

***DEFENCE AND MILITARY
MODERNISATION IN SOUTH EAST ASIA:
IMPLICATIONS FOR REGIONAL SECURITY***

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MASTER OF PHILOSOPHY

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CERTIFICATE

Certified that the dissertation titled, ***“Defence and Military Modernisation in South East Asia: Implications for Regional Security”*** Submitted by **Namgya C. Khampa** in partial fulfilment for the award of the degree of **Master of Philosophy** is her original work. This dissertation has not been submitted for any other degree to this University or to any other University to the best of our Knowledge.

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ABBREVIATIONS:

ABRI	: Indonesian Armed Forces.
AEW	: Airborne Early Warning.
AOs	: Areas of Operation.
APEC	: Asia-Pacific Economic Cooperation.
ARF	: ASEAN Regional Forum.
ASEAN	: Association of South East Asian Nations.
ASW	: Anti-Submarine Warfare.
CSBMS	: Confidence and Security Building Measures.
CSCAP	: Council of Security Cooperation in Asia Pacific.
EEZ	: Exclusive Economic Zone.
EOB	: Electronic Order of Battle.
EW	: Electronic Warfare.
GDP	: Gross Domestic Product.
GNP	: Gross National Product.
IFV	: Infantry Fighting Vehicle.
LRMP	: Long -Range Maritime Patrol.
MAF	: The Malaysian Armed Forces.
MBT	: Main Battle Tank.
OSCE/CSCE	: Organisation on Security and Cooperation in Europe/ Conference on Security and Cooperation in Europe.
SAF	: Singapore Armed Forces.
SEANWFZ	: South East Asia Nuclear Weapons Free Zone.
SEWS	: Shipboard Electronic Warfare System.
SIGINT	: Signals Intelligence.
SIPRI	: Stockholm International Peace Research Institute
SLOC	: Sea Lines of Communication.
UNCLOS	: United Nations' Convention of the Law of the Sea (1982).
USACDA	: United States Arms Control and Disarmament Agency.
ZOPFAN	: Zone of Peace, Freedom and Neutrality.

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Chapter I

INTRODUCTION

By the mid-1990s, the South East Asian region had experienced a sustained build-up of modern conventional weapons systems for the better part of a decade. The fact that this build-up continued regardless of the end of Cold War - indeed, in many countries in the region, it quickened during the late 1980s - has been a cause of both concern and wonderment, and has led many to forward the "arms-race thesis" for the neighbourhood. This thesis contends that rapid economic growth¹, the virtual absence of effective institutional controls on weapons proliferation, and lingering sovereignty disputes have combined to generate explosive results.²

The seeming escalation of military spending among the ASEAN States has been thrown into sharper relief by the reduction in arms expenditure in many other parts of the world, notably in Europe, since the end of the Cold War. Further, this military enhancement is not only a quantitative increase of weapons acquired, but one which is also qualitative in character. This is especially conspicuous in the area of maritime and air force capabilities as technologically path-breaking

¹ The financial crisis that gripped the region in 1997 has definitely had a negative impact on arms procurement programmes but the exact nature and extent of this impact is difficult to gauge at this point.

² Michael T. Klare, "The Next Great Arms Race?" *Foreign Affairs*, Vol.72, No.3 Summer 1993, PP 136-55; James Clad and Patrick Marshall, *Southeast Asia's Quiet Arms Race*, *Chicago Tribune*, 23rd May 1992.

equipment like submarines and aerial refueling aircraft are being bought into South East Asia for the first time.

It was Singapore's Foreign Minister Wong Kan Seng who at the Association of South East Asian Nations' (ASEAN) 25th annual ministerial meeting in July 1992 claimed that "there has never been a more favourable security situation across the Asia - Pacific region since the end of World War Two."³ The fear of the spillover effect of superpower conflict, which motivated such regional initiatives as the Zone of Peace, Freedom and Neutrality (ZOPFAN) or the South East Asian Nuclear Weapons Free Zone (SEANWFZ) has been put to rest and replaced by a sense of relief.

However, South East Asia has failed to enjoy a 'peace dividend' from the end of the Cold War. The expectation that the end of the Cold War, the collapse of the Soviet Union, the victory over most insurgencies, and reconciliation with the Indo-Chinese bloc prominently Vietnam, would lead to a reduction in the militarisation in the region has been totally belied. Instead the reverse has occurred as the region has become one of the fastest growing arms market in the world. Scholars and commentators have frequently pointed out the curious paradox of South East Asia vigorously arming itself when it has seldom been more at peace.

³ Straits Times, 30 July 1992.

The growth of military power in South East Asia can be estimated by various indicators like the quantum of military expenditure, strength of armed forces and paramilitary forces, arms acquisition and the development of weapons of mass destruction, if any. However a mere quantitative superiority in arms or armed manpower does not a superior military make. In South East Asia, the strength of armed forces and reserves remained steady over the years though a trend of growth in paramilitary forces is noticed. In Myanmar, armed forces have been increasing considerably since the last decade and stood at 286.000 in 1994 as compared to 186.000 in 1985.⁴

The emphasis now is on the qualitative edge in technology and the quality of the trained manpower. In respect of the strength of the armed forces, it is again the training, morale, and readiness which helps a country's armed forces to have an edge over a rival. The professional quality of the military forces in South East Asia have been growing during the past fifteen years or so.

While the thrust of my effort is to analyse and explain weapons procurement and military modernisation drives of South East Asian States in a post-Cold War context, it in no way is meant to suggest that the phenomena is unique to this period. In fact, the trends and patterns that are noticeable today had their seeds sown in the early

⁴ World Military Expenditures and Arms Transfers 1993-1994 (ACDA, Washington D.C., and US Government Printing Office, 1995).

eighties. Scholars generally identify three transformations in South East Asian military procurement while suggesting that a fourth may be underway and is being promoted:

- (1) From independence all countries in the region relied on weapons provided by outside powers through their foreign military assistance programs. The large aid programs were fuelled by Cold War antagonisms that placed a premium on cultivating regional friends and allies. Countries such as Malaysia, the Philippines and Singapore received the major part of their military inventories from their former colonial rulers. Indonesia broke with the West in the late 1950s by accepting large-scale military assistance from the Soviet Union. The largest packages went to North and South Vietnam, especially after 1967 when the Soviet Union began building the North's conventional forces and the United States began its unsuccessful effort to build the South into a self-sufficient fighting force.
- (2) In the early 1970s aid from outside powers began to decline and South East Asian nations increasingly had to purchase their armaments at market prices. Most of the major weapons systems acquired at this time were second-hand items being removed from frontline service by their original owners, such as Britain, France, Israel or the United States. The low cost of second-hand equipment permitted rapid expansion of regional

armed forces. Indonesia, Malaysia, Singapore and Thailand were able to establish multi-squadron air forces, division sized armoured units and navies based on capital ships. Burma and the Philippines used purchases of second-hand equipment to acquire technologically more advanced weapons than would otherwise be affordable, maintaining the size of their units as they modernized. Much of the second-hand equipment was only of 1950s vintage, however, even if this was an improvement over the weaponry it replaced.

- (3) Since the mid-1980s South East Asian governments have purchased new, advanced armaments directly from the manufacturers. They consistently purchased major weaponry at or near state of the art, such as F-16s or Tornado fighters and Rapier air defense systems. As they turned to new and costly items, procurement quantities were forced down sharply. The new weapons typically were operated by elite units while the rest of the armed forces had to make do.
- (4) The fourth transformation, from reliance on foreign-made major weaponry to locally manufactured systems will be the most difficult and costly. While there is no concrete evidence to suggest any major moves in this direction, some analysts point to the rise of indigenous defence industries as the military counterpart to the civilian economic boom and therefore anticipate self-reliance in this realm as a logical progression.

The first step in arriving at a clearer understanding of the military modernization initiatives in this region is to examine the changing contours and features of the regional strategic environment and accordingly locate the phenomenon in this much wider context. The end of the Cold War and its impact on the regional security framework and therefore on the South East Asian defence programmes is of special significance.

There can be little doubt that the increases in military expenditure among the ASEAN States after 1975 were to a greater or lesser degree a direct response to the communist victory in Indo-China. With the fall of Saigon in April 1975 Vietnam emerged as the most powerful military power in the region. In the 1975/76 period, Vietnam's armed forces numbered 700,000 personnel, while the combined strength of the five ASEAN countries only reached 631,000 personnel.⁵

The emergence of Vietnam as a militarily powerful and ideologically hostile regional power caused apprehension among the non-communist ASEAN countries. As the country most vulnerable to Vietnam's hostility, Thailand was clearly the most worried about a possible Vietnamese attack and thus prepared its defence to deter such an eventuality. Singapore, which viewed Vietnam as an

⁵ **The Military Balance 1975-1976** (London: International Institute for Strategic Studies, 1977).

immediate threat to the region, also geared its defences, and Malaysia followed suit.

The ASEAN States concern about the threat from Vietnam increased with the Vietnamese invasion of Cambodia in December 1978, removing the traditional buffer between Vietnam and Thailand. Of equal concern was the increasingly close ties between Hanoi and Moscow since the signing of the Friendship Treaty between the two countries in the same year. These two factors added a new urgency to the military acquisitions among the ASEAN States particularly Thailand. The military budget of all the ASEAN States went up during this period though economic recessions set a limitation to the purchases. The total budget of these states in 1982 had increased more than 200 percent since 1975 and more than 73 percent since 1978.⁶

The withdrawal of Vietnamese forces from Cambodia by early 1990, and the signing of the Cambodian Peace Settlement in Paris in October 1991 dramatically reduced regional tension and erased the single most intractable security issue that had haunted ASEAN for much of the Cold War.⁷ The confrontation between ASEAN and Vietnam came to an end and relations have substantially improved leading to its eventual inclusion into ASEAN in 1995.

⁶ Ninok Leksono Dermawan "Arms Acquisition of Indonesia and other ASEAN States 1975-1990" (Ph.D Diss., University of Indonesia, Jakarta, 1992).

⁷ For a detailed assessment of the Cambodian peace process during this period, see Amitav Acharya, Piere Lizee and Soropong Peou, *Cambodia: The 1989 Paris Peace Conference* (New York: Kraus International, 1991).

The disintegration of the Soviet Union and the end of the Cold War, however, has brought new security problems to the countries in South East Asia. From a comfortable bipolar balance of power situation, where the 'old' world order had been frozen into place for forty years, South East Asia could be heading for 'interesting times' as the region is in a state of great flux and fluidity.

What is striking and unmistakable is that all regional actors view the end of superpower confrontation as a mixed blessing, for though it has reduced global tensions and enabled settlement of long-standing regional conflicts like the one in Cambodia, it also has brought about a more complex, uncertain and ambiguous strategic environment bereft of the simplicity of a bipolar calculus. Uncertainty and ambivalence is a salient issue in the regional security discourse. Policy makers and the political elite in the region are alive to the dangers and risks involved in negotiating the transition from bipolarity to some as yet undefined form of multi-polarity that could unravel years of ASEAN efforts to prevent a major flare-up in the region. Certainly no ASEAN leader is sanguine about changing regional balance of power. More detailed attention will be devoted to this aspect as a factor behind the intensified procurement process in chapter three.

The end of the Cold War coincided with another important shift in the ASEAN states security predicament. In the past their preoccupation was with internal security issues, such as communist

insurgency, ethnic separatism, political dissidence and civil - military conflicts. Arguably the threat from within was more pressing than the threat from without. Many of the so-called external threats, such as superpower rivalry, the communist victories in Indo-China, and the Vietnamese invasion of Cambodia, were perceived mainly, if not entirely, in terms of their potential to aggravate existing domestic strife. But in the post-Cold War context, inter-state and external security issues have become more important on their own. Moreover, the question of internal security in many ASEAN States is being increasingly defined in terms of its external and international implications.⁸

This shift has ramifications for ASEAN's future regional security role. During the Cold War, the notion of a common internal enemy - communist insurgency in particular - helped not only to dampen inter - state rivalry within ASEAN, but also led member - governments to develop cooperative security relationships short of a formal alliance. With regime solidarity no longer influenced by a common danger, ASEAN now faces other problems - ethnic separatism and territorial disputes - which have a divisive impact on relationships both within the grouping and within the region as a whole. Dealing with these issues requires a new security approach, which goes beyond what was possible when insurgency and subversion were deemed to be the

⁸ Nevertheless in some countries like Indonesia and Philippines internal security concerns still remain considerable and little progress has been made in their resolution e.g. Aceh and Irian Jaya in Indonesia and insurgency in South Philippines.

principal threats. The extent and impact of security cooperation to address these problems would be a key determinant of regional order in post - Cold War South East Asia.

What is more, as already mentioned, the early optimism for post-Cold War regional stability generated by the end of the US - Soviet rivalry has been substantially eroded. While the possibility of a major armed international conflict in South East Asia may seem remote at the moment, strategic uncertainties and potential flash points abound.

It is against this backdrop that this research seeks to study the growth of military power in South East Asia. It describes the overall scale and principal characteristics of the regional military acquisitions; it offers a range of explanations for the acquisitions; it assesses the implications of the acquisitions for regional security; and it discusses the prospects for constraints, controls and confidence - building measures in the region. The endeavour is to embed this phenomenon in a much wider context of the attempt by regional actors to build a new security architecture that will meet the challenges and threats thrown up by the end of the Cold War.

Chapter II

THEMES IN REGIONAL ACQUISITION PROGRAMMES

There are significant common themes apparent in the acquisition programs currently in progress in the region. South East Asia is of course, an extremely diverse region with significant disparities in national economic resources and military capabilities, and substantial differences in security concerns and threat perceptions, in light of which the degree of consistency in the acquisition programmes is all the more remarkable.

The main characteristic of the ASEAN States' defence programmes since the 1970s has been a general movement in the direction of enhanced conventional warfare capabilities. Between 1975 and 1985 the weapons obtained by the ASEAN States had mostly been aimed at fighting internal rebellions and subversion. In other words, the military hardware selected was mostly suitable for counterinsurgency purposes. Since 1985 the ASEAN countries have increasingly turned to more conventional military technologies to increase their defensive capabilities against external threats.

Apart from modernising their equipment inventories, several of the larger armies in the region have also begun to develop since the late 1980s 'rapid deployment forces', which may have potential utility for internal security purposes as well as external defence. But the development and expansion of the region's navies and air

forces, particularly involving the actual or planned acquisition of larger surface warships, more anti-ship missiles, submarines, maritime patrol aircraft and multi-role fighter aircraft useful for both air defence and strike, has been much more striking.

Maritime developments occupy pride of place in the emerging regional strategic architecture.¹ The security environment of South East Asia is essentially maritime. Two of the countries in the region are archipelagic island chains. Many others have long coastlines. Laos is the only landlocked state in South East Asia. South East Asia lies at the junction of the Pacific and Indian Oceans. In terms of shipping movements, its seas and straits - the South China Sea, the Gulf of Thailand, the Java Sea, the Molucca sea, the Strait of Malacca, the Sunda Strait, the Ombai-Wetar Straits and the Makassar Strait - are among the busiest in the world.

Security in this region is very much concerned with maritime issues and capabilities. The waterways through the region are strategically important for both merchant and naval vessels. Coastal and offshore resources provide a principal means of livelihood in many of the countries in the region. For many countries, military threats can come only over (or under) the sea.

¹ See Desmond Ball 'The Post-Cold War Maritime Strategic Environment in East Asia', in Dick Sherwood (ed). *Maritime Power in the China Seas: Capabilities and Rationale* (Canberra: Australian Defence Studies Centre, ADF Academy, 1994). Ch.2.

Maritime issues are at the forefront of current regional security concerns. The 1982 UN Convention of the Law of the Sea (UNCLOS III) has introduced new uncertainties into the region, particularly in connection with the EEZ and archipelagic state regimes. Of the two dozen or so conflict points in the region, more than a third involve disputes over islands, continental shelf claims, EEZ boundaries and other offshore issues. Many emerging regional security concerns, such as piracy, pollution from oil spills, safety of SLOCs, illegal fishing and exploitation of other offshore resources, and other important elements of economic security, are essential maritime. These concerns are reflected in the significant maritime dimension of the current arms acquisition programmes in the region.

Besides the intensified and enhanced emphasis on maritime capabilities, there are certain other commonalities in the acquisition programs that deserve attention.

National Command, Control, And Communications (C3) Systems

The requirements for enhanced self-reliance induced by the end of the Cold War, the expiration of bipolarity, the drawdown of the U.S. presence and the increasing salience of regional contingencies are reflected in the centrality of modern command, control and communications systems in the current regional acquisition programmes. Self-reliance is dictating the construction

of national command centers and joint-force headquarters, and the design and development of nationally based communications systems and facilities.

Singapore has built a new Ministry of Defense head-quarters, complete with a "hardened underground central operations control centre" at Bukit Gombak, some 7.5 km South of Kranji, which will be linked through microwave and fibre-optic channels to an island-wide command, control, communications and intelligence network.²

National Technical Intelligence Systems

Throughout the South East Asian region, there has been a significant expansion in technical intelligence (especially SIGINT) capabilities and operations over the past decade, and this is expected to continue over the foreseeable future.³ The enhancement of SIGINT capabilities is due to the requirements of greater self-reliance, the increasing need for maritime surveillance information, and the need to collect electronic order of battle (EOB) information on the communications and electronic systems of neighbours and potential adversaries for electronic warfare purposes.

Independent intelligence collection capabilities are an essential ingredient of more self-reliant defence postures. Many of the new SIGINT acquisitions are designed to collect maritime

² "Singapore Plans C3I Network" Defense News, March 4, 1991, p. 14.

³ See Desmond Ball, Signals Intelligence in the Post-Cold War Era, especially chapters 4 & 5.

surveillance information. Many countries in the region are also acquiring advanced airborne SIGINT capabilities, again primarily for ocean surveillance purposes.

Multi-Role Fighter Aircraft

Most countries in the region are currently acquiring significant numbers of advanced multi-role fighter aircraft- i.e. fighters with maritime attack capabilities as well as air defense capabilities. According to one estimate the ASEAN countries are likely to acquire some 300 new fighters and strike aircraft through this decade. In most cases, the capability for maritime attack operations has been an important factor in these new fighter programs. Further all the new fighters and strike aircraft are being equipped with Exocet or Penguin anti-ship missiles.

Maritime Reconnaissance Aircraft

In South East Asia, the maritime capability requirements are relatively rudimentary, that is in comparison to their North - Eastern neighbors. Apart from Thailand, which has a particular interest in LRMP aircraft with anti-submarine warfare (ASW) capabilities because of concerns about submarine activities in the eastern Indian ocean, the ASEAN countries are principally interested in surface surveillance capabilities, with coastal surveillance and monitoring of EEZs being at least as important as military surveillance. Singapore, Thailand, Malaysia, Indonesia and

Brunei are all modernising their airborne surface surveillance capabilities. Singapore currently operates four E-2C Hawkeyes, which perform maritime surveillance missions in addition to their primary airborne early warning function. Thailand currently operates several different types of maritime surveillance aircraft, including three Fokker F-27 Maritime Enforcer Mark 1 aircraft, in addition to its LRMP capabilities. Malaysia currently operates three C-130H maritime patrol aircraft, and has acquired four light maritime surveillance aircraft. Indonesia operates two C-130H maritime patrol aircraft, 18 Searchmasters, and three Boeing Surveillers.⁴

Modern Surface Combatants

Some 200 new major surface combatants were programmed for procurement in entire East Asia through the 1990s, with about another 50 under serious consideration. These included the 13,000-ton light aircraft carrier acquired by Thailand.

In addition, it is estimated that more than 200 new minor surface combatants (corvettes, fast attack craft, missile patrol boats, etc) were procured in the entire Asia-Pacific region

⁴ "ASEAN, Special Report: Options for Defence", Jane's Defence Weekly, Feb.22, 1992, p. 294.

Anti-Ship Missiles

Most of the new combatant acquisitions in South East Asia are being equipped with extensive surface-to-surface missile suites. The most capable of these missiles is the Harpoon, which is currently in service with three navies in the region (Indonesia, Singapore and Thailand). Almost all of the other navies in the region have either indigenously produced anti-ship missiles or Exocet missiles. Even Brunei now has three missile patrol craft, each equipped with two Exocet MM-38 missiles.

In addition, most of the new fighter aircraft and long-range maritime patrol aircraft being introduced into the region are also equipped with anti-ship missile capabilities - Harpoon, Exocet or Penguin anti-ship missiles.

Submarines

In South East Asia, only Indonesia currently maintains a submarine capability, with two Type 209 Cakra class -boats commissioned in 1981 and refitted in 1986-87, and three additional Type 209s delivered by Germany in 1996. However others are not far behind and are considering it as an important acquisition.

Electronic Warfare Capabilities

Most countries in South East Asia are rapidly developing their electronic warfare capabilities, including their maritime EW capabilities. This reflects the widespread efforts in the region to

achieve national self-reliance, the general recognition of the value of EW as "force multiplier", the defense modernisation programmes (which necessarily include significant electronic components), and the ability of many countries in the region to produce advanced electronic systems (or the desire to promote the development of indigenous electronic sectors through local design and production).

Indonesia's six Van Speijk frigates are equipped with "state-of-the-art" EW systems; Singapore is acquiring the advanced shipboard Electronic Warfare System (SEWS) for its six Victory-class corvettes; and Malaysia intends to equip the new frigates it is acquiring from Britain with the GEC-Marconi Mentor EW suite, which provides a comprehensive threat warning, surveillance, target indication, and direction-finding (DF) capability.

Rapid Deployment Forces

Most countries in the region have either recently established or are in the process of developing some form of rapid deployment force, typically of brigade or light divisional size, designed to be deployed to possible areas of operation (AOs) at short notice and to fight as more or less self-contained units. For example, in 1984, Indonesia formed a Rapid Reaction Strike Force (Paksukan Pemukul Reaksi Cepat, or PPRC), which consists of an infantry airborne brigade (with one battalion ready to react to any location within the archipelago within twelve hours, a Marine battalion landing team, two fighter ground attack squadrons, twelve C-130

Hercules for airlift, and about a dozen naval support vessels.⁵ In 1989, Malaysia began development of a Rapid Deployment Force which is currently based on a reinforced battalion group but which will soon grow to divisional strength (about 12,000 troops), based at Mersing on the Southeast coast of the peninsula. It is to be equipped with new transport aircraft, medium-lift helicopters, amphibious assault ships, light tanks, amphibious infantry combat vehicles, and light field guns.⁶ Singapore maintains "a reinforced infantry battalion on 24-hour standby to respond to any exigencies",⁷ and has announced plans to develop an air mobile rapid deployment division, which is to be equipped with new utility helicopters and integral mechanized armour and artillery systems.⁸

ASEAN States Defence Programmes

In order to understand more fully the nature of regional defence programmes, and the extent to which they should be a cause for concern, it becomes imperative to discuss each ASEAN member state in turn.

1. Singapore

Singapore is the ASEAN member whose defence programme is most clearly driven by concern about other ASEAN States. Since its

⁵ Bob Lowry, *Indonesian Defence Policy and the Indonesian Armed Forces*, Canberra Papers on Strategy and Defence, No.99 (Canberra: Strategic and Defence Studies Centre, Australian National University, 1993), pp. 83, 93-94.

⁶ Anthony Spellman, "Rapid Deployment Forces on Horizon for Malaysia, Singapore", *Armed Forces Journal International*, April 1991, p. 36

⁷ Singapore Ministry of Defence, *Defence of Singapore, 1992-93*, p. 23.

⁸ Spellman, "Rapid Deployment Forces on Horizon for Malaysia, Singapore".

independence in 1965 its leaders have been acutely aware of just how small Singapore is in comparison with its two neighbours, Malaysia and Indonesia. As Prime Minister Goh Chok Tong commented:

"We have overcome great odds to stand at the threshold of a developed country. But our constraints and vulnerabilities are still there. Recently I met several groups of Singaporeans ... and shared with them my priorities and worries. I started with a geography lesson. I showed them a map of South East Asia which marked out the boundaries of Malaysia, Indonesia and Singapore. Many had forgotten their geography. They never realised that Singapore was that small. They were awed by the size of Indonesia. Do you know that Indonesia from East to West is as far as from Singapore to Tokyo? Do you know that between last year's National Rally and now, one Singapore has been born in Indonesia".⁹

In military terms, Singaporean leaders do not anticipate an attack, but they do plan for the possibility that external events might lead without warning to a threat emerging. Although concern regarding Indonesia remains, the main focus of current defence policy appears to be to deter military attack, as well as other forms of intervention in its affairs, by Malaysia. Tim Huxley, a noted British academic contended that the relationship between Singapore and Malaysia has been marked by mutual distrust, so much so that both sides have been engaged in an arms race, although Singapore has retained overwhelming military superiority despite its much smaller size.¹⁰ This view of an arms race is endorsed but not elaborated on by analyst Gerald Segal who noted

⁹ National Day Speech, August 1995.

¹⁰ See Tim Huxley, "Singapore and Malaysia: A Precarious Balance?" *Pacific Review*, 4:3 (1991), p. 204.

that "Singapore and Malaysia have a hidden arms race with each other".¹¹

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Because of this primary focus, the end of the Cold War has had no discernible effect on Singaporean defence plans. It has continued to maintain a policy of allocating six per cent of its national income to defence, by far the highest proportion in the region. Singapore's sustained economic development (except during the short recession of 1984-85) has given it the ability to devote resources to defence. It has even ignored the economic crisis affecting the region since 1997 by continuing its military build-up, a relentless process that began in 1965 following Singapore's independence.

Beginning in 1967, Singapore methodically adopted Israel's Military deterrent strategy, imposed national service on all able-bodied male youths, and proceeded to implement albeit over a long and sustained period of time, a strategy of "Forward Defence", which contained many elements of the Israeli strategy of pre-emptive defence, in the belief that such a provocative and tough military posture would constitute an effective deterrent to potential adversaries.¹² Forward Defence also made sense, given Singapore's lack of strategic depth.

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¹¹ Business Times (Singapore), 20 May 1993.

¹² Yuan Li Wu, "Planning Security, for a Small State: Lessons from Singapore, Pacific Community, July 1972, p. 662.

In an achievement that can be seen as the counterpart of its impressive economic success, Singapore now also has the region's most modern and combat-capable armed forces. Its procurement policies appear rational, extremely cost effective and unburdened by the corruption or prestige considerations common in other ASEAN members. Its armed forces have proven as adept at learning how to operate high technology military equipment as its increasingly well educated and adaptable civilian workers have proven in carving out a high-income niche in the regional and global economy.

From 1985 onwards, Singapore has concentrated her efforts in acquiring hi-tech weaponry and maintaining a technologically superior defence. The Singapore Armed Forces (SAF) today has 350 upgraded AMX-13 light tank and 60 Centurion MBTs, and some 1,074 M-113, V-200 and AMX-10P APCs. Th SAF has a strong artillery capability that includes light air-mobile 105mm howitzers, 120mm heavy mortars and fairly substantial numbers (123 in 1997) of 155mm medium-range howitzers, including locally-made 52-calibre 155mm self-propelled howitzers. Demonstrating its technical capabilities, the SAF has also unveiled its own locally-produced Bionix Infantry Fighting Vehicle (IFV), making it the only South East Asian country to produce its own IFVs.¹³ The move towards IFVs makes the acquisition of more modern MBTs inevitable. The SAF is also one of the few armed forces in the world

¹³ Asia-Pacific Defence Reporter, December 1997 - January 1998, p. 24.

that uses the sophisticated U.S. made AN/TPQ-37 mortar-locating radar. It also possesses real-time battlefield reconnaissance capabilities.

This significant land force is backed by the region's best airforce with the most advanced air warfare capability in the region. With 149 combat aircraft. Singapore's air force has more firepower than either Malaysia or Indonesia. Its 3 squadrons of 75 A-4 Skyback ground attack aircraft equipped with the Maverick laser-guided air-to-ground missile, modern all-weather targeting pods and navigation systems, provide Singapore with a credible precision air bombardment capability. Its 37 F-5E jet fighters have been upgraded with new avionics, and 18 of the latest F-16C/Ds were ordered in 1996.¹⁴ In 1997, another 12 F-16C/Ds were ordered.¹⁵ With another 12 F-16C/Ds leased for training in the United States, the air force will eventually have an F-16 fighter force of 42 aircraft in total, to maintain its edge over air-to-air missiles. Singapore acquired the new Israeli Python 4 medium range missile for its jetfighters.¹⁶ The air force is backed by force-multipliers such as C-130 Hercules air tankers, C-130-SIGINT aircraft, and E-2C Hawkeye AEW aircraft.

¹⁴ Asian Military Review 4, Issue 1 (Feb/Mar 1966).

¹⁵ Straits Times Interactive, 7 Nov 1997.

¹⁶ Asia-Pacific Defence Reporters, Dec 1997 - Jan 1998, p. 22-23.

The air force has also taken delivery of Fokker maritime patrol aircraft, some of which are armed with Harpoon anti-ship missiles.¹⁷ Singapore's skies are also heavily defended by Rapier, RBS-70, SA-18 Iglu, Mistral and Improved Hawk surface-to-air missile systems.¹⁸

The Singapore Navy has also seen rapid expansion in recent years. Unlike other ASEAN countries, Singapore has no extensive EEZ to police. Rather the declared aim of the new naval policy is protection of freedom of navigation through the sea lines of communication (SLOCs) vital for Singapore's economy: not least in the event of a conflict in the South China Sea.¹⁹

In 1996, Singapore purchased a second-hand Sjoormen-class submarine from Sweden, which will precede more submarines once operational expertise has been built up. Already possessing 12 missile boats and corvettes, 12 new Fearless-class corvettes, some of which are equipped with anti-ship missiles and anti-submarine warfare torpedoes, are being delivered.²⁰ The navy also operates a modern fleet of 4 Landsort-class minehunters. There is also a considerable amphibious capability in the form of 5 landing ship tanks (LSTs) and a substantial number of locally built hovercraft

¹⁷ Asia-Pacific Defence Reporter 1996, Annual Reference Edition, p. 48.

¹⁸ The Military Balance 1998-1999, p.196.

¹⁹ J.N Mak, ASEAN Defence Reorientation 1975-1992, Strategic and Defence Studies Centre, Australian National University, Canberra Papers on Strategy and Defence Number 103, 1993, p. 97.

²⁰ Asia-Pacific Defence Reporter 1996, Annual Reference Edition, p. 54.

landing vessels. These ships will enable its rapid deployment division to be effectively used in any pre-emptive action.

Singapore also recognises that training and operational effectiveness are vital. To improve these, Singapore has established permanent training facilities in the United States, Thailand, Taiwan, Brunei and Australia. In November 1997, South Africa signed a defence agreement with Singapore, allowing its commandos and RPVs to train in South Africa.²¹ In January 1998 France permitted Singapore's air force to station its Skyhawks in Cazaux for training.²² The Singapore military presence, in Australia in particular, is growing with the stationing of some 20 A-4 Skyhawks and up to 12 Super Puma helicopters in Queensland.²³ This is in addition to the 30 S-211 trainers stationed in Western Australia and the permanent use of armoured training facilities in Queensland.

To enhanced the capabilities of its well-armed and well-trained formations, Singapore also has in the 1990s concentrated on improving its command, control and communications (C³) structure, with the objective of developing a C³ structure controlled by a central staff and integrated to the unit level. This has become

²¹ Straits Times Interactive, 11 Nov. 1997.

²² See the Unofficial Republic of Singapore Air Force Home Page geocities.com/capecanaveral/3900/rsaf-news.

²³ Straits Times, 31 March 1995.

a significant force multiplier that further enhances existing capabilities and combat-readiness.²⁴

Singapore's defence capability has not come cheaply. Indeed as already mentioned, Singapore's defence expenditure is the highest in the region in terms of percentage of GDP averaging some six per cent during the past three decades. Singapore has not shrunk from spending to improve its military capabilities. It has shown itself to be determined to maintain its military capabilities particularly in relation to its neighbours, despite the enormous costs. The emphasis is on actual warfighting capabilities and combat-readiness. Dr. Yao, Singapore's Defence Minister, in 1992 stated: "Our armed forces must be able and ready to deal effectively with any threat at the shortest notice. Total defence must be real if we are to achieve deterrence."²⁵

2. Malaysia

Until recently, the main focus of the armed forces of Malaysia was internal insurgency. Even as other concerns - notably maritime policing - began to take on more prominence, the onset of economic recession in the mid 1980s meant that for several years no significant procurement orders were placed. While Singapore has been engaged in an incremental, but continuous, improvement

²⁴ Jane's Defence Weekly, 27 January 1990, p. 159.

²⁵ Interview with Dr. Yeo Ning Hong, Singapore's Defence Minister, Asian Defence Journal, February 1992, p. 11.

in its conventional forces almost since its independence in 1965, it is only in the 1990s that the Malaysian armed forces have been able to devote substantial resources to meeting potential external threats.

The last several years, however, have seen major efforts to improve Malaysian conventional defences. The development budget for defence (i.e. excluding operations costs) in the Sixth Malaysian Plan (1991-95) quadrupled compared with the previous Plan.²⁶ After remaining at under \$100 million a year since 1985, imports of major conventional arms shot up to \$350 million (at 1990 prices) in 1994.²⁷ In 1994, the manpower budget is reported to have been cut by 6 per cent to accommodate a 27 per cent increase in the procurement budget.²⁸

There has been a particular emphasis on the upgrading of air and naval forces. Twenty Eight Hawk aircraft armed with Sea Eagle and ALARM missiles have been supplied as part of a 1988 deal with the UK. 18 MiGs, 29 fighter aircraft from Russia were delivered in 1995, in a contract reputedly worth \$550 million.²⁹ Eight American F/A-18 fighter/ground attack aircraft have come into service in 1997, armed with a comprehensive range of US-built missiles (AIM-

²⁶ Tim Huxley, *Insecurity in the ASEAN Region*, Royal United Services Institute for Defence Studies, London, 1993, p. 59.

²⁷ U.S. Arms Control and Disarmament Agency, *World, Military Expenditures Arms Transfers, 1993-94, 1995*, p. 121.

²⁸ International Institute of Strategic Studies. *The Military Balance 1995-1996*, Oxford University, Press, 195, P-173

²⁹ SIPRI Yearbook 1995, Oxford University Press, 1995, p. 442.

7M Sparrow, AIM-9S Sidewinder, AGM-56 Maverick and AGM-86 Harpoon).³⁰

For the Navy, two new British-built Exocet-armed frigates have been bought at a cost of \$600 million, and have entered service in 1996. A second squadron of patrol vessels was formed in August 1995, and stationed on Labuan island in order to cover the South China Sea.³¹ Not least, despite the considerable expense, options are being considered for the procurement of submarines. Personnel have already been sent to various European countries for training in submarine operations and maintenance. Malaysia's programme is likely to be spurred on by the decisions to introduce submarines into the navies of both Singapore and Thailand.

One of the most important driving forces for the Malaysian naval expansion has been concern at the threat posed to its maritime resources. This is a particularly acute problem with relation to its stocks, where sustained overfishing around Thailand itself has pushed Thailand's massive, and largely unregulated fishing fleet to seek stocks elsewhere. Partly in response, Malaysia is investing \$1.6 billion in replacing its fleet of offshore patrol vessels: the largest single fleet modernisation project in the

³⁰ "Malaysian Modernisation", *Armed Forces Journal International*, October 1994, p. 65.

³¹ *Country Briefing: Malaysia*, *Jane's Defence Weekly*, 23 Sept. 1995, p. 28.

country's history.³² As B. A. Hamzah of the Malaysian Institute of Maritime Affairs has commented:

"Our sea area is four times as large as our land area. We need to prevent our resources from being taken away by other people. The navy takes this very seriously."³³

In October 1994 a brigade-sized Rapid Deployment Force was launched. This new formation, which it is hoped will expand to divisional size in due course, is intended to give the Army the capability for conducting pre-emptive strikes or counter-offensive action, deploying rapidly to Sabah and Sarawak to counter a possible secessionist movement. It is made up of elements of the parachute battalion, support and mechanised infantry, spearheaded by light tanks. 114 infantry fighting vehicles have been bought from South Korea. In order to support the new formation, the Navy is acquiring an 8450 ton landing ship tank and the Air Force is purchasing five new Hercules aircraft.

Malaysian procurement policy in recent years has been highly politicised and has therefore tended to attract more international attention than Singapore's quieter and more technocratic approach. For example, the 1988 Memorandum of Understanding with the UK, effectively the starting point for the recent military

³² SIPRI Yearbook. 1995, op cit, p. 430.

³³ Ted Bardacke, 'Fish War Crisis Brings Thai and Malaysian PMs to the Table', Financial Times, 14 December 1995.

modernisation programme, was also the catalyst for a wider improvement in relations between the two countries: only to become the focus for a high-profile international row once it became clear that it involved a \$234 million aid package for the Pergau Dam in northern Malaysia in return for the promise of defence sales.³⁴

The driving force for Malaysian military modernisation remains the perception that, in the long run, Malaysia faces an uncertain strategic environment in which the armed forces may have important role to play in the protection of Malaysian interests. The most important of these roles is defence of Malaysia's maritime claims. Malaysia is involved in maritime disputes with all its regional neighbours, with conflicts in the South China Sea being of particular concern. The current build-up of Malaysian air and naval forces in the area can thus be justified as necessary both in order to deter China from attempting military action against Malaysian-controlled territory in the area, and to provide effective military superiority in this theatre over fellow ASEAN members Brunei, Philippines and Vietnam.

In addition, the nature of the Malaysian build-up may also be influenced by the desire, over time, to overcome the country's vulnerability to attack by its smaller island neighbour. Recent combat aircraft purchases will help to erode, though will not end, Singaporean superiority in the air. Plans for new army equipment,

³⁴ "Malaysians Bemused About UK aid Row", Financial Times, 19 Jan 1994.

together with the development of major bases in the south of the country, may be in part motivated by a desire to be able to counter Singapore's combined arms divisions should they seek to establish a bridgehead on Malaysian territory.

As Malaysia acquires increasing offensive capabilities, it is beginning to provoke some unease amongst neighbouring states. Concern has not reached a level at which it is a serious threat to intra-ASEAN relations, and it is often tempered by support for a process that may strengthen ASEAN resilience against China. But concern might grow if there were to be a significant further increase in the proportion of GNP devoted to defence.

3. Thailand

The Army's dominant political role has been the main influence on the development of the Thai armed forces since the 1930s. Its position as a 'front line' state against Vietnam, in the wake of the invasion of Cambodia in 1978, drove a marked increase in defence spending, especially in the early 1980s. In contrast to Malaysia, there was no significant procurement pause in the late 1980s.

With the end of the Cold War, many observers expected a slowdown in the rate of growth of Thai military spending. The internal threat from the Communist Party disintegrated in the late 1980s, and the threat of conventional attack from Vietnam

disappeared not long thereafter. However, the period since 1990 has seen an acceleration in the rate of growth of military spending. Between 1990 and 1993, defence spending in real terms rose by 47 per cent and a further 11 per cent increase was registered between 1993 and 1995.³⁵

Many analysts see this continuing growth as inexplicable. As one recent study concluded:

The developing force structure seems out of proportion to probable threats to Thailand. Bangkok remains somewhat preoccupied with land-based threats from Cambodia and Burma; it is also concerned about activities in the eastern Indian Ocean. Still, these do not seem to warrant either the scale or the direction of Thailand's arms acquisition program".

³⁶

The Thai procurement programme involves all three services. 30 L-39 combat capable training aircraft from the Czech republic were delivered in 1993. A second squadron of F-16A/B aircraft has been delivered in 1995/96.

The most dramatic shift in Thai defence policy in recent years has been the increased priority being given to the Navy, transforming it from a coastal defence force into a fleet with the most ambitious plans for power projection of any country in ASEAN. Already, the number of personnel in the Navy has

³⁵ In local currency terms: International Institute for Strategic, Studies, The Military Balance, 1995-1996, Oxford University Press, 1995, p. 195.

³⁶ Shannon Selin, Asia Pacific Arms Buildups Part One: Scope, Causes and Problems, University of British Columbia, Working Paper No.6, Nov.1994, p. 52.

increased from 32,000 in 1985 to 63,000 in 1994.³⁷ China supplied four new frigates in 1991 and 1992, and two Knox-class frigates have been bought from the US Navy. A further two missile frigates, built in China but armed with Harpoon missiles and Western sensors, are due to be commissioned. With the purchase of 18 A-7 fighters from the US in 1995-96, the Navy has acquired a land-based strike capability.³⁸ Navy Plans reportedly envisage the building of three new bases (two facing westwards on the Andaman Sea, one eastwards in the Gulf of Thailand), as well as a force of 16 to 20 frigates.³⁹ Preparations are also being made for a \$800 million programme to introduce a submarine capability. By far the most controversial and perplexing decision was the budget bureau's approval for the purchase of an aircraft carrier. Thus Thailand became the first South East Asian country to acquire a carrier (and second in Asia after India). By far the biggest acquisition, this aircraft carrier called Chakri Naruebet will propel the Thai navy into a truly blue-water navy.

The Thai decision to increase its capability for maritime power projection is sometimes welcomed by other ASEAN governments as a useful contribution to 'regional resilience' against external threats (e.g. from China and India). But the Thai carrier decision has led to

³⁷ International Institute for Strategic Studies, *Military Balance 1985-86 & Strategic Studies, Military Balance 1994-1995*.

³⁸ 'First A-7 Fighters Delivered to Navy' *Jane's Defence Weekly*, August 12, 1995.

³⁹ J.N.Mak, *ASEAN Defence Reorientation*, op cit, p. 88.

increasingly public concern being expressed about the direction of Thai policy by leading Malaysian commentators, In March 1994, J.N. Mak and B.A. Hamzah of the Malaysian Institute of Maritime Affairs suggested that:

Thailand's naval expansion is the most dramatic within ASEAN. Naturally these moves have made some in ASEAN nervous ... though the Thai navy's current chief, Adm. Prachet Siridej, has completed a regionwide visit to reassure his counterparts that Thailand's purchases are for purely defensive purposes, the question remains: defence against whom - and what?

(Thailand's) neighbours harbour strong suspicious about Bangkok's aspirations for blue-water status, not least because Thailand over the last 300 years has had expansionist tendencies whenever it was militarily strong'.⁴⁰

Thus it is evident that Thailand's military build up in the absence of any clear and concrete strategic rationale has the potential to evoke anxieties amongst regional actors and set in motion a destabilising interactive dynamic.

4. Indonesia

The break away of East Timor, the collapse of the Habibie regime, and the civil unrest that continues to this day has greatly enfeebled the Indonesian State. Although the largest ASEAN state in terms of population, Indonesia is the region's sleeping giant in military terms. Its government remains preoccupied with holding together a multi-ethnic empire in which many minority groups are profoundly unhappy with Javanese dominance.

⁴⁰ J.N. Mak & B.A. Namzah, Navy, Blues, For Eastern Eco. Review, March 17, 1994, p. 30.

The Indonesian Army, with 214,000 personnel, is the largest in ASEAN after Vietnam. But two-thirds of these, together with a large proportion of the defence budget, are committed to the internal security role. While Indonesia was by far the most powerful ASEAN state in military terms in the mid 1970s, its defence budget failed to grow at all in real terms over the next 15 years or so, and declined sharply as a proportion of GNP.

However, the official defence budget does not fully reflect the allocation of resources to defence, with pension spending excluded, and with presidential discretionary funds and contributions from government and military owned enterprises providing off-budget sources of revenue. A 1994 report by the US based Project on Demilitarization and Democracy has estimated that the official budget was from 25 to 50 per cent below actual military spending.⁴¹ Even allowing for some under-reporting, however, it is clear from Indonesia's order of battle that its level of spending, as a proportion of GDP, is modest by regional standards.

As a country made up of over 13,000 islands, separated by some of the world's busiest shipping routes and with offshore mineral resources (not least around Natuna Island) of critical economic importance, there is an increasingly pressing requirement to be able to police the waters within and around the Indonesian

⁴¹ Indonesia Under-Reporting Arms Spending Reuters News Service, 19 April 1994, SIPRI Yearbook 1995.

archipelago. As a detailed discussion of Indonesian naval policy in 1991 suggested:

"As the largest maritime country in sea, Indonesia is beginning to see itself at a disadvantage as its ASEAN neighbours begin to re-equip. The likely acquisition of submarines by Malaysia, Singapore and Thailand also gives the (Indonesian Navy) a feeling of insecurity, as it realizes that passage through or into its archipelagic territory is all through a very small number of straits which it does not have the capability to either control or monitor totally.⁴²

The main focus of increased procurement activity in the last decade has therefore - as in most other ASEAN countries - been on air and naval forces. 12 F-16 aircraft entered service in 1989-90, in addition to 14 British Aerospace Hawks already in service in the training and counter-insurgency roles. A further 24 were acquired in 1996.

Yet the biggest increase in capability in recent years has been in the Indonesian Navy. Three ex-Tribal class UK frigates were brought into service in 1985-6, and six Van Speijk class frigates were bought from the Netherlands in 1989-90 and fitted with Harpoon missiles.⁴³ Two German Type-209 submarines came into service in 1981, and underwent major refits in 1986-89; and orders for two or three more remain under discussion.

The most dramatic acquisition of recent years is the purchase of half of the former East German navy. 39 ships, including 16

⁴² R. Supartha, 'Indonesia's Navy: Balancing Strategy and Introspection', *International Defense Review*, 3, 1991, p. 195.

⁴³ Richard Sharpe, *Jane's Fighting Ships 1993-94*, pp. 294-295.

corvettes, 12 amphibious landing ships, 9 coastal minesweepers and 2 support ships, were delivered during 1993 and 1994 to Indonesia, where they are being refurbished for service in the navy. The purchase cost is reported to be only \$12.3 million, but initial estimates for the cost of refurbishment in Indonesia range from \$640 million upwards,⁴⁴ tying up most of the Navy's procurement budget until the end of the century.

There is little doubt that governments in the rest of the region would prefer a strong and stable Indonesia, even if it was as a result better armed, to an Indonesia immersed in a prolonged internal crisis, with all the unpredictable consequences for its external policy that such a crisis might bring. Whether Indonesia succeeds in avoiding this latter fate may not become clear for some time. Until it does, uncertainty about the future direction of Indonesian politics is likely to remain a largely unspoken factor in the readiness of neighbouring states to pay growing military insurance premiums against the possibility of a turbulent future.

5. Philippines

Despite being a founding member of the Association, the Philippines experience during the Cold War years was very different from the ASEAN 'model' of increasing self-confidence on the international stage backed up by growing economic prosperity. Its

⁴⁴ SIPRI Yearbook 1995, Op Cit, p. 429.

place in the regional security structure remained defined largely in terms of its position as the host for the largest US bases in the region.

These defining characteristics of uniqueness during the Cold War, however, no longer exist to the same extent. The closure of US bases in 1992 has left the Philippines, like the rest of ASEAN, looking more to its own resources to ensure its security. Yet the Philippines faces some of the most serious security challenges of any country in the region. Serious insurgencies persist, fuelled by poverty and the rise of Islamic resistance.

The need to concentrate on counter-insurgency operations, together with the US presence, contributed to a long-standing neglect of external defence needs. Many of the navy's major combatants are of World War Two vintage, and the air force has only 3 F5-A combat aircraft operational, together with 13 OV-10B counter-insurgency aircraft.⁴⁵ It is unable to police adequately the 650,000 square nautical miles of maritime territory within the country's EEZ,⁴⁶ and loses an estimated \$2 billion worth of fish annually to poachers, as well as a lesser amount to pirates.⁴⁷ In February 1995, China took advantage of Filipino military weakness

⁴⁵ Philippine Military Joins Regional Arms Race, Kyodo News Service, 13 August 1995.

⁴⁶ Robert Karniol, 'Philippine Navy Lines up for 1996 Changes, Jane's Defence Weekly, 9 Sept. 1995, p. 58.

⁴⁷ Shannon Selin, *op. cit.*, p. 25.

to seize Mischief Reef, a disputed territory only 200 kilometers from Palawan Island.

Partly in response to these pressures, and partly because of the signs of economic recovery, the armed forces had some success in obtaining more resources for modernisation. In 1995, Congress approved a government programme calling for an estimated \$13 billion dollars to be spent on defence modernisation over this period. The navy will replace its obsolete ships (with an average age of 41 years) with 12 offshore patrol vessels, 6 corvettes, 3 frigates and 40 patrol vessels. The air force is due to receive 36 multi role fighters, 6 air defence radars, 24 attack aircraft and 6 long range patrol aircraft. The Army plans to acquire howitzers, light armoured vehicles and communications equipment. New bases are to be established to thwart possible external threats from the west, north and south in that priority. ⁴⁸

However, this 15-year modernisation programme which was supposed to start in the mid-1990s to bring the Philippine military to par with other South East Asian armed forces has not yet begun in earnest as years of funding shortages have hampered modernisation efforts. Some upgrades and small-scale purchases of infantry items were implemented since then but the military is over stretched and most of the equipment is aging.

⁴⁸ Kyodo News Service, *op. cit.*

Early this year, it was reported that the Armed Forces of The Philippines (AFP) has allocated some Pesos 5.8 billion (US\$125 million) to modernise its forces. But critics said that the allocation barely scratches the surface of glaring naval, air force, and army equipment spare parts, C4I (command, control, communications, computers and intelligence) infrastructure, and training needs. High on the wish list of equipment that must be procured urgently, military officials noted, are the F-5A/B combat aircraft replacement, modern maritime patrol aircraft and new offshore patrol vessels needed to safeguard the country's maritime interests.

6. Brunei

Brunei's military expenditure is the smallest in the ASEAN region, unsurprisingly in view of the sultanate's small population (about 300,000), but on a per capita basis Brunei spends even more than Singapore on defence. Such high defence spending has been made possible by the Sultanate's massive revenue from royalties on mineral fuel exports. Funding is available on such a scale that Brunei's Ministry of Defence usually has difficulty in spending more than 60 per cent of its allocated budget.

The Sultanate's defence commitments have been increased by the perceived need to protect its declared Exclusive Economic Zone in the South China Sea, together with its 1988 claim to one of the Spratlys reefs, against competing, and well armed, claimants.

Because of the limited recruiting pool, Brunei's armed forces consist of only 4,400 active personnel. Its main naval capability consists of three Exocet-armed fast attack craft bought from Singapore in the 1970s. An ambitious 'Defence Protocol' was signed with the UK in 1989, but so far with few actual deliveries as a result. The air force is reported to want to order 16 Hawk aircraft from the UK. Given the limited size of Brunei's armed forces, however, it remains a moot point whether Brunei will have the capability to operate these complex systems.

7. Vietnam

Vietnam was until recently widely regarded as the single most capable military power in the region. In the 1970s, it had defeated the US and gone on to establish military hegemony over Cambodia and Laos. The quality of its military leaders had been proven over decades of almost constant warfare against technologically superior powers. And, faced with a civil war in Cambodia, it was the region's largest importer of arms throughout the 1980s. Between 1979 and 1987, Soviet military aid to Vietnam averaged nearly \$1.7 billion a year. Soviet economic and military aid together accounted for about 20 per cent of Vietnamese GNP.⁴⁹ This Vietnamese military buildup was in turn a key factor in explaining the buildup of ASEAN military

⁴⁹ Quoted in Richard K. Betts, 'Vietnam's Strategic Predicament', *Survival*, 37(3), Autumn 1995, p. 79.

power in the late 1970s and early 1980s, helped by American military aid.

Yet Vietnam had overstretched itself. What brought matters to a head was the decision of the Soviet Union to withdraw its financial support from the Hanoi government. China was quick to take advantage of Vietnam's weakness to press its claims in the Spratlys in the clashes with the Vietnamese Navy in 1988.

Since the nadir of the late 1980s, however, Vietnam's recovery has been impressive. Starting with the announcing of doi moi (renovation) in December 1986, and the decollectivisation of agriculture in 1988, Vietnam moved to implement a vigorous programme of economic reform. Agricultural production rapidly increased, making the country the world's third largest exporter of rice.⁵⁰

In parallel with economic reform, Vietnam made radical changes in its defence posture from 1987 onwards. By withdrawing its armed forces from Laos and Cambodia, it effectively abandoned the 'forward defence' doctrine of the previous decade. In addition, troops along the border with China were ordered to take a non-provocative stance, and were reduced in number. By the end of 1990, 600,000 regular soldiers had been released from service.⁵¹

⁵⁰ Carlyle A. Thayer, *Beyond Indochina*, Adelphi Paper No.297, ISIS, Oxford University Press, 1995, p.10.

⁵¹ *Ibid*, p. 23.

From being the strongest South East Asian power in the 1980s, Vietnam had become one of ASEAN's weakest military powers by the mid-1990s. While other ASEAN states increased their spending on modernisation in the early 1990s, Vietnam was unable to afford any significant new acquisitions. Vietnam still has the largest armed forces in ASEAN, with more than twice as many personnel as Indonesia (572,000 compared to 274,500).⁵²

At the same time, some investment in new capabilities is taking place. According to official statistics, the defence budget increased by 49 per cent in 1994.⁵³ Not least, the government is aware of the need to defend Vietnam's claims to the mineral and fishing wealth of the South China Sea. Economic development is leading to increasing requirements for policing the long Vietnamese coast against smuggling, piracy, and illegal fishing, as well as against threats from rival claimants.

The first sign of a more active procurement policy was the order placed in late 1994 for six Sukhoi Su-27 fighter aircraft from Russia, which is expected to be followed by an order for a further six in the near future. This marks a significant advance in Vietnam's ability to police the air space over the South China Sea. It seems likely that, as available resources increase, Vietnam will be

⁵² International Institute for Strategic Studies, *The Military Balance 1995-96*, Oxford University Press, 1995.

⁵³ *Ibid.*

able to make further incremental improvements in its maritime warfare capabilities.

8. Cambodia

Though the Cambodian government possesses some MiG-21s and a few support aircrafts, it has not really made use of air power since 1975. According to local newspapers, Cambodia has bought six P-92 reconnaissance planes, MiGs, L-3 trainers, and Israel is to upgrade its Mig-21s. It has also contracted for expansion of the Konpong Chhang airfield.⁵⁴ Cambodia as the latest entrant to ASEAN has not yet become a factor in the arms acquisition dynamic.

9. Laos

The Laotian Air force consists of old U.S. equipment and ex-soviet aircraft. Laos has bought air defence systems each including six twin - barrellled guns. Like Cambodia, Laos's military build up is not yet a factor to reckon with in the regional equation, at least for some time to come.

10. Myanmar

Myanmar is one country in South East Asia which has witnessed massive infusion of resources into the defence sector for over a decade and a half. Her close military ties with China have allowed Myanmar to amass massive supplies of military hardware,

⁵⁴ Asian Defence Journal, (Kuala Lumpur) April 1995, p. 78.

mostly to fight internal problems. These developments have evoked some concern in South East Asia, especially in Thailand which regards China - Myanmar defence collaboration with wariness and unease. However some recent reports suggest that she might be looking to diversify the sources for military hardware.

Chapter III

EXPLANATIONS FOR MILITARY ENHANCEMENT

The straightforward question—why the nations of South East Asia are acquiring modern weapon systems and at an accelerating pace, does not yield simple linear answers. In fact, a plethora of research in the post-Cold War period has been devoted to discovering the *raison d'être* for the defence and military modernisation process underway in the region.

At this point it must be noted that the ASEAN states have generally been increasing their defence spending, expanding their armed forces and enhancing their forces' conventional warfare capabilities since the early 1970s. Recent developments do not, by and large, represent an abrupt break with past trends.

A number of explanations have been put forth to account for the observed increase in arms purchases within ASEAN. There is no single factor explanation for the robust arms acquisition programmes of the past decade or so. Rather there are at least a dozen factors involved, which have obtained to greater or lesser extents and in varying combinations in different countries at different times. Moreover, military and geostrategic factors, such as threat perceptions or arms race dynamics, have generally been less determinate than other considerations.

Economic Growth and Increasing Resource Allocation for Defence

One causal relationship that has been put forth with unflinching regularity is the relationship between defence expenditure and economic growth. It is acknowledged by a number of scholars that defence spending in South East Asia is more resource-driven rather than motivated by concrete threat perceptions. Most of South East Asia has experienced extraordinary economic growth over the past couple of decades, the financial recession of 1997 notwithstanding, which has provided the largesse for the weapons acquisition programs. As the economies of these states expand and as surplus funds become more available, they tend to spend more on defence and military modernisation. As the Philippines Defence Secretary Renato S. de Villa had said “we will modernise as much as our economy will allow us”.¹ Similarly, the Singaporean defence minister said: “In the past, the economies of the ASEAN nations were relatively underdeveloped... Now that the region’s economies are booming, it is only natural for the countries to upgrade and modernise their armed forces.”²

Indeed it seems that the rates of economic growth provide the single best indicator of increases in defence expenditure throughout the region. In other words, there is a close and positive correlation

¹ Barbara Opall, “Philippine Military Plans Top to Bottom Overhaul” Defence News, March 13-19, 1995, p.1.

² J.N. Mak “ASEAN Maritime Insecurity: Contingency Planning in an Uncertain World”, International Defense Review-Defense 1995, p.71.

between economic prosperity and defence spending. Those countries with the highest rates of growth of Gross National Product (GNP), such as Singapore and Malaysia, have had the highest rates of increase of defence spending, while those with slower economic growth, such as Indonesia and the Philippines, have the slowest increases in defence spending.

In fact, the rate of growth of defence expenditure has generally been less than the rate of growth of GNP, so that defense spending as a percentage of GNP has generally fallen over the past decade. In the case of Indonesia, for example, it fell from 3 per cent in 1981 to 3.4 per cent in 1991; and in Thailand, it fell from 3.8 per cent in 1981 to 2.6 per cent in 1991. Only in Singapore has the percentage remained fairly constant – and that is precisely because the defence budget has been officially “pegged” at 6 per cent of GDP.³

A closer and detailed look at the expenditure figures of some of the states makes the picture cleaner. Brunei’s military expenditure amounted to \$B 0.63 million in 1984 and by 1994, it had reached \$B0.496 billion. Its only other competitor in terms of defence expenditure per capita is Singapore. Indonesia’s defence expenditure rose from Rp 1300 billion in 1980 to Rp. 5008 billion in 1994.

³ Singapore Ministry of Defence, *Defence of Singapore 1992-1993* (Singapore: Public Affairs Department, Ministry of Defence, Aug 1992), p.46.

Laos's defence expenditure rose from an estimated K 0.210 billion in 1980 to K 75.5 billion in 1993. Myanmar's defence expenditure has shown a steep and steady incline. It is one country in the region which has received massive inflow of resources into the defence sector for over a decade and a half. After the Mischief Reef incidents in South China Sea involving China, the Philippines also announced plans to modernise its defence forces over a period of 15 years in three phases at an estimated cost of \$12 billion. Thailand's defence expenditure has also shown a continued increase from B 22.4 billion in 1980 to B 85.6 billion in 1994. In fact Thailand and Singapore's defence modernisation initiatives have been the most conspicuously alarming.

On a cautionary note one must acknowledge the limitations of the sources used in this research: the U.S. Arms Control and Disarmament Agency's World Military Expenditures and Arms Transfers, and the Stockholm International Peace Research Institute's figures published annually in the SIPRI yearbook. They are constrained, in many cases, by what is available on public records as numerous authors have made clear. Further, the figures provided by some governments are quite incomplete. Nevertheless, it is apparent that the economic prosperity which the region has seen brought deep pockets to many countries who once could only sit on the sidelines of arms procurement.

Table 1: Defence Expenditure in Southeast Asia

	US\$m (1995 constant prices)			% of GDP		
	1985	1994	1995	1985	1994	1995
Brunei	280	263	268	6.0	6.0	6.0
Cambodia	n.a.	133	126	n.a.	5.0	4.7
Indonesia	3,197	2,486	2,751	2.8	1.6	1.6
Laos	75	77	73	7.8	4.9	4.2
Malaysia	2,409	3,142	3,514	5.6	4.4	4.5
Philippines	647	1,117	1,154	1.4	1.7	1.6
Singapore	1,622	3,118	3,970	6.7	5.0	5.9
Thailand	2,559	3,630	3,896	5.0	2.5	2.5
Vietnam	3,277	922	910	19.4	5.1	4.3

Source: *The Military Balance 1996/97*, p.308 (no data available for Myanmar).

Contingency-Planning: The Requirements of Enhanced Self-reliance

Another theory that seeks to account for the rise in military acquisitions centers around the notion of contingency-planning and the requirements of enhanced self-reliance in the light of the end of the Cold War. The end of superpower confrontation has brought about a more complex, uncertain and ambiguous strategic environment bereft of the simplicity of a bipolar calculus. Uncertainty and ambivalence is a salient issue in the regional security discourse. The ambiguities created in the post-cold war era have not been met with equanimity in South East Asia. In the light of the end of the Cold War and the changing regional security environment, many countries in South East Asia have determined

to enhance their defence self-reliance to enable them to deal better with regional contingencies on the basis of their own resources.

For most countries in the region (partial exceptions are countries of Indo-China) increasing self-reliance against regional contingencies involves a primary emphasis on defence of the maritime approaches. The maritime demands of increasing self-reliance are requiring a radical reorientation of planning and capabilities away from internal counter-insurgency operations to the maritime theatre.

The requirements of greater self-reliance are several. To begin with greater self-reliance requires independent surveillance, warning, and intelligence capabilities to monitor regional developments, especially in the maritime approaches or “sea-air gaps”. The most cost-effective approach to greater self-reliance tends to involve the employment of maritime strike capabilities, since the most vulnerable point for opposing forces is generally in the maritime approaches, where they can be hit with surface-to-surface or air-to-surface anti-ship missiles.

Drawdown of U.S. Presence

One of the principal sources of concern in South East Asia since the end of the Cold War revolves around the diminishing U.S. presence in the region. The U.S. as a “regional balancer” and security guarantor has played a pivotal role in South East Asia. In

1992, U.S. removed all her bases, facilities and forces from Philippines. While the military cutbacks and gradual withdrawal made by America may not constitute a power vacuum as is often alleged, they definitely define a great deal of the region's post-Cold War insecurity dilemma.

The belief is widespread in many ASEAN capitals that the United States might not maintain the will, and perhaps over the longer term might lose the economic capacity, to ensure that no other power in the region will become ascendant. American attempts to assuage regional concerns by reiterating facts and figures about the volume and importance of U.S. trade with and investment in the region, and by noting that defence cuts have fallen less than proportionally on Pacific deployments, have generally been to little effect. In the absence of explicit external security guarantees, regional actors are determined to enhance their self-reliance manifested in military modernisation efforts.

Fear of External Powers

Another apprehension widely shared in the region is the potential role of big states on the periphery, especially that of China, Japan, India and Australia. Concerns about Australia's strategic intentions have intensified after the East Timor crisis. It is believed that the void created by superpower retrenchment has offered a strategic window of opportunity for these states. Many are concerned that, with the drawdown of the U.S. presence and

capabilities in the region, there will be increasing competition between the major regional powers. As Lee Kuan Yew reportedly stated in early 1990, "the medium-size political powers... are bound to compete for power. This is simply human nature".⁴ The Increasing power projection capabilities of Japan and China, and to a lesser extent India, are generating considerable disquiet.

Japan is already involved in maritime operations out to 1000 nautical miles, which takes it almost as far South as the Philippines. In regional terms, Japan already has a substantial and very modern naval force, including some 100 maritime combat aircraft, 64 major surface combatants (6 destroyers and 58 frigates), and 14 submarines. There is a great degree of unease and uncertainty over Japan's regional military role. There are those who fear a militarily reassertive Japan on the one hand, and on the other, there are proponents of a more militarily powerful Japan to act as a countervailing power against long-term Chinese ambitions in the region.

Some developments involving India are also affecting South East Asia. Although India's naval expansion has been stalled by budgetary constraints over the past few years, India remains committed to plans for the acquisition of another aircraft carrier, more surface combatants, more Dornier-288 long-range maritime

⁴ Cited in Jonathan Sikes, "Asia puts its wealth in Military", Washington Times, February 12, 1990, p.7.

patrol aircraft, and a modern conventional and nuclear-powered submarine fleet. It is also gradually developing its naval and air facilities on the Andaman and Nicobar Islands, which are only 80 nautical miles from the north coast of Sumatra.

Although India's reach into South East Asia will remain limited, the possibility of active Sino-Indian competition would have some disturbing implications for the region. It has figured, already, in China's support for the regime in Myanmar for which, in return, China has reportedly received access to a naval base on Hanggysi Island in the Bassein River at the mouth of the Irrawaddy, which it is building for Burma, as well as to a site for a monitoring station on Myanmar's Coco Island, just north of India's Andaman Islands. More ominously, there is the possibility of a nuclear arms race between India and China according some in the region.⁵

Of all the regional actors, China's long-term role evokes maximum concern and anxiety. One potential flashpoint of conflict lies in the conflicting and competing claims of China and other South East Asian states to the Paracel and Spratly Islands in the South China Sea. China's power-projection capabilities in the South China Sea have been enhanced with the construction of an airbase and anchorages on Woody Island in the Paracel Islands, and the acquisition of an air-to-air refueling capability for its naval

⁵ See Sandy Gordon, "The New Nuclear Arms Race?" *Current Affairs Bulletin*, Vol. 69, No.6, (Nov. 1992), pp. 28, 29.

air forces. China has also acquired several types of modern aircraft from Russia – including Su-27 Flanker Strike/fighters some of which are expected to be based on Hainan Island and MiG-31 Foxhound interceptor fighters. For the longer term, China's defence planners remain actively interested in the acquisition of some aircraft carrier capability.

Besides Spratlys, several other factors make China the central focus of regional concerns and the “China threat” a salient theme in the security discourse. South-East Asians feel that China regards the region as an area of influence with which relations should be organized hierarchically. Further, the scope and rapidity of China's military modernisation, particularly naval modernization, and the lack of transparency regarding Beijing's long-term strategic objectives evokes wariness and anxiety about her role in South-East Asia.

Such pervasive uncertainty and ambivalence has resulted in what Jonathan Pollack of RAND Corporation has described as a switch from a “threat-driven” defence calculation to one that is ‘uncertainty-based’. Regional actors are increasingly relying on themselves for protection against an ambiguous and complex strategic environment. The post-cold war security environment is marked by unpredictability and fluidity. And states in South East Asia are modernising their military as one instrument method of

tackling this instability. The bottom line is that they are preparing for contingencies.

The Increasing Salience of Regional Conflict

One of the more unfortunate consequences of the end of the Cold War is the likely increase in regional conflict. Not only has the salience of regional conflict been enhanced in relative terms by the disappearance of the East West conflict, but the end of that conflict has “removed the tempering mechanism” that often served to keep regional tensions under control.⁶

In South East Asia, there remains much fertile ground for regional conflict. There are numerous issues of simmering and potential conflict involving competing sovereignty claims, challenges to government legitimacy, and territorial disputes. An outline summary of more than a score of conflict issues is given in Table 2.

Table 2: Sovereignty, Legitimacy and Territorial Conflicts in South East Asia

- The armed communist and Muslim insurgencies in the Philippines
- The continuing claim of the Philippines to the Malaysian state of Sabah and its adjacent waters.
- The strong separatist movement in Sabah.
- Competing claims to the Paracel Islands (Xisha Quandao or Quan Doa Hoang Sa) in the South China Sea, contested by China and Vietnam.

⁶ James Clapper, Director of the Defense Intelligence Agency (DIA), “Testimony to the Senate Armed Services Committee, January 22, 1992,” *Regional Flash points Potential for Military Conflict* (Washington, D.C.: USIS, Jan 24, 1992), pp.1-2.

- Competing claims to the Spratly islands in the South China Sea, contested by China, Vietnam, Brunei, Malaysia, Taiwan and the Philippines.
- Border disputes between China and Vietnam
- Boundary dispute between Indonesia and Vietnam on their demarcation line on the continental shelf in the South China Sea, near Natuna Island.
- Border disputes between Vietnam and Cambodia.
- Boundary dispute between Vietnam and Cambodia.
- The Organisasi Papua Merdeka (OPM) resistance movement in West Irian/Irian Jaya.
- The Aceh independence movement in northern Sumatra
- The dispute between Malaysia and Singapore over ownership of the island of Pulau Batu Putih (Pedra Branca), some 55km east of Singapore in the Straits of Johore.
- The competing claims of Malaysia and Indonesia to the Islands of Sipadan, Sebatik, and Ligitan, in the Celebes Sea, some 35km from Semporna in Sabah.
- Border dispute between Malaysia and Thailand
- Residual conflict in Cambodia
- Continued fighting between government and resistance forces in Laos.
- Residual communist guerilla operations along the Thai-Lao border in northeast Thailand.
- Border conflicts between Thailand and Burma.

Most of these issues are unlikely to lead to inter-state conflict. Some could well be resolved through negotiation, possibly involving the institution of joint surveillance and development zones encompassing the areas of disputation; others are quiescent, such as the Philippines claim to Sabah; and others will remain essentially internal matters, such as the insurgency movements in

Indonesia and the Philippines. Nevertheless, all of them remain sources of tension, suspicion, and misunderstanding. In all cases, the parties concerned maintain at least a “watching brief” on the issues. Neighbours are also concerned about the implications of the issues for neighbourhood stability.

It is noteworthy that about a third of the conflicts listed in Table 2 involve disputes over maritime boundaries and off-shore territorial claims. These include the dispute between Malaysia and Singapore over the island of Pulau Batu Putih in the Straits of Johore, between Malaysia and Indonesia over the islands of Sipadan and Ligitan in the Celebes Sea; and perhaps the most important potential maritime flashpoint, the competing claims to the Paracel and Spratly Islands in the South China Sea, contested by China, Vietnam, Brunei, Malaysia, Taiwan and the Philippines.

These maritime conflict issues are proving to be very significant in shaping the defence modernisation programmes underway in South East Asia. The Spratlys dispute is especially volatile. It has so agitated the ASEAN states that it is now being referred to as the new ASEAN glue.⁷ It is perceived as the most likely cause of a regional conflagration. And this is particularly worrying to the regional actors because of the ramification that a conflict here has for not only South East Asia, but the wider Asia-Pacific.

⁷ Mak, *op. cit.*, p.61.

The Requirements for EEZ Surveillance and Protection

The promulgation of 200-mile Exclusive Economic Zones (EEZs) under the Third United Nations Conference on the Law of the Sea (UNCLOS III) has generated requirements for surveillance and power-projection capabilities over resource-rich areas which, for many states in the region, are greater than their land areas.

In Malaysia, “the protection of the economic interest of the country in the Exclusive Economic Zone” was introduced as “a new element” in the 1986-90 five-year defense plan,⁸ the defence allocation was significantly increased in the 1991-95 plan, and the principal reason given for the increase was the need to “[improve] the capability and efficiency of the country to control and safeguard the Exclusive Economic Zone”.⁹

Broadening of Regional Security Concerns

Throughout the Asia-Pacific region, security concerns are broadening to include economic and environmental issues. Economic security involves not only the protection of critical sea lines of communication (SLOCs) but also increasingly the protection of fish stocks and other marine resources.

⁸ Fifth Malaysia plan 1986-1990 (Kuala Lumpur: National Printing Department, 1986), p.545.

⁹ Malaysian Ministry of Finance, Economic Report 1990/91 (Kuala Lumpur: 1990), p.28.

Many countries in the region are also very concerned about the increasing illegal activity in the South China Sea and surrounding access-ways, such as piracy, smuggling, and unlicensed fishing. This concern has generated new requirements for maritime surveillance capabilities and maritime constabulary operations.

Environmental issues are now also on the security agenda in South East Asia. Global pollution, desertification, deforestation, and the greenhouse effect, with the attendant issue of rising sea levels, are all real problems in this region. Large-scale oil spills in the Malacca Straits or the South China Sea could do irreparable damage to maritime life and other offshore resources.

Environmental issues can become an increasing source of international disputes. The externalities of environmental degradation are not confined to the national borders of the countries in which the noxious activity is generated; costs are frequently borne by those who receive no benefit from the activity. Conflicts will increasingly occur over attribution of responsibility for offshore pollution and damage to maritime resources, desertification, acid rain, rising sea levels and "environmental refugees".

The requirements of monitoring SLOCs and EEZs, and of monitoring oil spills and other pollution, and the possible movement of "environmental refugees", all demand greater maritime

surveillance capabilities. Other economic and environmental problems are likely to also require escort, offshore patrol, and maritime constabulary capabilities.

Modernisation Imperative

In many instances, states are simply modernising very dated (and in some cases antiquated) defence structures. Kusuma Snitwongse, Director of the Bangkok based Institute of Security and International Studies, has said that most of the arms in the South East Asian region have become dated and need to be replaced. Though these obsolete weapons need to be replaced, this should be done at a reasonable pace so as not to arouse concern among the neighbours.¹⁰

Prestige

It is evident, at least in some instances, that the acquisition of sophisticated weapons systems is due as much to the attendant prestige as to any geostrategic considerations. The possession of high-technology weapons systems, and the demonstrated ability to operate and maintain them, is regarded as an indicator of political and economic modernisation. An example often put forth is the expansion of the Thai navy in the absence of any maritime threat. The country put the region's first aircraft carrier in service recently, although it does not claim islands in the Spratlys. Defence analysts

¹⁰ Barbara Opall, "Modernisation Effort Fuels Pacific Arms Buys", *Defense News*, Oct. 24-30, 1994, p.22.

estimate that upto 30 per cent of weapon purchases in South East Asia fall into the category of prestige.¹¹

Indigenous Defence Industry

Besides importing sophisticated military technology, the ASEAN countries are also developing their own defence industry. With the exception of Brunei, all of the ASEAN countries have developed a certain level of technology for the manufacture of arms. This development can be seen from the fact that ASEAN countries are beginning to export their arms manufactures overseas. Recently Indonesia participated in an international defence exhibition in Abu Dhabi, one of four Asian countries to have a stand there. These industries are developed partly to reduce the ASEAN members dependence on imports, to acquire the technology, obtain economic benefits as well as support some of the countries' regional aspirations. The local markets are naturally captive ones for the mostly government-owned defence-related industries.

Acquisition agreements are being coupled with agreements entailing the transfer of military technology from the supplier to the recipient nation. Many are investing in modern naval and aerospace technology. Singapore possesses the largest and most diverse defence industry in South East Asia : the Singapore

¹¹ See Nikolas Busse, *Constructivism and South East Asian Security*, *The Pacific Review*, Vol. 12, No. 1, 1999, pp. 42.

Technology Holdings (STH) conglomerate comprises ordnance, aerospace, marine and industrial divisions.

Shift of Defence Posture

The increases in the ASEAN countries purchases of sophisticated military technology since mid-1980s may also be a reflection of a shift in their defence posture. Except for the city-state of Singapore it has been the conventional wisdom in the region that the primary threat to national security among the ASEAN members came from internal rebellions and subversion.

With the winding down and dilution of these rebellions and internal subversions, there has been a shift in focus in the region from counter insurgency to regular warfare, justifying acquisition of different, more sophisticated and expensive weapon systems.

The Malaysian Armed Forces (MAF) have been freed since 1989 from counter insurgency duties in which they had been engaged, 1948 onwards, against the Communists. The Thai Communist party's insurgency movement had collapsed by the end of the eighties. That the Army's counter-insurgency capability had been developed at the cost of regular warfare capability was proven when the Thai Army failed miserably against Vietnamese forces on the Cambodian border in February 1987 and against the Laotian Army in the battle of Ban Romklao.¹² All these developments have

¹² Tim Huxley, "The ASEAN States" Defence Policies: Influences & Outcomes", *Contemporary Security Policy*, Vol. 15, No. 2, Aug. 1994.

led to massive modernisation and reorganization in the forces. A restructuring of the MAF is also underway which would mean modernisation of weaponry and equipment accompanied by a leaner Army with an expansion of the Air Force and Navy.

Supply Side Pressures

With the end of the Cold War and the reductions in defence budgets in the U.S., Europe, and the former Soviet Union, arms manufacturers are having to more actively ply their trade in Asia in order to compensate for the decline in their home markets. The retirement of enormous amounts of conventional weaponry from the U.S., Russian and European inventories has also produced large stocks of surplus arms and equipment which governments and manufacturers are willing to sell at cut-rate prices. It is 'the greatest buyers market ever'.¹³

Russians are evidently willing to sell virtually anything to anybody with the cash to pay – or even the products to barter! Russia accepted part of the payment for the 18 MG-29 fighters it sold to Malaysia in palm oil, fabrics and other goods. In 1993, Indonesia purchased 39 ships from Germany (about one-third of the former East German Navy) reportedly for the 'bargain price of US\$35 million'.¹⁴

¹³ 'Asia's Arms Race', *The Economist*, 20, February 1993, p.20.

¹⁴ See Michael Richardson, 'Indonesia to Acquire One-Third of Former E. German Navy', *International Herald Tribune*, 5 Feb. 1993, p.7.

The U.S. government is suddenly easing restrictions on U.S. companies wanting to supply submarine technologies (and subsystems) and aerial refueling tankers in South East Asia. The U.S. permission to allow Loral Corporation in January 1995 to market submarine upgrades to Thailand will ease similar sales by other corporations to Singapore and Malaysia.¹⁵

Corruption and Role of Military

These two factors have been clubbed together because very often they go hand in hand in arms procurement decisions in South East Asia. The military plays an important and influential role in the political and administrative functioning in many of the South East Asia Countries. The involvement of the military in economic and commercial activities in many parts of South East Asian has produced instance where military greed and impropriety have figured in many major acquisition programmes.

It has thus a role in the militarisation process in South East Asia in so far as it is able to divert resources” towards the purchase of weaponry, both for the purpose of improving the armed forces and to gain personally from the deals through graft.¹⁶ Corruption is a prominent part of business life in the region. The routine payment of commissions to senior Thai military officers involved in

¹⁵ Barbara Opall “US Eases Limit on South-East Asian Sub-Sales”, *Defense News*, Feb 13-19, 1995, p.28.

¹⁶ SIPRI Yearbook 1994 (Oxford Univ. Press), Oxford 1994, p. 562.

procurement has received considerable publicity.¹⁷ Corruption is also probably a significant factor in military procurement in most other regional countries. It has been alleged that various people involved in the negotiations leading to the 1988 Anglo Malaysian Memorandum of Understanding (MoU), which laid the basis for arms deals worth over £1 billion, had been promised financial kickbacks from Britain totaling M\$200 million [£40 million], and that a further M\$300 million [£ 60m] political donation would be given to the ruling Umno Baru party.¹⁸ The only ASEAN country where corruption is clearly not a significant influence on defence procurement decisions is Singapore, where a complex system of administrative checks and balances, including computerized exercises to produce analytical hierarchies, of competing bids for contracts, guards against impropriety.

Arms Race Dynamic? (Action – Reaction Model)

The seeming escalation of military procurement by the ASEAN states in the past few years has led many observers to conclude that there is now an arms race underway among the ASEAN members. An arms race implies that potential enemies acquire weapons as a response to the military development of the other side, with the objective of getting a strategic advantage over the enemy.

¹⁷ See, for example, Tai Ming Cheung, *Far Eastern Economic Review*, 2 July 1992, p.13.

¹⁸ Tai Ming Cheung, *FEER*, 8 June 1989, p.30.

Any arms race should have two principal features: first, a very rapid rate of acquisitions, with the participants stretching their resources in order to ensure that they remain at the head of the race; and second, some reciprocal dynamics in which developments in the defensive and offensive capabilities of one adversary are matched by attempts to counter the advantages thought to be gained by another. Thus the continued acquisition of new weapons capabilities becomes an interactive process in which the arms requirements of one party depend upon the known, assumed, or anticipated capabilities of the other party or parties.

Most analysts are anxious not to characterise what is occurring as an arms race: a value-laden term which is increasingly reserved for very specific, and narrowly defined, circumstances¹⁹. Yet there are strong elements of competition and emulation in ASEAN procurement patterns. One example often cited in recent years was the Thai decision to buy the F-16A from the U.S. in 1985, followed by F-16 orders from Singapore and Indonesia, and the Malaysian decision to sign a Memorandum of Understanding with the UK for the purchase of its own fighter aircraft. Other factors were clearly at play, not least a common requirement to balance Vietnamese air power. But the maintenance of the balance of power within ASEAN also appears to have been a significant factor.

¹⁹ According to one recent study, there have only been four true arms races between 1840 and 1991. Colin Gray, reviewing Grant Hammond, *Plowshares into Swords: Arms Races in International Politics, 1840-1991*, University of South Carolina Press, 1993, in *Survival*, 37, 1, Spring 1995, pp. 177-179.

The process of emulation is not necessarily an antagonistic one. With the end of most domestic insurgencies in the region, and the increasing importance of maritime resources, ASEAN armed forces have tended to evolve increasingly similar military requirements. The purpose of a new capability by a neighbour, even if viewed entirely as a potential ally, can be a powerful argument in favour of a similar purchase by one's own government.

Yet the armed forces of ASEAN also continue to watch the military developments in their neighbours with a view to maintaining or improving their own ability to prevail against them should conflict occur. The extent to which intra-ASEAN factors play a determining factor in procurement is a matter of judgment, and is in any case likely to vary between projects and between countries. There is little doubt, however, that it plays a significant role in ASEAN defence planning in several instances, or that there is scope for further, and potentially destabilising, competition in future.

It has been argued by sections of the South East Asian political elite and academia and others that nothing like an arms race is underway in South East Asia. It is argued that these countries are engaged in enhancing national prestige through a process of legitimate defence modernisation and the development of a minimum deterrent against a possible intimidation by a revisionist power. Graeme Cheeseman and Richard Leaver, in their study, argue that the spending patterns in the (larger Asia Pacific)

region do not show that an arms race is underway. They explain the rise in military expenditure as a general trend towards modernisation following the end of Cold War arms handouts by the superpowers. They conclude that the move to local arms production was motivated, first by the desire to make the country more self-reliant and second, to offset the escalating cost of weapons systems.²⁰ But the punch line in the entire argument is that all this is done without in any way enhancing threats.

The ASEAN leadership has elevated the concept of “national resilience” (or the Indonesian concept of “Ketahanan nasional”) to the regional level as “regional resilience.”²¹ This is the position taken by Singapore also. Its Defence Minister explained in an interview:

“The region’s strength is based on what we in ASEAN have termed regional resilience. If each country’s national resilience is strong then collectively, regional resilience will also be robust... This means building a strong national defence capability. Our defence modernisation programme is our investment for peace and stability.”²²

However, despite the public pronouncement of the regions’ leadership that arms purchases by themselves and their neighbours are not a threat and are in fact in the interests of the region as a whole, there still is a great deal of mutual suspicion and uncertainty among the South-East Asian States. The fact is that

²⁰ Leszek Buszynski “Asia-Pacific Region Producing More of its Own Arms”, *International Defense Review*, July 1995, p.5.

²¹ See Vishal Singh, “ASEAN and the Security of South-East Asia”, *Review of International Affairs* (Belgrade), Vol. 35, June 20 1984, p.20.

²² “Country Report-Singapore: Interview with Dr. Lee Boon Yang, the Minister of Defence, Republic of Singapore,” *Asian Defence Journal*, July 1995, pp. 4-7.

the arms build-up by ASEAN's individual parts do not make up a collective whole despite talk of "collective strength".

To sum up, while it is too alarmist to term the current acquisition programmes as an 'arms race', there are definitely some disturbing aspects which have to be addressed by regional security policy makers and analysts if they are not to overwhelm the more positive aspects of the emerging post Cold War security architecture in the region.

Chapter IV

DEFENCE FORCE MODERNISATION: IMPLICATIONS FOR REGIONAL SECURITY

This chapter examines the ongoing ASEAN force modernisation in the light of whether it is stabilising or destabilising for the region. It concludes that while there is no direct destabilising effect, there are some disturbing aspects of the modernisation process that have the potential to upset somewhat precarious regional balance.

The recent trends in military acquisitions in the region evince a mixed and very complex picture. Some of the most significant factors are entirely non-military, such as the availability of economic resources and the perceptions of prestige attendant upon high-technology aerospace programmes. There are also many different types of weapons systems involved, some of which are relatively defensive, while others are more offensive (e.g., maritime strike and other power projection systems) and thus more likely to stimulate counter-acquisitions and crisis instabilities. Overall, the generally high rates of growth in defence expenditures through the 1980s had lessened in the early 1990s, even though defence budgets contained relatively higher allocations for capital procurement.

The economic crisis that gripped the region from 1997 has definitely slowed, if not halted, defence modernisation efforts in South East Asia. The entire region's combined defence expenditure amounted to roughly \$18 billion in 1997. Almost all the countries were badly hit.

During 1997/98, Thailand cancelled plans to purchase vehicles, attack, heavy-lift and transport helicopters, submarines and fighters. In January 1998, Indonesia cancelled the purchase of fighters and helicopters from Russia and submarines from Germany. According to reports, the Indonesian Armed Forces (ABRI) are involved in massive cost-cuttings. Almost all major procurement programmes, including the acquisition of attack and heavy-lift helicopters, MBTs, artillery, submarines, C3I systems and an Airborne Early Warning capability, have been put on hold in Malaysia. And in December 1997, it was announced that defence-spending would be cut by US\$100 million or 10 per cent.

However, Singapore has escaped the cuts. The city-state announced its intention to proceed with all known procurement programmes. And Brunei also has signed a number of procurement contracts. Now as the region begins to recover, military expenditure figures are on the rise and modernisation programmes are being unfrozen by almost all the states.

It has sometimes been argued that ASEAN military acquisitions in recent years can have a stabilising effect because

they contribute to regional resilience.¹ The reasoning behind this is that ASEAN's military capability, if combined, can be enough to be a significant counterweight to balance those powers external to the ASEAN region. This combined capability would therefore result in greater ASEAN self-reliance which in turn would lead to a better balance between ASEAN, the inner circle, and the outer circle comprising the rest of the Asia-Pacific region.

This argument fails to take into consideration two important factors. The first is that for ASEAN to be significant in the external balance equation, there must be internal cohesion. ASEAN must present a united front and act as one military entity, either formally or informally. The second factor is that of numbers and capability. ASEAN's aggregated military strength, based on medium-term projects and military programmes which will come on stream in the near future, will not be enough to balance extra-regional actors. The absence of internal cohesion in ASEAN is a crucial factor. Lingering intra-ASEAN tensions and dichotomies, and the grouping's lack of a common security focus and shared threat perceptions are responsible for the absence of internal cohesion. This is compounded by the lack of an imminent external threat. Cohesion is a pre-requisite for collective, concerted action in the strategic arena. The build-up will not, therefore, contribute to ASEAN

¹ The Singapore defence Minister, Dr. Yeo Ning Hong, referred to the arms purchases by Indonesia & Malaysia announced in 1993, as having the potential to strengthen regional resilience and 'help keep the peace and stability in the ASEAN region' (New Straits Times 1993).

regional resilience and collective strength because of this lack of internal cohesion.

Nevertheless, the general commitment to greater self-reliance will remain unabated. This can be regarded as a healthy trend. The nations self-confidence generated by the achievement of greater self-reliance and the acquisition and maintenance of modern, high technology weapons systems can serve to promote regional confidence. In Indonesian terms, "each country's *Ketahanan Nasional* (National Resilience) is the precondition of achieving, *Ketahanan Regional* (Regional Resilience)".²

On the other hand, it is critical that these acquisition programmes do not lead to a regional arms race. Since the requirements for defense self-reliance cannot be defined without some consideration of the capabilities possessed by neighbours and potential adversaries further afield, there must come a point when further acquisitions begin to generate counter-programmes, to the detriment of both self-reliance and regional security.

Several aspects of the current acquisition programmes are disturbing. To begin with, these programmes are proceeding in an atmosphere of uncertainty and some lack of trust. Uncertainty and suspicion are fueled by a relative lack of transparency in the region

² See A.Hasnan Habib, "Technology for National Resilience: The Indonesian Perspective", in Desmond Ball & Helen Wilson, eds, *New Technology: Implications for Regional and Australian security*, *Canberra Papers on Strategy and Defence No.76* (Canberra: Strategic and Defence Studies Center, Australian National University, 1991), pp.60-65, 76.

with respect to the long-range objectives and motivations behind the current acquisition programmes, as well as the particular force elements of these programmes. Tensions are already being induced in the region by attempts by some countries to discern the purposes and intentions of their neighbours. For example, an espionage controversy that damaged relations between Malaysia and Singapore in late 1989 was reportedly due, at least in part, to Singapore's efforts to collect information on Malaysia's "recent \$1.6 billion arms deal with Britain".³

One of the most significant impacts of the arms build-up in South East Asia is likely to be on the internal balance, that is, on the ASEAN countries themselves. While the ASEAN build-up has little impact on the power distribution in the wider Asia-Pacific, the fact that the ASEAN armed forces are fairly evenly matched in terms of numbers means that any build-up by any ASEAN state can upset the power balance within ASEAN itself. It is because any build-up will affect the internal ASEAN power structure that the ASEAN arms acquisition programmes should be seen as real or potential arms races. However, the build-up is unlikely to contribute to the rise of an internal hegemon, even in the middle term, which can unilaterally impose order.

³ See Suhaini Azuam, "Neighbourly Interest: Spy Accusation Reveals Regional Suspicions" *Far Eastern Economic Review*, Dec.21, 1989, pp.20-26.

In addition to the absence of transparency, misunderstanding is also caused by the lack of any common threat perceptions throughout the region. Some countries are more concerned than others about India's power-projection capabilities, some are more concerned about the increasing Chinese capabilities, and some are more worried about the plans and intentions of their nearer neighbours. Justifications for particular acquisitions, no matter how well articulated, might simply not ring true in these circumstances, leading to misunderstandings and unanticipated and unfortunate reactions.

The "offensive" character of some of the new weapons systems being acquired is also a cause for concern. Many of the new acquisitions (such as the maritime attack aircraft, modern-surface combatants, and submarines, all equipped with anti-ship missiles) involve strike capabilities with offensive connotations. Unfortunately, for many countries they provide the most cost-effective basis for self-reliance. Yet these capabilities are the most likely to generate counter-acquisitions.

This applies particularly to new fighter aircraft acquisitions. Air power is at the forefront of the force modernisation programmes in the region, but it is also a principal means of projecting power in the region. Air power is inherently (although not only) offensive. The quantitative and qualitative enhancements of air power are

perhaps the most likely to trigger unanticipated and undesired arms acquisition competitions.

Other acquisitions, such as submarines and long-range anti-ship missiles, are more disturbing in terms of their implications for crisis stability. The underwater environment is particularly opaque, and underwater operations are particularly subject to uncertainty, confusion, loss of control, and accidents. Similarly, over-the horizon targeting of long-range anti-ship missiles raises the prospect of errors and miscalculation. Inadvertent escalation becomes increasingly likely.

Chapter V

PROLIFERATION MANAGEMENT: PROSPECTS FOR CONSTRAINTS, CONTROLS AND CBMS

As all the previous chapters illustrate explicitly, there has been a continuous flow of military material into South East Asia over the past decade. The 1997 economic recession had slowed this modernisation effort of regional governments, but recent trends indicate that with economic recovery, the pace of procurement is once again picking up.

Although the rate of growth in military expenditures and as a proportion of gross domestic product (GDP) has stabilised or decreased, a considerable amount of money has been spent on new and sophisticated equipment. This increase in spending is due both to the higher unit costs and to real expansion of military budgets and investment in indigenous defence industries. The focus on air and maritime capabilities with both a defensive - offensive capacity as well as power projection implications reflects an important shift in perceptions and postures from domestic consolidation to borders, neighbours and the region as a whole. There is little argument among analysts about the acquisitions being made; the disagreements concern intent.

The question, therefore, is not whether there has been, or is likely to continue to be a significant increase in the qualitative and

quantitative arms profile of most South East Asian countries; both the data and the expert commentary provide clear evidence of proliferation. The question is rather what, if anything, should be done about it? Is weapons proliferation in South East Asia a problem and if so, what kind of a problem, for whom, and why? Are there proliferation-management techniques that might address some of the unsettling and uncertain consequences of arms and military-technology acquisitions, deployment and professed intent? If so, is now an opportune time for the relevant parties to undertake such efforts?

Regional Proliferation Management: A Theoretical Scrutiny

The theoretical literature on proliferation management (including non-proliferation and arms control) has focused almost exclusively on a combination of global or strategic proliferation of non-conventional weapons, and has not been systematically applied to regional contexts.¹ In fact, for a number of reasons, regional regimes might be easier to generate and sustain, and perhaps be more effective, than universal regimes.² First, the regional states may have greater incentives to support a regime designed to

¹ See Brian Bow and David Dewitt, 'Non-Proliferation and Regional Security: Global Norms Confront Regional Dynamics', Paper for Non-proliferation, Arms Control and Disarmament Division, Department of Foreign Affairs and International Trade, Ottawa, Feb. 1996.

² For a useful statement, see Neil Mac Farlane and Thomas G. Weisse, *Regional Organisations and Regional Security*; *Security Studies* 2(1) Autumn 1992, pp 7-10.

manage proliferation that is distinctly regional in character because status within a relatively tight regional configuration would be more immediately affected by the negative consequence of its absence.

Second, based on their intimate knowledge of the region's dynamics and strategic culture, states within a given region may construct a regime that is more amenable to their shared problems and preferred modes of problem-solving than a global regime would be. Third, regional forms of co-operation may be more appealing to states that are acutely concerned about the machinations of manipulative extra-regional powers, since regionally constructed regimes represent a special opportunity to exclude these states or include them on regionally established terms legitimately. Finally, regional proliferation-management regime may be more efficient institutionally, since it is generally easier to arrive at a working consensus when the number of parties is relatively small, and since attention to a smaller number of potential proliferators might allow the regime to be more focused and more flexible than its universal counterpart.

Although each of these propositions is plausible, there are also counter-hypotheses. First, the immediacy of the challenges of proliferation can be as much an obstacle to regional cooperation as an incentive. In general, the states most immediately affected by proliferation dynamics are also those most likely to experience the mistrust and antagonism that drives it in the first place. As such,

they would be reluctant to surrender their unilateral capacity to respond in favour of a multilateral arrangement. In fact, one of the premises underlying arguments for universal management is that the participation of more or less 'disinterested' states helps both to bolster the confidence of reluctant parties and to infuse the process with a degree of undiluted rationality.

Second, while the states of any given region will probably have a better understanding of its strategic culture and of the subtleties of its strategic dynamics, their empirical knowledge and theoretical understanding of proliferation may be limited, as might be their knowledge of the technical workings (such as administration and verification) of proliferation management. As in universal regimes, this tension may be exacerbated by an asymmetrical distribution of national technical means for verification, especially with respect to more intrusive capacities, such as satellite reconnaissance technologies.

Third, excluding domineering extra-regional powers could create a space for domineering regional powers. This makes establishing a regional security arrangement difficult as smaller regional powers fear an aspirant regional hegemon, or it may render an existing regime dysfunctional, as larger regional powers use it as a tool of foreign policy. On the other hand actual and potential regional hegemons have been reluctant to participate in regional security forums (for example, China in the early stages of the

ASEAN Regional Forum (ARF) and the Asia-Pacific Economic Co-operation (APEC) talks and India's objections to developing a security focus within the South Asian Association for Regional Cooperation). Fourth, the number of states that might be involved in a proliferation management regime seems less important than the convergence of their interests in or with the strategic status quo.

Unlike the universal arena, a narrow set of participants may impede consensus-building in regional contexts, as some states may be anxious about the capabilities and intentions of extra-regional powers. Thus, although much of the political discourse within South -East Asia over the past 20 years has focused on consolidating national loyalty and regional identity, the permeability of regional boundaries to extra-regional actors and influences complicates regional efforts to establish discrete policies and effective consensus politics.

Proposals for Confidence Building and Security Co-operation in South East Asia

In South East Asia, as many of the region's militaries transform themselves from primarily defensive, nation-building and state security forces to militaries with more extensive force-projection capabilities more credible forms of assurance are required. The 1978 Treaty of Amity and Cooperation is certainly an important regional contribution to these efforts, although there is

little evidence as yet that it will be used as a platform from which proliferation management instruments could be introduced. There has been a gradual recognition in the region of at least the desirability of moving towards installing a mechanism of checks and balance that would provide for a more stable and safe security environment, and that would prevent the arms acquisition process from become mutually threatening. In other words, Confidence And Security Building Measures (CSBMs) have entrenched themselves in the regional security lexicon as concerted though nascent efforts are being made to establish and implement them.

In this context, the essential "building blocks" are those which address the more likely points of tension and misunderstanding which attend the acquisition programs, and hence alleviate the possibilities for reciprocal acquisitions, miscalculations, and inadvertent escalation. Before examining these 'building blocks' it is first imperative to define CSBMs for the purpose of this work.

Definitions of CSBMs vary, ranging from the very narrow (looking almost exclusively at military measures) to much broader interpretations encompassing almost anything that builds confidence. This work defines CSBMs as including both formal and informal measures, whether unilateral, bilateral, or multilateral, that address, prevent, or resolve uncertainties among states, including both military and political elements. Such measures

contribute to a reduction of possibility of incidental or accidental war. The focus is on security, broadly defined. The intent is to alleviate tension and reduce the possibility of military conflict. CSBMs help manage problems and avoid confrontations; conflict resolution mechanisms and other attempts to deal with or redress ongoing crises or acts of aggression fall outside this definition.

It is also recognised that the Association of South East Asian Nations (ASEAN) is, itself, a classic CSBM in the wider sense of the term. It has made an extremely important and valuable contribution to confidence building in South East Asia and the lessons learned from the ASEAN experience could also be very relevant for CSBMs in the Asia-Pacific as a whole. Again the term CSBMs is seen as encompassing or embracing the spirit and intent of proposals calling for trust building measures, mutual assurance measures, mutual reassurance measures, community-building measures, and other related confidence-building concepts.

In the past 15 years or so, South East Asia has been relatively free of major inter-state conflict, although internal problems and boundary issues persist. A modest record of formal consent and consensus has evolved, as indicated by ASEAN declarations and inter-state legal agreements. During this time, the substantial modernisation of the military forces of Thailand, Malaysia, Singapore and to a lesser extent, Indonesia and the Philippines has not provoked either rhetoric or action to suggest

any pending inter-state military confrontation. While potential flash-points can be identified, only the South China Sea is likely to result in a major intra-regional conflict employing massive military force, and this exception is less intra-regional than caused by China.³

Although there is plenty of concern about how to enhance confidence and trust throughout the region, the process has been decidedly incremental. The basic building blocks identified in engendering a safer environment are transparency and regional security dialogue.

I. Transparency

A critical requirement is to encourage much greater transparency with respect to major arms acquisition programs and strategic objectives. Mechanisms are needed for discussion and sharing of information on security perceptions and threat assessments (including intelligence assessments of general regional security developments as well as particular issues such as refugee movements, piracy, and terrorism); major weapons acquisition programs; military exercises and forward deployments; and defense doctrines and operational concepts.

Transparency measures represent convenient, low-risk methods for promoting confidence in the near term while laying the

³ See Mamdouh G. Salameh, 'China, Oil and the Risk of Regional Conflict' in *Survival*, 37(4), Winter 1995, pp. 133-46.

foundation for more ambitious programmes to follow. In general, greater transparency about military doctrine, capabilities, and intentions can provide reassurance and help build trust and confidence.

A wide variety of military transparency measures exist. These include direct military-to-military contacts, visits by military delegations, military personnel exchange programmes, intelligence exchange, prior notification of military exercises, the opening of military exercises to international observers, greater openness regarding military budgets and defence planning and procurement, and the preparation of defence white papers. Many have been, or could easily be initiated unilaterally or pursued on a bilateral or broader basis. Both governmental and non-governmental organisations should also encourage and facilitate informed public debate on security issues. Let us examine some of these measures in greater detail.

1. Enhanced Information Exchange

This involves all measures to promote the voluntary exchange of information on military forces. One frequent suggestion in this regard is that all countries in the region agree to publish annual defence white papers, as a means of putting basic military information on the public record. However, it does have inherent limitations. In the absence of a standard format, defence white papers are not likely to provide information which is either easily

comparable or equally extensive. Moreover, by the nature of the exercise many defence white papers tend to be written with the objective of justifying a particular level or direction of expenditure, which may limit their value as sources of information.

Another approach which has been pursued, particularly in the United Nations context, is the exchange of information on international sales of major items of defence equipment. It too, however, has inherent limitations. It focuses only on those aspects on military capabilities which enter into international trade. These are by definition far more important to countries which do not have extensive defence industries than they are to other countries which have such an industrial base. Since countries within the region differ widely in their defence industrial capabilities and their relative dependence on international trade for the acquisition of defence equipment, trade data alone cannot give a comprehensive or balanced picture of the defence situation.

A third approach has been to seek agreed formats for data exchange among regional states.⁴ The requirement is to find an acceptable formula which would provide useful information on the forces of countries with great differences in the size, structure, and capabilities of their military establishments.

⁴ This is the pattern, which was adopted in the Vienna Document of 1992 between the participants in the Conference in Security and Co-operation in Europe.

The minimum content of such a data exchange format for the region should include, for each participating country:

- The numbers and types of items in each category of major combat equipment, for example, tanks, heavy artillery, combat aircraft, helicopters, major surface ships, submarines;
- The number of personnel in each branch of the military service;
- The principal peacetime locations of major units of the land, sea and air forces.

There does not appear to be any overriding reason why such a minimal data exchange format could not be developed and agreed by the states in South East Asia over the next few years. For many this information is already in the public domain. For many others, it is well known in professional circles.

Implementing such an exchange would have two positive effects. In the first place, putting even such modest information on the table would help overcome outdated taboos about military secrecy, thereby greatly facilitating dialogue among regional states on security issues. Secondly, it would provide a much clearer starting point for public understanding than the current state of affairs, where much of the open discussion focuses on snippets of information periodically leaked to the international press.

Two objections to such minimal exchanges have been raised and need to be dealt with. On the one hand, it has been suggested that exchanging such information would force states to confront

openly the existence of capabilities or imbalances in neighbouring states which could be perceived as threatening. The contention is that by keeping information out of general circulation, the problem can be more easily managed. It is debatable, however, whether keeping publics ill-informed increases confidence, or whether it reinforces nervousness and misinformation. The other objection, which was particularly strong in the European context, was that the inclusion of any item of equipment or force structure, in a data exchange represented the beginning of a slippery slope eventually leading to controls and limits on that equipment and force structure. The basic assumption behind this objection, however, is flawed. There can be no direct connection between a data exchange, undertaken for mutual information and reassurance, and hypothetical arms control measures which might be negotiated in an undefined situation.

2. Military-to-Military Contacts

The second area of transparency measures is more varied but goes in the same direction as information exchanges by breaching taboos on contact and dialogue at the professional level. Here it is important to distinguish between exchanges which have always taken place between the military officer corps of close friends, and exchanges which are deliberately fostered to achieve interaction among officer corps that would not traditionally have had much if

any contact. The former category largely takes care of itself. It is the latter that requires attention.

One device for promoting such contact is an agreement to announce major exercises and other training activities in advance and to invite all interested states in the region to send observers. The objective of such measures would not be to monitor or learn from the observation of the exercises and training as such. Rather, the purpose would be to greatly expand opportunities for interchange between officers throughout the region in a relevant professional setting. For the region as a whole, measures of exercise and training notification and observer invitations would have to cover all military services, land, sea, and air. This will require the development of agreed threshold criteria, for example, on the size of forces which must be involved before a given activity is subject to notification and invitation to observers. Potential criteria include the number of personnel involved; the number of items of major military equipment involved, such as tanks, ships or aircraft; or the organisational level of the forces involved, for example, divisions, brigades, or regiments.

Another approach which has been successful in enhancing military-to-military contact is tailored specifically to naval forces. Since 1972, when the first Incidents at Sea agreement was concluded between the United States and the former Soviet Union, similar agreements have been negotiated between many of the

world's naval powers. Such measures are designed to minimise the risk of miscommunication and dangerous activity, including collisions between naval vessels. At the same time, they provide an excellent vehicle for direct professionally- focused interaction between naval officers. Although the original agreements were bilateral, there is no barrier to adopting similar objectives and mechanisms on a multilateral basis.

A third approach to building military-to-military interaction is to ensure that the services are well represented on national delegation to international meetings considering security issues, including arms control and confidence-building measures. The experience of negotiations can be illuminating. At a minimum, it subjects military personnel to direct discussion of the viewpoint and arguments of their counterparts in other governments, both uniformed and civilian.

3. Co-operative Mutual Observation

The third area of transparency measures aims to supplement the exchange of information and military-to-military contact by providing agreed mechanisms for direct observation of military forces and activities. Observation measures are designed to provide first-hand information on military forces and activities, as a basis for better understanding and mutual confidence. The rationale for negotiating agreed systems of observation is to ensure that all countries have a certain minimum level of common information,

which is independent of the level of technology, military expenditures, or absolute size, of each individual country. Such a basic common level of information can enable all interested countries in the region to evaluate and discuss security issues objectively, helping to minimise misinformation, rumour, and miscalculation. In an era when security and political arrangements are becoming increasingly multilateral, it is all the more important that all countries have direct access to such information, and that it is no longer confined to the few countries operating high technology reconnaissance satellite.

There are two basic approaches to co-operative observation measures:

- Agreements that are focused on a narrow geographic area or on a limited substantive purpose; and
- Agreements that cover a wide expanse of territory and can provide information for a variety of substantive purposes.

Both approaches have their own rationale and advantages. On the one hand, focussing an observation measure on a narrow geographic area or a limited substantive purpose makes it easier for participants to agree on the specific requirements of the observation. A familiar example is the system of aerial observation established in the 1970s in the Middle East to observe the disengagement agreements in the Sinai Peninsula and the Golan Heights. In that case the territory involved was carefully delimited

and there were very precise requirements for counting military equipment within specific sub-sections of that territory. The observation system provided specific answers to specific concerns of the parties.

On the other hand, designing an observation measure which can cover more territory and which is not tied to a single substantive objective can offer much greater flexibility. This can be particularly valuable when the political and strategic situation is in flux. In such a period all states have an increased requirement for information but their interests and concerns are not limited to a single geographic focus or a narrow substantive issue.

In the South China Sea, where there is some fear that conflicting territorial claims could lead to a renewal of military clashes, a system of co-operative aerial observation might be established to give all the competing claimants a common basis of information on developments in the area, including the state of military and civilian activity. This would be designed to minimise misinformation and to facilitate future dialogue.

4. Projections of Defence Plans

One potential approach which would improve predictability while avoiding the rigidity of formal negotiations and agreements would be for all states in South East Asia to exchange annual non-binding five-year rolling projections of their military plans. These

projections would build on the formats for information exchange discussed earlier and would cover the same categories of major military equipment and personnel. Such projections are in any case customary in defence planning within most states, so that their preparation and exchange would not involve significant extra work. While the agreement to exchange such projections would be negotiated, as would the format, the actual content would be determined by the individual states of the region. Moreover, the projections would not be limitations. They would only be indications of national programmes, which could be changed by national decisions.

The process of preparing and exchanging five-year rolling projections could have important positive effects on regional security. Even though the projections would be nationally composed and non-binding, a presumption would be likely to develop that national forces would not exceed projected levels in the absence of major unforeseen changes in circumstances.

Understood in this sense, projections could become a useful input in shaping security analyses throughout the region. Moreover, the process could provide a framework within which states could send and respond to informal signals of intentions, enriching the dialogue on defence and security and lessening the costs and risks of competition, without the awkwardness and constraints of formal negotiations.

One concern with such a measure is that states might 'overbid' in their projections, with each of the separate military services competing to protect future options which had not yet received national approval. If this happened it could result in exaggerated projections and provoke a chain of unnecessary competitive reactions.

5. Area and Activity Constraints

The fifth measure on the agenda concerns constraints on particular military capabilities or activities in determined areas. The experience with such measures to date has all been in connection with specific areas of tension. The most prominent example has been the Middle East, where military deployments were limited in specific zones of the Sinai and the Golan to lessen the risk of conflict between Egypt and Israel and between Israel and Syria.

While any frontier or disputed area might theoretically be a subject for measures to limit military capabilities or activities, at present in South East Asia there is only one area which appears to be a potential candidate for such measures: the South China Sea.

Here the objective would be to devise measures which might minimise competitive military deployments and activities, to help preserve prospects for an eventual peaceful resolution of the disputed claims to the area. The simplest approach would be a

standstill agreement between the claimants, who would agree not to undertake new military construction or force deployments in the area, nor engage in major military maneuvers in the area.

In either case, the measure would help lessen tension and misunderstanding, which is only heightened by continuing reports of competitive military construction and deployments. Moreover, it could be designed in such a way as not to prejudice the legal position of any of the claimants. Its implementation would bolster the prospects of ongoing diplomatic efforts to find a mutually agreed peaceful resolution to the conflicting claims.

6. Understanding Defensive Requirements

Finally, there also should be a deliberate multilateral effort to develop better national understandings of the ancient argument about 'how much is enough?' Historically this has been an almost impossible task. While there has been a great deal of defence analysis in most countries, it has often had to contend with dynamic external threats and with sharply divergent internal opinions on the interpretation and appropriate reaction to those threats.

For many if not most states in the region, therefore, 'defence' may increasingly represent a broad insurance policy, rather than a competitive relationship with a named adversary. In such circumstances, dialogue on defence requirements can be far more

serious and productive than, for example, East-West discussions of force requirements during the Cold War.

The objective should be to sharpen understanding and analysis so that each state can tailor its own security package most effectively making best use of its resources while taking into account the programmes and reactions of others.

Despite the absence of major confrontations in South East Asia, the classic hurdles to such an endeavour will remain. There is no single model for 'defence', which would satisfy the great variety of states in the region. For example, large and small states have traditionally voiced differing perceptions of the forces needed to ensure routine defence and internal order for a large territory, which if concentrated might appear to pose a threat to other smaller states. Similarly, despite arguments in favour of various weapon systems, it is clear that most weapons can have offensive as well as defensive applications. These and other realities will add to the complexity of the effort.

A serious regional effort to address the question of how much is enough would be a productive confidence - building measure in itself. It would add a further element to political dialogue in the region, encourage careful analysis by all states, and mitigate conflicting perceptions - and misperceptions.

Most of the research and literature on CBMs in the South East Asian region has revolved around similar suggestions. In April 1992, the Malaysian Minister for Defence, Datuk Seri Mohammed Najib bin Tun Abdul Razak, proposed that a "regional register" be established both to support the UN regime and so that "suspicion could be minimised and managed" in the region itself.⁵ Such a regional registry, while being wholly compatible with the categories and collection processes of the UN regime, could be configured to address those deficiencies in the broader regime and provide greater illumination of other particular matters of concern to regional policy makers and analysts.

Another set of recommendations worth reproducing are those put forth by a noted scholar of South East Asian affairs, Desmond Ball. He has offered examples of the types of practical initiatives that might well inform the larger concerns of strategic stability and regional peace and security. These include:

- Mechanisms for enhancing transparency (White Papers, capability reviews, publishing national doctrines);
- A Regional Arms Registry;
- Regular intelligence reviews and exchanges;
- Enhanced bilateral defence arrangements;

⁵ The Hon. Datuk Seri Mohammed Najib bin Tun Abdul Razak, "Towards Co-operative Security and Regional Stability: the Malaysian View," in David Horner, ed., *The Army and the Future: Land Forces in Australia and South East Asia* (Canberra: Directorate of Deptt. Publications, Department of Defence, 1993), p. 137.

- Sharing concepts and methodologies for defence planning and force-structure development;
- 'hot-lines' between capitals;
- ongoing workshops and working groups seeking a negotiated resolution to protracted disputes (such as the workshop on Managing Potential Conflicts in the South China Sea, co-sponsored by Indonesia and Canada, held regularly since January 1990);
- CSCE/OSCE-type CSBMs such as notification of troops exercises, involving officer observers from contiguous countries; and
- Agreement on exclusion of exercises from sensitive areas.⁶

Additional suggestions compiled by Ball include: enhanced inter-operability and shared production and maintenance of military systems; creating regional training centres; an ongoing Defence Minister's conference or dialogue; establishing zones of cooperations (in the South China Sea); creating a regional crisis-management centre (either regionally based or in cooperation with the UN); various surveillance systems (land, marine, maritime, air and space) including for the new area of environmental degradation.⁷

⁶ Desmond Ball, 'A New Era in Confidence Building : The Second-Track Process in the Asia-Pacific Region, Security Dialogue, Vol-25, No.2, June 1994, pp. 157-77.

⁷ Gerald Segal, 'Arms Transfers in Asia: Transparency and Building Confidence, in Disarmament Topical Papers No.20: Transparency in Armaments, Regional Dialogue, and Disarmament (New York: UN Department for Disarmament Affairs, 1994), pp. 90-100.

However as with all the other important avenues for promoting CSBMs in the region, the issues with respect to transparency are not straightforward. Transparency is not a neutral strategic value. The effect of transparency is different for countries with more "defensive" as opposed to "offensive" defence postures, as well as for those countries more dependent upon arms imports rather than indigenous production. It can expose vulnerabilities (in both intelligence collection and force structure capabilities). Uncertainty about the capabilities of potential adversaries sometimes serves to enhance deterrence (or to induce caution).

II. Institutionalised Regional Security Dialogue

The most fundamental building block for regional security cooperation and confidence-building is the institutionalisation of regional security dialogue. Such dialogue should lead to better appreciation of the concerns, interests and perceptions of the participating countries, enhancing mutual understanding and trust, and preventing misinterpretations, misunderstandings and suspicions likely to cause tensions and even conflict. More generally, institutionalised dialogue would serve as a mechanism for managing some of the uncertainty that presently confounds regional security planners and analysts. The task for the near term, as Mahathir bin Mohamad stated more than a decade ago with respect to regional dialogue on economic cooperation, is "the

tedious one of getting to know each other"⁸ It could well take more than a decade for the developing dialogue processes within the region to produce sufficient mutual understanding, confidence and trust for resolving or managing substantive regional security issues.

Informal dialogue processes, such as the increasing frequency of meetings of defence chiefs and other high-level officers throughout the region, are extremely important. However, these need to be complemented by some degree of institutionalised dialogue mechanisms. There have been some very significant developments in this area over the past few years. The first important effort is the ASEAN Post-Ministerial Conference (PMC) process. In 1990, the notion of using the PMCs of the meetings of the ASEAN Foreign Ministers as a forum for regional security dialogue was informally raised within the ASEAN Institutes of Strategic and International Studies. The essence of the notion was that the ASEAN PMC was already a well-established mechanism for bringing together the six nations of ASEAN and their "dialogue partners", and that it was practicable to extend it in membership to include other Asia-Pacific countries and in agenda to include regional political and security issues. In June 1991, the ASEAN Institutes recommended to their governments that they move to

⁸ Mahathir bin "Tak Kenal Makatak Cinta", in *Asia-Pacific in the 1980s: Toward Greater Symmetry in Economic Interdependence* (Jakarta: Center for Strategic and International Studies, May 1980, p.18.

effect this proposal.⁹ The proposal was discussed by the ASEAN Ministers at the Twenty-fourth ASEAN Ministerial Meeting in Kuala Lumpur on July 19-20, 1991; a Joint Communiqué issued on July 20 stated that the ASEAN PMC was an "appropriate base" for addressing regional peace and security issues.¹⁰ This was endorsed at the Fourth ASEAN Summit in Singapore in January 1992.

In addition, in June 1991, the ASEAN Institutes of Strategic and International Studies proposed that there be instituted a "senior officials meeting (SOM) made up of senior officials of the ASEAN States and the dialogue partners" to support the ASEAN PMC process (e.g. with respect to the preparation of agendas and meeting arrangements).¹¹ The first of the SOMs was held in Singapore in May 1993, and included discussion of proposed multilateral approaches to regional peace and security.¹²

However, by far the most significant and substantial expression of cooperative security has been the ASEAN Regional Forum (ARF). For the first time, a regional organisation including all the major powers of the international system (U.S., China,

⁹ ASEAN Institutes of strategic and International Studies (ISIS), *A Time for Initiative: Proposals for the Consideration of the Fourth ASEAN Summit, June 4, 1991*, pp 4-5.

¹⁰ Joint communiqué of the 24th ASEAN Ministerial Meeting, Kuala Lumpur, July 19-20, 1991, p. 5.

¹¹ ASEAN ISIS, *A time for Initiative*, p. 5.

¹² Peter Gill, "U.S. Takes New Line on Regional Security," *Australian Financial Review*, March 2, 1993, p. 12.

Russia, India, the EU & Japan) is led by a group of its weaker members (that is, ASEAN).

Since its inception in July 1995, the ARF has adopted a multi-tier approach to security cooperation, consisting of confidence-building, preventive diplomacy, and conflict resolution. The confidence-building measures (CBMs) adopted during its first five years have consisted largely of information sharing on a voluntary basis, and of meetings among regional defence officials. The idea of a regional arms register has been put on hold. Instead members are encouraged to participate in the UN Conventional Arms Register. More ambitious CBMs, such as advanced notification of military exercises, have been stymied. Not surprisingly, the US rejected Chinese proposals in 1997 for advance notification of joint exercises conducted by countries outside their home territory: this would obviously affect the US, the country which conducts most such exercises, while sparing China.

The Asian economic crisis and its attendant political effects have undermined ASEAN's ability to provide leadership for regional security issues. ASEAN members not only have to focus on their domestic economic and political problems, but the organisation as a whole must also cope with the burdens imposed by an expanded membership. These adverse developments have cast a shadow on the credibility of regional multilateral institutions in dealing with the region's problems.

At the same time as the ASEAN PMC process developed, it was supported and supplemented by a burgeoning of non-governmental activities and institutional linkages, now generally referred to as the 'track-two' process. According to a recent compilation these second track meetings now exceed one per week.¹³ Some of these are small workshops, sometimes involving less than two dozen participants and designed to address specific issues, such as security of the sea lanes through the region on territorial disputes in the South China Sea. To date the largest and most inclusive structure is the network of national member committees of the Council for Security Cooperation in Asia Pacific (CSCAP), founded in 1993-94. With members and associate-members from the Asia-Pacific and Europe, it aims to provide the ARF process with both background materials and recommendations, while also addressing issues too sensitive or long-term for the official track.

South East Asia is composed of states with widely varied but increasingly substantial socioeconomic, political and military capabilities. The differential growth of regional states capacities, in combination with historical animosities and lingering sovereignty disputes, perceived discrepancies between actual and appropriate

¹³ See *Regional Security Dialogue: A Calendar of Asia Pacific Events, Jan-Dec. 1994*, Prepared jointly by the Regional Security Section, Department of Foreign Affairs and Trade, Canberra, and the Strategic and Defence Studies Centre, Research School of Pacific Studies, The Australian National University, Canberra, 2nd edition, Jan 1994.

levels of political status, and external interference, have created a climate of uncertainty and apprehension. Cooperative proliferation management is best understood as an important feature of the larger search for ways to ameliorate these anxieties. As such, it must be viewed as a political process, rather than a merely technical problem, involving not only the incremental building of practical instruments for reassurance but also of a sense of common purpose and rewards. It becomes part of entrenching a habit of dialogue among the partner-states. Nonetheless, while the process of instilling habits of co-operation in and itself, may result in greater levels of trust and understanding over time, substantive issues must ultimately appear on the agenda. Dialogue without a defined purpose can be difficult to sustain.

It is necessary to stress that the development of regional cooperative security and confidence-building measures to the point where they become a significant aspect of the regional strategic architecture will not be easy. The South East Asian region is very disparate: quite different security perceptions obtain, outstanding territorial and legitimacy conflicts require resolution, and there is very little tradition of security cooperation, at least on a multilateral basis. The issues themselves are generally complex, and the practical and operational factors involved in the establishment of effective CSBM regimes are extremely demanding.

However, the fact that the exercise will not be easy is not an excuse for inaction. The need for regional CSBMs is too important for that. The initial steps or "building blocks" will necessarily be modest. The place to start is with dialogue and other measures designed to enhance mutual understanding and confidence in the region. The critical question is whether or not the arrangements for enhanced regional cooperation can be instituted to the point where they can enable the effective management of the extraordinary changes and the increasing complexities and uncertainties which characterise the emerging security environment in South East Asia.

Chapter VI

CONCLUSION

There is no doubt that modernisation and militarisation is an ongoing process in South East Asia, and the economic recession of late 1990s merely paused this effort. The more complex and interesting issue that needs to be confronted is couched in the question of how will the South East Asian nations cope with the 'greater glory' that enhanced militarisation brings. It is the answer to this question which has grave ramifications for the regions security architecture and which, infact, will determine its contours.

The real increases in regional military spending have been regularly recorded through the last decade and have been recognized as processions from a trend set in the previous decade when the rate of increase was even more rapid. There has been a general region – wide decline in the ratio of military spending to GNP through the 1980s, and where this ratio has increased, upward movements are neither large nor strong.

It is therefore premature and hasty to label this acquisition drive as an arms race as some quarters in the academia and media have done. The pattern to these indices falls some way short of what a fully developed regional arms race would manifest; in the first instance one would expect to see sharp and universal rises in the military share of government expenditure, leading over time to a rise in the proportions of military spending to Gross National

Product. This has not happened. The current indicators are best explained as considerable distance remains to be traveled before one can speak about the traveled before one can speak about the existence of arms race across or within the region.

The real increases in military spending and continuing force modernisation are nonetheless cause for a different kind of concern. The economic potential of the region to sustain a mature arms race has expanded considerably inspite of the recession, and the mounting trend towards higher levels of indigenous defence production across the region could provide a strong domestic push in that unwelcome direction. Such a push aided by opportunistic international arms manufacturers and their supporting governments can easily reinforce the 'peace through strength' mentality that prevailed all too readily during the Cold War era and resulted in increasing resources being devoted to military security.

Nations interested in nurturing stability should act responsibly to ensure that their activities are not misconstrued as a prelude to conflict or as an attempt to establish regional or sub-regional hegemony. In the realm of international security, perception is often tantamount to reality and such perceptions all too often can produce conflict. This is one of the fundamental challenges to the shaping and practice of arms control in South East Asia.

Now is the time to focus on developing effective proliferation – management codes of conduct and rules of operation. While they

must be sensitive to and compatible with regional identities, to be truly effective they should either follow existing arms-control experiences and regimes or they should be genuinely innovative, with South East Asia providing an example of how a previously strife-torn region can transform itself into a collection of unequal states seeking peaceful means to resolve outstanding tensions.

The best available option is for each country to establish clear markers for what they deem to be 'defence sufficiency', to articulate those in both doctrinal and operational terms, to link arms acquisitions and deployments to this schema, and then to engage in regular dialogue with the regional partners to ensure that the match between perceived needs and available capabilities is understood. This is a continuing process, and will require political ingenuity in arriving at a functional balance between various domestic pressures on the one hand, and between domestic pressures and the concerns of neighbouring states on the other.

This process will require accumulating a range of classic CSBMs, including transparency and verification procedures undertaken for both bilateral and regional purposes. Whether by chance or by design, it is remarkable that, despite the legacies of great-power politics, civil wars, domestic insurgencies and post-colonial struggles, the ASEAN-PMC, the ARF, APEC and the other channels of regional engagement have created a basis for these processes. Diplomatic and legally binding dispute-resolution mechanisms which result in voluntary compliance will go still

further to enhance inter-state confidence in the benign intent of the parties. Hence, China and the South China Sea remain a touchstone for any predictions about the importance of proliferation-management efforts in South East Asia.

The present moment of flux in South East Asia should be seen as an opportunity. The development of regional forums like the ARF and APEC has created a tangible momentum that should be harnessed to facilitate the creation of practical instruments for cooperative proliferation management before a possible political crisis or overt strategic confrontation materialises. Progress in cooperative proliferation management will be reflected less in the achievement of transparency with respect to numbers of missiles and ships than in transparency with respect to intentions, anxieties and conceptions of military sufficiency.

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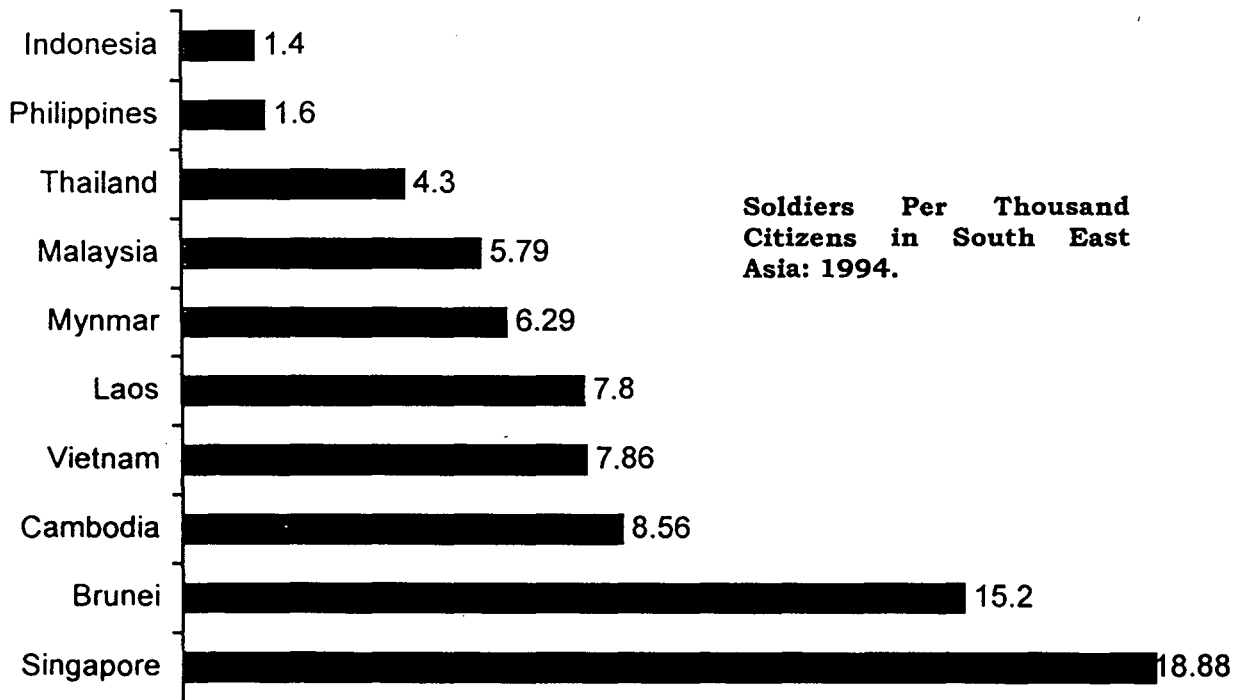
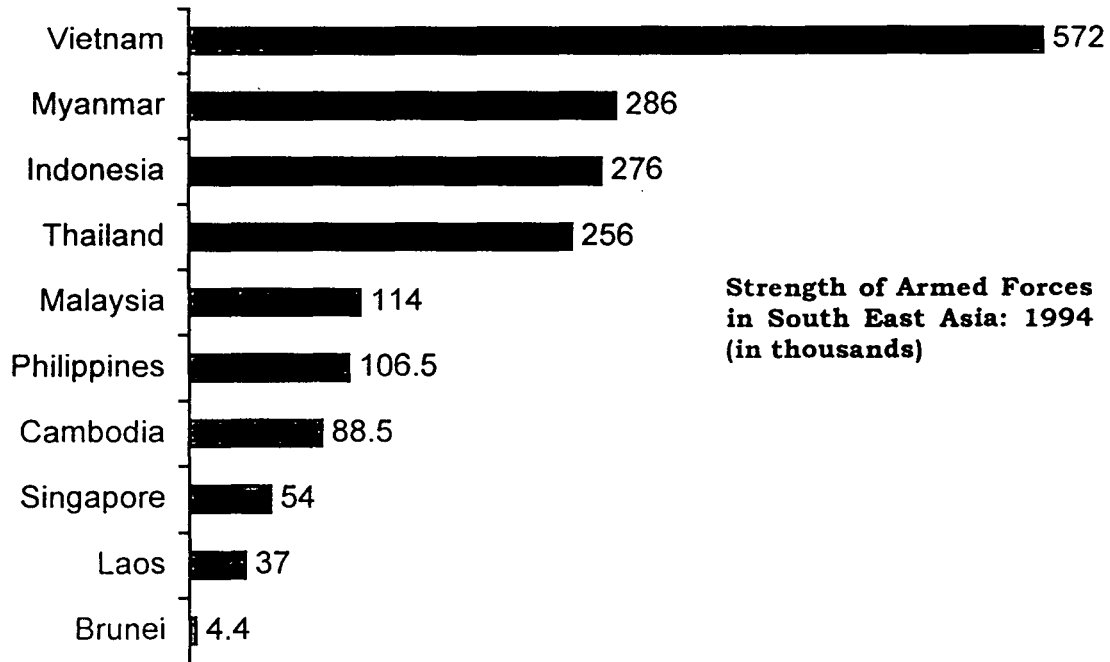
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APPENDIX 1



Source: World Military Expenditures and Arms Transfers, 1993-1994 (Arms Control and Disarmament Agencies, Washington D.C., US Government Printing Office, 1995)

APPENDIX 2

Table 2.1

Comparative Military Capabilities of the ASEAN States, 1998

Country	Military Manpower	Tanks	APCs	155mm Howitzers	Missile Craft	Combat Helicopters	Combat Aircraft
Singapore	323.000	410	1074	123	24	20	157
Malaysia	150.000	26	1210	12	14	0	89
Indonesia	876.000	455	696	0	14	0	91
Thailand	506.000	787	1117	218	16	0	206
Philippines	249.000	41	569	12	0	99	39
Brunei	6.000	16	52	0	3	6	0
Vietnam	484.000	1935	1500	?	11	43	201
Myanmar	435.000	231	385	0	6	22	121
Laos	29.000	55	70	?	0	0	26

Source: *The Military Balance 1998-1999* (London: International Institute of Strategic Studies, 1998).

Table 2.2

Arms Imports in South-East Asia 1983-1993

(In millions of current US dollars)

Countries	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Brunei	0	0	0	5	5	5	5	10	0	0	0
Cambodia	140	190	280	150	460	240	490	230	40	0	5
Indonesia	160	110	150	160	270	250	210	270	20	40	160
Laos	140	130	100	100	140	150	100	40	10	10	30
Malaysia	280	400	470	60	70	30	70	30	20	10	80
Myanmar	30	30	50	30	20	20	20	110	390	140	120
Philippines	30	40	40	40	60	60	70	90	110	100	40
Singapore	190	170	170	310	180	370	170	220	290	210	60
Thailand	330	280	190	130	400	525	280	240	525	310	90
Vietnam	1500	1600	1500	2100	1900	1500	1300	1100	200	20	10

Source: *World Military Expenditures & Arms Transfers, 1993-1994* (Arms Control and Disarmament Agency, Washington D.C., U.S Government, Printing Office, 1995).

Table 2.3

Arms Transfer Deliveries to South East Asia by Major Suppliers (Cumulative: 1991-1993)
(In millions of current US dollars)

Supplier / Recipient	Total	United Stated	United Kgd.	Russia / USSR	Germany	France	China	Others
Brunei	0	0	0	0	0	0	0	0
Cambodia	45	0	0	40	0	5	0	0
Indonesia	210	70	0	0	40	100	0	0
Laos	40	0	0	10	0	0	30	0
Malaysia	110	30	50	0	0	0	0	30
Myanmar	660	0	0	0	5	0	525	130
Philippines	240	180	0	0	0	0	0	60
Singapore	560	230	10	0	150	120	0	50
Thailand	925	450	0	0	30	0	320	125
Vietnam	230	0	0	220	0	0	0	10

Source: *World Military Expenditures and Arms Transfers, 1993-1994, (Arms Control and Disarmament Agencies, Washington D.C., US Government Printing Office, 1995)*