

Military Spending and Arms Transfers in Southeast Asia A Puzzling Modernization

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Abstract

Since 2000, military spending has skyrocketed in Southeast Asia. Arms transfers too, with regional countries acquiring state-of-the-art submarines and fighter aircrafts. Is the region therefore home to an arms race, fuelled by China's rise and by the US rebalancing? Considering intra-regional transformations and national contexts, these strategic and military evolutions appear as not only complex, but also very different one from another, in their scope and drivers. More than geopolitics, it may be History that sheds most light on the rationales behind the current military dynamics in Southeast Asia, which convincingly express how regional elites perceive and defend their interests in the domestic field as well as in the international arena.

Keywords: Asia, Southeast Asia, security, military spending, geopolitics, arms transfers, China.

Résumé

Dépenses et transferts militaires en Asie du Sud-Est: une modernisation qui pose question

Depuis 2000, les dépenses militaires, ainsi que les importations de matériels de haute technologie tels que des sous-marins ou des avions de combat, ont explosés en Asie du Sud-Est. La région est-elle dès lors le théâtre d'une course aux armements, alimentée par la montée en puissance chinoise et le « pivot » américain? A la lumière des transformations intra-régionales et des contextes nationaux, ces évolutions militaires et stratégiques s'avèrent à la fois complexes et très différentes les unes des autres, dans leurs portées et leurs moteurs. Plus que la géopolitique, c'est peut-être l'histoire qui éclaire le mieux les logiques à l'œuvre dans cette dynamique, représentative de la manière par laquelle les dirigeants d'Asie du Sud-Est appréhendent et défendent leurs intérêts, autant sur la scène interne que dans l'arène des relations internationales.

Mots clés: Asie, Asie du Sud-Est, sécurité, dépenses militaires, géopolitique, transferts armements, Chine.

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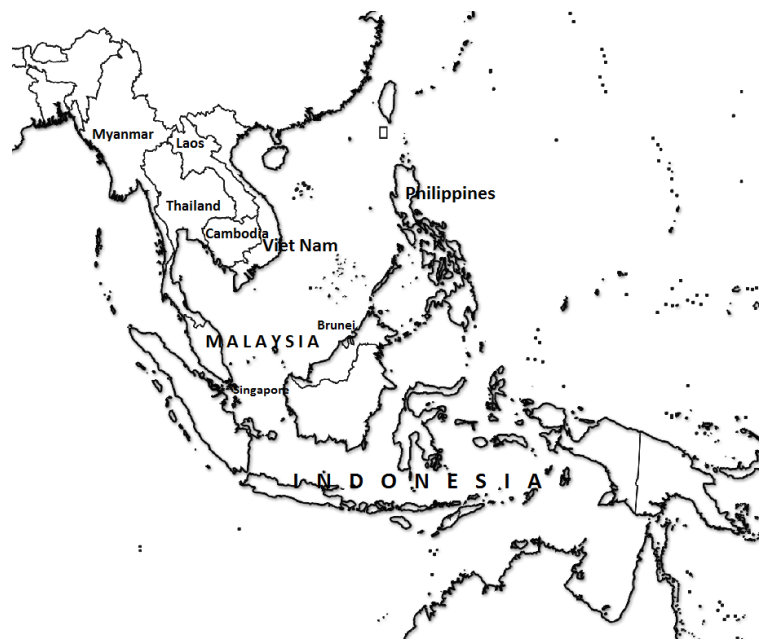
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Introduction

Southeast Asia¹ is a vast region, clustering eleven countries and more than 600 million inhabitants on a territory spreading over 4,5 million km². It is also a region at the crossroads, between two oceans, two continents (Asia and Oceania), and between the larger China and India. Historically, the Indian and Chinese worlds yielded considerable influence over the region. The evolution of these poles, and their relations with the empires and people of Southeast Asia were determinant in shaping the religious, political, and socio-economic trajectories of the region's many polities.



Source : wikipedia.org

History shows that the geography of Southeast Asia inevitably made it a place of considerable importance and interest for contemporary great powers. Since Antiquity, its straits have been important relays in regional and global trading networks. Those of Malacca, Sunda and Lombok now see 58% of world trade (respectively 36%, 7% and 15%) transiting in their waters, and a great share of the energy imports of South Korea, China and Japan. Besides, the region's combined GDP has reached 2 300 billion dollars in 2012, a total set to surpass 10 000 billion dollars in 2030². Throughout the last decade, this economic prowess translated in rising military budgets and ambitious arms buying programs, fuelling a fear of increased regional volatility³.

1. "Southeast Asia", as delineated and understood today, is a recent geographical construction. It gathers what once was Insulindia and Indochina, what was previously known as "Far East", "Indes extérieure", "Nanyang" (for the Chinese, meaning "Southern Ocean"), all names that mark an exogeneous perception of the region and not one given by its own people. Etymology thus adds weight to a characterization of the region from without, as a place "south of China, east of India". See: Donald K. Emmerson, "'Southeast Asia': What's in a name?" *Journal of Southeast Asian Studies*, 15 (1), 1984, p. 1-21.
2. These estimates are for the ten member countries of the Association of Southeast Asian Nations or ASEAN, namely Brunei, Cambodia, Indonesia, Lao DPR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam. Timor Leste's economy should be added to these numbers. Source : *IHS Global Insight*, quoted in "ASEAN's rise as the next economic superpower", *ASEAN Trade Union Council*, 10 August 2012 : <http://aseantuc.org/2012/08/aseans-rise-as-the-next-economic-superpower>
3. "Military spending in South-East Asia: Shopping Spree", *The Economist*, 24 March 2012: www.economist.com/node/21551056

To what extent does the evolution of Southeast Asia's regional military and strategic landscape risk destabilizing the region? What are the rationales driving these national arms programmes? Are those programmes constitutive, as is often argued⁴, of an arms race?

This Analysis seeks to detail and contextualize current trends in terms of military spending and arms acquisition in Southeast Asia, aiming to provide a more acute picture of what's at play on different levels, in four separate steps. In Southeast Asia, as elsewhere, military spending and arms acquisitions are only part of wider evolutions, related to the political trajectories of regional states and to transformations in the global balance of power. Their engines, characteristics and possible repercussions are too complex and multifaceted to all fit within the convenient yet debatable – for its euro-centric underpinnings and teleological connotations – notion of an “arms race”. The first part of this Analysis will describe the regional geopolitical settings, focusing on the structuring role played by the dialectics of contending Chinese and US strategies, in view of the region's history. The second will put military spending by Southeast Asian countries in perspective, considering both their differences and evolutions. The third part will address military spending by the so-called regional “Big Five” (Singapore, Indonesia, Malaysia, Thailand and Viet Nam), in order to identify key trends, as well as shared evolutions. The last part will gauge these spending patterns against the state of international relations in the region. A critical consideration of some of the region's most visible arms import contracts will pave the way to an analysis of the underlying trends and state rationales behind the current military modernization programmes of Southeast Asian countries.

Methodological notice

Military spending is a delicate matter of sovereignty for many states in the world. It entails a variety of different realities, depending on the contexts and periods considered. The double issue of reliability and precision in the data acquisition process is thus salient in the present endeavour. The need to reach comparable results, inherent to any research concerned with regional states and scales, further complicates the task. The facts and figures contained in this Analysis are based on data sourced from the Stockholm International Peace Research Institute (SIPRI) Military Expenditure database, accessed and available online: www.sipri.org/research/armaments/milex/milex_database. SIPRI's data collection and restitution methodology is available online as well⁵.

To remain consistent with SIPRI's methodology, this Analysis also makes use of the definition of « military spending » provided by SIPRI⁶. Military spending include capital spending in: (1) armed forces (including those employed in peacekeeping roles and missions) ; (2) Defence ministries, and other governmental agencies involved in defence programmes ; (3) paramilitary forces (when they are considered as trained, equipped, and available for military operations) ; and (4) military activities in space. Spending in civilian defence or on past military operations does not qualify as “military spending”. “Military budgets” relate to the official figures, provided by states, entailing all of what disclosing authorities chose to incorporate in it.

When data used in the text or figures are either unavailable, submitted to caution (SIPRI provides its own estimates for a series of countries) or “highly uncertain”, they are referenced as such. Geographical choices have also been operated : Central Asia has been excluded from the analysis, due to the lack of data, but Oceania, riverine to Southeast Asia, has on the contrary, been artificially incorporated in the “Asia” grouping used in the present paper.

4. For instance: Richard Etienne, « Inquiétante course aux armements en Asie », *Le Temps*, 18 October 2010.

5. “Sources and methods”, *SIPRI* :

www.sipri.org/research/armaments/milex/milex_database/copy_of_sources_methods

6. “SIPRI Definition of military expenditure”, *SIPRI* :

http://www.sipri.org/research/armaments/milex/milex_database/definitions

1. China's rise and the American "rebalancing"

Southeast Asia is probably the region that paradoxically both profits and suffers the most from the spill-outs of China's rise. Historically, the region has been connected to its giant northern neighbour by a multiplicity of substantial, yet complex, ties. The succession of periods of strength and unity, and periods of weakness, civil war and dynastic change in the Chinese Empire gave rhythm to the relationship. Trade and its vagaries were then very important facets of that relationship⁷, all the more so that they were inseparable from politics and from the conduct of foreign policy by all political entities involved. For China, "Nanyang" was a source of valuable products such as Maluku's spices (nutmeg, mace, clove...), Banten's pepper, or the trepang (sea cucumber) from Makassar. It also was a market for its silk and porcelain, and an important milestone in Asian trading networks, i.e. a maritime alternative and complement to the Silk Road. According to the Chinese worldview, these exchanges were seen as tributary. Foreigners were required to symbolically recognize the Emperor's supremacy, through sophisticated ceremonials, in exchange for the authorization to trade, nominal protection, and non-interference in their internal affairs⁸. This traditional "tribute system" was as much about codifying China's diplomatic relationships with its neighbourhood, than interpreting and incorporating them in the cosmological orthodoxy of the Imperial Palace : the Emperor being the centre of the world, reigning over "tianxia", or "all-under-heaven", external partners were automatically, yet on varying degrees, considered as vassals⁹. Such system was not necessarily in contradiction with the worldviews of the Southeast Asian kings and emperors concerned. Furthermore, formally subscribing to the Chinese ceremonials was not perceived by these kings as detrimental to their status and domestic legitimacy, while Chinese trade and official protection brought substantial revenues in their coffers and some welcome support in the cutthroat politics of Southeast Asia¹⁰.

War, however, was sometimes part of these many relationships as well. Between the 2^d century BC and the late 10th century AD, Vietnam (then Nam Viet) was under the direct rule of the Chinese Han and Tang dynasties. As a matter of fact, Southeast Asia proved to be an important channel of China's expansive warfare and hegemonic projects, especially under the Mongolian Yuan Dynasty. Before it was forcibly incorporated in the Chinese Empire in 1253, Yunnan was home to the independent kingdoms of Nanzhao, then Dali. The Mongols also attacked, at the end of the 13th century, the kingdom of Pagan (contemporary Myanmar), Northern Vietnam, Southern Vietnam (then Champa), and Singhasari, in Java. These latter invasions resulted in relative failures¹¹.

7. See : Eric Tagliacozzo & Wen-Chin Chang (eds.), *Chinese Circulations. Capital, Commodities, and Networks in Southeast Asia*. Durham & London : Duke University Press, 2011.

8. Few sources are available to assess the perceptions of Southeast Asian kingdoms vis-à-vis their economic and political relationships with China. What was interpreted in China's records as a tributary mission, so as to enhance the Emperor's status, could well have been dispatched for other reasons, commercial mainly, by their sponsors. As expressed by Reid, "None [of China's relationships with neighbouring countries] can be said to have been understood in the same light on both sides". Anthony Reid & Zheng Yangwen (dir.), *Negotiating Asymmetry: China's Place in Asia*. Honolulu: University of Hawaii Press, 2009, p. 3.

9. Within the substantial literature on China's traditional tribute system, see: John Fairbank, *The Chinese World Order: Traditional China's Foreign Relations*. Harvard: Harvard University Press, 1969; Mark Mancall, *China at the center: 300 years of foreign policy*. New York: Free Press, 1984. For a more critical and less Sino-centric view, see: Anthony Reid & Zheng Yangwen (dir.), *Negotiating Asymmetry: China's Place in Asia*. op.cit.

10. Martin Stuart-Fox, *A short history of China and Southeast Asia: tribute, trade and influence*. Sydney: Allen & Unwin, 2003.

11. The invasion of Java was, in the opinion of Denys Lombard, not just about Mongolian expansionism, but also about the control of the spice trade. While eventually forced to retreat, the invading armies brought home considerable

In the 15th century AD, Ming China was driven out of Vietnam but consolidated its presence in the region's political and diplomatic life via the impressive, but peaceful, maritime expeditions of Zheng He. To deal with their powerful neighbour, Southeast Asian polities often resorted to a policy mixing a determined and resilient defence on the one hand, and symbolic submission on the other¹². When Vietnamese general Le Loi defeated Ming armies in 1428, he offered China to take a nominal status of vassal in order to cease hostilities. He then went on to found its own dynasty, the Le Dynasty, which was recognized by the Ming Court in 1431. As historian Martin Stuart-Fox makes clear, "symbolic submission was one thing, subjugation was another"¹³. For Le Loi, while de facto independence and peace were secured by the diplomatic deference towards the Chinese emperor, he himself ruled as an emperor over its own part¹⁴.

Various trends and events, such as the European imposition of "sovereign equality" as the normative framework of international relations, the advent of the Republican and Communist eras in China, the two world wars, and the diverging political trajectories of Southeast Asian states¹⁵ brought new sets of tensions and constraints to the China-Southeast Asia relationships. Throughout the Cold War, relations were mostly antagonistic, and China even waged a short war against Vietnam in 1979. After Deng Xiaoping's reforms, launched in the late 1970's, and the settlement of the Cambodian conflict, regional states nonetheless progressively normalized their relations with China. Beijing's good neighbourhood policy, set up in 1997, then largely contributed to the development of the political and economic ties with the whole of the region. The 1997 Asian crisis further accelerated this rapprochement, owing in large part to Beijing's accommodative stance¹⁶. In 2009, China turned into Southeast Asia's first trading partner, while the war on terror launched by the Bush administration and the military operations in Iraq and Afghanistan had given some substance to the impression that Washington's interest and investment in the region was fading, and that the US could withdraw altogether at some point¹⁷.

Since 2009, other concerns have surfaced as to the aims and objectives of a resurging China, whose foreign policy had turned more assertive in the face of increased domestic nationalistic pressures¹⁸. From Southeast Asia's perspective, this turn of events translated into, for instance, a renewed intransigence vis-à-vis China's territorial claims in the maritime domain, and a multiplication of incidents with its neighbours, Vietnam and the Philippines mainly. Developments in the South China Sea fostered the regionalist processes of Southeast Asia, whereby ASEAN countries sought to display a unified front against China, and to assert multilateral settings in place of bilateral ones in their negotiations with Beijing¹⁹. China's military developments further added to Southeast Asian concerns: the People's Liberation Army Navy (PLAN) indeed not only expanded its naval base on the island of Hainan, it also started the sea trials of its newly renovated Shiaoing aircraft carrier,

spoils, from the plunder of Kediri. See: Denys Lombard, *Le Carrefour Javanais, Essai d'Histoire Globale. Tome II: Les réseaux asiatiques*. Paris: Editions de l'école des Hautes études en Sciences Sociales, 2nd edition, 2004, p. 39.

12. Martin Stuart-Fox, *A short history of China and Southeast Asia: tribute, trade and influence*. op.cit, p. 72.

13. Ibidem, p. 72.

14. Ibidem; Anthony Reid & Zheng Yangwen (dir.), *Negotiating Asymmetry: China's Place in Asia*. op.cit., p. 7.

15. See : Milton Osborne, *Southeast Asia : An Introductory History*. Crows Nest: Allen & Unwin, 2010.

16. By refusing to devalue its currency, and by initiating free-trade and currency swap agreements with the eventual, and successful, aim of a regional macroeconomic stabilization.

17. Diane Mauzy and Brian Job, "U.S. Policy in Southeast Asia: Limited Re-engagement after Years of Benign Neglect", *Asian Survey*, 47 (4), July/August 2007, p. 622-641.

18. Gilbert Rozman, "Chinese Strategic Thinking on Multilateral Regional Security in Northeast Asia", *Orbis*, 55(2), 2011, p. 299; David Shambaugh, "Coping with a Conflicted China". *The Washington Quarterly*, 34 (1), 2011, p. 7-27.

19. Richard Weitz, "Nervous Neighbors: China Finds a Sphere of Influence", *World Affairs*, March/April 2011, p. 6-14.

launched new classes of combat ships such as Type-052D destroyers, made new strides in missile programs, acquired force multipliers (such as early warning airborne systems or supply ships), etc.²⁰

In reaction to these evolutions and to consolidate their pre-eminence in the unfolding "Pacific Century"²¹, the US tilted most of their attention towards the Asia-Pacific, and explicitly prioritized Asia in their military, diplomatic, political and economic portfolio in what came to be known as the US "pivot" or "rebalancing" effort. This policy was institutionalized in January 2012²². It is this framework that gives sense to Obama choosing Southeast Asia as the scene of his first post-reelection diplomatic visit abroad, or Secretary of State Clinton visiting Myanmar, of the decision to station on a rotational basis four Littoral Combat Ships (LCS) in Singapore, and base Marines in Darwin (northern Australia), or Obama's promotion of a region-wide free trade agreement, the Trans-Pacific Partnership (TPP)... Militarily speaking, the Pentagon also reviewed its strategic posture in reaction to the new capabilities of the PLA, which were termed Anti-Access, Area Denial (A2/AD) capabilities²³.

The Sino-American rivalry is now one structuring trait of Southeast Asia's strategic landscape. Indeed, regional states find in that opposition the opportunity to both diversify their partnerships and play one opponent against the other. To a large extent, this stance extends a diplomatic tradition deeply rooted in the many strands of strategic thinking present in the region. Indonesia's foreign policy provides a textbook case of such reasoning and pursuit of a "middle path" that would preserve the autonomy and room for manoeuvre of less powerful countries, through the traditional "free and active" (*bebas dan aktif*) character of its foreign policy²⁴.

Though China is the first trading partner of quasi-all regional states, and provides the backbone of their prosperity, the majority of them nonetheless rely on the US for their security, and the others see continued US presence in the region as positive for regional security. Myanmar, a country often deemed to be in the Chinese orbit, recently took part – though as an observer – in the "Cobra Gold 2013" joint military exercises led by Washington with seven regional armies²⁵. Still, uncertainties remain as how perennial the American rebalancing can be, in the context of lingering economic difficulties. The "middle path" pursued by regional countries thus takes the form of a balancing effort aiming at developing relations with both powers (China and the US), and avoid the prospect of having to choose one over the other.

20. "China", in: *The Military Balance 2013*. London: Routledge for IISS, 2013, p. 252-258.

21. Hilary Clinton, "America's Pacific Century", *Foreign Policy*, November 2011.

22. See: Department of Defense, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense*. January 2012.

Also see: Beginda Pakpahan, "Will RCEP compete with the TPP?", *East Asia Forum*, 28 November 2012:

<http://www.eastasiaforum.org/2012/11/28/will-rcep-compete-with-the-tpp/>

23. Voir: Stephan Frühling, "US strategy: between the 'pivot' and 'Air-Sea Battle' ", *East Asia Forum*, 26 August 2012:

www.eastasiaforum.org/2012/08/26/us-strategy-between-the-pivot-and-air-sea-battle/?preview=true; "Anti-access/Area denial: Washington's response", *The Military Balance 2013*. London: The International Institute of Strategic Studies (IISS), 2013, p. 29-31.

24. See for instance : Bruno Hellendorff, "Politique étrangère de l'Indonésie : un redéploiement prudent", *Perspectives Internationales*, 19 January 2013 : <http://www.grip.org/fr/node/799>

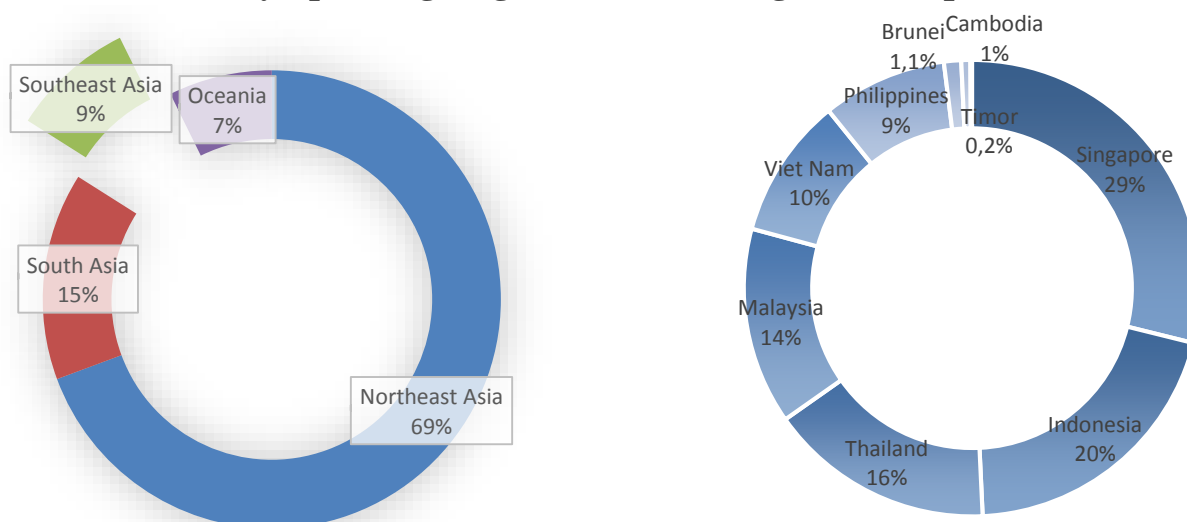
25. *The Military Balance 2013*. London: Routledge pour The International Institute for Strategic Studies (IISS), 2013, p. 247; "Myanmar Observers Participate in US-Led Cobra Gold Military Exercises in Thailand", *Chiangrai Times*, 11 February 2013.

2. Regional military spending: differences and evolutions

2.1. Southeast Asia in 2012

In 2012, military spending in Southeast amounted to 33,677 billion US dollars²⁶. This sum represents 11,17% of the East Asian²⁷ total for the same year, or 8,72% of the Asian total²⁸. As a group, Southeast Asia would be the world's 11th largest military budget in 2012, behind Italy (34 billion dollars), but ahead of Brazil (33,14 billion dollars) and South Korea (31,6 billion dollars)²⁹.

Military Spending: regional and sub-regional comparison³⁰



Yet, this figure obliterates the extreme heterogeneity of military spending in the region in global and relative terms. First, there is a huge gap between the "Big Five", i.e. Singapore, Indonesia, Thailand, Malaysia and Viet Nam, that collectively represent 89,18% of Southeast Asian military spending in 2012³¹, and the other countries, namely the Philippines, Brunei, Cambodia and Timor Leste³². Whereas Singapore spent 9,7 billion dollars in its military in 2012 (a similar figure to that of the Netherlands, with 9,8 billion dollars), Laos DPR spent 500 times less in its own military, with a total reaching 18,7 million dollars in 2011³³.

26. In current dollars, excluding military spending from Laos and Myanmar, for which 2012 data are unavailable. SIPRI Military Expenditure Database : www.sipri.org/research/armaments/milex/milex_database

27. "East Asia" comprises Southeast Asia as well as China, Japan, South Korea, Mongolia, and Taiwan. Data for North Korea are unavailable, and data for China have been estimated by SIPRI.

28. "Asia" comprises not only "East Asia" (see above), but also "South India" (India, Pakistan, Sri Lanka, Afghanistan, Bangladesh – data for Nepal are unavailable) and "Oceania" (Australia, Fiji, New-Zealand, Papua-New-Guinea). Central Asia is not included (see methodological notice).

29. In current dollars (2012). Italy's military spending has been estimated by SIPRI. SIPRI Military Expenditure Database, *op.cit.*

30. "Northeast Asia" comprises China, South Korea, Japan, Taiwan and Mongolia. Data for North Korea are unavailable; those for China have been estimated by SIPRI. "Southeast Asia" comprises Brunei, Cambodia, Indonesia, Malaysia, Philippines, Singapore, Thailand, Timor-Leste and Viet Nam. Data for Laos and Myanmar are unavailable. Central Asia has not been included due to lack of data (see above). Data are in current dollars. *Ibidem.*

31 *Ibid.* Data for Laos and Myanmar are not included in this figure.

32 Due to the lack of data, Laos and Myanmar are excluded from the figure. According to the International Institute for Strategic Studies, Myanmar's defence budget reached US \$ 2,27 billion in 2012. See : Military Balance 2013, *op.cit.*, p. 320-321.

33 SIPRI nonetheless considers this total as « very uncertain ». SIPRI Military Expenditure Database, *op.cit.*

Military spending in Southeast Asia (2012)

Country	Military spending (millions current US \$)	World ranking	Percentage of GDP	World ranking
Singapore	9 722	22	3,60 %	16
Indonesia	6 866	26	0,80 %	119
Thailand	5 387	35	1,50 %	70
Malaysia	4 697	40	1,50 %	69
Viet Nam	3 363	48	2,40 %	36
Philippines	2 977	51	1,20 %	87
Brunei	411	87	2,40 %	35
Cambodia	217	103	1,60 %	65
Timor Leste	37,7	126	0,70 %	125
Laos	18,7 (2011)	132 (2011)	0,20 % (2011)	136 (2011)

Sources: SIPRI military expenditure database, excluding : Cape Verde, Central African Republic, Chad, Republic of Congo, Djibouti, Equatorial Guinea, Eritrea, Gambia, Guinea, Mauritania, Mozambique, Senegal, Somalia, Sudan, Togo, Cuba, Trinidad & Tobago, Kirghizstan, Tajikistan, Turkmenistan, Uzbekistan, North Korea, Laos (for 2012), Nepal, Iran, Qatar, Syria, United Arab Emirates.

In relative terms, i.e. in comparison to Gross Domestic Product (GDP), military spending is also very high in Singapore, towering at 3,6% of GDP, and very low in Laos, at 0,2%. Between these two extremes lies a wide spectrum. Indonesia for instance recently became the region's second largest military spender with 6,8 billion dollars devoted to its military in 2012, but this figure only represents 0,8% of Jakarta's GDP. Viet Nam's military budget, while probably lower than actual defence spending figures, is the 5th largest in the region, but Hanoi is the second highest military spender in relative terms, behind Singapore and on par with Brunei, with 2,4% of GDP devoted to the military.

2.2. Global and regional evolution

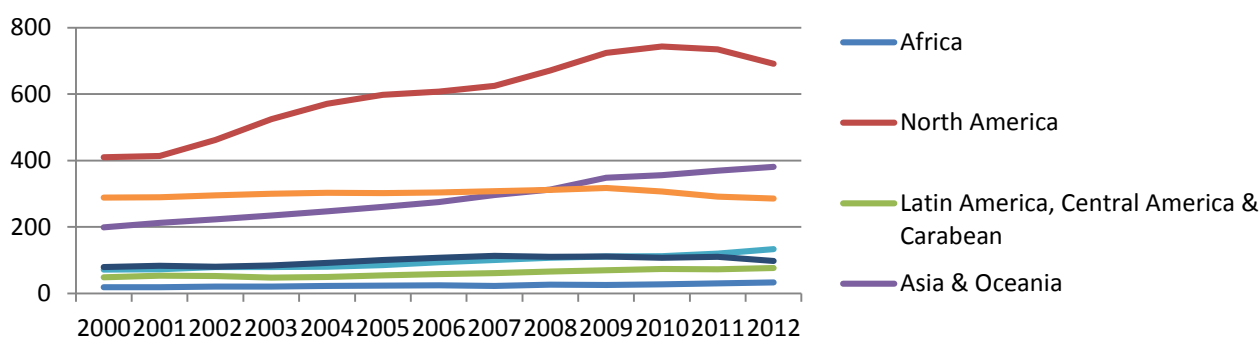
What is remarkable in this situation is not so much the level of military spending reached by Southeast Asian states in 2012, but the evolution of this figure since the 1997 Asian crisis. On the whole, military spending in Southeast Asia has grown by 62% between 2002 and 2012³⁴. This trend is even more remarkable when compared to the evolution of military spending in Europe. Between 2000 and 2012, military spending by the current 27 members of the European Union have diminished by 0,92%³⁵. However, it was not until the economic crisis struck the Old Continent, starting in 2008, that European countries cut down on military spending (with the exception of a 0,38% fall between 2004 and 2005). Military spending in Europe reached an all-time high in 2009, towering at 316,99 billion dollars before falling by 3,25% in 2010, by 5,14% in 2011 and by 1,87% in

34. SIPRI Military Expenditure Database, *op.cit.*

35. Data for the year 2000 for Austria, Bulgaria, Cyprus, Greece and Ireland; data for the year 2012 for Cyprus, Germany, Italy, Estonia, Lithuania, Luxemburg, Poland, Portugal and Spain have been estimated by SIPRI. Figures are in constant 2011 US dollars. *Ibidem.*

2012³⁶. Throughout the same three years, military spending in Asia as a whole³⁷ kept climbing, by 2,01% in 2010, by 3,77% in 2011 and by 3,09% in 2012, to reach 378,3 billion dollars in 2012³⁸. Asia therefore spends more in its military than Europe since 2008, and the gap remaining with North America is gradually shrinking. As a matter of fact, so-called "emerging" markets are all spending more money in their military in 2012 than ever before. In the last three years, highest rises in military spending occurred in Africa (+31,29%) and Eastern Europe & Russia (+19,5%). But throughout the entire decade, spanning from 2002 to 2012, it was in Asia & Oceania that the upward trend was most striking, with a 91,64% rise, ahead of Eastern Europe & Russia (+87%), Africa (+77,33%), North America (+68,67%), Latin and Central America & Caribbean's (+57,21%), Middle East (+22,73%)³⁹ and the EU-27 (-0,92%) in Asia & Oceania.

Global military spending* (2012)



* This figure includes the estimations, "highly uncertain" data, and lacking data of SIPRI.

** Asia & Oceania includes Central Asia, to match SIPRI's geographical choices.

*** EU-27 includes the 27 members of the European Union as of early 2013, and thus excludes Croatia.

Sources : SIPRI Military Expenditure Database, Sam Perlo-Freeman et al., « Trends in world military expenditure, 2012 », SIPRI Fact Sheet : http://books.sipri.org/product_info?c_product_id=458

The bulk of this rise in Asia & Oceania stems from Northeast Asia's figure, and more particularly from China's own military modernization programme. Northeast Asia contributed to 68,45% of the total in Asia & Oceania in 2012, ahead of South Asia (15,52%), Southeast Asia (8,76%) and Oceania (7,27%). In terms of evolution throughout the last decade (2000-2012), it is however in Southeast Asia that military spending seemed to be most dynamic, with a 111,71% raise⁴⁰. Second is Northeast Asia, and a 102,63% growth, then South Asia and a 67,82% growth, then Oceania at 39,96%⁴¹.

36. Figures are in constant 2011 US dollars and include SIPRI estimates as regards military spending in Germany (for 2012), Austria (2000, 2001), Bulgaria (2000-2003), Cyprus (2000-2003, 2012), Greece (2000, 2001), Estonia (2011, 2012), Ireland (2000), Italy (2007-2012), Lithuania (2004-2008, 2011, 2012), Luxemburg (2008-2012), Poland (2008-2012), Portugal (2012) and Spain (2012). *Ibidem*.

37. Excluding Central Asia, but including Oceania. See the Methodological Notice.

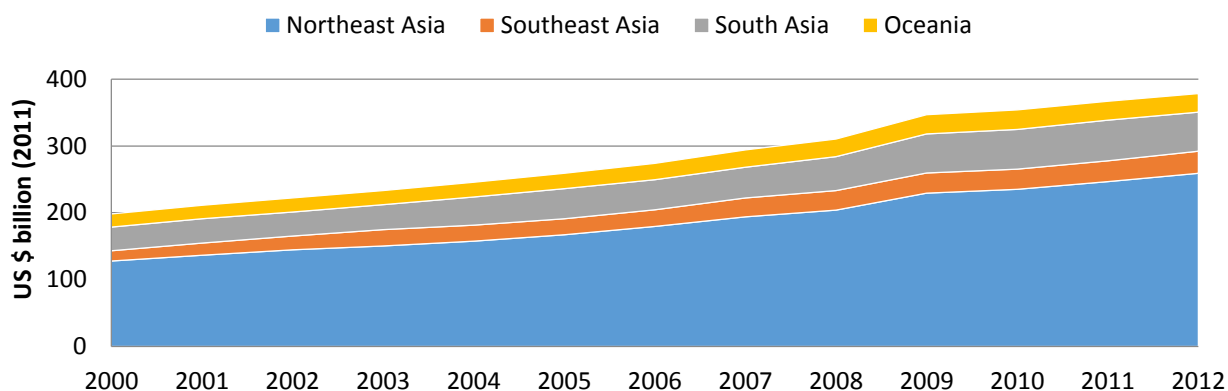
38. Figures are in constant 2011 US dollars and include SIPRI estimates as regards military spending in China (2010, 2011, 2012) and Pakistan (2011). Data for Laos are "highly uncertain" (2010, 2011) or lacking (2012). Data for North Korea are unavailable, as are those for Nepal for 2012. SIPRI Military Expenditure Database, *op.cit*.

39. See : Fanny Lutz, « Une décennie de frénésie militaire - Dépenses militaires au Moyen-Orient et en Afrique du Nord », *Note d'Analyse du GRIP*, 26 February 2013, Brussels. Available on: www.grip.org/node/810

40. This result is however subject to important methodological reserves, as will be explained below.

41. Figures include SIPRI estimates as regards military spending in China (2000-2012), Indonesia (2001-2004), South Korea (2000-2004), the Philippines (2000-2002, 2004), Thailand (2000), Timor-Leste (2007), Afghanistan (2003, 2004), Pakistan (2011) and Sri Lanka (2000-2003). They also include "high uncertain" data for Laos (2000-2011). Data are lacking or unavailable for Indonesia (2000), North Korea (2000-2012), Laos (2012), Timor-Leste (2000-

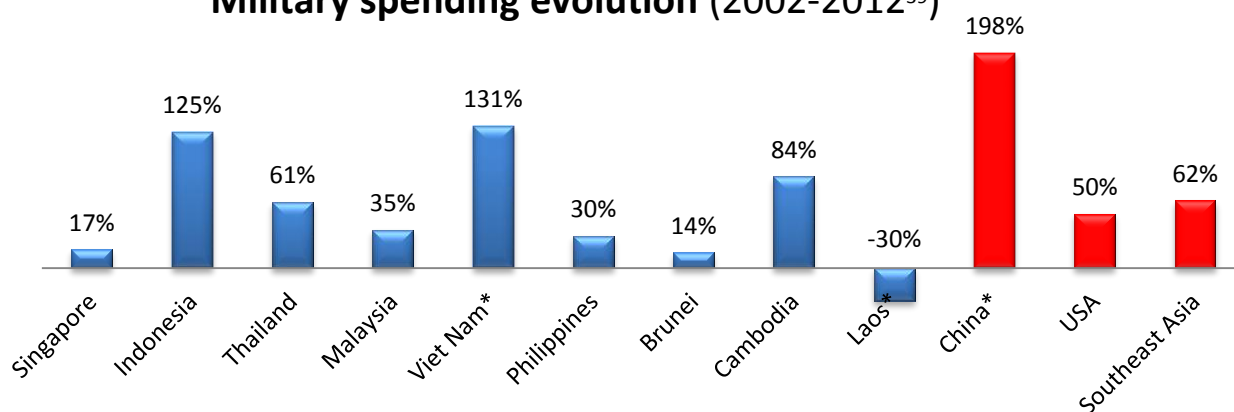
Military spending in Asia & Oceania (2000-2012)



2.3. Sub-regional trends: an ambiguous rise...

Here again, regional trends tend to conceal wide disparities among countries and periods. Furthermore, should time frames be adjusted to data availability, the picture would tend to be much more nuanced: between 2002 and 2012 (and not between 2000 and 2012), Southeast Asian military spending grew by 62%, a growth rate half as high as the ratio which was calculated for the 2000-2012 period (111,71%), and which included missing data for the 2000 and 2001 years⁴². Between 2002 and 2012, growth rates in military spending in Viet Nam, Indonesia, Thailand and Cambodia oscillated between 61% and 131%. Over the same period, Malaysia and the Philippines raised their own spending levels by 35% and 30%⁴³, while Brunei and Singapore kept a stable profile (+17% and +14%, respectively), and Laos lowered its spending by 30%. In the meantime, military spending in China and the US was raised by 198% and 50%.

Military spending evolution (2002-2012³⁹)



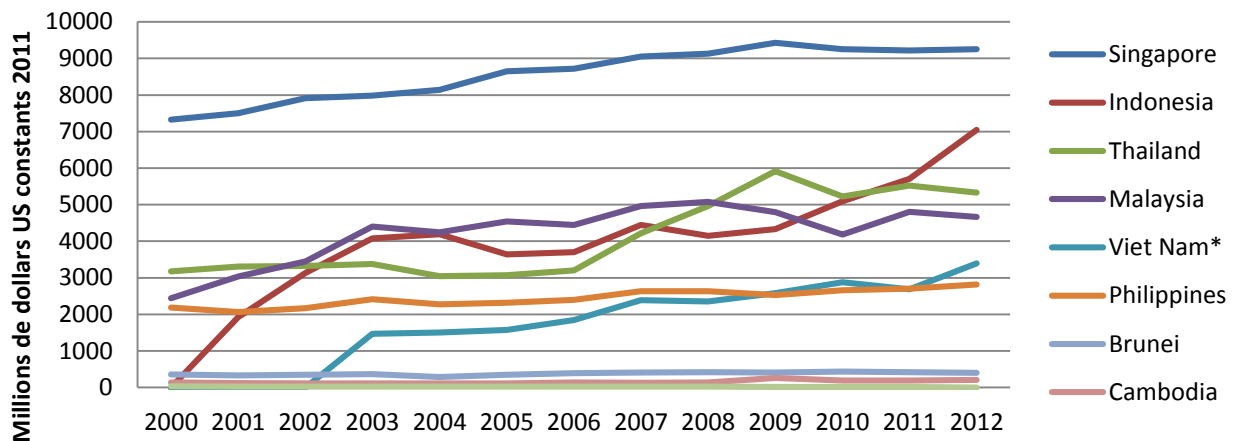
*Figures including SIPRI estimates, or "highly uncertain" data.

2003), Viet Nam (2000-2002), Afghanistan (2000-2002) and Nepal (2012). SIPRI Military Expenditure Database, *op.cit.*

42. This enormous difference is largely – but not solely – due to the inclusion of lacking data in the earlier equation, and simultaneously illustrates the importance of taking into proper consideration longer term dynamics. At this point, the importance of the impacts of the 1997 Asian crisis also appears plainly.

43. Entre 2003 et 2012 pour le Vietnam, entre 2002 et 2011 pour le Laos. SIPRI Military Expenditure Database, *op.cit.*

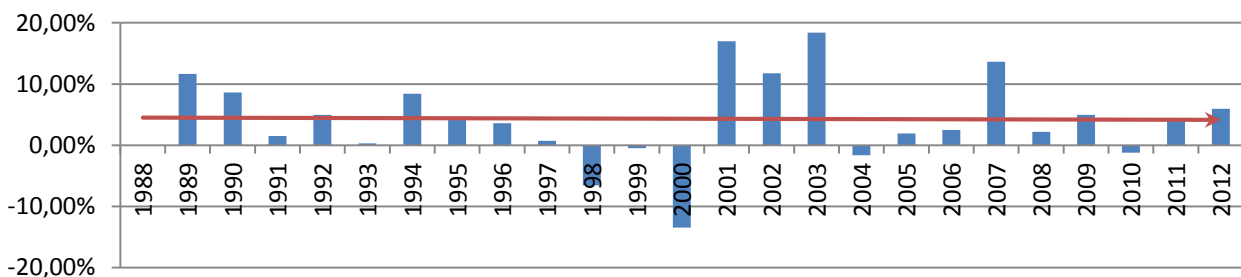
Military spending in Southeast Asia (2000-2012)



*Figures including SIPRI estimates, or "highly uncertain" data.

Within a one-year span, between 2011 and 2012, Viet Nam raised its military spending by 26,47%, Indonesia by 23,54% and Timor-Leste by 18,66%. Though less significant, the rises in military spending witnessed in Cambodia (+9,38%) and the Philippines (+4,22%) still deserve consideration. Singapore, for its part, kept a stable level of military spending (+0,34%), while Malaysia (-3,02%), Brunei (-3,13%) and Thailand (-3,37%) lowered theirs. Differences hence appear as considerable. Over the last three years, the figure is even more striking: between 2009 and 2012, the majority of Southeast Asian countries have, in stark contrast to the regional trend, devoted less and less resources to their defence. Military spending dropped by 23,76% in Timor-Leste, by 20,45% in Cambodia, by 9,85% in Thailand, by 2,9% in Brunei, by 2,71% in Malaysia and by 1,92% in Singapore. The dramatic increases in military spending in Indonesia (+62,55%), Viet Nam (+31,62%) and, to a lesser extent, in the Philippines (+11,18%) were however sufficient enough to compensate these diminutions and give the regional total an upward trend, which grew by 9,31%⁴⁴. Rises in military spending are thus a limited phenomenon. The discordant and variable patterns of military spending demonstrate that evolutions are driven by national contexts more than by regional issues or settings. The growth in military spending in Southeast Asia therefore appears as a complex picture, not so much as a generalizable trend that could, in and of itself, be interpreted as an "arms race". Furthermore, late hikes are counterweighed by a remarkably steady growth rate in military spending over a longer time frame, between 1988 and 2012.

Annual growth rate in military spending in Southeast Asia (1988-2012)

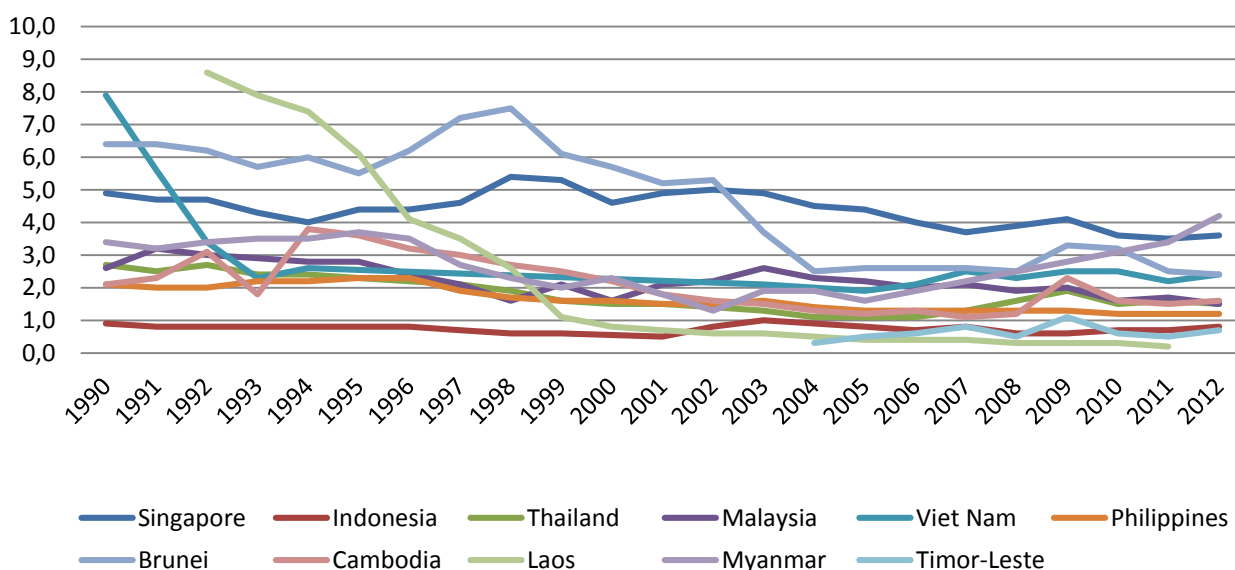


44. SIPRI Military Expenditure Database, *op.cit.*

2.4. ... and a relative decline

While in terms of volume, military spending seems to be on the rise in Southeast Asia, the evolution of military spending in relative terms, i.e. in comparison to regional countries' GDP, is not following the same path. Quite the contrary, it has gone down⁴⁵. The region's average⁴⁶ descended from 3,7% of GDP in 1990 to 2,5% in 2000, to 2% in 2012. This result is consistent with the long-term evolution of military spending in Southeast Asia, given that it grew by an average 4% per annum since 1988, a rate inferior to that of the region's economic growth (see the "Annual growth rate in military spending in Southeast Asia (1988-2012)" graph above).

Military spending in GDP shares (%) (1990-2012)



Except for Myanmar (3,4% in 1990, 2,3% in 2000 and 4,2% in 2012) and Timor-Leste (from 0,3% in 2004 to 0,7% in 2012), Southeast Asian countries have devoted either an equal amount of resources, or less, to their military in 2012 than in 1990, in proportion to their GDP. In Singapore, the ratio was 4,9% in 1990, 4,6% in 2000 and 3,6% in 2012. Thailand went from 2,7% of GDP devoted to its military in 1990, to 1,5% in 2000, to 1,5% in 2012. Malaysia's figure was as high as 2,6% of GDP in 1990, but it diminished to 1,6% in 2000, to 1,5% in 2012. Indonesia went from 0,9% in 1990, to 0,5% in 2001, to 0,8% in 2012. In comparison, China's military spending remained remarkably stable over the same period, oscillating between 2,5% of GDP in 1990 and 1,6% in 1997 to climb again to 1,9% in 2000, and 2% in 2012. The US, for their part, went from 5,3% of GDP in 1990 to 3% in 2000, to 4,4% in 2012. In 2012, only four countries in Southeast Asia spent proportionally more in their military than China, and none more than the US. To a large extent, military spending in Southeast Asian countries is thus function of their economic performance. A causal relationship between the evolution of military spending in Southeast Asia and that of China appears as difficult to clearly delineate or isolate.

45. This result and the subsequent figure include SIPRI estimates as regards military spending in Cambodia (1990-1993), Indonesia (1990-1999, 2001-2004), the Philippines (1990-2002, 2004), Thailand (1990-2000) and Timor-Leste (2007). Data are "highly uncertain" for Laos (1992-2011) and lacking for Indonesia (2000), Laos (1990, 1991, 2012), Myanmar (2006-2010), Timor-Leste (2002, 2003, and unavailable before that), and Vietnam (1995-2002). SIPRI Military Expenditure Database, *op.cit.*

46. The average is calculated on the basis of each country's score, and not as an expression of regional aggregates.

3. National contexts

The rises in Southeast Asian military budgets therefore appear as a "normal" catch-up process above all, legitimated even further by the fall of governmental military investments and spending experienced in the wake of the 1997 Asian crisis. The impact of the Asian crisis on national budgets and spending is strikingly apparent in the graph above (see the "Annual growth rate in military spending in Southeast Asia (1988-2012)" graph). And again, the regional picture may well oversimplify a complex situation, one that obscures convergences and divergences among national contexts. Situations in all regional countries are different but they also express, at the same time, consistent recurrences and common patterns. Focusing on the "Big Five", these common traits are to be found in their internal evolutions as well as in their inter-relations and in their relationships with their external partners.

3.1. Indonesia

In Indonesia's case, the spectacular increase in military spending is enshrined in the country's quest and policy of acquiring a "minimal essential force" (MEF), indispensable to hold and control its enormous territory. For instance, to patrol a maritime area estimated to be as large as 5,8 million square kilometres⁴⁷, Jakarta only has 150 ships of unequal tonnage and capabilities, and many of them are either obsolete or unable to take to the sea. For other defence branches, the picture is similar, if not bleaker. The consequences of the 2004 tsunami in Aceh have demonstrated not only the amplitude of "non-traditional" threats, including natural disasters, facing Indonesia⁴⁸, but also the utility of having a flexible maritime force readily deployable. Such interest was even further illustrated by the efficacy of "Operation Tomodachi", the joint military rescue operations launched by Japan and the US in the wake of the 2011 "triple disaster" (earthquake, tsunami, and nuclear meltdown). Besides, the country has to face chronic instability in several of its provinces (mainly in Papua), and – in broader terms – to the diverse centrifugal movements that have historically constituted the principal security preoccupation of Jakarta and the army⁴⁹. The salience and importance of the issues of terrorism and religious fundamentalism have also grown dramatically in the wake of the 2002 Bali bombings. Indonesia's official military budget hence increased from 2,25 billion dollars in 2004, to 3,5 billion dollars in 2009, and should be over 8 billion dollars in 2013⁵⁰. The Yudhoyono administration may have the ambition to bring military spending to 1,5% of GDP⁵¹ – or even 2%⁵² – by 2015, instead of 0,8% today. The country also has plans to acquire a blue water navy by 2024⁵³.

47. This estimate is from the Indonesian Maritime Security Coordination Bureau: "Profile Organisasi", *Badan Koordinasi Keamanan Laut Republik Indonesia* : <http://bakorkamla.go.id/index.php/profile/profile-organisasi>

48. Rizal Sukma, "Indonesia's Security Outlook, Defence Policy and Regional Cooperation", in: *Asia Pacific Countries' Security Outlook and Its Implications for the Defense Sector*. Tokyo: NIDS Joint Research Series No. 5, 2010, p. 3-24.

49. Bruno Hellendorff, "Politique étrangère de l'Indonésie: un redéploiement prudent", *op.cit.*

50. Indonesia's military spending, as evaluated by SIPRI, was US\$ 4,194 billion in 2004 (SIPRI estimate), US\$ 4,336 billion in 2009, and US\$ 7,048 billion in 2012, in constant 2011 US dollars. Here, differences between the official budget and military spending appear plainly. SIPRI Military Expenditure Database, *op.cit.*; Zakir Hussain, "Indonesia Hikes Defense Budget, Forges Close Ties with Beijing and Washington", *Jakarta Globe*, 24 August 2012:

www.thejakartaglobe.com/archive/indonesia-hikes-defense-budget-forges-close-ties-with-beijing-and-washington

51. Trefor Moss, "Indonesia Military Powers Up", *The Diplomat*, 18 January 2012: www.thediplomat.com/flashpoints-blog/2012/01/18/indonesia-military-powers-up

52. *The Military Balance 2013*, *op.cit.*, p. 265.

53. Ristian Atriandi Supriyanto, "Naval modernisation: A sea change for Indonesia?", *The Nation*, 30 January 2012 : www.nationmultimedia.com/opinion/Naval-modernisation-A-sea-change-for-Indonesia-30174719.html

3.2. Singapore

In Singapore, investments in the military field remained both high and constant throughout the last decade and beyond⁵⁴. They illustrate, in both their volume and evolution, the constant importance granted by the city-state to its defence⁵⁵. In 2012, the foreign and security policy of Singapore officially represented 31,4% of the government's expenses⁵⁶. Singapore does not emphasize the importance of its needs to picture or justify its level of military spending, as Indonesia does. Instead, it constantly refers to a vulnerability inherent to the asymmetry in size and population with its neighbours, and – importantly – to the *necessity* of making its level of military spending match its economic success⁵⁷.

Singapore is facing recurring tensions with its neighbours, including Malaysia with which issues such as territorial disputes and the securing of water supplies (especially salient since the early 2000s) have been particularly stringent. Given its own size and resources, as compared to those of its neighbors, Singapore historically adopted a security doctrine based on the concept of “total defence”⁵⁸, and on the qualitative edge of its armed forces. The intention to keep that edge over their regional counterparts is what drove the Singapore armed forces (SAF) to undergo, since 2004, their third programme of modernization⁵⁹, which notably include new power projection capabilities⁶⁰. The SAF mission is both simple and representative of a military doctrine adopted (though to varying degrees and in varying forms) by most regional states: ensuring peace and national security via the coupling of diplomacy and deterrence⁶¹.

3.3. Thailand

Thailand is confronted to a very particular situation. The principal security challenges the country has to face are either domestic, or peripheral⁶². Bangkok is indeed facing a Southern rebellion that could have made as much as 4 100 casualties, and 6 509 wounded, between November 2004 and November 2010, according to Deep South Watch, an NGO monitoring the security situation in the region⁶³. The country is also extremely preoccupied by the issues of transnational criminality (drug smuggling from Myanmar, for instance) and natural disasters⁶⁴. The army intervened when the 2004

54. Ooi Tjin-Kai, “Interpreting Recent Military Modernizations in Southeast Asia: Cause For Alarm Or Business As Usual?”, *Pointer*, 38 (1), 2012, p. 13-31.

55. Ron Matthews & Nellie Zhang Yan, “Small Country ‘Total Defence’: A Case Study of Singapore”, *Defence Studies*, 7 (3), 2007, p. 376–395.

56. *Budget Highlights : Financial Year 2013*, 25 February 2013 :

www.singaporebudget.gov.sg/budget_2013/download/FY2013_Budget_Highlights.pdf

57. Marvin Leibstone, “Singapore and Defence: Programmes and Equipment Acquisition”, *Military Technology*, 34 (2), 2010, p. 20-27.

58. *Ibidem*; Teo Chee Hean, “Total Defence for Singapore”, *Military Technology*, 32 (2), 2008, p. 14-18.

59. “3rd Generation SAF”, MINDEF Singapore, last updated 22 October 2012 :

www.mindef.gov.sg:80/content/imindef/key_topics/3rd_generation_saf.html

60. Weichong Ong, “Peripheral to Norm? The Expeditionary Role of the Third Generation Singapore Armed Forces”, *Defence Studies*, 11 (3), 2011, p. 541–558.

61. “Mission”, Mindef : http://www.mindef.gov.sg/imindef/about_us/mission.html

62. Thitinan Pongsudhirak, “Thailand’s Security Outlook: External Trends and Internal Crises”, in: *Asia Pacific Countries’ Security Outlook and Its Implications for the Defense Sector*. Tokyo: The National Institute for Defense Studies (NIDS), NIDS Joint Research Series No. 5, 2010, p. 85-93.

63. “Sixth Year of the Southern Fire: Dynamics of Insurgency and Formation of the New Imagined Violence”, *Deep South Watch*, 10 March 2010 : <http://www.deepsouthwatch.org/node/730>

64. “Thailand’s War on Drugs”, *Global Security* : <http://www.globalsecurity.org/military/world/war/thai-drug-war.htm>; Piti Kumpoopong, “New Roles of the Thai Military: Readjusting for the 21st Century”, 5th ARF Meeting of Heads of

tsunami hit the country, and more recently when Thailand suffered from severe floods (in 2010 and 2011). Furthermore, historical enmities are plaguing the country's relationships with Myanmar and Cambodia, and sometimes open onto sporadic armed confrontations (the conflict over the Preah Vihear temple, or Phra Viahn for the Thais, being the most famous object of contention). And yet, Thailand is the only country in Southeast Asia to have an aircraft carrier, the *Chakri Naruebet*, which was bought in the 1990s. However, due to a lack of resources – a consequence of the 1997 Asian crisis – the flagship of the Thai fleet spent most of its career docked, most of its missions being devoted to training, humanitarian relief, or representation (when it carries the royal family)⁶⁵. The *Chakri Naruebet* is therefore emblematic of another important driver of increased military spending in Southeast Asia, already touched upon in the case of Singapore: prestige. Moreover, the Thai Army has an extensive track record of coups, the last one taking place no later than 2006. The political weight and influence of the Thai military⁶⁶ is yet another feature shared by its neighbours⁶⁷. In the present case, it certainly contributed to the decision of the Yingluck Shinawatra administration to raise the national military budget by 7% in 2013⁶⁸.

3.4. Malaysia

The particular case of Malaysia is especially enlightening of the importance given by Southeast Asian capitals to the purely defensive aspect of their various military modernization programmes. It also reinforces the notion of diplomacy being invariably coupled to military developments. Kuala Lumpur indeed makes its security rest on the principles of autonomy, regional cooperation and foreign assistance⁶⁹. Malaysia also insist on the need to develop and reinforce its national defence industry⁷⁰, another stance clearly shared by its neighbours, including Singapore⁷¹ (which is home to the only Southeast Asian company – *ST Engineering* – that is part of the world's top-100 defence companies⁷²) and Indonesia (which recently passed a law on the reinforcement of its industry⁷³). Malaysia might even have envisaged creating a defence industry regional Council, a project that was eventually dropped due to the resistance of Jakarta and Singapore⁷⁴.

Defense Universities, Colleges and Institutions, Tokyo, NIDS, August 2001:

http://www.nids.go.jp/event/other/arf/pdf/thailand_paper.pdf

65. Ghislain Poissonnier, "ARMÉE – L'étrange destin du Chakri Naruebet, le porte-aéronefs thaïlandais", *Le Petit Journal*, 29 May 2012 : <http://www.lepetitjournal.com/bangkok/accueil-bangkok/109092-armee--letrange-destin-du-chakri-naruebet-le-porte-aeronefs-thailandais.html>
66. Paul Chambers, "Thailand on the Brink: Resurgent Military, Eroded Democracy", *Asian Survey*, 50 (5), 2010, p. 835-858.
67. Aurel Croissant, David Kuehn & Philip Lorenz, *Breaking With the Past? Civil-Military Relations in the Emerging Democracies of East Asia*. Honolulu: East-West Center, Policy Studies 63, 2012;
68. *The Military Balance 2013*. op.cit., p. 246.
69. "Malaysia's National Defense Policy", *Military Technology*, 29 (12), 2005, p. 43-48.
70. Mohammed Ahmedullah, "Malaysian Defence Industry Review", *Military Technology*, 37 (3), 2013, p. 16-20.
71. "Singapore's Military Modernisation", *Military Technology*, 32 (2), 2008, p. 28-31.
72. It is 52^d exactly, behind the Israeli Rafael, with US\$ 4,7 billion worth of sales in 2012, of which 1,9 billion were in the defence sector. "The SIPRI Top 100 arms-producing and military services companies in the world excluding China, 2011": <http://www.sipri.org/research/armaments/production/Top100>
73. Jon Grevatt, "Indonesia passes law for defence industry self-reliance", *IHS Jane's Defense & Security News*, 10 May 2012; Harry Kuffal, "The future of the national defense industry", *The Jakarta Post*, 28 January 2013: <http://www.thejakartapost.com/news/2013/01/28/the-future-national-defense-industry.html>
74. Jon Grevatt, "Southeast Asia defence industry council plan abandoned", *IHS Jane's Defense & Security News*, 11 April 2010.

3.5. Viet Nam

The evolution of Viet Nam's armed forces provides yet another illustration of these different dynamics that overlap and converge in Southeast Asia. The military development program pursued by Hanoi is often perceived as essentially determined by China's rise, and by Beijing's foreign policy assertiveness⁷⁵. Much like Singapore and its "total defence" posture, Viet Nam developed the concept of an "All-People's National Defense"⁷⁶. The adoption of such doctrine by one of the most capable, and combat-hardened army in the region can only be related to the development of a bigger threat, one that comes from outside the region.

Such approach is in line with the strategies of asymmetry deeply ingrained in the military history, strategic culture and combat experience of Vietnam, in which China always had an important role and influence⁷⁷. Yet, this is just one dimension of the military evolutions in Viet Nam, among others that mirror similar experiences and ambitions from its neighbours. If the 2009 White Paper explicitly mentions tensions in the "Eastern Sea" (the South China Sea), it is above all concerned with "non-traditional" threats and economic interdependence⁷⁸. It also highlights the need and urgency to modernize the armed forces, and emphasizes the defensive vocation of the national military doctrine.

Since the adoption of the "Doi Moi" programme of reforms in the mid-1980s, the army has undergone drastic cuts in staff and resources, while economic development and diplomacy took a new and reinforced role in the national defence strategy⁷⁹. Rhetoric is also largely similar to that of other Southeast Asian capitals: military development is all about deterrence. Commonalities do not stop there: the Vietnamese armed forces do have a considerable influence over the domestic political scene⁸⁰, the acquisitions of foreign military hardware are above all destined to the maritime domain⁸¹, and such imports are constitutive of a political strategy as much as of a military procurement process. If until 2007 the quasi-totality of weapons imports were sourced in Russia⁸², a new opening and consideration towards American suppliers recently surfaced in the national debate⁸³.

75. Greg Torode, "Southeast Asian countries stock up on arms as they face off with China", *South China Morning Post*, 9 February 2013: www.scmp.com/news/asia/article/1146155/southeast-asian-countries-stock-arms-they-face-china

76. Pham Van Tra, "Vietnam: Building and Sustaining People's Defense", *Joint Forces Quarterly*, 36, 2005, pp. 97-101.

77. Carlyle Thayer, *Vietnam People's Army: Development and Modernization*. Bandar Seri Begawan: Sultan Haji Bolkiah Institute of Defence and Strategic Studies, 2009. Available on : www.american.edu/sis/aseanudiescenter/upload/17313967-Thayer-Vietnam-Peoples-Army-Modernization-and-Development.pdf

78. "Vietnam National Defense". Hanoi: Socialist Republic of Vietnam, Ministry of National Defence, 2009.

79. Tung Nguyen Vu, "Vietnam's Security Challenges: Hanoi's New Approach to National Security and Implications to Defense and Foreign Policies", in: *Asia Pacific Countries' Security Outlook and Its Implications for the Defense Sector*. Tokyo: NIDS Joint Research Series No. 5, 2010, p. 107-122.

80. See: Gérard Hervouet & Carlyle Thayer, "Armée et Parti au Viêt-Nam: une symbiose au service de l'économie de marché", *Études internationales*, 32 (2), 2001, p. 337-350.

81. The Hanoist, "Vietnam builds naval muscle", *Asia Times Online*, 29 mars 2012: www.atimes.com/atimes/Southeast_Asia/NC29Ae01.html

82. SIPRI Military Expenditure Database, *op.cit.*

83. William Jordan, Lewis Stern & Walter Lohman, "U.S.–Vietnam Defense Relations: Investing in Strategic Alignment", Background on Asia and the Pacific, The Heritage Foundation, 18 July 2012: www.heritage.org/research/reports/2012/07/us-vietnam-defense-relations-investing-in-strategic-alignment

3.6. Common points and divergences

In conclusion, the rises in military spending in Southeast Asia is above all a series of national dynamics driven by diverse motivations which are however all present, though in varying degrees and forms, in the strategic visions of regional states. Southeast Asia capitals also share some important systemic constraints and opportunities, epitomized by the impacts of the rise of China. National military programmes are dependent upon economic growth and power balance dynamics within domestic political scenes⁸⁴. They are also linked to a shared will to develop an endogenous defence industry. At the international level, these programmes are portrayed by Southeast Asian states as defensive in both their essence and scope⁸⁵, and the same countries go at great lengths to convince their close and distant neighbours that these programmes are not part of an arms race⁸⁶. Most of the military spending and arms transfers are justified by the need to modernize, and by deterrence obligations, “aimed at nobody” but rendered necessary by the transformation of (mainly “non-traditional”⁸⁷) threats⁸⁸.

Piracy is often cited as a key factor in weakening the region in the late 1990s and providing the impetus and incentive to develop new military capabilities. Considering the needs (in counter-piracy, in controlling/monitoring sea lanes of communication, in the fight against the various types of trafficking that plague the region, in littoral surveillance, in preventing pollution, in responding to natural disasters...) and the downward trend in military spending as a share of GDP, such justifications may appear legitimate and adequate. However, the development of power projection capabilities (via the acquisition of submarines for instance) by regional states demonstrates the imperative need to qualify and nuance such assessment. The arms acquisitions patterns witnessed in Southeast Asia are in fact revealing that the situation is more complex than what official documents state, and that risks of escalation do exist.

4. Military spending and international relations

The need to modernize is a reality for most Southeast Asian armies. But it is only part of a large equation. Arms acquisitions patterns may appear much more aggressive than the evolution of official defence budgets, and of the overall spending figures. Any significant military development, the procurement of a high-profile military instrument such as an aircraft carrier, a submarine or a particular type of missile for instance, may spark concern in the neighbourhood, and generate similar reactions. Zero-sum calculations may give rise to a security dilemma, and to the spiralling of contending dynamics and increasingly antagonistic procurement policies.

84. Mark Beeson & Alex Bellamy, *Securing Southeast Asia: The Politics of Security Sector Reform*. Oxon: Routledge, 2007; Paul Chambers & Aurel Croissant, *Democracy under Stress: Civil-Military Relations in South and Southeast Asia*. Bangkok: ISIS Thailand, 2010.

85. David Isenberg, “Military muscles bulging in SE Asia”, *Asia Times Online*, 3 May 2006 : www.atimes.com/atimes/Southeast_Asia/HE03Ae03.html

86. Novan Iman Santosa, “No arms race in soaring regional defense budget: SBY”, *The Jakarta Post*, 22 March 2012: www.thejakartapost.com/news/2012/03/22/no-arms-race-soaring-regional-defense-budget-sby.html

87. See: Mely Caballero-Anthony, “Nontraditional Security, Regionalism, and the State in Southeast Asia”, in Amit Pandya & Ellen Laipson (eds.), *Transnational Trends: Middle Eastern and Asian Views*. Washington D.C.: The Henry L. Stimson Center, 2008, p. 139-154; *Asia Pacific Countries’ Security Outlook and Its Implications for the Defense Sector*. Tokyo: The National Institute for Defense Studies, NIDS Joint Research Series No. 5, 2010.

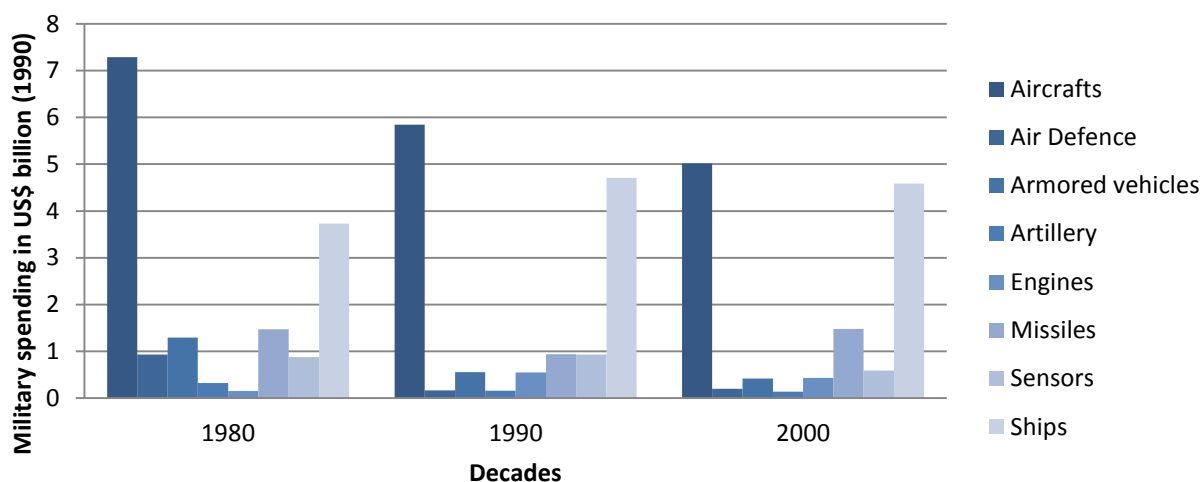
88. Robert Hartfiel & Brian Job, “Raising the Risks of War: Defence Spending Trends and Competitive Arms Processes in East Asia”, *The Pacific Review*, 20 (1), Mars 2007, p. 1-22.

When mutually reinforcing, these dynamics may take the form of an arms race⁸⁹, acquire a logic of their own that moves beyond the actual state of international relations and set the stage for open conflict⁹⁰. In Southeast Asia, military modernization programmes are part of diplomacy. They are part of a longstanding, and effective, strategic tradition but they add an element of volatility to a regional landscape that the rise of China and its effects already contributed to strain.

4.1. Arms transfers : patterns and recurrences

Between the 2002-06 period and the 2007-11 period, arms transfers towards Singapore, Malaysia, Indonesia and Viet Nam raised by respectively 293%, 281%, 144% et 80%⁹¹. This growth in the volume of arms imports demonstrates a real intent, on the part of Southeast Asian states, to make their armed forces to upscale and gain in technological sophistication. Another shared pattern is that most of these acquisitions are destined to the maritime domain: between 2007 and 2011, 52% of arms transfers heading towards Southeast Asia were ships and other maritime equipment, while 37% were aircrafts, missiles, and associated radars. In total, 89% of the weapons imported by Southeast Asia between 2007 and 2011 had an essentially or potentially maritime role and utilisation⁹². This pattern is shared by the “Big Five” for more than three decades.

Arms transfers to the "Big Five"



Source: Ooi Tjin-Kai, “Interpreting Recent Military Modernizations in Southeast Asia: Cause For Alarm Or Business As Usual?”, *Pointer*, 38 (1), 2012, p. 13-31.

According to SIPRI data⁹³, between 2007 and 2011, Singapore bought 6 *Formidable*-class frigates (*La Fayette* design) from France, 4 G-550 early warning aircrafts from Israel, 6 SH-70B *Seahawk* helicopters from the US (and additional units have been ordered in 2013), 24 F-15 SG combat

89. Trefor Moss, “An Asian Arms Race?”, *The Diplomat*, 28 March 2012 : <http://thediplomat.com/flashpoints-blog/2012/03/28/an-asian-arms-race/> ; Robert Farley, “Arms Race: 21st Century Style”, *The Diplomat*, 7 March 2013 : <http://thediplomat.com/flashpoints-blog/2013/03/07/arms-races-21st-century-style/>

90. Geoffrey Till, “What Arms Race ? Why Asia Isn’t Europe 1913”, *The Diplomat*, 15 February 2013: <http://thediplomat.com/2013/02/15/what-arms-race-why-asia-isnt-europe-1913/>

91. Siemon Wezeman, “The maritime dimension of arms transfers to South East Asia, 2007-11”, in: *SIPRI Yearbook 2012*. Stockholm: SIPRI, 2012, p. 281.

92. Ibidem, p. 280.

93. Unless otherwise mentioned, data have been primarily sourced, and adapted from: Siemon Wezeman, “The maritime dimension of arms transfers to South East Asia, 2007-11”, in: *SIPRI Yearbook 2012*, *op.cit.*

aircrafts, *Heron* and *ScanEagle* drones... The country could also soon take the decision to acquire F-35 *Joint Strike Fighters*⁹⁴.

Over the same period, Malaysia acquired 18 Russian Su-30 combat aircrafts, 6 German MEKO A-100 frigates and 3 AW-139 helicopters. Kuala Lumpur also announced it would buy 6 *Gowind*-type corvettes to the French DCNS, and that it sought to replace its fleet of 18 MIG-29. The Dassault *Rafale*, the Eurofighter *Typhoon*, the Boeing F/A-18 E/F *Super Hornet*, the Sukhoi Su-30 MKM and the Saab JAS-39 *Gripen* are all contending for this contract⁹⁵. Indonesia imported 4 Dutch SIGMA-90 frigates and ordered an additional one⁹⁶. Jakarta also imported 4 *Makassar*-class LPDs (*Landing Platform Dock*), or LPD-122M, from Seoul as well as *Yakhont*, C-705 and C-802 antiship missiles from Russia and China.

In the realm of combat aircrafts, Jakarta bought, since 2003, a total of 16 Russian Su-27SK and Su-30MK⁹⁷. 12 of these aircrafts have been delivered as of March 1st, 2013. Indonesia also expects 24 second-hand F-16s that the US agreed to sell in 2011. Washington will modernize these aircrafts to upgrade them to the Block 60 standard, similar to the F-16s of the Emirates. Jakarta also partnered in the South Korean K-FX programme that aims to develop a fifth-generation fighter, with the eventual target acquisition of between 48 and 66 units⁹⁸. In addition to its fighter aircrafts, Russia already delivered to Indonesia 10 Mi-35 helicopters, 14 Mi-17 helicopters, 17 BMP-3F infantry fighting vehicles, 48 BTR-80A armoured vehicles and 9000 *Kalachnikov* assault rifles.

Viet Nam, over the same period, imported 2 *Gepard*-class frigates from Germany, 2 *Tarantul*-class missile corvettes, 8 Su-30MK2 fighter aircrafts and 2 *Bastion* littoral defence systems. Up to 8 additional *Tarentul* might be under licensed production, and Hanoi did order 2 frigates, 6 submarines and 12 supplementary Sukhoi. Thailand's main acquisitions include the JAS-39 *Gripen* aircraft, an airborne early warning system (from Sweden as well), infantry fighting vehicles and missiles.

4.2. Racing for submarine capabilities ...for what ?

What is even more significant is that the "Big Five", and the Philippines, have either developed, or states an intention to do so, submarine capabilities. They are thus part of a larger movement that includes military developments in India, Pakistan, China, Japan, South Korea, Taiwan and Australia, which are all reinforcing their submarine fleets⁹⁹. Singapore bought 4 Swedish *Challenger*-class (formerly *Sjöormen*) submarines in 1995 and 1997, before moving on to the more advanced *Archer*-class design. In 2009, the city-state bought 2 of these *Västergötland*-based ships equipped with *Stirling* Air-Independent Propulsion (AIP) systems.

94. Kelvin Wong, "The F-35: Singapore's next generation fighter?", *Today*, 2 April 2013:

www.todayonline.com/commentary/f-35-singapores-next-generation-fighter; "Singapore close to F-35 order — reports", *Australian Aviation*, 28 March 2013 : <http://australianaviation.com.au/2013/03/singapore-close-to-f-35-order-reports/>

95. Siva Sithraputhran, "Malaysia to buy 18 jet fighters, shortlists five makers", *Reuters*, 28 March 2013:

www.reuters.com/article/2013/03/28/malaysia-fighters-idUSL3NOCK7WW20130328

96. "DSNS to deliver Sigma-class frigate for Indonesian Navy", *Naval-Technology*, 6 June 2012 : www.naval-technology.com/news/newsdsns-to-deliver-sigma-class-frigate-for-indonesian-navy

97. "Indonesia's Air Force Adds More Flankers", *Defense Industry Daily*, 21 March 2013 :

<http://www.defenseindustrydaily.com/indonesias-air-force-adds-more-flankers-03691/>

98. "Indonesia Says 'No, Thanks' to More Sukhoi Fighters", *Ria Novosti*, 9 August 2012 :

http://en.rian.ru/military_news/20120809/175090713.html

99. The Military Balance 2013, op.cit., p. 22-23

Malaysia imported 2 French *Scorpene*-class submarines in 2002. These vessels are also equipped with AIP systems. Indonesia still uses older German Type-209 submarines, and ordered three *Chang Bogo*-class vessels from South Korea in 2012. These machines are, as a matter of fact, a version of the Type-209 upgraded by Daewoo. An objective of acquiring a total of 12 submarines was even mentioned in Jakarta¹⁰⁰, and the Vice-Minister of Defence Sjafrie Sjamsoeddin indicated that his country wished to develop its own submarine starting in 2014¹⁰¹. For its part, Thailand has had the ambition to operate submarines for several decades, and successively took an interest in Japanese submarines (and bought four of them in 1936), in a national development, in Russian *Amur*-class designs, in Chinese *Song*-class vessels, or in *Chang Bogo*-class vessels¹⁰². The Thai navy signified in 2011 that it had devoted the necessary budget to acquire between 2 and 6 German second-hand Type-206A submarines¹⁰³, but the project was cancelled and the navy now gives greater priority to the procurement of frigates, maybe Type-054A "*Jiangkai III*" vessels from China¹⁰⁴. The Philippines also mentioned their intention to develop submarine capabilities, but the limited resources of its navy prevented this ambition from materializing¹⁰⁵. Viet Nam, which could still have 2 *Yugo*-type pocket submarines (similar to those of North Korea), ordered no less than 6 *Varshavyanka*-class submarines (upgraded *Kilo*, Project 636M) from Russia, which are comparable to those sold by Moscow to Beijing since 1994¹⁰⁶.

A submarine is not very useful in fighting piracy, nor is it adapted to humanitarian operations, or in disaster relief operations. It is above all a deterrence tool, a power projection means (missile strikes, infiltration of Special Forces...) and an instrument designed to reach control of the seas (submarines are themselves important platforms of anti-submarine warfare). The development of such capabilities can thus provoke negative reactions, as was illustrated by Japan's worried response to the news of Indonesia purchasing 8 submarines¹⁰⁷. As high-end vessels, the most expensive ships in proportion to their size¹⁰⁸, they also represent prestige acquisitions for regional armies, and issues of domestic contention and debate due to the costs incurred, as in Malaysia. The Malaysian case further illustrates the importance that armaments contracts can take as corruption and bribery opportunities.

100. "Indonesia needs 12 submarines to secure territories: minister", *Antara News*, 29 August 2012 :

www.antaraneews.com/en/news/84245/indonesia-needs-12-submarines-to-secure-territories-minister

101. Kelvin Fong, "More Asian Submarine Programmes Underway", *Asian Defence Journal*, May 2011, p. 20-21.

102. Ristian Atriandi Supriyanto, "Southeast Asia's underwater bazaar", *The Jakarta Post*, 26 July 2011:

www.thejakartapost.com/news/2011/07/26/southeast-asia%E2%80%99s-underwater-bazaar.html; Kelvin Fong,

"Undersea Dragons Ahoy! Asian Submarine Forces on the Rise", *Asian Defence Journal*, May 2009, p. 23-27.

103. Mohammed Ahmedullah, "Defense From and For Thailand", *Military Technology*, 3/2012, p. 53-55.

104. Saksith Saiyasombut & Siam Voices, "No submarines for Thailand's Navy, but maybe frigates instead?", *Asian Correspondent*, 12 October 2012: <http://asiancorrespondent.com/90625/no-submarines-for-thailands-navy-but-may-be-frigates-instead/>;

Surasak Tumcharoen, "Thai Navy to acquire 2 frigates to beef up maritime force", *Xinhua*, 24 September 2012 : http://news.xinhuanet.com/english/indepth/2012-09/24/c_131869827.htm

105. Ristian Atriandi Supriyanto, "Southeast Asia's underwater bazaar", *op.cit.* ; Kelvin Fong, "Undersea Dragons Ahoy! Asian Submarine Forces on the Rise", *op.cit.*

106. "Vietnam's Russian Restocking", *Defense Industry Daily*, 31 March 2013 :

www.defenseindustrydaily.com/vietnam-reportedly-set-to-buy-russian-kilo-class-subs-05396/; "Russia to deliver first Kilo class sub to Vietnam in 2013", *Ria Novosti*, 29 March 2013 :

http://en.rian.ru/military_news/20130329/180332942.html

107. "Indonesia Submarine Capabilities", *NTI*, 30 April 2013 : www.nti.org/analysis/articles/indonesia-submarine-capabilities/

108. *The Military Balance 2013*. *op.cit.*, p. 22.

4.3. Arms transfers and diplomacy

As a whole, these transfers constitute a major evolution in the regional strategic environment, which thus becomes more competitive and more hostile for external maritime powers (the US and China mainly). Australia and India did make references to China's military modernization to justify their own investments in the maritime domain¹⁰⁹. Although Southeast Asian states are less explicit, it is difficult not to relate their efforts and insistence in acquiring submarine capabilities with the development of the Chinese surface fleet which grew by 30% in numbers of hulls, and by 130% in tonnage, between 2000 and 2012¹¹⁰. In the Vietnamese case, the logic is crystal clear¹¹¹.

Nonetheless, this military modernization, its engines and its consequences remain within the boundaries and limits set by diplomacy. While it is party to South China Sea territorial disputes, Malaysia kept a very low profile vis-à-vis China. On March 27th, 2013, PLAN vessels – including one of its most recent amphibious ship – conducted an exercise south of the *Spratleys*, 80 kilometres away from the Malaysian coastline but 1 800 kilometres away the Chinese littoral. Kuala Lumpur, however, and despite it being in the run-up to an heated election, reacted only very mildly¹¹². Here again, however particular, the Malaysian case illustrates the widely observable importance of diplomacy in the defence policies of Southeast Asian states. Thailand, and the Philippines, also give to their relationships with the US a manifest importance, reaffirmed in the wake of China's rise¹¹³. A similar pattern is followed by Indonesia, Viet Nam, and even Myanmar more recently. On the whole, Southeast Asian states invest at least as much resources in their capacity to ensure peace and stability autonomously than in their diplomacy and via the development of partnerships¹¹⁴. Diplomacy is the “first line of defence” not just of the region's more modest military budgets, such as Brunei and the Philippines¹¹⁵, but also of countries such as Viet Nam – which remains committed to high-level exchanges with China – and Indonesia. The welcoming of India's military cooperation initiatives by most of Southeast Asian capitals further substantiates the shared quest of a balance between external powers as the prime guarantee of regional stability. That is the extension of the notion of “regional resilience” promoted by ASEAN, as a sum of “national resiliencies” in the face of destabilizing domestic phenomena and external influences¹¹⁶.

109. Mackenzie Eaglen & Jon Rodeback, “Submarine Arms Race in the Pacific: The Chinese Challenge to U.S. Undersea Supremacy”, *The Heritage Foundation*, 2 February 2010 :

www.heritage.org/research/reports/2010/02/submarine-arms-race-in-the-pacific-the-chinese-challenge-to-us-undersea-supremacy

110. Geoffrey Till, *Asia's Naval Expansion. An arms race in the making?* London: IISS, Routledge, 2012, p. 35.

111. Ian Timberlake, “Vietnam aims to counter China with sub deal: analysts”, *AFP*, 17 December 2009.

112. Jeremy Page & Celine Fernandez, “Chinese Ships Approach Malaysia”, *The Wall Street Journal*, 27 March 2013 ; Shahrman Lockman, “Why Malaysia isn't afraid of China (for now)”, *The Strategist*, 24 April 2013 :

www.aspistrategist.org.au/why-malaysia-isnt-afraid-of-china-for-now/

113. Renato Cruz de Castro, “The US-Philippine Alliance: An Evolving Hedge against an Emerging China Challenge”, *Contemporary Southeast Asia*, 31 (3), 2009, p. 399-423; Blaine Holt, “America in 3D: Has U.S. Foreign Policy Found Its Rebirth in the Philippines?”, *American Foreign Policy Interests*, 33 (3), 2011, p. 119-128.

114. Renato Cruz de Castro, “Philippine Defense Policy in the 21st Century: Autonomous Defense of Back to the Alliance?”, *Pacific Affairs*, 78 (3), 2005, p. 403-422 ; Carlyle Thayer, “US Rapprochement with Laos and Cambodia”, *Contemporary Southeast Asia*, 32 (3), 2010, p. 442-459.

115. Mohammed Ahmedullah, “Brunei to Overhaul Defence Procurement System”, *Military Technology*, 35 (7), 2011, p.14-16 ; Hermenegildo C. Cruz, “The foreign service: our first line of defense”, *Philippine Daily Inquirer*, 23 October 2012 : <http://opinion.inquirer.net/39312/the-foreign-service-our-first-line-of-defense>

116. Michael Antolik, *ASEAN: And the Diplomacy of Accommodation*. New York: East Gate, 1990, p. 98 ; Dewi Fortuna Anwar, “National versus Regional Resilience ? An Indonesian Perspective”, in: Derek da Cunha (ed.), *Southeast Asian Perspectives on Security*. Singapore: Institute of Southeast Asian Studies, 2000, p. 81-97 ; Ralf Emmers,

Conclusion

As expressed by the executive director of IISS-Asia Tim Huxley, arms transfers to Southeast Asia are not so much a response to immediate threats than the expression of historically well-entrenched defence rationales¹¹⁷. Motives behind the rise in military spending (in absolute terms) in Southeast Asia are many: a sustained economic growth, the recapitalization of the armed forces, a new availability of military hardware on the international market, the perceived need not to be “distanced” by neighbours, matters of prestige, domestic power struggle issues, sometimes corruption, the necessity to protect some maritime resources in Economic Exclusive Zones (EEZs), and the defence of territorial sovereignty against potentially hostile neighbours (not just China)¹¹⁸.

The geopolitical transformations and uncertainties implied and projected by the Sino-American rivalry on the Southeast Asian scene are assuredly not the only ones driving military spending upward. They nonetheless provide a strategic horizon to competitive dynamics where diplomacy acts as a cement as much as a factor of division. The rise of China is a vector of systemic changes that bring opportunities and threats to regional countries. In reaction to these developments, Southeast Asian states adopted a composite and flexible approach, seeking to benefit from the economic spill outs and spill overs of the Chinese growth while trying to secure the American continued presence in the region. To consolidate the status of indispensable go-between of Southeast Asia, to make it an actor rather than a theatre of a struggle for influence, the different states of the region have developed the neutral stance and mediating ambition of ASEAN within the many on-going regional integration and cooperation processes. Most of them simultaneously reinforced their bilateral ties with China, the United States, but also India, Australia, Japan, Russia, and even the European Union.

Nevertheless, in such a fluctuating strategic situation, the first lever of influence on the diplomatic scene is and remains linked to military power, as a negotiation tool and a necessary attribute of credibility and status. Southeast Asia history gives sense to this positioning, which is consistent with the logic of asymmetry so traditional to the region. For contemporary Southeast Asian states, security rests on two pillars. The first is an autonomous deterrence capability, directed as much within the region as toward the outside powers and influences. The second is an active diplomacy, and the quest of benefits tied to maintaining good relationships with great powers while avoiding to depend on one of them exclusively.

Is an arms race on-going in Southeast Asia? Depending on the scale considered, the answer can vary. It is first and foremost within a national context that military modernization programmes are given sense and direction. It is at this level that the status conferred by the power of weapons on the international stage is interpreted. More than a race, it is at this point more about status and symbols, and about the political influence of regional armies. In a regional framework, where rivalries are numerous – but contained by diplomacy and ASEAN – a great deal of the issues related to military spending and arms transfers are indeed the extension of an “arms race logic”.

“Comprehensive security and resilience in Southeast Asia: ASEAN's approach to terrorism”, *The Pacific Review*, 22 (2), 2009, p. 159-177.

117. Tim Huxley, “Defence Procurement in Southeast Asia”. 5th workshop of the Inter-Parliamentary Forum on Security Sector Governance (IPF-SSG) in Southeast Asia. Phnom Penh, 12-13 October 2008. Available on : http://ipf-ssg-sea.net/5th_WS/defence_procurement_overview_Tim+Huxley.pdf

118. Ian Storey, “Asia’s Changing Balance of Military Power: Implications for the South China Sea Dispute”, in: *Maritime Energy Resources in Asia: Energy and Geopolitics*. Washington D.C.: The National Bureau of Asian Research, 2011, p. 151-171.

Whether it is a matter of prestige, the quest of an upgrade, or the consolidation of a previously-acquired advantage in the strategic realm, military modernization programmes are driven by action-reaction dynamics, fuelled by the increased availability of resources and an amplified competition among external partners. Yet, regional states share very similar security preoccupations, which is fostering the development of a community of interests, if not a community of views. In a broader perspective, regional states invest in their armies not only for deterrence purposes, but also and mainly with the aim to reinforce their geopolitical weight. By doing so, they assert themselves as actors and engines – individually and/or collectively – of far-reaching strategic trends through which Southeast Asia promotes and defends its own experience and dynamics to be more than a region “South of China, East of India”.

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Avec le soutien de la



Wallonie

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