

III. The maritime dimension of arms transfers to South East Asia, 2007–11

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The volume of arms transfers to South East Asia in the period 2007–11 was almost 200 per cent higher than in 2002–2006, a significantly bigger rise than the global average increase of 24 per cent. The volume of imports in the region during 2007–11 was the highest for any five-year period since the end of the Second Indochina War (Viet Nam War) in 1975. The increase in the volume of imports was particularly significant for Indonesia, Malaysia, Singapore and Viet Nam (see table 6.6), all of which acquired or ordered quantitatively or qualitatively significant naval platforms and advanced combat aircraft in 2007–11. This section focuses on imports and orders placed with foreign suppliers by these four countries and two other states on the South China Sea—Brunei Darussalam and the Philippines—related to maritime security, first by examining the background to and motives for the acquisitions and then by detailing acquisitions in 2007–11.¹

Naval weapons accounted for the bulk of the arms acquisitions by these six states: ships and other weapons with a maritime role accounted for 52 per cent of the total volume of their deliveries in the period 2007–11. Deliveries of aircraft, associated missiles and radars intended for maritime as well as overland roles accounted for a further 37 per cent. Often these newly acquired weapons are advanced systems with substantially longer combat ranges than those that had been in service until recently. Equipment with maritime roles also dominates outstanding orders and announced plans for arms acquisitions. Indonesia, the Philippines and Viet Nam have substantial inventories of obsolete and sometimes worn-out weapons and have announced plans for replacements.² The types of weapon acquired in 2007–11 therefore suggest that maritime security concerns are the most important determinant of the types and volumes of weapons sought by states around the South China Sea.

Maritime security in South East Asia

The motives for arms acquisitions of most countries in South East Asia are often not well explained, even where official documents on defence policy

¹ This section does not discuss imports by Cambodia, Laos, Myanmar, Thailand and Timor-Leste.

² E.g. 9 of the 12 frigates and offshore patrol vessels in the Philippine Navy are over 75 years old and in 2008 over 50% of the Indonesian Navy was in need of urgent repairs to remain operational. Saunders, S. (ed.), *Jane's Fighting Ships 2011–2012* (Jane's Information Group: London, 2011), pp. 612–14; and Supriyanto, R. A., 'Naval modernisation: a sea change for Indonesia', *The Nation* (Bangkok), 30 Jan. 2012.

Table 6.6. Suppliers of major conventional weapons to Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Viet Nam, 2007–11

Recipient	Share of global arms transfers (%)	Change (%) in volume of deliveries, 2002–2006 to 2007–11	Main suppliers, 2007–11 (share of recipient's transfers, %)		
			1st	2nd	3rd
Brunei Darussalam	0.2	10 333	Germany (82%)	France (6%)	Denmark (4%), Netherlands (4%)
Indonesia	1.3	144	Netherlands (35%)	Russia (26%)	South Korea (22%)
Malaysia	2.4	281	Russia (42%)	Germany (21%)	France (12%)
Philippines	0.1	20	USA (90%)	Italy (4%)	UK (3%)
Singapore	4.0	293	USA (62%)	France (39%)	Germany (8%)
Viet Nam	1.1	80	Russia (97%)	Ukraine (1%)	Romania (<0.5%)

Source: SIPRI Arms Transfers Database, <<http://www.sipri.org/databases/armstransfers>>.

or military budgets are published. This is to be expected when drivers include the political influence of the military (in Indonesia and probably also in Viet Nam), national pride and rivalry with other South East Asian countries.³ However, defence and security policy documents and statements by officials tend not to identify any particular country as a major threat or driver for arms acquisitions. Recent defence white papers produced by Brunei, Indonesia and Viet Nam stress maritime security concerns relating to piracy, illegal fishing and terrorism.⁴ Indonesia's and Malaysia's acquisitions of patrol crafts for maritime policing purposes can also be linked to such concerns. However, defence white papers and policy statements also highlight competing sovereignty claims over islands and islets and maritime rights in the South China Sea, which also involve China and Taiwan (see figure 6.2). The salience of these disputes is increased by the presence of oil and natural gas in the disputed areas and the expectations of further large finds.⁵ There have already been numerous low-level maritime confrontations between navies, coastguards and civilian vessels in

³ McBeth, J., 'Arms-wrestling in Indonesia', Asia Times Online, 28 Jan. 2012, <http://www.atimes.com/atimes/Southeast_Asia/NA28Ae01.html>; and Anderson, G., 'Growing and evolving', *Jane's Defence Weekly*, 18 Jan. 2012, pp. 28–32.

⁴ See e.g. Brunei Ministry of Defence (MOD), *Defence White Paper 2011* (MOD: Bolkiah Garrison, 2011); Indonesian Ministry of Defence, *Buku Putih Pertahanan Indonesia 2008* [Indonesia defence white paper 2008] (MOD: Jakarta, 2008); and Vietnamese Ministry of National Defence (MND), *Vietnam National Defence* (MND: Hanoi, Dec. 2009).

⁵ Estimates of oil reserves in the South China Sea range from 28 billion barrels to 213 billion barrels. US Energy Information Administration, 'South China Sea', Analysis brief, Mar. 2008, <<http://www.eia.gov/countries/regions-topics.cfm?fips=SCS>>. One small section of sea claimed by both Brunei and Malaysia is estimated to contain 1–4 billion barrels of oil, worth possibly more than \$100 billion. 'Tempest in the South China Sea', Asia Sentinel, 14 June 2010, <http://www.asia-sentinel.com/index.php?option=com_content&task=view&id=2530>.



Figure 6.2. Map of South East Asia

disputed waters in the region, including incidents between China and Indonesia, the Philippines and Viet Nam in 2010 and 2011.⁶

While all the governments involved in such confrontations stress the need for peaceful solutions, much of their military modernizations would allow them to negotiate maritime claims from a position of some strength. These acquisitions are linked to military modernizations across Asia, led by China. Simultaneously, the interest and presence of Australia, Japan, India, South Korea and the United States in South East Asia is increasing. These factors are raising concerns about the increased potential for incidents at sea, both unintended and otherwise, between increasingly better-armed stakeholders. Although there are platforms for regional dialogue, including those provided by the Association of Southeast Asian Nations (ASEAN), there are few effective agreements on preventing small incidents that could escalate into unplanned armed confrontations.⁷

In themselves, the arms acquisitions and the resulting increases in military capabilities in South East Asia are not dramatic. Many countries in the region are large and so, it can be argued, need substantial military forces to patrol and defend their territories. Yet the armed forces of South East Asian

⁶ Jamaluddin, J. M., 'US reinforce Asia-Pacific presence', *Asian Defence Journal*, Dec. 2011, p. 5; Associated Press, 'US assures Manila of 2nd warship amid Spratly row', *Philippine Daily Inquirer*, 17 Nov. 2011; and Supriyanto (note 2).

⁷ E.g. China and the ASEAN member states agreed the non-binding Declaration on the Conduct of Parties in the South China Sea, signed 4 Nov. 2002, <<http://www.asean.org/13163.htm>>. See also Jamaluddin (note 6). For brief descriptions and lists of members of ASEAN, the ASEAN Regional Forum, ASEAN Plus Three and the East Asia Summit see annex B in this volume.

states are relatively small. For example, Indonesia has 31 combat ships with a displacement of over 500 tonnes (with a total displacement of 38 000 tonnes) and 50 combat aircraft to patrol and protect its approximately 18 000 islands spread over an area as large as Europe.⁸ By way of comparison, the Netherlands, a small European country, has 10 combat ships (with a total displacement of 30 000 tonnes) and 72 combat aircraft, all of which are much more advanced than most of Indonesia's ships and aircraft.⁹

Arms transfers related to maritime security

The USA is the largest supplier of arms to South East Asia. It has increased its contacts with states in the region and has shown a greater willingness to sell or even give weapons to allies there. This has been interpreted as being related to its focus on the Asia–Pacific region and the growing military power of China.¹⁰ Other supplier states appear to have more limited strategic goals in providing arms to the region; instead they see developments in South East Asia as presenting sales opportunities. Suppliers are increasingly willing to meet the demands of South East Asian states for extensive technology transfers in arms deals or partnerships to develop new weapon systems.¹¹

Singapore was the region's largest importer of major weapons in 2007–11 (see table 6.6)—indeed, it was the fifth largest importer worldwide—and it has the best-equipped and most capable forces in the region. During 2007–11 it imported 6 La Fayette frigates from France; 4 G-550 airborne early-warning aircraft from Israel; 6 SH-60B anti-submarine warfare (ASW) helicopters and 19 of an order of 24 F-15E combat aircraft and associated advanced air-to-air and air-to-surface missiles from the USA; and the first of 2 Västergötland submarines from Sweden. In 2011 Singapore announced plans to acquire 40 new combat aircraft, potentially the F-35A supplied by the USA, 4 submarines and surveillance aircraft.

⁸ Saunders (note 2), pp. 353–69; and International Institute for Strategic Studies (IISS), *The Military Balance 2011* (Routledge: London, 2011), pp. 244.

⁹ ed. Saunders (note 2), pp. 549–61; and International Institute for Strategic Studies (note 8), p. 131.

¹⁰ The USA announced a 'rebalance' of US military forces toward the Asia–Pacific region in Jan. 2012. US Department of Defense (DOD), *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense* (DOD: Washington, DC, Jan. 2012), p. 2; and Billo, A., 'The risks of America's Asia strategy', CNN, 6 Jan. 2012 <<http://edition.cnn.com/2012/01/06/opinion/billo-asia-us/index.html>>.

¹¹ Grevatt, J., 'France, Germany, UK seek more defence ties with Southeast Asia', *Jane's Defence Weekly*, 30 Nov. 2011, p. 19; 'Indonesia boosting international defense cooperation', Antara News, 21 Sep. 2011 <<http://www.antaranews.com/en/news/75872/indonesia-boosting-international-defense-cooperation>>; 'Vietnam, Singapore hold 4th defense dialogue', Talk Vietnam, <<http://talkvietnam.com/2012/01/vietnam-singapore-hold-4th-defense-dialogue/>>; Anderson, G., 'Growing and evolving', *Jane's Defence Weekly*, 18 Jan. 2012, pp. 28–32; and Grevatt, J., 'Malaysia plans export promotion agency in UKTI mould', *Jane's Defence Weekly*, 19 Oct. 2011, p. 20.

During 2007–11 Malaysia received 18 Su-30 combat aircraft with advanced air-to-air and air-to-surface missiles from Russia, 6 MEKO A-100 frigates from Germany, and 2 Scorpene submarines jointly supplied by France and Spain. In 2010 Malaysia placed an order for two offshore patrol vessels (OPVs) with South Korea. The country's planned acquisitions are also related to maritime roles. In 2011 it confirmed a planned acquisition of six frigates; by the end of 2011 the French Gowind seemed to have been selected.¹² It also confirmed a plan to acquire 12–18 combat aircraft with a dual land and sea attack capability.¹³ Malaysia also has plans to acquire up to 30 naval helicopters, additional submarines and six frigates.¹⁴ However, Malaysia's plans may not all be realized. For example, in 2012 the Malaysian armed forces were expected to receive only 30 per cent of the requested procurement budget.¹⁵

Indonesia received four SIGMA-90 frigates from the Netherlands, four LPD-122m amphibious assault ships from South Korea and six Su-27 and Su-30MK combat aircraft from Russia during 2007–11. It also received Yakhont anti-ship missiles from Russia for modernization of six frigates, and C-705 and C-802 anti-ship missiles from China for locally produced fast attack craft (FAC). A SIGMA-105 frigate is on order from the Netherlands for production in Indonesia, probably to be followed by up to 16 more.¹⁶ In 2011 an order was signed for three Type-209 submarines from South Korea and for six Su-30MK2 combat aircraft—a version optimized for a maritime strike role—from Russia. In recent years Indonesia has announced substantial plans for the procurement of new weapons but many of these have been delayed due to funding issues.¹⁷ Others are simply unrealistic, such as plans to acquire over 100 combat ships and over 150 patrol and support ships to be in service by 2024 or 180 Su-27 and Su-30 combat aircraft.¹⁸ However, military spending on procurement is to be increased significantly from 2010.¹⁹ After Indonesia ordered 16 T-50 trainer/combat aircraft from South Korea, the two countries signed an agreement in 2011 to cooperate in the development of the KFX combat air-

¹² Mahadzir, D., 'Acquisition strategy', *Jane's Defence Weekly*, 23 Nov. 2011, pp. 30–32; and 'Des Gowind bientôt commandées par la Malaisie? [Gowinds soon ordered by Malaysia?]', *Mer & Marine*, 9 Dec. 2011.

¹³ Mahadzir (note 12); and Waldron, G., 'LIMA: Eurofighter, Rafale raise stakes in Malaysian fighter contest', *Flight International*, 6 Dec. 2011.

¹⁴ 'Interview: Admiral Tan Sri Abdul Aziz Jaafar, Chief of Navy, RMN', *Asian Defence Journal*, Dec. 2011, pp. 12–16.

¹⁵ Mahadzir (note 12), p. 30.

¹⁶ Supriyanto (note 2).

¹⁷ 'TNI to modernize its main armament system', Antara News, 20 Sep. 2011, <<http://portal.antara.co.id/en/news/75825/tni-to-modernize-its-main-armament-system>>; and Anderson, G. and Grevatt, J., 'Island vision', *Jane's Defence Weekly*, 28 Sep. 2011, p. 30.

¹⁸ Anderson, G., 'Growing and evolving', *Jane's Defence Weekly*, 18 Jan. 2012, pp. 28–32; and Supriyanto (note 2).

¹⁹ Anderson and Grevatt (note 17), pp. 28–32; and Anderson (note 18).

craft, of which Indonesia would buy 50.²⁰ The two countries signed a similar agreement for the joint development of a large FAC.²¹ In a sign of improved relations, in 2011 the USA offered Indonesia 24 second-hand F-16C combat aircraft.

Almost all the major weapons that Viet Nam imported in 2007–11 came from Russia (see table 6.6), including two Gepard frigates, two Project-12418 FACs, eight Su-30MK2 combat aircraft and two Bastion coast defence systems. Up to eight more Project-12418 FACs are being produced under licence, and six Project-636 submarines, 12 Su-30MK2 and two additional Gepard frigates (with increased ASW capabilities) are on order from Russia. Negotiations with Russia for additional Bastion systems and Kh-35 anti-ship missiles were under way in late 2011.²² However, Viet Nam also hopes to diversify its sources of supply. At the end of 2011 it was reportedly negotiating the acquisition of up to four SIGMA frigates from the Netherlands and to be interested in buying P-3 ASW aircraft from the USA.²³

Brunei Darussalam and the Philippines are also acquiring naval vessels, albeit at a much lower level than neighbouring states. Brunei received three OPV-80 corvettes from Germany during 2007–11, while the Philippines received a second-hand Hamilton OPV from the USA and has been promised a second second-hand Hamilton OPV. During 2011 the Philippines announced urgent plans to acquire a third Hamilton OPV, other patrol ships, maritime patrol aircraft and up to 12 second-hand US F-16 combat aircraft.²⁴

²⁰ 'RI sending KFX jet-fighter production team to South Korea', Antara News, 11 July 2011, <<http://www.antaranews.com/en/news/73621/ri-sending-kfx-jet-fighter-production-team-to-south-korea>>.

²¹ 'RI, Korea hammer out deal to develop tanks', *Jakarta Post*, 10 Sep. 2011.

²² 'Việt Nam mua thêm Bastion-P và phát triển tên lửa hành trình' [Viet Nam to buy more Bastion-P and cruise missile development], Vietnam Defence, 16 Feb. 2012, <<http://quocphong.vn/Home/tintuc/vietnam/Viet-Nam-mua-them-BastionP-va-phat-trien-ten-lua-hanh-trinh/20122/51363.vnd>>.

²³ Steketee, M., 'Vietnam bestelt vier korvetten bij Damen' [Viet Nam orders four corvettes from Damen], *NRC* (Rotterdam), 3 Oct. 2011, pp. 26–27; and Francis, L., 'SE Asian nations seek improved ASW, AEW', *Aviation Week*, 17 Feb. 2012.

²⁴ Romero, A., 'Submarine for Navy? Noy bares AFP shop list', *Philippine Star*, 24 Aug. 2011; Romero, A., 'DND eyes 3 more Hamilton-class ships', *Philippine Star*, 14 Dec. 2011; 'Philippines eyes US materiel', *Jane's Defence Weekly*, 18 Jan. 2012, p. 18; Pazzibugan, D. Z., 'P70B in contracts up for grabs in AFP', *Philippine Daily Inquirer*, 28 Jan. 2012; and Evangelista, K., 'Philippines eye submarines to boost navy', *Philippine Daily Inquirer*, 17 May 2011.