of Australian naval units from the European theatre by threatening the homeland.

Auxiliary cruisers disrupted Allied trade beyond their actual ability to sink ships because they forced Allied ships to take less efficient routes. The primary Allied response to commerce raiding was the convoy system. Convoys were safer than sending individual ships, as they were escorted, but they were less efficient because they took longer routes, could go only as fast as the slowest ship, and had to wait in port until enough ships were ready for the convoy to begin (Sea Power Centre, 2008). The inefficiency of convoys at the end of the war was 20-30% over individual sailing, and higher earlier in the war (Sternhell & Thorndike, 1946). Thus, although convoys reduced sinking, they came at a substantial cost. The RAN's response to increased threat around Australia was the first trans-Tasman convoy, Convoy VK1, in December 1940; coastal convoys followed in 1942 (Robinson, 2016). Long before Japanese midget submarines attacked Sydney Harbour in May 1942, the Australian public became aware that the naval threat was not confined to distant shores.

Ultimately, all eleven auxiliary cruisers were sunk or neutralised by 1943 due to improved Allied tactics and technology (Muggenthaler, 1977). However, they present an interesting model for unrestricted maritime trade warfare. Essentially an asymmetric strategy, commerce warfare may be favoured by an adversary seeking to strain the resources of a larger and more capable navy, such as the USN. Auxiliaries such as *Kormoran* were cheap to produce and capable of surface action and mining sea lanes. Modern auxiliaries that could fill the same purpose include fishing vessels, maritime militias and armed merchantmen, perhaps with containerised anti-ship missile systems. Even without achieving a strategic effect against the American economy, which would be almost impossible to effectively blockade by sea, commerce raiders could force a dispersal of USN combatants in wartime. Australia would be easier to blockade due to our reliance on relatively few strategic chokepoints and our lack of strategic reserves or domestic production of critical resources.

Limited commerce warfare

Commerce raiding also occurs in scenarios short of total war. Historically, European colonial powers engaged privateers from the 16th through 19th centuries to harass the shipping of their rivals, both during and outside of recognised warfare. In 1973, Egypt attempted to stop Iranian oil reaching Israel through using sea mines and naval blockade in the Red Sea—the Yom Kippur war ended before this blockade could have a strategic impact (McMahon, 2017). Another example of limited commerce warfare is the Tanker War in the 1980s. While the Iran-Iraq War involved intense, brutal conflict on land, the campaign at sea was restricted (Walker, 2013). Due to the impact on third-party countries, the Tanker War still prompted international intervention: the US began escorting shipping in 1986.

Maritime trade warfare between Iraq and Iran began in October 1980 when Iraq declared waters along the Iranian coast north of 29.03N a prohibited war zone and began targeting ships bringing military supplies to support the ground war. By 1982, Iraq began targeting Iranian oil exports. Tankers loading or carrying Iranian oil, including tankers belong to third-party countries, were hit with bombs and ASCMs fired by the Iraqi air force. This only occurred in designated areas—primarily around Kharg Island, where tankers were loaded with Iranian oil. In 1984, Iraq escalated the conflict at sea and Iran began retaliating against Iraqi shipping. As both Iraq and Iran were economically dependent on oil exports, oil tankers became the primary target. Other targets included vessels carrying weapons for Iraq, including those passing through Kuwait. Iran used speedboats, sea mines and jets to target shipping. However, even at the height of the Tanker War, only 2% of ships transiting the Persian Gulf were impacted (Blair & Lieberthal, 2007). Most shipping targeted was not

flagged to either Iran or Iraq, thus indicating that even in limited maritime trade warfare, third-party shipping may still come under attack (Walker, 2013).

Military operations other than war

Commerce raiding also occurs in peacetime. Commerce raiding denies the adversary free use of their SLOCs to achieve strategic goals. Sanctions and embargo regimes, such as those against North Korea and Iran over their nuclear programs, serve the same purpose and are often enforced through military operations other than war. Australian warships and aircraft patrol sea lanes near North Korea through Operation Argos, the Australian contribution to enforcing UN Security Council Resolutions (UNSCR) against North Korea (DoD, 2018). Under this regime, suspect vessels are boarded and inspected for violations of the sanctions—reminiscent of ‘prize rules’ in ages past. In 2018, the US seized the North Korean-flagged *Wise Honest*, a bulk carrier exporting coal in violation of sanctions. This was the first time that the US had seized a North Korean vessel involved in sanctions violation; the ship is now subject to proceedings which may result in its sale by the US government (Sullivan & Weiser, 2019). The seizure of the *Wise Honest*, North Korea’s second-largest vessel by deadweight, may portend future seizures under the UNSCR sanctions regime. Multi-national military operations other than war have effectively enforced a blockade against North Korea: historically, an enterprise of war.

On 4 July 2019, British Royal Marines and Gibraltar police seized Iranian-owned Panamanian-flagged *Grace I*, a supertanker carrying oil to Syria in breach of European Union (EU) sanctions against the country. The supertanker, carrying two million barrels of crude oil worth approximately USD120 million, is the first vessel that has been seized by the EU for violating sanctions against Syria, which have existed since 2011 (Faulconbridge, 2019). Iran condemned the seizure as “illegal” and threatened retaliation against British shipping in the Persian Gulf—resulting in the seizure of British-owned *Stena Impero* on 19 July (Beale, 2019). This follows a tense year in which Iran has threatened to close the Straits of Hormuz, through which 20% of the world’s oil passes, and allegedly attacked six tankers in the Gulf of Oman in May and June 2019. These actions have not occurred in warfare, yet they recall the attacks on neutral shipping during the 1980s. Due to the relatively small scale of disruption, it could be argued that peacetime commerce ‘warfare’ poses little threat to the global economy or Australian interests. Lloyd’s has increased insurance premiums on shipping in the Gulf but not enough to substantially affect oil prices (Osler, 2019). Biting American sanctions on Iran are enforced primarily through economic means rather than military blockade. However, these incidents indicate increased risk to commercial shipping in peacetime and may escalate into warfare in which commerce raiding is almost certain to feature.

The future of commerce warfare

Will commerce warfare make a significant return in future? Naysayers argue that the world has changed in several critical ways since WWII, making a return to that form of commerce warfare highly unlikely. They point to globalisation, the volume of mercantile traffic, the relatively small size of modern navies, the complexity of modern commercial shipping business and the increase in alternative trade infrastructure that is relatively immune to maritime trade warfare. Conversely, proponents point out that naval theorists were sceptical of commerce raiding before WWI and that there exist new trends supporting its return in the future.

The world is deeply globalised, making it impossible to blockade a major power without enormous destruction to the broader global economy. Potential adversaries, the US and

China, are closely tied economically—the ongoing trade war reducing but not removing this co-dependence. Countries that are not deeply integrated into the global economy—for example, North Korea—are also unable to conduct large-scale commerce raiding. The size of the global merchant marine has increased from about 57 million deadweight tonnes in 1939, with twelve thousand vessels involved in deep-sea trade, to almost 1.75 billion deadweight tonnes and 90,000 commercial vessels (McMahon, 2017). Meanwhile, navies are vastly smaller than they were in WWII. In the Battle of the Atlantic, Germany lost 783 submarines and some 30,000 submariners. Today, the world’s three largest navies operate only around 60 submarines each—and new submarines take years and billions of dollars to build, making a return to submarine fleets of hundreds unthinkable. Of course, submarines are not the only platform suitable for commerce raiding, as Germany’s use of auxiliary cruisers in WWII demonstrates. Coast guards and maritime militias could be used for the task. Sea mines, coastal batteries, drones and aircraft may all play a role. Nonetheless, maritime trade warfare requires significant resources that are likely to have other tasks during wartime—noting that naval blockades must be sustained to have a strategic impact.

Even with a sufficient force of raiders, determining which merchantmen to target would be difficult. More than half of the world’s merchant traffic is registered under flags of convenience, meaning that ownership is often difficult to determine (McMahon, 2017). Commercial ships carry cargoes destined for multiple countries and ownership of bulk cargoes can change multiple times while a ship is in transit. The development of trade infrastructure means that vulnerable shipping routes could be bypassed during wartime. China’s investment in the Belt and Road Initiative, such as the China-Pakistan corridor, is partly to give alternative transport routes that avoid strategic chokepoints in South East Asia.

However, trends are indicating a possible return of commerce raiding. Viewed on a spectrum of political-economic competition, commerce raiding may be a natural progression from trade warfare and sanctions regimes between rivals. Trade war between the US and China disrupts the process of globalisation, one of the fundamental restraining factors assumed by commerce-raiding sceptics. Meanwhile, the enforcement of sanctions through military means, such as the seizure of *Grace 1*, *Stena Impero* and *Wise Honest*, challenges a sovereign nation’s right to use its SLOCs, vital to its national security, and may encourage military escalation.

According to US Naval War College professor and naval theorist Dr Milan Vego, “a blockaded country often resorts to commercial counterblockade” (Vego, 2018). Iran has threatened to close the Straits of Hormuz numerous times on the basis that if they are unable to trade due to sanctions, others will also have their trade disrupted. Mounting sanctions against Iran following the collapse of the JCPOA and the tit-for-tat disruptions to shipping since May 2019 are unlikely to result in Iran attempting to close the Straits of Hormuz outright, but do present a plausible chain of escalation to widening commerce raiding.

Closer to Australia, another factor supporting the return of maritime trade warfare is the increase in strategic competition in the Indo-Pacific, where many of the world’s strategic chokepoints exist. The Indo-Pacific is experiencing a naval build-up, with half the world’s submarines expected to operate in the region by 2035 (DoD, 2016). Meanwhile, disputes over claims in the South China Sea have already resulted in attempts to deny other claimants use of their exclusive economic zones: for example, stand-offs over hydrocarbon projects and fishery rights.

RAN responses

There are only four ships engaged in international trade registered in Australia as of 2015, meaning that commerce raiding is unlikely to affect our shipping (BITRE, 2018). Precisely for this reason, however, Australia must support maritime security for all neutral shipping. The free flow of commerce is vital to our national prosperity and security and is best served by a rules-based global order. This has three main implications for Australia and the RAN.

First, the RAN must prepare for the return of commerce raiding in the future, even if it is unlikely. Future commerce raiding will involve asymmetric threats: mines, submarines and drones. The RAN has only four Huon-class minehunters remaining and these will not be replaced by a dedicated mine-hunting platform; instead, the future Arufura-class offshore patrol vessel (OPV) will have mine-hunting as a secondary role. It is vital that mine warfare not be neglected, which is a real risk if the OPVs are used in a constabulary role as the Armidale-class patrol boats they also replace are. The RAN must also develop capabilities to respond to emerging threats such as drones, including surface, sub-surface and air, which could be used in future commerce raiding. In addition to surface platforms, which can escort shipping and prosecute raiders, submarines will be a critical deterrent. Given the naval build-up in our region, the Australian government must proceed with building all twelve new Attack-class submarines over the next 30 years.

Second, the RAN must develop formal doctrine for maritime trade warfare. As demonstrated, the RAN is already involved at the level of military operations other than war and has conducted maritime security activities, such as counter-piracy and maritime counter-terrorism, for decades. However, the RAN lacks doctrine that addresses how it will respond to higher-intensity commerce raiding. We cannot adopt allied doctrine, either—the US currently has none for offensive or defensive maritime trade warfare (McMahon, 2017). Contributing to Operation Sentinel is therefore an opportunity for the RAN to develop formal doctrine in concert with our main security partners, the US and UK. Australia should also consider its position on offensive maritime trade warfare. Some US strategists have recommended blockade against China as a strategy to strangle its economy to force it to the bargaining table—essentially a militarised version of President Trump’s current trade war strategy (Collins & Murray, 2008). However, China is Australia’s largest trade partner and our economies depend on the same chokepoints. It is unwise to follow a policy of ‘our ally, right or wrong’: as the world’s largest producer of oil, the US is less exposed to disruptions to trade than Australia (Dunn & Hess, 2018).

Third, the RAN must continue contributing to maritime security globally. The RAN should deploy a vessel in support of the US-led Operation Sentinel, the naval escorting of shipping in the Persian Gulf. This will signal Australia’s commitment to the free flow of commerce and deter Iranian policies that threaten neutral shipping. Likewise, the RAN should not withdraw from Operation Manitou as long as there is a threat to shipping in that operating area, even as the ADF pivots strategically to our nearer region. It is impossible to adequately defend our economic interests without supporting security in the Middle East, noting how much of our trade passes through the Straits of Hormuz, Bab-el-Mandeb and Suez Canal.

Conclusion

Maritime trade warfare has been a feature of many conflicts for hundreds of years due to the importance of SLOCs to a nation’s security and prosperity, yet there is surprisingly little consideration of its future. Instead, it is assumed, as it was before WWI, that commerce raiding is unlikely to occur again. This essay has demonstrated that maritime trade warfare occurs in peacetime, limited war and total war. Several factors, including increasing political-economic competition between the US and China and ongoing disputes with Iran, increase

the likelihood of the return of commerce raiding. Its character will be shaped by both existing and emerging technologies, including sea mines, drones and auxiliary vessels. The RAN must therefore develop appropriate force structure, capabilities and doctrine to continue contributing to global maritime security and prepare for the possibility of commerce raiding affecting Australia.

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