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Brunei Darussalam

Sultan Haji Hassanal Bolkiah Institute of Defence and Strategic Studies

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SHHBIDSS invites internationally renowned academicians and practitioners to present and write on the different issues surrounding the East Asia Security Outlook. This publication is based on presentations delivered by SHHBIDSS's invited speakers on the 2 February 2012.

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Preface

TThis publication is the outcome of the East Asia Security Outlook (EASO) seminar conducted on the 2 February 2012 by Sultan Haji Hassanal Bolkiah Institute of Defence and Strategic Studies (SHHBIDSS).

The main objective of EASO seminars is to share views, perspectives and outlooks on the current security environment of East Asia. The contributors in this publication have covered various important topics including the current regional relationships and its dynamics, the roles and challenges faced by ASEAN and ADMM, as well as the continuous challenges faced by the region in terms of non-traditional security challenges and new emerging ones. These topics serve as an update on the wide range of challenges faced by the East Asian region.

SHHBIDSS would like to thank the contributors, its staff and all others who are involved in making our EASO this year a success.

Muhammad Shahrul Nizzam Umar
Director
Sultan Haji Hassanal Bolkiah
Institute of Defence and Strategic Studies

List of Acronyms

US	United States
APT	ASEAN Plus Three
IMF	International Monetary Fund
PLAN	People's Liberation Army Navy
SCS	South China Sea
ARF	ASEAN Regional Forum
TAC	Treaty of Amity and Cooperation
TPP	Trans-Pacific Partnership
SLOCs	sea lanes of communications
CBMs	confidence-building measures
ADMM	ASEAN Defence Ministers Meeting
AFP	Armed Forces of the Philippines
EEZ	exclusive economic zone
C4ISR	command, control, communications, computing, intelligence, surveillance and reconnaissance
ASEAN	Association of the Southeast Asian Nations
A2/AD	anti-access and area denial
ISM	Inter-Sessional Meeting
ADSOM	ASEAN Defence Senior Officials Meeting
APSC	ASEAN Political Security Council
EWGs	Expert Working Groups
COC	Code of Conduct
AMF	ASEAN Maritime Forum
EAS	East Asia Summit
SEATO	Southeast Asia Treaty Organization
CLMV	Cambodia, Laos, Myanmar and Vietnam
ACDFIM	ASEAN Chief of Defence Forces Informal Meeting
AMIM	ASEAN Military Intelligence Meeting
AMOM	ASEAN Military Operation Meeting
ADSOM WG/ADSOM Plus WG	ASEAN Defence Senior Official Meeting Working Group

HADR	Humanitarian Assistance and Disaster Relief
NADI	Network of ASEAN Defence and Security Institutions
ASEAN-ISIS	ASEAN Institutes of Strategic and International Studies
ZOPFAN	Zone of Peace, Freedom and Neutrality
FPDA	Five Power Defence Arrangements
HDUCIM	Heads of Defence Universities/Colleges/Institutions Meeting
ISG	Inter-Sessional Group Meeting
DOD	Defence Officials Dialogue
ASPC	ARF Security Policy Conference
CARAT	Cooperation Afloat Readiness and Training):
SEACAT	Southeast Asia Cooperation Against Terrorism
RIMPAC	Rim of the Pacific Exercise
AMDA	Anglo-Malayan Defence Agreement
EPG	Eminent Persons Group
HLTF	High Level Task Force
AEC	ASEAN Economic Community
ASCC	ASEAN Socio-Cultural Community
AFTA	ASEAN Free Trade Area
APEC	Asia Pacific Economic Cooperation
CNAS	Centre for New American Security
DOC	Declaration on Conduct
UNCLOS	Law of the Sea
MDA	maritime domain awareness
IMBs	International Maritime Bureau's
LLAR	Low Level Armed Robbery
MLAAR	Medium Level Armed Assault and Robbery
MCHJ	Major Criminal Hijack
CSCAP	Council of Security Cooperation in the Asia-Pacific
IED	Improvised Explosive Device
WBIED	Water-borne IED
MIA	Maritime Irregular Activities

STRATEGIC RELATIONS IN ASIA: AN OVERVIEW

Carlyle A. Thayer

Introduction

This paper addresses the topic set by the conference organizers - an overview of strategic relations in Asia and the challenges faced and the implications for Brunei Darussalam. The paper is divided into six parts. Part 1 provides a broad strategic outlook for Asia. Part 2 addresses China's military transformation. Part 3 considers regional naval modernisation. Part 4 discusses Unites States (US) regional engagement in light of the recently announced new US military strategy, *Sustaining US Global Leadership: Priorities for 21st Century Defense*. Part 5 focuses on the key challenges to future security cooperation. Finally, Part 6 assesses the security implications for Brunei Darussalam.

Strategic Outlook for Asia

Eight major trends are currently shaping the security environment in Asia.[1] These are discussed in turn.

1. Global financial and economic crisis. The global financial crisis is the single most important driver of interstate dynamics in Asia-Pacific region. The global financial crisis has accelerated the power shift from North America and Europe to East Asia. The most dramatic manifestation of this power shift has been to reinforce China's rise as a major power in all dimensions of national power. China now has an enhanced global and regional leadership role through the Group of Twenty and ASEAN Plus Three (APT).

China has used its new position to press for strengthened supervisory and regulatory arrangements over international financial institutions and greater influence for newly emerging economies in the World Bank and the International Monetary Fund (IMF). China's leadership on these issues has found widespread support in the region. China's challenge to the regional order established under US leadership after the Second World War will continue to generate tensions that will be transmitted to Southeast Asia. The dynamics of Sino–American relations will have a continuing major impact on the security environment in Southeast Asia.

The global financial crisis has driven home to Southeast Asia its interdependence and vulnerability to global forces. It also triggered a regional power shift that contributed to the rise of Indonesia and, to a lesser extent, Vietnam as major

regional players. Both countries emerged from the global financial crisis in a strengthened position due to their domestic recovery programs and maintenance of internal stability. Indonesia and Vietnam can be expected to play an increasingly important role in shaping Southeast Asia's security environment.

2. *China's military modernization.* There is a direct link between China's phenomenal economic growth and rising defence budgets to support the modernisation and transformation of its military forces. This has both strategic and regional implications. China's People's Liberation Army Navy (PLAN) is developing roles and missions that will permit it to project power beyond its territorial sphere of interest into the Western Pacific and South China Sea (SCS). Admiral Mike Mullen, Chairman of the US Joint Chiefs of Staff, has stated that the strategic intent behind China's development of new capabilities seemed to be "very focused on the US Navy and our bases that are in that part of the world."

In sum, China's military modernisation and transformation, especially naval modernisation, has created a security dilemma for regional states. China's efforts to safeguard its security by developing what it considers a reasonable force structure to deter US has created insecurity in several neighbouring states due to China's lack of transparency.

3. *US stepped-up engagement.* There can be no doubt that the global financial crisis has dented the authority of US and undermined the attraction of its free market capitalist economy as a model of development. In February 2009, Dennis Blair, then Director of US National Intelligence, observed in testimony to the Senate Select Committee on Intelligence that the global financial crisis "has worsened questioning of US stewardship of the global economy and international financial structure" and damaged America's reputation for world leadership.

In broad strategic terms the global financial crisis has forced a reduction of US defence spending in acquisition accounts, procurement, and research and development that are vital if US is to maintain its commanding technological superiority. Despite the declaration by US Secretary of Defense Leon Panetta that the defence budget for the Asia Pacific will not be affected, in the long-term the US will have fewer resources to shape strategic developments in the Asia Pacific, including Southeast Asia. In the coming decades, US will rely even more heavily on its allies and strategic partners to cooperate to ensure regional security.

The change in power relativities between China and US has prompted some strategic analysts to write about the possible erosion of US power and loss of US strategic primacy. The US has responded by beefing up its military muscle and renewing its political engagement with the region. Over the next several decades, US will retain its role as the world's leading country in all measures of national

power and it will also remain the prime maritime power in the Asia Pacific and Southeast Asia.

The global financial crisis occurred during a transition period in US politics. The Obama Administration has brought renewed energy to US engagement with Southeast Asia. As US Secretary of State Hillary Clinton exclaimed in a January 2010 speech to the East-West Center, "the US is back in Asia." Secretary Clinton included Indonesia on her first trip to Asia Pacific. She has attended consecutive ASEAN Regional Forum (ARF) meetings since taking office and at her first meeting launched the Lower Mekong Initiative. The US has acceded to the Treaty of Amity and Cooperation (TAC), appointed a resident ambassador to ASEAN and joined the East Asia Summit (EAS). The Obama Administration has also promoted free trade agreements with selected regional states, such as Vietnam, under the Trans-Pacific Partnership (TPP) program. More significantly, President Obama has attended all three ASEAN-US leaders' meetings.

More recently the Obama Administration has signaled a step up in its engagement in Asia Pacific once it draws down its commitments to Iraq and Afghanistan. As Secretary of State Clinton has noted on several occasions, US will "pivot" to the Asia Pacific region. The 2012 US national defense strategy state that *"of necessity* [the United States] *will rebalance towards the Asia-Pacific Region* [emphasis in original]."[2] In sum, stepped up US engagement will play a major role in shaping the security environment in Asia Pacific.

4. *Increased arms procurements.* As noted above, China's defence modernisation and transformation has generated a security dilemma for regional states. ASEAN states have been circumspect in public statements but their concerns can be discerned in the significant rise in defence expenditures and the kinds of weapon systems and platforms that they have acquired. According to the Stockholm International Peace Research Institute (SIPRI), "[arms] deliveries to South East Asia nearly doubled in 2005–2009 compared to 2000–2004. Deliveries to Malaysia increased by 722 percent in 2005–2009 compared to 2000–2004, for Singapore by 146 percent and for Indonesia by 84 percent."[3] Southeast Asia's arms procurements go beyond force modernisation and include the introduction of new capabilities that can be operated at extended ranges. In other words, Southeast Asia's arms buying spree, although largely intended for defensive purposes, may have a destabilising impact on regional security.

5. *Heightened importance of the maritime domain.* The maritime domain will continue to grow in importance in the coming decade as Southeast Asia and East Asia continue to recover from the global financial crisis and resume economic growth. This will underscore the geostrategic importance of the sea domain stretching from the Gulf of Arabia and the Indian Ocean through archipelagic Southeast Asia and

the SCS to the Western Pacific for commerce and the transport of energy resources.

There are both positive and negative features of this trend. On the one hand, all nations in Asia Pacific will have a vital common interest in maintaining the security of trade routes on which their economic prosperity and national security depend. This will be the case especially for the East Asian economies that depend on sea lanes of communications (SLOCs) that pass through Southeast Asia for trade and for the import of vital energy resources. The heightened importance of the maritime domain raises the possibility of increased multilateral cooperation to guarantee maritime security.

On the other hand, vital SLOCs pass through the SCS, where China, Taiwan, Vietnam, the Philippines, Malaysia and Brunei have conflicting sovereignty claims. It is noticeable that the current military modernisation and transformation programs contain elements of a naval arms race embedded in competitive rather than cooperative maritime strategies.

6. *Increasing salience of transnational issues.* All ASEAN states stress the salience of non-traditional security issues as a major factor shaping the regional security environment. Because non-traditional security issues are transnational in nature and beyond the ability of any state to resolve, they are more amenable to multilateral cooperative security approaches. It is unsurprising, then, that Southeast Asian states have given priority to security cooperation to address non-traditional threats.

It is debatable whether each and every non-traditional issue should be "securitized" and treated as a threat to national security. Submissions to the ARF Annual Security Outlook 2009, for example, identified twelve non-traditional security threats: terrorism, piracy, transnational crime, small arms and light weapons smuggling, money laundering, drug trafficking, people smuggling, illegal migration, illegal logging, illegal fishing, avian influenza and swine flu, and climate change.

The extent to which the armed forces, as distinct from law enforcement, customs, immigration and public health officials, should be involved in addressing non-traditional issues is a matter of debate within individual countries. But it is clear from evolving trends that armed forces will be increasingly involved in addressing these security challenges, especially in responding to large scale natural disasters, terrorism, and piracy and armed robbery at sea.

7. *Persistence of "everyday domestic security challenges".* At least seven of Southeast Asia's eleven states are affected by domestic security challenges of varying orders of magnitude in which violence has been used to advance the interests of a particular group or non-state actor. In recent years, Malaysia, Indonesia, Laos and

Vietnam have all experienced sporadic outbreaks of sectarian or ethnic violence. At the other end of the scale, Thailand, Myanmar and the Philippines continue to experience political instability and ethno-nationalist insurgency, ethnic conflict, and communist insurgency and armed separatism, respectively. Cambodia and Thailand were embroiled in an unseemly low-level conflict over disputed land surrounding a temple complex on their border.

These "everyday domestic security challenges" will persist over the next decade. The ongoing conflicts in Southern Thailand and the Southern Philippines, and the unstable domestic political situation in Myanmar, if unaddressed, all have the potential to spill over and affect the security of neighbouring states. Human rights abuses and violations of religious freedom in states experiencing domestic strife raise the question of whether humanitarian intervention might be invoked if a state fails to meet its obligation to protect its citizens.

8. *Evolution of the Region's Security Architecture.* From the very inception of the ARF, ASEAN has insisted on being in the "driver's seat." Nearly eighteen years after its foundation, the ARF remains a security dialogue forum that primarily advances confidence-building measures (CBMs) on the basis of consensus and "at a pace comfortable to all" its members. This has led to the initiation of ad hoc efforts, such as the Proliferation Security Initiative, to counter possible proliferation-related trafficking, and the Shangri-La Dialogue to discuss specific security challenges.

Southeast Asia lacks an overarching security body to effectively address the range of current and emerging security challenges. In order to maintain its centrality ASEAN has set for itself the goal of creating an ASEAN Community by 2015 based on three pillars, one of which is the Political Security Community pillar. In 2010, the ASEAN Defence Ministers Meeting (ADMM) held the first meeting with its eight dialogue partners. The ADMM Plus will meet next in 2013 and then annually thereafter. The recent expansion of the EAS to include the Russian Federation and US may emerge as an overarching body to manage regional security issues. This development may result in tensions between ASEAN's assertion of its centrality and the leadership role played by major powers.

China's Military Transformation

China's military transformation is the product of several factors. First, China's spectacular economic rise has provided the basis for increased defence spending that has led in turn to the modernisation of all military services. Second, China is fixated on Taiwan and national reunification and therefore seeks to develop anti-access/area-denial capabilities beyond the first to the second island chain to forestall intervention by US in Taiwan contingencies. Third, China's rise has raised the salience of protecting its major SLOCs from the Gulf of Arabia to its

eastern seaboard. Fourth, Chinese resource nationalism has raised the importance of the SCS with respect to oil, gas and mineral resources and sovereignty claims. Fifth, as China becomes a global power with widespread economic and political interests, it will need to develop a blue water navy to protect its interests further afield.

Several of the factors promoting China's military buildup intersect with respect to Southeast Asia's maritime domain and the SCS in particular. This is most evident in the modernisation of the South Seas Fleet and the construction of a major naval base at Yalong Bay on Hainan Island. Yalong is located on the southern coast of Hainan on the upper reaches of the SCS. The South Seas Fleet has the important mission of securing the Strait of Qiongzhou to protect southern China and Hainan Island.

The facilities at Yalong Bay include piers, docks and underground submarine pens. The PLAN stations several major surface combatants, amphibious landing craft, conventional submarines, and a single nuclear submarine at Yalong. Continued construction indicates that Yalong will be able to accommodate larger surface combatants such as assault ships and eventually one or more aircraft carriers.

China regularly conducts major naval exercises to showcase the growing prowess of the PLAN. China conducted three major naval exercises in 2010 and one major exercise in 2011 related to the SCS.[5] The first exercise was held in early April 2010 and involved the long-range deployment of sixteen warships from the PLAN drawn from the North Sea, East Sea and South Sea Fleets. The PLAN flotilla sailed past Okinawa through the Bashi Channel and conducted live firing exercises north of the Philippines before steaming toward the Malacca Straits. Up until this exercise China's South Sea Fleet was the only fleet to operate in the SCS.

The second naval exercise was conducted in late July 2010. It was the largest of its kind and once again involved ships from the North Sea, East Sea and South Sea Fleets. At least a dozen warships took part including all four *Sovremenny* destroyers from the East Sea Fleet, as well as the most modern ships in the PLAN order of battle such as the Type 051C *Luzhou*, Type 052B Luyang I, Type 052C *Luyang II*, Type 054A *Jiangkai II*, and *Kilo*-class submarines. JH-7/7A fighter bombers provided air cover. This exercise was notable for the Chinese media coverage of live missile firings and the presence of senior commanders from the Central Military Commission and the PLA Chief of Staff, General Chen Bingde.[6]

In November 2010, the PLA Marine Corps held the third major exercise, Jiaolong 2010, in the SCS. This exercise involved more than 100 ships, submarines and aircraft and 1,800 marines. According to military analyst Li Jie, the exercises were conducted partly in response to the intervention of unnamed countries in recent

times, "so it's time to oppose those interventions with power politics."[7]

More recently, in November 2011, China conducted naval exercises in the Western Pacific. Japanese defence sources reported that six ships - an intelligence collector, three guided missile frigates and two supply ships – passed through the waters between Okinawa and Miyako islands on 22-23 November.[8]

These four PLAN exercises were viewed as a demonstration by China that it was now capable of deploying beyond the first island chain to the second. The implications are clear: China is developing the capacity to sustain larger naval deployments in the Spratly archipelago and further south for longer periods.

The development of a naval base in Yalong Bay has strategic implications for the balance of power in the region. Analysis of construction activities indicates Yalong will be capable of housing nuclear submarines capable of launching intercontinental ballistic missiles. Portions of the base are being built underground to provide facilities that cannot be easily monitored. When these facilities are completed, they will provide China with the potential capability to station a substantial proportion of its submarine-based nuclear deterrent capabilities there.

Satellite imagery has confirmed the presence of a single Chinese Type 094 Jin-class nuclear submarine since late 2007. The Type-094 is a second-generation nuclear powered ballistic missile submarine (SSBN) and represents China's most lethal naval strike weapon. Up until now all nuclear submarines were under the command of China's North Sea Fleet. This marks the first permanent deployment to China's South Sea Fleet. According to US Defense Department five more Chinese SSBNs are expected to become operational in coming years. Yalong Bay is expected to become the home base for China's *Jin*-class submarine force. There is even speculation that China might create a fourth fleet based in Hainan.

China's most modern strategic nuclear submarine is not yet fully operational but when it is the submarine is expected to carry twelve Sea Launched Ballistic Missiles. This class of submarine will be even more potent if China succeeds in equipping the missiles with multiple warheads. Chinese nuclear subs will be able to patrol and fire from concealed positions in deep waters off Hainan island if China can develop the necessary operational skills.

At the same time, China has extended the airfield on Woody Island in the Paracel islands, consolidated its facilities at Fiery Cross Reef in the Spratly archipelago, and maintains a continuing naval presence at Mischief Reef off the west coast of the Philippines.

In sum, China has developed an enhanced capability to exercise its sovereignty

claims over the SCS and protect its vital SLOCs through the Malacca and Singapore Straits as well as the capacity to surge expeditionary forces into the SCS from these bases with a considerably shortened logistics tail. By extension, China will also have the capacity to interdict the same SLOCs on which Japan, Taiwan and South Korea are dependent. These developments portend a greater Chinese capacity to assert regional leadership and to challenge US military supremacy.

The deployment of nuclear submarines, including ballistic missile submarines, has introduced a new geostrategic dimension to the regional balance of power. Chinese nuclear submarine deployments will attract the continuing attention of US Navy in conducting military survey/intelligence gathering in the waters off Hainan.[9] New developments in US military technology will see the introduction of more sophisticated undersea drones and unmanned systems for intelligence gathering, reconnaissance and surveillance such as Large Diameter Unmanned Underwater Vehicles and Persistent Littoral Undersea Surveillance Systems. According to Mark Valencia, the deployment of these new systems "will generate tensions and more frequent crises; they will produce defensive reactions and escalatory dynamics; and they will lead to less stability in the most affected regions, especially in Asia."

Regional Naval Modernisation

China's rapid military modernisation, coupled with its assertive behaviour in the SCS, has led several Southeast Asian states to undertake force modernisation programs of their own aimed at developing anti-access/area-denial capabilities directed against China. This section reviews developments in the Philippines, Vietnam and elsewhere in the region.

The Philippines. In 1995, the Philippines passed into law The Armed Forces Modernisation Act with the aim of modernising the Armed Forces of the Philippines (AFP) in fifteen years with a total fund of Pesos 331 billion. The Philippines Congress failed to follow through and the AFP was starved of funds.

In 2011, in response to Chinese assertiveness in its exclusive economic zone (EEZ) and Kalayaan Island Group, the Philippines drew up a new defence strategy focused on both internal security operations and external territorial defence. The Aquino Administration allocated P11 billion to support force modernisation of the AFP. Of this figure P8 billion will come from the proceeds of the Malampaya Natural Gas and Power Project and the remaining P3 billion will come from the AFP's current modernisation funds.[11] Starting in 2012, the government will implement a five-year modernization program totalling P40 billion (or P8 billion annually).

In March 2011, AFP Chief of Staff General Eduardo Oban announced plans to

upgrade Rancudo Air Field on Pag-Asa island.[12] Two months later a Philippine navy study recommended the acquisition of submarines as a "deterrent against future potential conflicts". In September 2011, immediately after President Benigno Aquino's state visit to Beijing, he announced that 4.95 billion pesos (US $118 million) would be allocated to top up the defence budget.[14] These funds were earmarked for the purchase a naval patrol vessel, six helicopters and other military equipment in order to secure the Malampaya project located in disputed waters off the coast of Palawan.

The Philippines has taken delivery of a former US Coast Guard Weather Endurance Cutter (rechristened *Gregario del Pilar*) and will assign it to operate from Palawan in Western Command with the mission of protecting the Philippines' EEZ. The ship will be fitted with more modern radar systems and consideration is being given to equip it with anti-ship missiles. The Philippines also expects to take delivery of three new Taiwan-manufactured Multi-Purpose Attack Craft and procure two additional US Coast Guard Cutters.[15]

In September 2011, during President Aquino's visit to Tokyo, he and Prime Minister Noda agreed to strengthen maritime security ties by holding frequent high-level defence discussions and by stepping up cooperation between their Coast Guards and "defence-related authorities." Prime Minister Noda agreed to increase the involvement of Japan's Coast Guard in training their Filipino counterparts.[16]

At present, Philippines officials have floated a "wish list" of new equipment including: coastal radar, long-range patrol aircraft, strategic sea lift vessels, off-shore patrol boats, naval helicopters, air defence radar, six jet trainers, surface attack aircraft, anti-ship missiles, and a submarine.[17] Following a visit by South Korea's President Lee Myung-bak to Manila in November 2011, President Aquino announced that the Philippines would purchase military equipment from Seoul. The Department of National Defense was reported to be drawing up a list including aircraft, helicopters, boats and other military equipment.

Vietnam. In 2009, in a major development, Vietnam announced that it would procure six conventional diesel powered Kilo-class submarines from Russia. These are scheduled to be delivered in 2014. They are expected to be based at facilities to be constructed by Russia at Cam Ranh Bay. The Kilo-class submarines are likely to be equipped with sea-skimming 3M-54 Klub anti-ship missiles with a range of 300 kilometres.[18]

In 2011 Vietnam stepped up its force modernization program when it took delivery of four additional Su-30MK2 multi-role jet fighters.[19] These are expected to be equipped with the Kh-59MK anti-ship cruise missile with a range of 115 km. Vietnam currently has on order sixteen more Su-30MK2 jet fighters. Vietnam

also took delivery of two *Gephard*-class guided missile frigates armed with Kh-35E anti-ship missiles with a range of 130 km and two *Svetlyak* class missile Patrol Boats.[20] In addition, Vietnam launched its first indigenously built gunship.[21] In October, while on a tour of the Netherlands, Prime Minister Nguyen Tan Dung gave his approval for the purchase of four Sigma-class corvettes, two of which are slated for construction in Vietnam.

In 2011, Vietnam beefed up its land-based coastal defences by acquiring its second Bastion land-based anti-ship ballistic missile system. Vietnam reportedly has also acquired Israeli Extended Range Artillery Munitions - a ballistic missile effective beyond 150 km. In October 2011, during President Truong Tan Sang's visit to New Delhi, the local media reported that India was prepared to sell Vietnam its *BrahMos* supersonic cruise missile.[23] President Sang requested Indian assistance in four areas: submarine training, conversion training for pilots to fly Sukhoi-30s, transfer of medium sized patrol boats, and modernization of port facilities at Nha Trang.[24]

In November 2011, Vietnam announced a $3.3 billion defence budget for 2012, a reported rise of 35 percent over 2010.[25] According to IHS Jane's Vietnam's annual naval procurement budget has increased by 150 percent since 2008 to US$276 million in 2011. The budget is projected to rise to $400 million by 2015.[26]

Regional. According to one noted regional security analyst, naval acquisitions in Asia "have become especially disturbing, with undeniable signs of action-reaction dynamics," and Northeast Asia in particular is witnessing an "emerging naval arms race."[27] In Southeast Asia, the conventional submarine has been the new hallmark of naval acquisitions. Defence analysts estimate that 86 submarines will be added to the fleets in the Asia Pacific by 2020 of which 30 will be Chinese.[28] This prospect has led Australia, Malaysia, the Philippines, Singapore and US to step up investment in their anti-submarine warfare capabilities. Security analysts warn that the proliferation of submarine fleets may be destabilizing in times of tensions and crises due to the complexities of command and control.

Vietnam's purchase of Kilo-class submarines is part of a regional trend in naval modernisation. China has the largest submarine fleet (more than sixty) and most extensive plans to expand its numbers including the Type 095 nuclear attack submarine (SSN) and Type 094 (JIN-class) SSBN. China is expected to base both attack and ballistic missile submarines at Yulin Naval Base on Hainan Island.

Indonesia, the first country in Southeast Asia to acquire submarines, has indicated it will replace them with newer South Korean models. Indonesia reportedly will boost defence spending by 35 percent in 2012.

Singapore has upgraded its submarine fleet to include two Archer-class submarines. The first of which, the RSS Archer, was commissioned in December 2011.[30] Singapore reportedly is also in the market for four or five P-3C Orion maritime patrol aircraft.[31]

Malaysia has acquired two Scorpene-class submarines. Both the Singaporean and Malaysian submarines are equipped with Air Independent Propulsion systems. Thailand is currently considering acquiring its own conventional submarines.

Australia's 2009 Defence White Paper set out plans to construct twelve new conventional submarines. Recently, it was reported, "visiting US Navy officials have repeatedly raised the issue of the lack of availability of Australia's troubled Collins-class submarines, as well as the lack of progress on Australia's planned new class of submarines." This pressure has prompted the Gillard Government to place the matter before Cabinet.[32]

Regional force modernisation has and will continue to result in the introduction of increased numbers of warships equipped with new technologies and weapons systems. A recent review of regional force modernisation over the last decade highlights the introduction of new capabilities such as "stand-off precision-strike, long-range airborne and undersea attack, stealth, mobility and expeditionary warfare and, above all, new capacities when it comes to greatly improved command, control, communications, computing, intelligence, surveillance and reconnaissance (C4ISR) networks." This review concludes that "new types of armaments promise to significantly upgrade and modernize the manner of war fighting in the region… [and] fundamentally change the concept and conduct of warfare."[34]

According to Vice Admiral Scott Swift, Commander US Seventh Fleet, his prime concern is not the outbreak of a major conflict but "any tactical trigger with strategic implications…I do have concerns about a specific brush up that could result in a tactical miscalculation…"[35] In sum, regional sea lanes are set to become more "crowded, contested and vulnerable to armed strife."[36]

US Regional Engagement

On coming to office in 2009, Obama Administration officials quickly declared, "the United States is back in Asia." The US acceded to the ASEAN TAC, appointed a permanent ambassador to the ASEAN Secretariat and revived the annual ASEAN-US leaders meeting. When Chinese assertiveness in the SCS raised regional security concerns, both the US Secretary of State and Secretary of Defense declared that US had a national interest in safety of navigation and over flight in the SCS.

More recently, US has also announced that with its withdrawal from Iraq and

eventual withdrawal from Afghanistan, it will "pivot" to the Asia Pacific and quarantine defence cuts from the Pacific Command's Area of Responsibility. The heightened importance of the Asia Pacific was underscored in January 2012 with the release of a new national defense strategy, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense.* This document stated:

> *US economic and security interests are inextricably linked to developments in the arc extending from the Western Pacific and East Asia into the Indian Ocean region and South Asia creating a mix of evolving challenges and opportunities. Accordingly, while the US military will continue to contribute to security globally, we will of necessity rebalance toward the Asia Pacific region. Our relationships with Asian allies and key partners are critical to the future stability and growth of the region. We will emphasize our existing alliances, which provide a vital foundation for Asia Pacific security. We will expand our networks of cooperation with emerging partners throughout the Asia Pacific to ensure collective capability and capacity for securing common interests [emphasis in original].*[37]

The US has responded to China's naval build up and development of anti-access/area denial capabilities by strengthening its posture on Guam, stepping up weapons and equipment sales to the Philippines, negotiating new arrangements with Australia giving US greater access to training facilities near Darwin, and basing Combat Littoral Ships in Singapore.[38]

In direct response to Chinese naval modernisation, US also has deployed thirty-one of its fifty-three fast attack submarines to the Pacific and stepped up its anti-submarine warfare program. Eighteen of US subs are home-ported in Pearl Harbor; the others are based in Guam.[39] Additionally, US have also deployed three *Ohio*-class nuclear submarines to the Asia Pacific Indian Ocean region. Each has been modified to carry 154 conventional Tomahawk cruise missiles. In late June-early July 2010, in a calculated demonstration of naval power, the USS *Florida*, USS *Michigan*, and USS *Ohio* submarines, simultaneously surfaced in Diego Garcia (Indian Ocean), Busan (South Korea) and Subic Bay (the Philippines), respectively.[40] US has stationed the fifth-generation Raptor aircraft in Hawaii.

Finally, US is developing an air-sea battle concept to counter China's development of area-denial/anti-access capabilities. The air-sea battle concept is being drawn up to enable US to prevail in conflicts where area-denial/anti-access capabilities are well developed. According to the new US defense strategy, one of the ten main missions for US armed forces is to "project power despite anti-access/area denial challenges."[41] In response to China's use of asymmetric capabilities, including electronic and cyber warfare, ballistic and cruise missiles, advanced air defences, mining and other methods, "to complicate our operational calculus," US military

will invest as required to ensure its ability to operate effectively in anti-access and area denial (A2/AD) environments. This will include implementing the Joint Operational Access Concept, sustaining our undersea capabilities, developing a new stealth bomber, improving missile defenses, and continuing efforts to enhance the resiliency and effectiveness of critical space-based capabilities [emphasis in original].[42]

At the same time, US has repeatedly sought to engage with China to manage their relations. US and China currently have in place forty-eight mechanisms for coordination and collaboration on strategic policy issues. The Obama Administration has sought to manage its relations with China through new mechanisms such as the Strategic and Economic Dialogue and the recently established Consultations on Asia-Pacific Affairs. The Pentagon consistently has sought to keep channels of communication open with China through their joint Military Maritime Consultative Council (established 1998, suspended by China in 2001 and resumed in February 2009) and other bilateral defence mechanisms.

The Obama Administration's new defense strategy states with respect to China:

> *Over the long term, China's emergence as a regional power will have the potential to affect US economy and our security in a variety of ways. Our two countries have a strong stake in peace and stability in East Asia and an interest in building a cooperative bilateral relationship. However, the growth of China's military power must be accompanied by greater clarity of its strategic intentions in order to avoid causing friction in the region.*[44]

Nevertheless it is clear that continued US arms sales to Taiwan and US intelligence gathering in China's EEZ remain major irritants. In addition, US diplomatic intervention in the SCS issue has provoked a negative if not hostile reaction by China. Tensions in China-US relations have been transmitted to Southeast Asia. Manila and Washington have breathed new life into their 1951 Mutual Defense Treaty through arms and equipment sales and military exercises. US and Vietnam have stepped up defence cooperation activities to include a new senior leaders' dialogue, signing of a Memorandum of Understanding on defence cooperation and the initiation of low-level naval exchange activities. China has criticized US-Philippines naval exercises as untimely and warned both Manila and Hanoi that they are playing with fire by encouraging US intervention. China views US as an outside power whose intervention will only complicate matters.

Challenges to Future Security Cooperation

There are four major interrelated security challenges that confront the Asia Pacific region: how to prevent disputes in the SCS from erupting into armed incidents; how to manage major power rivalry and prevent it from polarising the region;

how to prevent force modernisation from destabilising regional security; and how to improve the capacity of regional security architecture to deal with traditional security issues.

East Asia's security architecture is in a state of flux. Six major multilateral mechanism has been created that could facilitate regional cooperation in addressing maritime security issues. These are:

- ARF Inter-Sessional Meeting (ISM) on Maritime Security
- ADMM process
- ADMM Plus process
- ASEAN-China agreement of Guidelines to Implement the DOC
- Expansion of the East Asia Summit to include the United States and Russia
- ASEAN Maritime Forum

In 2009 the ARF established the ISM on Maritime Security. The 44th ASEAN Ministerial Meeting approved the Work Plan for the ISM on Maritime Security in July 2011.[45] The Work Plan focuses mainly on information sharing, capacity building, and training.

In May 2006, ASEAN Defence Ministers met for the first time and began the process of institutionalizing defence cooperation on a regional basis. They approved a structure including a subordinate ASEAN Defence Senior Officials Meeting (ADSOM). The ADSOM in turn oversees a structure involving ASEAN service chiefs (army, navy and air) and heads of intelligence. The ASEAN Defence Ministers now form part of the ASEAN Political Security Council (APSC) established under ASEAN's Charter. At the 4th ADMM in May 2010, it was agreed that ASEAN navies would cooperate to patrol their maritime boundaries. As noted above with respect to navy chiefs, progress on practical activities to address security challenges is at a nascent stage.

At the inaugural meeting of the ADMM Plus in October 2010, the ministers approved the establishment of five Expert Working Groups (EWGs): maritime security, humanitarian assistance and disaster relief, counter-terrorism, peacekeeping operations, and military medicine. Each group is to be co-chaired by an ASEAN and non-ASEAN member. The terms of reference for these EWGs were approved in October 2011. The Expert Working Groups will report their deliberations to the ADMM Plus Senior Officials Meeting. Progress on addressing security issues is likely to remain slow because the 2nd ADMM Plus meeting is not scheduled until 2013. It is possible, however, that ADMM Plus ministers will meet on an annual basis thereafter.

In July 2011, China and ASEAN member states adopted Guidelines to implement the DOC. They set up the ASEAN-China Joint Working Group to implement these Guidelines. China is scheduled to host the first meeting in January 2012. This process holds the promise that confidence-building measures included in the 2002 DOC may now be adopted and implemented. In November 2011, in a separate process, ASEAN Senior Officials began discussions on what activities and projects to include in a Code of Conduct (COC) for the SCS Once agreement is reached, the draft COC will be presented to China "to determine what, when, where and how the project would be carried out," according to an Indonesian official.[47]

In 2010 ASEAN established the ASEAN Maritime Forum (AMF) under the terms of the APSC Blueprint.[48] The second meeting of the AMF was held in Thailand in August 2011 and proposed expanding its membership to include dialogue partners in a separate meeting (or AMF Plus). The AMF is focused on a comprehensive approach to maritime issues and has so far not dealt with SCS issues in detail.[49]

In 2011 the East Asia Summit (EAS) met with an expanded membership including US and the Russian Federation. At the EAS informal leaders' retreat sixteen of the eighteen leaders raised maritime security issues. China was the only dissenting voice arguing that the EAS was not an appropriate venue. Nevertheless Indonesia, as ASEAN Chair, noted that maritime security had now been put on the agenda.

Each of these six multilateral arrangements holds the promise of contributing to regional security cooperation. There is an obvious overlap in their areas of concern and responsibility. A major step forward in regional cooperation could be made if government leaders could agree that the EAS should be the peak body to oversee regional security cooperation. The next step would be for government leaders to instruct their defence and foreign ministers to propose ways to streamline the work programs of these various subordinate bodies to maximize their effectiveness with a view to ensuring the timely flow of policy advice to senior officials prior to the convening of the EAS.

Implications for Brunei Darussalam

This section reviews the implications for Brunei of the eight major trends shaping the regional security environment identified in the first section.

1. *Global financial and economic crisis.* Although Southeast Asia appears to be recovering from the global economic and financial crisis, the current crisis in the Euro zone portends a period of volatility in the capital market. Countries that depend on exports are likely to be affected and see their growth rates decline. In 2010 Brunei's economy showed signs of recovering after a decline in growth rates in 2008 and 2009. Brunei's economy is projected to average 1.4 percent annual growth

to 2015. Brunei, which has made slow progress in diversifying its dependency on oil and gas, may find new opportunities if the price of oil and gas remains high. This may spur new investment in deep offshore drilling. The downside is that increase oil and gas exploration and development in the SCS could spark tensions among states with overlapping maritime and territorial claims and spill over and affect Brunei's security.

2. *China's military modernization.* Brunei conducts low-key defence cooperation with China. Brunei's interests would be affected if China's naval power projection in the SCS was not balanced by US. Brunei is relatively insulated from major power rivalry, but it could impact negatively on ASEAN unity and cohesion. These developments could impact during Brunei's tenure as ASEAN Chair. Brunei would have to decide whether to play the role of consensus maker within a frayed ASEAN or be more proactive in exerting leadership following the examples of past Chairs, Indonesia (2011) and Vietnam (2012).

3. *United States stepped-up engagement.* Brunei's security will be enhanced as US rebalances its military to the Asia-Pacific. This could lead, however, to greater pressures on Brunei to play a larger role in US theater engagement activities.

4. *Increased arms procurements.* The impact of force modernization programs in the region could introduce an action-reaction arms cycle as newer and more lethal technologies make their appearance. This could complicate Brunei's defence planning as power relativities change. These developments also raised the question of defence spending. Brunei's defence spending has steadily declined since 2004 and the introduction of new technologies in the region will put pressure on Brunei to follow suit.

5. *Heightened importance of the maritime domain.* Brunei will have an enhanced interest in being able to exert jurisdiction over its EEZ and protect its off-shore oil platforms. This is not a new requirement and Brunei seems well placed with the recent acquisition of four German manufactured UHTIHAD-class patrol boats and two offshore patrol vessels. Brunei will need to develop cooperation with neighbouring states.

6. *Increasing salience of transnational issues.* These are continuing security concerns that do not pose a major direct threat to Brunei. But Brunei must be ever vigilant in countering arms, drug and people trafficking; fisheries poaching; and piracy. Brunei will have a continuing requirement to ensure the integrity of its land and maritime borders.

7. *Persistence of "everyday domestic security challenges."* Brunei does not face any major internal security challenges. But Brunei must keep watch on signs of

domestic instability and extremism in neighbouring states and their possible spillover effects.

8. *Evolution of the Region's Security Architecture.* Brunei's 2011 Defense White Paper noted, "incidents testing the strength of the emerging powers cannot be ruled out. A stable relationship amongst the major powers is essential in ensuring the continued economic progress and development for the wider Asia-Pacific region".[50]

In 2013, Brunei will assume the Chair of ASEAN and host a series of ASEAN and ASEAN-related summits. AS ASEAN Chair in 2013, Brunei will be challenged to support efforts to build a stable relationship among the major power, especially China and US.

Some regional security analysts have already concluded that ASEAN faces a major challenge to its self-proclaimed role as being in "the driver's seat" with respect to setting the region security agenda. There is wide speculation that ASEAN is about to enter the doldrums with a series of "weak" (or less proactive chairs) chairs: Cambodia (2012), Brunei (2013), Myanmar (2014) and Laos (2015). Clearly Brunei will be placed at the centre of security dialogue and consultations as ASEAN seeks to create an effective APSC as part of the ASEAN Community by 2015.

Endnotes

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BUILDING THE ASEAN DEFENCE TRACK: CHALLENGES AND PROSPECTS

Tan See Seng

Introduction: What ASEAN Defence Cooperation Isn't

> *We did not phase out SEATO in order to set up another one.*
> —Carlos Romulo, Philippine Foreign Minister, 1975

> *We in ASEAN don't want to be seen as a military pact…and even though regional security relates to all of us, we have never agreed to have multilateral military exercises.*
> —Siddhi Savetsila, Thai Foreign Minister, 1982

> *We know what we don't want in our Political-Security Community. We don't want to be a military pact; we don't want to do anything against any outsider; we don't want to use force… But do we know what we want to see?*
> —Purnomo Yusgiantoro, Indonesian Defence Minister, 2011

For a region where regionalists have long shied away from collective defence, Southeast Asia interestingly serves as a useful litmus test for regional defence cooperation. The region plays host to a growing number of peacetime cooperative efforts in region at both the bilateral and multilateral levels in the area of defence and military issues. This has certainly been a major step forward in a region long averse to the explicit conduct of regional defence cooperation, chiefly out of a Cold War-related concern that any effort in security regionalism in Southeast Asia might be misconstrued by external powers and potential aggressors as directed against them. As defence regionalism evolved from its implicit and ad hoc state of the Cold War period to the explicit and institutionalized enterprise that it is today, three interrelated trends are evident.

First, while much of defence and security cooperation in the region has been and, in most respects, remains bilateral, in recent years there has been a gradual shift towards multilateral initiatives. Second, with the increase in intra-ASEAN cooperation, there has been a regionalization of defence relations.[52] Third, such regionalization has not come at the expense of the "open regionalism" in which ASEAN states have long engaged with outside powers, whether in terms of extant alliance ties, strategic partnerships or, at the ASEAN level, institutional relations with the regional organization's dialogue partners. All these ad hoc developments have contributed loosely to the emergence of the "ASEAN defence track," as ASEAN officials have taken to calling it.

But while some have taken to suggesting that regional defence cooperation in Southeast Asia amounts to a kind of cooperative model which other regions could presumably emulate, this paper argues against that likelihood simply because the ad hoc character of ASEAN defence cooperation, one oriented to the perceived specific challenges and needs of the region, means it lacks the strategic imperative and institutional coherence befitting a model of regionalism. Hence, contrary to recent claims about the existence of a "Southeast Asian Defence Model",[53] it is contended here that nothing of that sort is warranted where the pattern of defence cooperation that has hitherto evolved in Southeast Asia is concerned.

From SEATO to ASEAN: The Regionalization of Defence in Southeast Asia

The US-led Southeast Asia Treaty Organization (SEATO) dissolved in 1977 due to a host of reasons, not least disagreements between America and various treaty members. For Southeast Asian leaders, SEATO quickly became a model of what indigenous regionalism should not be like.[54] Even then, potential rivals persisted in seeing ASEAN as a defence alliance. During the Cold War years, Vietnam did not find ASEAN's prescriptions for regional order, such as those stipulated in the TAC, acceptable because, in Hanoi's view, the Association was essentially an American-sponsored organization. As an observer has noted, fairly or otherwise, about the formation of ASEAN, "ASEAN was the product of Asian initiative. But it was hardly an Asian creation. Behind the Asian initiative was the American 'support' and 'discreet guidance.' Washington almost acted like a mid-wife in the birth of ASEAN".[55] The perception of external influence encouraged the view that ASEAN could become another SEATO which extra-regional players, chiefly the US, could use through which to exert and expand their sway in Southeast Asia. Indeed, Vietnam justified its overture to ASEAN in 1977 as possible only because "[the] policy of setting up such military blocs as ASEAN in Southeast Asia has failed and passed forever".[56]

Crucially, residual misgivings over defence regionalism did not preclude public acknowledgements by ASEAN members about the perceived need for regional defence cooperation. On the eve of ASEAN's first Bali Summit in 1976, which famously mandated the Association as primarily a socioeconomic institution which could, future conditions permitting, extend cooperation to the defence and security sectors, then Singapore prime minister, Lee Kuan Yew, let on that "intelligence coordination and sharing" was already occurring among the ASEAN states. Further, bilateral border security agreements between Malaysia and Thailand and Malaysia and Indonesia – designed to cope with a broad range of security threats and illegal activities, although communist insurgency was the principal target – evolved into a set of fairly institutionalized arrangements. The arrangements also included bilateral military exercises, such as the *Kekar Malindo* series between Indonesia and Malaysia, and the *Thamal* air and sea exercises

between Malaysia and Thailand.

Bilateral tensions would subsequently strain some of these arrangements, however. Likewise, while the Vietnamese attack on Cambodia in late 1978 and subsequent occupation evoked numerous discussions on defence cooperation as well as the occasional speculation on collective security, divergent security perspectives among the member states over the Sino-Vietnamese rivalry would render any vision of an ASEAN defence framework elusive. Against the emerging Soviet-Vietnamese partnership and looming Soviet naval presence in the region in the early 1980s, Prime Minister Lee Kuan Yew of Singapore made the following observation on the prospect for intramural military exercises among ASEAN-6[58]:

> *At a later stage the exercises may become trilateral and later quadrilateral. It's a matter which will have to evolve naturally. We feel the next stage – the trilateral exercises – is simple. The ideal would be multilateral exercises encompassing all the [ASEAN] members. But at least quadrilateral, so that there is no misunderstanding as to the perception of the threats.*[59]

Not all of Lee's fellow ASEAN leaders agreed, however. Concerns would vary, not least the worry that such comments could end up provoking the Vietnamese and other potential adversaries.[60] Importantly, though bilateral tensions and divergent security perspectives clearly complicated defence and security cooperation among ASEAN states, they did not diminish much less extinguish it. As former Malaysian prime minister, Mahathir bin Mohamad once admitted about his government's complex relationship with Singapore: *"Never have we even once failed to cooperate in matters relating to the threat of subversion against our society. The security apparatuses of our two societies continue to cooperate against any subversive and criminal elements that could affect our stability even when political leaders were openly squabbling."*[61]

By 1989, however, the gradual proliferation of defence ties in all its facets among the ASEAN-6 led Indonesia's armed forces commander to describe intra-ASEAN defence relations as resembling "a defence spider web."[62] The following (non-exhaustive) list of bilateral military exercises highlights the growing links between ASEAN militaries to the present.[63]

Table 1: Intra-ASEAN Bilateral Military Exercises

Exercise	Type	Participating States	Start	Frequency
Air Thamal	Air	Malaysia-Thailand	1981	Annual
Anoa-Singa	Land	Philippines-Singapore	1993	Annual
Darsasa Malindo	Air/Land/Naval	Indonesia-Malaysia	1982	Intermittent
Eagle	Air/naval	Indonesia-Singapore	1974	Annual
Elang Indopura	Air	Indonesia-Singapore	1980	Annual
Elang Thainesia	Air	Indonesia-Thailand	1980	Annual
Elang Malindo	Air	Indonesia-Malaysia	1975	Biennial
Englek	Naval	Indonesia-Singapore	1974	Biennial
Hornbill (& others)	Naval	Brunei-Malaysia	1981	Intermittent
Kekar Malindo	Land	Indonesia-Malaysia	1977	Annual
Kripura Malindo	Land	Indonesia-Malaysia	1981	Intermittent
Kocha Singa	Land	Singapore-Thailand	1997	Annual
Maju Bersama	Land	Brunei-Singapore	1994	Annual
Malapura	Naval	Malaysia-Singapore	1984	Annual
Malindo Jaya	Naval	Indonesia-Malaysia	1973	Annual
Pelican	Naval	Brunei-Singapore	1979	Annual
Philindo/Corpatphilindo	Naval	Indonesia-Philippines	1972	Intermittent
Safkar Indopura	Land	Indonesia-Singapore	1988	Annual
Sea Garuda	Naval	Indonesia-Thailand	1975	Intermittent
Semangat Bersatu	Land	Malaysia-Singapore	1989	Intermittent
Sing-Siam	Air	Singapore-Thailand	1981	Intermittent
Tatar Malindo	Land	Indonesia-Malaysia	1981	Intermittent
Termite/ Flaming Arrow/ Juggernaut	Land	Brunei-Singapore	1985	Annual
Thai-Sing	Naval	Singapore-Thailand	1983	Annual
Thalay	Naval	Malaysia-Thailand	1980	Intermittent

With the formal inclusion of security cooperation in the institutional agenda of ASEAN at its fourth summit in 1992 in Singapore, defence cooperation finally emerged from the closet of tabooed subjects in which member nations had hitherto engaged on the quiet. For the most part, the defence bilateralism that had been initiated as far back as the 1970s has continued to the present, with some facets phasing out and newer ones being added. In a key sense, what bilateralism offered was an informal and ad hoc framework through which the ASEAN-6 could form,

maintain and enhance defence and security ties with one another that would otherwise have been disallowed if they had stayed wedded in rigid conformity to the Association's institutional remit.

As Ghazalie Shafie, former foreign minister of Malaysia once noted, *"The limitation of regional cooperation within a formal framework should not prevent countries of the region from trying to forge the closest possible links on a bilateral basis with one another."*[64] Arguably, it is that same proliferation of bilateral links that has been an integral part of the gradual regionalization of defence in Southeast Asia.

From Bilateralism to Multilateralism: "Defence Community" Without Collective Defence?

In many respects, the establishment of the ADMM in 2006, a key element of the APSC vision put forth in the ASEAN Concord II (Bali Concord II) of 2003, is an extraordinary achievement for Southeast Asia. The preceding section discussed the rise of defence and security bilateralism in the light of considerable historical political and institutional constraints against the development of multilateral structures and processes. But the regional aspiration for some sort of multilateral defence arrangement was there, however. In 1989, a former foreign minister of Malaysia broached the possibility of an ASEAN "defence community" that could "take the ASEAN states to new heights of political and military cooperation," while his Indonesian counterpart made a similar appeal for an ASEAN "military arrangement".[65] But it was clear that neither of those officials had collective defence in mind. The end of the Cold War and enlargement of the Association in the mid- to late-1990s to include the CLMV (Cambodia, Laos, Myanmar and Vietnam) countries likely afforded it the opportunity to establish some form of defence multilateralism. However, any potential movement in that direction was likely held back by the political ideologies of some CLMV states, which reject the notion of military alliances with external powers.

Aside from the historical preference for bilateralism, important multilateral developments took place in the first half of the 2000s that arguably paved the way towards the realization of the ADMM. Military-to-military cooperation on a multilateral level was facilitated through a number of modalities such as the ASEAN Chiefs of Army Multilateral Meeting (since 2000), the ASEAN Chiefs of Defence Forces Informal Meeting (ACDFIM) (since 2001), the ASEAN Navy Interaction (since 2001), the ASEAN Air Force Chiefs Conference (since 2004), the ASEAN Military Intelligence Meeting (AMIM), and the ASEAN Armies Rifles Meeting. In an important sense, the ADMM serves as an overarching framework under which these disparate activities can now be gathered.

The impressive number of ASEAN defence-related meetings, conferences and activities taking place on a multilateral basis reflects a surprisingly high degree of institutionalization. In 2011 alone, the following events have been scheduled:

- ADMM (May 17-21)
- ADMM Retreat Meeting (October 18-22)
- ASEAN Defence Senior Official Meeting Working Group (ADSOM WG)/ ADSOM Plus WG (February 22-24)
- ADSOM/ADSOM Plus Conference (April 26-30)
- ACDFIM (March 31)
- ASEAN Military Operation Meeting (AMOM) (March 29)
- AMIM (March 29)
- Expert Working Group (September 20-24)
- Second Workshop on the Use of ASEAN Military Assets and Capacities in Humanitarian Assistance and Disaster Relief (HADR) (March 28-29)[66]

Complementing these is a series of activities conducted at the second-track level under the auspices of the Network of ASEAN Defence and Security Institutions (NADI), the officially sanctioned network of research centres and think tanks that supports the ADMM in much the same way the ASEAN Institutes of Strategic and International Studies (ASEAN-ISIS) supports ASEAN. From the period of April 2011 to March 2012, the following NADI-related events have been scheduled:

- Fourth NADI Annual Meeting (April 19-21, 2011)
- NADI Workshop on HADR (June 28-30, 2011)
- NADI Retreat Meeting (November 2011)
- NADI Workshop on Maritime Security in East Asia (early 2012)
- NADI Workshop on Aviation Security (January-February 2012)
- NADI Workshop on Security and Development (early 2012)
- NADI Workshop on Future Directions/Trajectory of ASEAN's Cooperation with Dialogue Partners particularly in ADMM+8 and EAS (early 2012)

Whether this flurry of activity at both the intergovernmental as well as second-track dimensions signals the existence of a "defence community" is debatable. Moreover, it remains unclear if and how all of them relate together as a synergistic coherent whole. In 1991, a noted scholar of ASEAN regionalism concluded that the concept of defence community – by which he meant a defence alliance or pact and/or a sort of regional industrial complex emphasizing joint arms production and procurement – was inappropriate for ASEAN.[67] Two decades later, the case could be made that ASEAN has become more than just a diplomatic community in the sense that there is today a robust defence "face", as it were, to the multilateral diplomacy and institutionalism that characterizes the Southeast Asian region, even as the Association continues its challenging pursuit of realizing the ASEAN Political-Security Community vision.

From Neutrality to Open Regionalism: Engaging the Outside Powers

A third element of defence cooperation in Southeast Asia is its commitment to engaging the outside region. The creation of the ADMM+8 – comprising the ten

ASEAN countries and China, Japan, South Korea, India, Australia, New Zealand, Russia and US – in 2010 is a salient mark of the importance which the ASEAN countries assign to engaging the external powers, an expression, if you will, of the open and inclusive regionalism which ASEAN has long espoused. As Prime Minister Lee Hsien Loong of Singapore remarked in his keynote address at the 2006 edition of the Shangri-La Dialogue concerning the regional institutional architecture, "the most robust and stable configuration for regional cooperation is an open and inclusive one" – a view shared by his fellow ASEAN leaders.

The hitherto unrealized vision of Southeast Asia as a Zone of Peace, Freedom and Neutrality (ZOPFAN) – signed by the ASEAN states as a declaration in 1971 and upgraded to a treaty in as part of TAC of 1976 – underscored the regional aspiration, especially prominent during the Cold War period and the early years of postcolonial independence from Western powers, to be free from extra-regional interference.[69] Needless to say, practical realities implied otherwise, not least the continued reliance by Southeast Asian countries on their military alliances with external powers – Thailand and the Philippines with US; Malaysia and Singapore with Australia, New Zealand and the United Kingdom as part of the Five Power Defence Arrangements (FPDA). In this respect, the formation of the ARF in 1994 could be understood as a formal acknowledgement by the ASEAN states, but most critically Indonesia, of the need for vigorous engagement rather than rejection of great powers that have economic, political and strategic interests in Southeast Asia and the Asia-Pacific region.

In this regard, the defence establishments of ASEAN member nations did not lag far behind their colleagues from the diplomatic establishments in kick-starting regularized inter-military dialogue and subsequently, cooperation. The following defence-oriented activities and modalities took place under the ARF rubric:

- ARF's Heads of Defence Universities/Colleges/Institutions Meeting (HDUCIM) in 1997;
- ARF Foreign Ministers invited defence officials to join the luncheon of the Inter-Sessional Group Meeting (ISG) on CBMs in 2001;
- the first formal ARF Defence Officials Dialogue (DOD) was convened in Bandar Seri Begawan in 2002. Since then, the DOD has been held regularly on the sidelines of every ISG on CBMs, ARF SOM, and the ARF Ministerial Meeting; and,
- the ARF Security Policy Conference (ASPC), originally proposed by China and supported by ASEAN, an annual affair since 2004 conducted at the level of vice-minister of defence or defence senior official level.

Other than ARF-based activities, some ASEAN states also participate in multilateral military exercises involving US:

- *CARAT* (Cooperation Afloat Readiness and Training): bilateral maritime

exercises held between America and various Asian states;

- *Cobra Gold:* a Thai-US bilateral army exercise that has since grown to include Indonesia, Malaysia and Singapore from ASEAN as well as other Asian countries;
- *Cope Tiger:* a trilateral air exercise involving Singapore, Thailand and the US;
- *SEACAT* (Southeast Asia Cooperation Against Terrorism): maritime counterterrorism exercise held between America and various ASEAN members; and,
- *RIMPAC* (Rim of the Pacific Exercise): the world's largest international maritime exercise involving US and a big number of Asia-Pacific countries including some ASEAN members.

Ironically, despite the received wisdom that ASEAN states favour security multilateralism over America's longstanding preference for bilateralism, the participation by ASEAN militaries in some of the aforementioned exercises with US military, it has been reported, is in fact quite the opposite: the ASEAN states tend to favour bilateral rather than multilateral military exercises and exchanges with their US counterpart because of the perceptibly higher level of knowledge and technology transfers they stood to receive from bilateral engagements with US.[70]

Equally significant is the fact that regional anxieties over explicit defence regionalism were not sufficient to preclude the continuation of the Anglo-Malayan Defence Agreement (AMDA), established in 1957 for the defence of independent Malaya, in the guise of a reformatted pact known as the FPDA in 1971, comprising the United Kingdom, Australia, New Zealand, Singapore and Malaysia. Arguably, the FPDA arguably constitutes a form of "potential deterrence" in the absence of a clear and present adversary.[71] Its roots in the Indonesian Confrontation imply however that Indonesia, despite its place as regional leader of ASEAN, has been the implicit security concern of the alliance. Likely, it is also in that context that Malaysia-Singapore defence collaboration, conducted under FPDA auspices, has played a significant role in smoothing an oft-difficult relationship between those two countries.

Conclusion: Whither Defence Cooperation in Southeast Asia?

There is no question that defense cooperation in Southeast Asia undertaken by ASEAN intra-regionally among its member nations as well as extra-regionally with outside powers has come a long way since the Cold War period. Neither ASEAN's non-military origins and development-oriented mandate, on one hand, nor its conscious rejection of collective defense and collective security models on the other have held back the regionalization of defense relations, which has since achieved new heights with the formation of the ADMM and its "+ 8" appendage. What began as an ad hoc process in defense bilateralism and has gradually evolved, equally in ad hoc fashion, into an interlocking "patchwork" or "web" of

bilateral and multilateral arrangements that both mirrors the convoluted geometry of Asia's evolving regional architecture and to which it has contributed. Do Southeast Asia's defense relations constitute a model of regionalism for emulation by other regions? Can ASEAN's institutional experience "travel," other than to its own extra-regional spinoffs, including the ADMM-Plus and the ARF?[73]

Unlikely, it has to be said. A defence regionalism of modest ambition and ambiguous modalities, as most ASEAN-based cooperative enterprises have hitherto proved, has little to offer as a model. This is not to say things will remain this way. What is somewhat unusual and refreshing about the regional enterprise in Southeast Asian defense collaboration is an apparent quiet determination among its architects and stakeholders to eschew talk of grand designs and visions and to focus on small, even prosaic, forms of functional cooperation. As the foregoing discussion has shown, ASEAN's defense practitioners, unlike their counterparts in diplomacy, have deliberately eschewed headline-making cooperative initiatives and have sought to keep them functional, low-key and manageable. Perhaps in keeping with the early practice in not allowing regional frameworks get in the way of bilateral defense collaboration, "mil-to-mil" exercises in non-traditional security under ADMM and/or ARF auspices have been conducted on an "grouping minus x" basis, that is, countries that are ready and willing to proceed with cooperation are encouraged to do so without having to wait for the other members. Better an unglamorous regionalism of incremental innovations and "mundane accomplishments"[74] than the grandiose but ultimately self-defeating regional visions that have hitherto characterized ASEAN.

Endnotes

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[51] See Seng Tan and Amitav Acharya, eds., *Asia-Pacific Security Cooperation: National Interests and Regional Order* (Armonk, NY: M. E. Sharpe, 2004).

[52] Sheldon W. Simon, "The Regionalization of Defence in Southeast Asia," *The Pacific Review,* Vol. 5, No. 2 (1992), pp. 112-124.

[53] Desmond Ball, "Reflections on Defence Security in East Asia," *RSIS Working Paper,* No. 237 (Singapore: S. Rajaratnam School of International Studies, 2012), p. ii.

[54] Kai Dreisbach, "Between SEATO and ASEAN: The United States and the Regional Organization of Southeast Asia," in Marc Frey, Ronald W. Pruessen, and Tan Tai Yong, eds., *The Transformation of Southeast Asia: International Perspectives on Decolonization* (Singapore: Singapore University Press, 2004), pp. 241-256.

[55] Chintamani Mahapatra, *American Role in the Origin and Growth of ASEAN* (New Delhi: ABC Publishing House, 1990), pp. 6-7.

[56] Prime Minister Pham Van Dong of Vietnam, cited in *Far Eastern Economic Review,* January 13, 1978, cited in See Seng Tan, "International Regimes: A Study of Regional Cooperation in the Association of Southeast Asian Nations," unpublished M.A. thesis (University of Manitoba, October 1992), p. 65.

[57] Amitav Acharya, "Regional Military-Security Cooperation in the Third World: A Conceptual Analysis of the Relevance and Limitations of ASEAN (Association of Southeast Asian Nations)," *Journal of Peace Research,* Vol. 29, No. 1 (February 1992), pp. 7-21.

[58] The ASEAN-6 are: Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

[59] Cited in Michael Richardson, `ASEAN Extends Its Military Ties,' *Pacific Defence Reporter* (November 1982), p. 55, cited in Amitav Acharya, *A Survey of Military Cooperation among the ASEAN States: Bilateralism or Alliance?* Occasional Paper No. 14 (Toronto, ON: Centre for Strategic and International Studies, York University, 1990), p. 7.

[60] *Bangkok Post*, September 11, 1982, cited in Acharya, *A Survey of Military Cooperation among the ASEAN States*, p. 7.

[61] *New Straits Times,* December 8, 1981, cited in Acharya, *A Survey of Military Cooperation among the ASEAN States,* p. 15.

[62] General Try Sutrisno, cited in Acharya, *A Survey of Military Cooperation among the ASEAN States,* p. 1.

[63] The list was compiled by the author using various sources.

[64] M. Ghazalie Shafie, Malaysia: *International Relations* (Kuala Lumpur: Creative Enterprises, 1982), pp. 161-162.

[65] Abu Hassan Omar and Mochtar Kusumaatmatdja respectively, cited in Acharya, *A Survey of Military Cooperation among the ASEAN States*, pp. 1-2.

[66] Adapted from the Calendar of Events from the official website of Indonesian Foreign Affairs Ministry dedicated to Indonesia's hosting of the 2011 ADMM meeting. Available: http://www.admm-indonesia.org/event (accessed June 20, 2011). Defence-related meetings and activities conducted under ASEAN Regional Forum (ARF) auspices have not been included here.

[67] Amitav Acharya, "The Association of Southeast Asian Nations: Security Community or Defence Community?" *Pacific Affairs,* Vol. 64, No. 2 (Summer 1991), pp. 159-178.

[68] Keynote Address by Prime Minister Lee Hsien Loong at the 5th International Institute for Strategic Studies" (IISS) Asia Security Summit (Shangri-La Dialogue), June 2, 2006, Shangri-La Hotel, Singapore. Available: http://www.iiss.org/conferences/the-shangri-la-dialogue/shangri-la-dialogue-archive/shangri-la-dialogue-2006/2006-plenary-session-speeches/keynote-remarks-he-lee-hsien-loong/ (accessed June 20, 2011).

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[71] Khoo How San, "The Five Power Defence Arrangements: If It Ain't Broke..." *Pointer: Journal of the Singapore Armed Forces,* Vol. 26, No. 4 (October-December 2001). Available: http://www.mindef.gov.sg/safti/pointer/back/journals/2000/Vol26_4/7.htm (accessed 14 June 2011).

[72] See, Dennis C. Blair and John T. Hanley Jr., "From Wheels to Webs: Reconstructing Asia-Pacific Security Arrangements," *The Washington Quarterly,* Vol. 24, No. 1 (Winter 2001), pp. 7–17; Victor D. Cha, "Complex Patchworks: U.S. Alliances as Part of Asia's Regional Architecture," Asia Policy, No. 11 (January 2011), pp. 27-50; and William T. Tow and Brendan Taylor, "What is Asian Security Architecture?," *Review of International Studies,* Vol. 36, No. 1 (2010), pp. 95-116.

[73] As Leifer has put it, the ARF represents an extension of ASEAN's model of regional security. See, Michael Leifer, *The ASEAN Regional Forum: Extending ASEAN's Model of Regional Security,* Adelphi Paper No. 295 (Oxford: IISS/Oxford University Press, 1996). The same could be said of the ADMM + 8.

[74] The phrase is taken from Yuen Foong Khong, "Review Article: Making Bricks without Straw in the Asia-Pacific?" *The Pacific Review,* Vol. 10, No. 2, pp. 289-300, see p. 291.

AFTER THE ASEAN CHARTER: DEVELOPMENTS AND CHALLENGES[75]

Yang Razali Kassim

Introduction

Since the ASEAN Charter was enacted in 2008, the region has seen some significant developments, both within the ten-member regional grouping and around it. For instance, within ASEAN, two member states – Cambodia and Thailand - engaged in unprecedented armed clashes, breaking a cardinal ASEAN principle for members to always resort to peaceful settlement of disputes. Myanmar, ASEAN's most controversial member, has begun to demonstrate a willingness to move away from its isolationist stance and adapt to the ASEAN way. Tension over the SCS, a festering security issue in the region for some time, has worsened. Externally, a major power – US embarked on a strategic "pivot" to Asia in 2011, three years after the ASEAN Charter came into force, leading to its renewed and heightened presence in the region. An immediate impact can be seen in Washington's reversal of its hard-line stance towards Myanmar and consequently a posture that is more conciliatory and supportive of Nyapyidaw's new-found drive towards political reforms and liberalization of its political system. Another immediate impact is the apparent rising apprehension in China one strand of thought regards the US pivot as driven by a US desire to counter the expansion of Chinese influence in East Asia. This article looks at the East Asian security outlook for 2012 by assessing some of the key developments in ASEAN and the East Asian region since the coming into existence of the ASEAN Charter and some of the main challenges confronting the regional grouping during that period. It will also consider three possible scenarios that could confront ASEAN going forward.

Genesis of ASEAN Charter

The first major step to the creation of the ASEAN Charter was in 2005 when an Eminent Persons Group (EPG) was formed at the 11th ASEAN Summit in Kuala Lumpur. The EPG was tasked with coming up with a bold and visionary proposal for a Charter that would take ASEAN into a new phase of growth as a regional grouping in the 21st century. Two years later, at the 12th ASEAN Summit in Singapore, leaders adopted a resolution to introduce an ASEAN Charter - adopting the EPG's report, though not in its entirety.

The EPG had proposed "the active strengthening of democratic values, good governance, rejection of unconstitutional and undemocratic changes of government, through the respect and institutionalisation of the rule of law,

including humanitarian law." A formal dispute mechanism was also called for to resolve political and economic issues. Decision-making was to be by majority rule to replace ASEAN's traditional consensus on all issues except security and foreign policy. In line with its mandate to be bold, the EPG proposed sanctions – including expulsion – against members who violated the charter.[76]

Not a smooth passage

While the agreement to have a Charter was reached, it was not a totally smooth-sailing passage. A number of member states resisted aspects of the Charter. A High Level Task Force (HLTF) formed to finalize the draft Charter came under pressure from the governments of Myanmar, Laos, and Cambodia and subsequently took out the proposal for sanctions. It restored ASEAN's traditional consensus approach to decision-making. ASEAN senior officials instructed the HLTF that the charter had to be "practicable and doable."[77]

As a result of the watering down, Indonesia was not satisfied that the provisions for a more democratic ASEAN were not empathic enough. One of the most difficult points of contention was over human rights. Some member states, while in-principle not against the human rights norm for ASEAN, were still apprehensive over how to institutionalize this norm at the collective ASEAN level.

Consequently, some countries saw protracted debates in their parliaments, leading to concerns that there would be a delay in the Charter reaching full ratification by all member states. This notwithstanding, every member state would not want to be accused of being the stumbling block to the realization of the ASEAN Charter. In the end, a year later, at the 13th ASEAN Summit on 15 Dec 2008 in Jakarta, the leaders launched a compromise version of the Charter, but an ASEAN Charter nonetheless. With that, ASEAN leaders put into force the first-ever legally-binding document that promised to transform ASEAN in fundamental ways.

One of the most significant developments in norm-building as enshrined in the Charter was the introduction of human rights as a value to be promoted. The Charter states that one of the goals of ASEAN is "to strengthen democracy, enhance good governance, and the rule of law and to promote and protect human rights and fundamental freedoms, with due regard to the rights and responsibilities of the Member States of ASEAN." Never before in ASEAN' history has the promotion of human rights and democracy been so explicitly embedded in the ASEAN consciousness. Although the emphasis is more on the promotion of human rights as a value, with no clear mechanism for enforcement, the injection of human rights into ASEAN marks the transformation of ASEAN as a collective body.

Key Elements of Charter

The ASEAN Secretariat sees the ASEAN Charter as serving a firm foundation in

achieving the ASEAN Community by 2015, providing legal status, and institutional framework for ASEAN. It also codifies ASEAN norms, rules, and values; sets clear targets for ASEAN; and presents accountability and compliance. With the entry into force of the ASEAN Charter, ASEAN will henceforth operate under a new legal framework and establish a number of new organs to boost its community-building process.[78]

In effect, the Secretariat says, the ASEAN Charter has become a legally binding agreement among the 10 ASEAN member states. It will also be registered with the United Nations. The Secretariat sees the importance of the ASEAN Charter in terms of the following:

- New and enhanced political commitment at the highest level;
- New legal framework, legal personality;
- New ASEAN bodies;
- Two new openly-recruited Deputy Secretary Generals
- More ASEAN meetings;
- More roles for ASEAN foreign ministers;
- New and enhanced role of the Secretary-General of ASEAN; and
- Other new initiatives and changes.[79]

A former ASEAN secretary-general sees the Charter transforming ASEAN in clear ways. Before the Charter, ASEAN was informal and flexible with its decisions; deadlines were not clear; implementation of decisions was "subjective", meaning it was open to interpretations. After the introduction of the Charter, ASEAN had become formal and rules-based; had a clear target of an ASEAN Community by 2015 with roadmaps and milestones; has accountability, with report card to the ASEAN leaders; and is compliance-oriented.[80]

In other words, with the Charter in place, ASEAN has a clear goal of forming an ASEAN Community by 2015, supported by three pillars – the APSC, the ASEAN Economic Community (AEC), and the ASEAN Socio-Cultural Community (ASCC).

Progress and Problems Post-Charter

It can be said that at least three advancements in ASEAN can be discerned by the time the ASEAN Charter came into force. Economically, the ASEAN Free Trade Area (AFTA) is in place while free trade is now a norm in Southeast Asia, even for the socialist economies within ASEAN, such as Vietnam, Cambodia, and Laos.

Politically, ASEAN is a bloc that the world has come to recognise as a significant player in global diplomacy and international affairs. This has been clear since the late 1970s and 1980s when the original ASEAN Five[81] campaigned collectively at

the United Nations against the communist Vietnamese invasion of Kampuchea (now Cambodia). Psychologically, the ASEAN identity is evolving more clearly. Though much remains to be done to further nurture the ASEAN identity, the international community refers more to "ASEAN" than to "Southeast Asia". With the ASEAN Charter coming into force, a new sense of purpose and cohesiveness could be discerned on the part of the ten-member grouping. ASEAN has been more assertive in regional diplomacy since then and one of its guiding "doctrines" is "ASEAN centrality."

Mixed Progress

These positive developments notwithstanding, ASEAN's progress post-Charter has been mixed.

To begin with, ASEAN's core principle of peaceful settlement of disputes was shattered when Cambodian and Thai troops engaged in armed clashes. This was the first time since the formation of ASEAN in 1967 that two member states had engaged in firefights. This border conflict that broke out in 2008 – the same year that the Charter came into force – raised a lot of questions about the fragility of ASEAN cohesion and ideological integration as well as the compatibility of communist states with non-communist norms in Southeast Asia.

Secondly, the emerging gaps within ASEAN are not just ideological. There are also gaps in economic integration between the ASEAN 6 (the original ASEAN plus Brunei, which joined in 1984) and the so-called CLMV countries. Although Vietnam has shown a capacity for rapid growth to catch up with the ASEAN 6, can they integrate well within the AEC? Will the CLM countries especially slow down AFTA, and the ASEAN Community as a whole?

Thirdly, there are also questions about the extent of realization of the ASEAN Community 2015. Can it be achieved by 2015, as targeted? Here, there appears to be some debate as to deadline of 2015 itself. With the deadline just around the corner, former ASEAN officials I spoke to were of the opinion that the deadline of 2015 was not meant to be cast in stone. But there are doubts amongst scholars and analysts about the achievability of the 2015 target. A significant turning point came on 1 June 2011 when Secretary-General Surin Pitsuwan publicly conceded that there were problems in achieving the ASEAN Community by 2015.

Speaking at the launch of the ASEAN Competitiveness Report 2010 by the Lee Kuan Yew School of Public Policy of the National University of Singapore, Dr Pitsuwan resorted to several phrases that suggested a delay in achieving the target date. He said there were "problems in implementation", and that "a lot of work needs to be done". He also made it clear that 2015 is neither an end-date nor an "absolute cut-off date". Among the issues he cited were that agreements

in economic integration were not being acted upon. Where these agreements had been ratified, they were not being implemented. There were also problems of different levels of governance.[82] The message was clear that there were serious doubts about the ASEAN Community goal being achieved by 2015.

Fourthly, the lack of progress in realizing the ASEAN Community 2015 is being complicated by a lack of leadership in the run-up to 2015 when the ASEAN Community is to be realised. Over the next three years (2012 to 2015), the annual stewardship of ASEAN should be in strong and capable hands. There are concerns that this need may not be fulfilled given who will be defining the agenda from 2012 to 2015. Cambodia has taken over the rotating ASEAN chair this year (2012), while Myanmar has reclaimed its turn to lead – a role it relinquished in 2006 (?) when it came under Western pressure for its human rights record. For 2015 - the crucial year - Laos is due to take over, although there had been reports that Malaysia may not want to give up its turn.

Fifthly, two years after the Charter came into force, the SCS issue – long a festering diplomatic dispute in the region – took a turn for the worse. In 2010, China reportedly asserted for the first time that the SCS was its "core interest", along with Taiwan and Tibet – thus suggesting the possibility of military intervention should the red line be crossed. That assertion led to a rebuttal from US Secretary of State Hillary Clinton who, during her visit to Southeast Asia for the ASEAN meeting of foreign ministers in Hanoi, said that US had a "national interest" in the SCS as a passage for international navigation. Since then, there had been renewed tension in the region over what was perceived as China's growing assertiveness over its claim over the SCS.

The New York Times reported that some Chinese officials appeared to have floated the idea of "core interest" in early 2010 in private conversations with their American counterparts. The paper also said that several American officials told reporters in Beijing and Washington in 2010 that one or more Chinese officials had labeled the SCS a "core interest". By 2012, China has tried to fudge its controversial stance but neither officially confirming nor denying it. But the regional atmosphere has since been disturbed enough that China's carefully nurtured image of an emerging power in "peaceful rise" is coming under scrutiny.

The latest controversy over the SCS comes at a time of an American "pivot" or return to Asia – a reassertion of its stature as a Pacific power. This confluence of factors point to the possibility of the SCS becoming a major flashpoint in years to come. In this regard, the creation of the AMF in 2010 under the APSC, a pillar mandated by the ASEAN Charter, is timely. The AMF is a significant development to address the growing complexity in regional maritime tensions.

Sixthly, US pivot to Asia, sometimes referred to as the Obama doctrine, will also be a key test for ASEAN and East Asia. The US pivot partly explains why Washington has fundamentally changed its posture towards Myanmar, becoming more conciliatory towards the junta and prodding it along towards greater democratization. Can US pivot have the same effect on a new communist Korea under Kim Jong Un?

Seventhly, the biggest significance of US pivot which comes three years after the creation of the ASEAN Charter is what it means for big power geopolitics. Are the US and China on the verge of a new Great Game of the 21st Century, with East Asia an arena for US-China rivalry? How will ASEAN respond or manage this new phase in big power tensions between an established giant and an emergent one?

Key Developments in terms of ASEAN's 3 Pillars

These developments have contrasting effects on ASEAN's three strategic pillars – the APSC, AEC and ASCC. On the one hand, they put further pressure on ASEAN to pull up its bootstraps or succumb to the weight. On the other hand, these developments may force ASEAN to come closer together; thus strengthening the inter-linkages of the three pillars. What the three pillars mean in essence is that the APSC is One Strategic Community, the AEC is one economic bloc, and the ASCC transforms ASEAN into a people-oriented grouping.

The ASEAN Community target will be up for review on the fifth year after it came into force in 2008. This means that by 2013, ASEAN will have to pass judgment whether the 2015 deadline has been achieved. The verdict is likely to be split. ASEAN supporters will say it is too early to tell; while ASEAN critics, who are likely to be harsher, will say not much has been achieved.

Key Challenges Facing ASEAN

Notwithstanding the progress towards a Charter-led grouping of ten Southeast Asian states, ASEAN continues to face its share of challenges, internally as an organic body that is maturing as a collective entity of independent states, as well as externally, facing a geostrategic environment that is far different from the 1960s when ASEAN was formed. These can be seen in terms of three gaps. The first is the gap between idealism and reality. While the Charter marks the maturing of ASEAN, it is constrained by implementation capacity, as stated by Secretary General Pitsuwan. In corporate terms, the ASEAN Charter is a well-laid out strategic plan with a clear vision and mission, backed by clear plans of action that cascade down from the top (ASEAN Secretariat representing the collective will of the group) down to the individual member states. But as is usually the case, implementation problems are the bug bear at the country-level. It is left to ASEAN

leaders to constantly steer the grouping to achieve what has been agreed by all.

The second gap is one between norms, values and commitment: especially since its expansion from a grouping of six states to an organization of ten comprising Myanmar and the socialist states Cambodia, Laos and Vietnam, or collectively referred to within ASEAN as the CLMV countries. The Charter marks the 'democratisation' phase of ASEAN whereby member states are expected to be politically more liberal and more mindful of human rights norms such as civil liberties. How far this democratisation process can go depends on the political readiness of the member states. Some of the ASEAN states may well not realise that they are entering into this political zone which will require their transformation in terms of how they organise their politics and societies. ASEAN's unique identity is that it is a conglomeration of diverse political systems ranging from monarchy to soft authoritarian states to socialist command economies.

A third gap facing ASEAN is leadership. Will the future leadership of ASEAN have the vision to sustain the Charter? A pro-ASEAN leadership is a critical prerequisite for the fulfillment of the Charter, but how do we ascertain this? This is expected of all members, be they at the level of national political leadership or at the level of the ASEAN bureaucracy. Some ASEAN scholars such as Dewi Fortuna Anwar proposed the importance of strengthening the ASEAN Secretariat so that the central bureaucracy of ASEAN can provide the executive leadership for the region even as ASEAN's political leaders steer the grouping as a collective. Ultimately, however, leadership in ASEAN cannot be left to the ASEANcrats alone. Leadership depends on the quality of leadership of the ASEAN core, that is the founding ASEAN countries - Indonesia, Malaysia, Singapore, Philippines and Thailand, plus Brunei. How committed will their future leaders be to the ASEAN Vision?

There is also the question of the ASEAN ethos which has yet to sink deep roots in the newer members. The Cambodia-Thai armed clashes demonstrated that ASEAN's integration of its 'outer members' has its risks; the newer members are not yet committed to the ASEAN ethos of peaceful settlement of disputes. Will we see more such breaches of the ASEAN ethos in future?

Beyond ASEAN itself, an increasingly critical challenge for ASEAN is the changing geostrategic environment. The demand on ASEAN is how to steer itself through the growing rivalry between an established great power, US, and an emerging power, China. ASEAN's strategy seems to be balancing and hedging itself in the "new Great Game" in the Asia Pacific. ASEAN's biggest member, Indonesia, is pursuing its own diplomacy of "dynamic equilibrium" or what the Indonesian media calls the Natalegawa doctrine, so-called because its chief proponent is its foreign minister, Marty Natalegawa. As a bloc, ASEAN's balancing of itself is not

just between China and US; but also balancing between the ASEAN+3 and the EAS.

The US pivot to Asia will lead to greater tension with China which views the reassertion of American interests in its backyard as provocatively directed at it as an emerging power. ASEAN has to manage the tensions by pressing on with its strategy of architecture-building in the Asia Pacific region through balancing and hedging.

Way Forward: Three Scenarios

The immediate period between 2012 and 2015 will be a tough one for ASEAN. The vision of an integrated ASEAN Community was originally conceived to be realized in 2020. Leaders subsequently took the bold decision to accelerate it to 2015 at the height of the second financial crisis to stiffen the resolve of ASEAN members against any possible backsliding. The quickening coincided with the promulgation of the ASEAN Charter in 2008. The question now is whether the Charter's vision of an ASEAN Community by 2015 will eventually emerge. Or will ASEAN stumble?

Going forward, various scenarios can be anticipated. Three possible scenarios are as follows including the Pro-ASEAN school of thought; the second is the ASEAN Sceptic School; and the third is a Middle View between the pro-ASEAN school and the ASEAN Sceptic School.

The Pro-ASEAN school sees the Southeast Asian bloc as continuing to be a major shaper of East Asian architecture. It views ASEAN's strategy of centrality as singularly geared to drive itself as the bloc that steers the course of international diplomacy over the next decade and more. Indeed, the doctrine of ASEAN centrality marks the maturing of ASEAN as a geopolitical bloc that major powers cannot dismiss. It can be argued that ASEAN today is the pre-eminent grouping in the Asia Pacific region whose clout is unchallenged by any other bloc in the region. The only regional grouping that can perhaps rival ASEAN is the Asia Pacific Economic Cooperation (APEC) forum. But APEC can be described as superficially cohesive at best while it is also suffering from a declining sense of purpose. ASEAN, on the other hand, is proving wrong its critics who had predicted its decline.

The ASEAN Sceptic school of thought, on the other hand, harbours doubts about the viability of ASEAN's strategy of centrality. In fact it sees ASEAN eventually losing its centrality as China grows as a major power. The primary reason why ASEAN can exercise its influence today is because China, as the emerging power, is largely staying on the sidelines of geopolitics. However, as China grows in stature and wields more influence, it is unlikely that ASEAN can remain central to the push and pulls of diplomacy. As China grows in influence and increasingly

dominates the region, multilateral platforms where China's influence is felt will correspondingly adjust themselves in accommodation of China's interest. One particular platform to watch is the ASEAN+3 grouping which includes China, Japan, and South Korea. China's rise will gradually draw Northeast Asia (meaning Japan and South Korea) closer towards China, and as Northeast Asia strengthens its own identity and integration, it will overshadow ASEAN. In such a scenario, the prospect or possibility of ASEAN losing its centrality cannot be ruled out in such a scenario.

The erosion of ASEAN centrality may give rise to what the Middle View foresees as the "Finlandisation" of Southeast Asia. This view is being propounded by the *Centre for New American Security* (CNAS).[85] It argues that ASEAN will be neutralised by a dominant China out of ASEAN's desire to preserve its sovereignty, just like the neutralisation of Finland by the USSR during the Cold War. "The Soviet Union's dominance of Finland's foreign policy during the Cold War was generally not overt. Yet Finland knew there were lines it could not cross, and thus its sovereignty was demonstrably compromised," the CNAS paper says. It argues that the South China Sea will therefore be a geopolitical test case for the Finlandisation process. If WE naval and air power diminishes, it adds, countries that border this sea -- Vietnam, Malaysia, the Philippines - face 'Finlandisation' by China. "This is exactly what Vietnam, Malaysia, Singapore, Brunei, and the Philippines fear. Taiwan, at the South China Sea's northern extremity, may already be in stages of Finlandisation….."

Which of the three scenarios above will emerge?

Endnotes

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THE SOUTH CHINA SEA: FASCINATING DIPLOMATIC THEATER ACT 2.5

Mark J. Valencia

Introduction

The last paragraph of my fall 2011 *Global Asia*[86] article entitled Diplomatic Drama in the South China Sea ended with "Thus concluded Act One. The stage is now set for Act Two." At that juncture there was in place a weak and leaking Declaration on Conduct (DOC) as well as vague and general Guidelines for its implementation. The bilateral/multilateral conundrum regarding the process of negotiations between China and ASEAN loomed large. The Philippines was leading a campaign to try to get China to clarify its nine-dashed line claim and to separate "disputed" from "non-disputed" areas. China had warned Vietnam, the Philippines and India (under license from Vietnam) against exploring for hydrocarbons within its claimed area. And most significant, US-China rivalry in the region was growing, inexorably pulling ASEAN and its members into its political maelstrom. India had also entered the mix not only via its national oil company but in its insistence that it has a rightful naval interest in the SCS.[87]

A second paper in this series was entitled *The South China Sea: Fascinating Diplomatic Theater Act II* and covered[88] developments from the July Bali summits up to and through the November Bali summits. That paper focused on the US-China rivalry now driving the issues forward and creating pressure on ASEAN and China to make progress on the SCS disputes. Indeed those disputes have become a new cockpit of China-US competition distorting and overshadowing the intra-ASEAN and ASEAN-China island and jurisdictional disputes. This paper ended with "And thus concluded ACT II". The paper before you now covers developments since the November Bali summits.

New Developments

It would appear that the region is at several tipping points regarding its security architecture. Key questions include:

- will ASEAN maintain its centrality in its own creation (EAS)?
- will the US attempt to drive the agenda and emphasize negotiations and deliverables as opposed to ASEAN's more laissez faire approach?
- will U.S.-China rivalry dominate the forum?

- will US robust participation survive the coming change of administrations or key personnel?

Obviously Cambodia this year and Brunei next year have difficult jobs ahead of them as successive chairs of ASEAN. Fortunately there are some positive new developments:

1. an ASEAN working group is negotiating a COC to be concluded by the 10th anniversary of the SCS Declaration
2. China and Vietnam have agreed to a 6 point bilateral arrangement to settle their maritime disputes and there are hopes that it could be a model for all of East Asia
3. China has announced a nearly 500 US million dollar fund for China-ASEAN maritime cooperation
4. China hosted in Haikou in mid December what may be the first in a series - - - a conference on freedom of navigation - - - a topic dear to the heart of the US and Japan.

Regarding the Haikou meeting, some ASEAN members opposed it – or its timing – wanting to focus first on a COC. Vietnam boycotted completely and the Philippines and Singapore sent scholars or retired diplomats only. However, the other seven ASEAN members all sent MFA players including some impressive young 'up and comers'. Nevertheless, most of these participants did not have a speaking role. They just 'observed' or chaired sessions and seldom made interventions. The agenda and discussions were dominated by Chinese. Indeed anyone who is or aspires to be an expert in this area in China including key government officials attended. Although the agenda was an unblended mix of freedom of navigation and safety of navigation issues, it was a good beginning.

The current situation raises more question than answers. The US is telling China to "play by the rules" i.e., the law of the sea, although it has not itself ratified the Convention. The US also seems to be diplomatically grasping at straws – emphasizing what China did not say in Bali, for example "bilateral" and "inauspicious" in regard to negotiations of a COC. The US Darwin move – some say it will also involve US warships, intelligence gathering platforms and maybe even B-52 bombers –has unsettled the region. Indonesia is wary of it because it puts it geopolitically in the middle – between the US and China. Indeed, Indonesia's Foreign Minister Marty Natalegawa has said "What I would hate to see is for the agreement to provoke a reaction and counter-reaction that would create a vicious circle of tensions and mistrust". But the Philippines support it and the position of other ASEAN members seems to be in flux. Meanwhile piling on the pressure, the US says ASEAN must come with a clear common position on a COC. This will be

very difficult. As for the Philippine zone proposal, it was 'tabled' and will be taken up next year. ASEAN also said it would "explore" Japan's proposal, meaning that it too will be 'tabled' until next year.

The main focus now is on a COC.[89] This month ASEAN and China began negotiating it in earnest and there are hopes that it will be prepared, presented and approved at the ASEAN -China 2012 summit. There is a lot riding on the success of the venture-- like ASEAN centrality in security paradigms for the region, ASEAN solidarity, and the tone and tenor of ASEAN-China relations. It would also relieve some pressure from the US on both China and ASEAN and diminish the opportunity for US-China political conflict. Of course the proof of the pudding will be in its observance and "enforcement". But first the parties have to negotiate a text that is both acceptable to all and effective as well – a rather tall order given the diversity of interests of the ten ASEAN members (only four are claimants) and those of China. Some pressure is good –but too much pressure could split ASEAN.

Ideally, what should such a code contain? Some suggestions can be gleaned from the earlier ASEAN-China DOC, various agreements to manage incidents at sea and dangerous military activities, and other similar sources. First there has to be agreement on where, to whom and to what the Code applies. Should it cover all of the SCS and any actor therein, or just the "disputed areas" and the national claimants? How should it treat non-state actors and Taiwan which is also a claimant? To be comprehensive, it should govern all activities, e.g., resource exploration and exploitation, marine scientific research, and military activities. As a fundament it should reaffirm the parties' commitment to the purposes and principles of the UN, the 1982 Law of the Sea (UNCLOS), and China's five principles of peaceful co-existence, and embody a commitment that they will interact on the basis of equality and mutual respect.

Right up front should be a clause stating that nothing in the Code prejudices any party's sovereign rights or jurisdiction in its claimed territory, territorial sea, continental shelf, EEZ or its rights and responsibilities under the 1982 UNCLOS. It should reaffirm the use of the sea only for peaceful purposes and the resolution of disputes without the threat or use of force in accordance with international law, including the 1982 UNCLOS. It should also reaffirm freedom of navigation and overflight consonant with international law.

The parties should also recommit to exercise self restraint in the conduct of activities that might complicate or escalate disputes, including refraining from occupying presently uninhabited features. And they should agree to negotiate provisional arrangements of a practical nature to manage and share the resources and activities in disputed areas. The modalities, scope and locations of bilateral and multilateral cooperation should be agreed upon by the parties concerned

prior to their actual implementation.

And the parties should agree to notify each other of any pending activities including military exercises in waters of interest to other parties, i.e., areas claimed by others. There is a clear need for a specific clause addressing the question of arrest and detention of fishing vessels and crew of fellow claimants. As part of the COC the parties might even agree to negotiate voluntary guidelines regarding military activities in foreign EEZs particularly active and intrusive intelligence gathering.

There are two provisions that are probably critical to its effectiveness. One is an agreement to be bound by the Code and to develop a mechanism to explore alleged violations thereof. It should have the robustness of a treaty even if it is not called one. The second is to encourage "outside" parties to adhere and accede to the COC. A Secretariat – or a special office in the ASEAN Secretariat might be helpful in implementing and publicizing the Code. Dispute settlement should be compulsory and might be referred to the existing 1976 Bali TAC dispute settlement provisions, the International Court of Justice or the Tribunal for the Law of the Sea. If such a Code can be agreed by ASEAN and China, it will certainly bode well for the Sea, the region, and all concerned, and may serve as a model for other disputed seas like the East China Sea.

Endnotes

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PIRACY AND MARITIME TERRORISM IN EAST ASIA: PAST, PRESENT AND FUTURE

Peter Lehr

Within the field of security and terrorism studies, maritime terrorism is a relative newcomer. Prior to 9/11, this aspect was hardly ever mentioned or studied in its own right, justified by the dearth of maritime terrorist attacks despite dire predictions of the early 1970s that Palestinian terrorists would take to the sea to strike there as well. The only memorable incident in this context was the hijack of the cruise liner *Achille Lauro* in 1985, while the few other attacks on sea or against vessels went barely unnoticed. The events on 9/11 changed this 'maritime complacency'. On that fateful day, Al Qaeda operatives used airliners in a novel way in order to launch their attacks. So, what would be next? Amongst the likely and not-so-likely scenarios discussed in the immediate aftermath of 9/11, the spectre of maritime terrorism loomed large: our ground and air transport systems had been attacked by terrorists quite frequently even prior to 9/11, and were in the process of being hardened against such attacks just then. What if the terrorists would chose to attack us at sea, or in our ports?

Nurtured by a score of doomsday scenarios peddled by some interested parties – be they consultants, government officials, or academics – vulnerabilities were found that had been more or less ignored before: our sprawling port installations were found to be wide open to attacks, and commercial shipping was found to be blissfully unaware of any terrorist threat against them – with very few exceptions only (cruise liner companies for example). Also, the criticality of our supply chain suddenly came to our attention: in our 'just in time, just enough' societies, even temporary disruptions could have serious knock-on effects on a wide range of industries, or society. The few maritime terrorist attacks that actually occurred in the temporal vicinity of 9/11 were seen as further proof of an impending wave of maritime terrorism: the suicide attacks on the US destroyer USS Cole in October 2000 and on the super tanker M/V *Limburg* in October 2002 by Al Qaeda, the bombing of the *SuperFerry* 14 in the Philippines by the Abu Sayyaf Group in February 2004, and the (botched) attacks on the Al Basra and Khor al-Amaya oil terminals[90] in the Northern Arabian Gulf in April 2004, again by an Al Qaeda cell. Those who remained unconvinced were invited to either listen to Osama bin Laden's comments on the USS Cole attack, or to take a look at the Jihadi online magazine Mu'askar al-Battar[91], which in April 2004 published an anonymous article entitled "Anti-Ship Warfare." This article described the use of "Greek Fire"-style incendiary devices against the crusaders' "large battleships fitted with multi-story towers" during the siege of Acre and compares that to the strikes against the USS Cole and the MV Limburg, exhorting the readers to do likewise.

Under the impression of impending doom, a flurry of legal initiatives was passed in quite a hurry – both on a national (US) and international (IMO) level. The general aim of these initiatives was to secure our maritime supply chain, and to create what is now called a *maritime domain awareness* (MDA), i.e. an idea what was going on at sea, especially but not only near our ports. Some port officials, ship officers and shipping agency staff members were sent on special training courses, manuals were written, CCTV systems were upgraded, some ports even installed sonar systems against scuba diving attacks – in a nutshell, a lot of money was haphazardly thrown at all things maritime.

Now, about ten years later, we realize that none of our ports went up in flames, that the SLOCs remained open, and that the expected wave of sustained attacks against oil tankers failed to materialize as well. Oil rigs still occasionally explode, capsize and sink, but not as a result of a terrorist attack, and nobody tried to hijack the *Queen Victoria*, this most iconic cruise liner. For some maritime security officials, that means sliding back toward complacency – most of the time, out of sheer necessity: security is expensive, after all, and times are 'economically challenged', to put it in a polite way. For others, it means homing in on piracy as the only 'clear and present danger' we face at sea at the moment in order to stay in business and trying to 'securitize' this kind of maritime crime by dragging it into the orbit of global terrorism – not entirely without justification.

It is indeed quite ironic that the real maritime threat we have to face at the beginning of the second decade of the 21st century is the age-old threat of piracy. Until the turn of the century, anybody trying to google the phenomenon in the Internet was well advised to use the search string 'maritime piracy', since otherwise the search results would include thousands of websites dealing with 'product' piracy. Now we are faced with a wave of piracy, even high-seas piracy, unprecedented for more than two centuries. But, as threatening as it may be, piracy is not terrorism: the former is for private gains, the latter for political objectives. Thus, why lumping together an obvious crime, albeit an (at times) organized one, with terrorism? Why follow the 'fad of the day' and securitize this old menace? Interestingly, there are several convincing answers to this – admittedly rhetorical – question. Thus, this contribution to the East Asia Security Outlook 2012 will commence by examining the links between maritime piracy and maritime terrorism before taking a look at observable trends in Maritime Asia, and at the security of SLOCs, port facilities and offshore oil installations in this maritime region. It will conclude by arguing that there are more pressing security issues than those potentially posed by piracy and maritime terrorism – the first one being a criminal venture only, the second one notable in the paucity of events.

Piracy and Maritime Terrorism: About 'Old' and 'New' Enemies in Maritime Asia

Before delving right into the topic, the key concepts need to be defined and discussed: what exactly is (maritime) piracy, and what is (maritime) terrorism? Discussing both concepts – and the grey areas between them – will also help us to understand why these seemingly different phenomena actually can conceptually be lumped together, at least to a certain degree.

Definitions: Piracy and Maritime Terrorism

> "[Any] illegal acts of violence or detention, or any act of depredation, committed for private ends by the crew or the passengers of a private ship or a private aircraft and directed (i) on the high seas, against another ship or aircraft, or against persons and property on board of such ship or aircraft; (ii) against a ship, aircraft, persons or property in a place outside the jurisdiction of any State […]."[93]

There are three expressions readers should take note of: "private ends", "high seas", "outside the jurisdiction of any state". The first one, private ends, virtually excludes any act of maritime terrorism since such acts are usually committed for political ends. The other two formulations restrict acts of piracy to the high seas. Any other piratical acts committed in waters under the jurisdiction of any state are, thus, strictly speaking not piracy but maritime burglary or assault. In the opinion of this author, the "private ends" restriction can be defended, but not the other two: unfortunately, prior to the emergence of 'high-seas' piracy in the Somali Basin around 2008, most acts we would call 'piracy' occurred in zones under the jurisdiction of a state, and only rarely on the high seas. Hence, for practical reasons, the International Maritime Bureau's (IMB's) more comprehensive definition of piracy seems to be preferable:

> "An act of boarding or attempting to board any ship with the intent to commit theft or any other crime and with the intent or capability to use force in the furtherance of that act. This definition thus covers actual or attempted attacks whether the ship is berthed, at anchor or at sea. Petty thefts are excluded unless the thieves are armed."[94]

It should also be noted, at least in passing, that acts of piracy do not necessarily occur at sea only: acts of riverine piracy may be rather infrequent nowadays, but still they do occur in certain river systems, for example the Ganges-Brahmaputra Delta in Bangladesh, or even on the Mekong, as the recent murder of thirteen Chinese sailors in October 2011 sailing on two barges on the Mekong in the vicinity of the Golden Triangle demonstrated.[95]

Secondly, we have to define acts of piracy with regard to their significance – for the crew, their lives, and their property and for the ship. Generally, following IMO we can discern the following types of modern piracy:

- ***Low Level Armed Robbery (LLAR)***.[96] Maritime robbery is usually conducted in territorial waters close to the coast or in the harbour area if harbour security is lax. This form of piracy is usually rather opportunistic with no connection to organized crime.

- ***Medium Level Armed Assault and Robbery (MLAAR)***.[97] If the attack is violent and the crew of the ship detained or locked up, the IMB talks of MLAAR. The perpetrators usually take the content of the ship's safe, the property of the crew and, maybe, some high-value goods if they are easily transported.

- ***Major Criminal Hijack (MCHJ)***.[98] There are currently two variants of t his case. The first variant is the most serious: the target ship gets hijacked and converted for the purpose of illegal trading. The crew is detained or killed; the cargo offloaded and sold somewhere, and the ship re-registered with fraudulent papers. The second variant is used by Somali pirates as well as some pirate action groups with or without linkages to terrorist or guerrilla groups in Southeast Asian waters: the targeted vessel gets hijacked and the crew is taken hostage for ransom. Although atrocities against individual crew members have been reported, and a few hostages have even been killed, the majority of captured crew members survive the ordeal, to be released after ransom has been paid.[99]

While LLAR as an opportunistic form of piracy is bad enough, the other two types are definitely worse since they can result in casualties and/or maritime accidents, and with regard to the third there is a strong connection with international organized crime.[100] As such, combating these more significant forms of piracy is not only a national but a transnational problem of maritime policing, and potentially even an international one.[101]

Defining maritime terrorism is also quite a straightforward task – as long as we do not attempt to define the contentious term 'terrorism' as such, that is.[102] The most authoritative definition of this sub-category of terrorism comes from the Council of Security Cooperation in the Asia-Pacific (CSCAP) Working Group on Terrorism, which defines it as follows:

> "...the undertaking of terrorist acts and activities within the maritime environment, using or against vessels or fixed platforms at sea or

> in port, or against any one of their passengers or personnel, against coastal facilities or settlements, including tourist resorts, port areas and port towns or cities."[103]

Another interesting definition is offered by the *Jane's Intelligence Review*, describing maritime terrorism as follows:

> "The deliberate creation and exploitation of fear through violence or the threat of violence in the pursuit of political change, in the maritime domain."[104]

As already mentioned, in the immediate aftermath of 9/11, when the general opinion was that nothing would be impossible or too complicated for Al Qaeda, a wave of maritime terrorism aiming at cutting the lifelines of our modern Western societies seemed to be imminent. This impression was fuelled on the one hand by the realization that the maritime domain was – in parts, still is – largely unregulated and unsecured, and on the other by exhortations of Osama bin Laden and some of his lieutenants to do exactly that: going for our jugular, for example by a wave of sustained attacks on oil tankers, offshore installations and pipelines. Nevertheless, so far only a few acts of maritime terrorism occurred, both successful and unsuccessful, constituting less than two percent of all terrorist attacks in the last decades. And flying in the face of the imagined acts of maritime mega-terrorism revolving around nuclear weapons hidden on board of container ships, LNG tankers as floating bombs and such like, all those 'real life' attacks were rather limited in scale[105], using the following tactics:

- Improvised Explosive Device (IED) attacks, i.e. a bomb smuggled on board, for example against the *Superferry* 14 (February 2004)
- Water-borne IED (WBIED) attacks, for example against the *USS Cole* (October 2000), the tanker *M/V Limburg* (October 2002), the ABOT and KAAOT oil terminals in the Northern Arabian Gulf (April 2004), or the tanker *M Star* (July 2010)
- Standoff Weapon attacks, using RPG-7s or Katyusha-style unguided missiles, for example against the USS Ashland and USS Kearsarge in Aqaba (August 2005)
- Scuba-diving attacks, for example against the Argentinean destroyer *Santisima Trinidad* by the Montoneros in August 1975, or against the port of Colombo by LTTE Sea Tigers in June 2006
- 'Ship-jacking' for political reasons, for example the cruise liner *Santa Maria* (January 1961), the ferry boat Laju in Singapore (January 1971) or the cruise liner *Achille Lauro* (October 1985)

- Using vessels either to launder money or to transport operatives, arms, and ammunition in supportive acts of terrorism. For the latter, the Mumbai attacks of November 2008 would be an example.[106]

The only vessel that was actually destroyed in one of those attacks was the *Superferry 14*. This attack in Manila Bay, for which Abu Sayyaf Group claimed responsibility, so far also constitutes the only maritime mass-casualty attack with an estimated 116 victims. All other attacks resulted in either no casualties or low numbers of casualties (USS Cole: 17 casualties; KAAOT: 4 casualties, Achille Lauro and Limburg: one casualty each), and the damage was limited. Despite the fact that plans for maritime attacks were found in Osama bin Laden's Abbottabad compound, it is actually quite doubtful whether international terrorists do have the capability and/or the inclination of striking at sea at the moment.

Nexus Issues: Actor-Centric Perspectives

We just discussed the concepts of maritime terrorism and maritime piracy in some detail. However, the truth lies in the eyes of the beholder, as the saying goes. From an actor-centric perspective, especially from the viewpoint of a victim of any of the above-defined concepts, the actions may well have a quite different meaning: Somali pirates for example like to see themselves as 'Robin Hoods at Sea', defending Somali waters against the encroachment of Western trawlers and toxic-waste dumpers. Hence, they chose names for their groups such as *National Volunteer Coast Guard* or *Somali Marines*. Some Al-Shabaab leaders even celebrate them as "Mujahideen at sea, fighting against the Western crusaders". Thus, pirates they may well be – so far, this label does not include the same baggage of negative connotations as terrorism (rather, at least part of the global audience still attribute romantic connotations with this crime, probably under the influence of Hollywood blockbusters) – but not ordinary pirates, but political, or even sanctioned ones, bordering on being privateers, maybe?

Seafarers who have been victims of pirates may also beg to differ when it comes to academic, finicky definitions: for them, an act of (criminal) piracy may well be as terrorizing as an act of (intentionally political) terrorism. John Burnett's comment on the murder of the 23 crew members of the bulk carrier *M/V Cheung Son*, hijacked in Southeast Asian waters on 16 November 1998, illustrates this argument:

> "Seldom in the so-called Golden Age of Piracy in the seventeenth and eighteenth centuries was there ever a more bestial, cold-blooded act of murder on the high seas than that committed by those who took over this ship. The leader of the pirates wanted everyone on his team implicated, so he forced each in his gang to kill one crewman. The pirates lined up the twenty-three sailors on deck, hooded their heads

> with plastic garbage bags, and clubbed them, or shot them, or stabbed them to death. The bodies were tossed into the sea. [...] The Security Bureau of the People's Republic of China eventually arrested the pirates after they found photographs of a party on board celebrating the successful hijacking."[107]

This is not to argue that this case was in any way of a political nature. For the average seafarer however, that hardly matters. What matters is that in this case, nearly two dozen crew members met a rather gruesome death. Thus, the feeling 'it could have been me' that is intended in acts of terrorism – usually, the terrorist act is not directed against the victims themselves but at a larger audience – is very much present in the minds of everybody sailing through these waters. For this very reason, during 2010 and 2011 Indian seafarer associations actually threatened to boycott ships sailing through the Somali Basin. And also for this very reason, the safety procedures employed on board of ships to fend off piracy or terrorism are the same – very similar to aviation security, and with exactly the same rationale.

Nexus Issues: The Securitization of Piracy

This brings us to our second argument with regard to linking piracy with maritime terrorism: the current securitization of piracy.[108] Attempts to securitize piracy also reinforces the view that maritime piracy and maritime terrorism should be treated as related concepts: under the impression of the depredations of Somalia's modern-day pirates, efforts have been made to drag this maritime crime into the 'terrorist orbit' in order to link current anti-piracy operations with the broader context of the global wars on terror and on drugs.

Interestingly, linking piracy with terrorism is actually not a new idea – it goes back more than a century. In December 1901, when US President Theodore Roosevelt tried to rally the Western nations behind the US to fight a war on anarchist terror – this being the 'real' first war on terrorism, not the current one – he did so by linking this rather new phenomenon of modern terrorism to older, long-established threats to human safety and security: slavery – and piracy:

> "Anarchy is a crime against the whole human race; and all mankind should band against the anarchist. His crime should be made an offense against the law of nations, like piracy and that form of man stealing known as the slave trade; for it is of far blacker infamy than either. It should be so declared by treaties among all civilized powers."[109]

Rather ironically given the common belief that piracy was no more at that time, US President George W. Bush heavily borrowed from his predecessor when trying to rally the world to fight yet another global war on terrorism about 100 years later:

> "[Using] the full influence of the United States, and working closely with allies and friends, to make clear that all acts of terrorism are illegitimate so that terrorism will be viewed in the same light as slavery, piracy, or genocide: behaviour that no respectable government can condone or support and all must oppose."[110]

Against the backdrop of the current debate around the securitization of piracy, it should thus be noted that it is actually not piracy that gets dragged into the orbit of the war on terrorism in order to justify actions taken and money spent. Rather, it is the other way around: as the quotes above demonstrate, the "infamy" of piracy was used to justify even more drastic action against terrorism as an even bigger infamy. But this aspect would merit a special treatment in another article. Suffice it to say that Mikkel Thorup is quite right to set the record straight on that particular nexus issue.

Maritime Terrorism as an Analogue of Maritime Piracy

As we pointed out, the key difference between maritime terrorism and maritime piracy is that the former aims at political objectives, while the latter aims at personal gains. Nevertheless, and apart from the admittedly very personal and decidedly non-academic view points of the victims of maritime piracy and terrorism on the one hand and politically driven attempts to securitize piracy on the other, there are at least two academic concepts linking them together. The first one is the *Grey Area Phenomena* (GAP). GAP can be defined as security threats to the sovereign states posed by non-state actors threatening the "underlying stability, cohesion, and fabric,"[111] and potentially even the survival, of the affected state. As Hiltner argues, two characteristic forms of GAP can be distinguished – non-violent and violent:

> "Non-violent GAP is related to threats posed by non-governmental processes and influences. They can appear as uncontrolled and illegal immigration, as famine or as diseases. Violent GAP, however, are generally related to activities of non-state actors, e.g. international crime syndicates, drug trafficking organizations or terrorists groups. These violent threats, in particular, are "generally well organized, employed for political or economic purposes, and fall short of conventional warfare."[112] (Hiltner 2008:56/57, quoting Chalk 1997:1).

Reassessing our definitions, we can eliminate opportunistic, non-organized piracy (LLAR): this comparatively minor form of maritime crime usually is not serious enough to pose a threat to the stability of any state. Organized forms of piracy (MLAAR and MCHJ) as well as sanctioned piracy however do qualify for an inclusion in GAP, and so does maritime terrorism. Thus, the category of GAP

can be used to legitimize, or at least rationalize, lumping maritime piracy and maritime terrorism together.

The other concept that can be used to link maritime piracy with maritime terrorism is the one of *Maritime Irregular Activities* (MIA), as used by the Royal Navy, for example. Irregular activities are defined as:

> "Behaviour that attempts to effect or prevent change through the illegal use, or threat, of violence, conducted by ideologically or criminally motivated non-regular forces, groups or individuals, as a challenge to authority."113

These irregular threats include organized crime, disorder, insurgency, and terrorism. Translated into a maritime setting, this means organized piracy, sanctioned or political piracy, and maritime terrorism. Thus, this concept is yet another strong argument for linking maritime piracy with maritime terrorism. For these reasons, some special matter experts such as Donald Puchala argue for treating maritime terrorism as an extension, or at least an analogue, of maritime piracy – despite all the obvious differences:

> "To be sure, piracy in history and transnational terrorism in the twenty-first century is not the same thing. But they are analogous. For example:
>
> - both are perpetrated by private organizations engaged in transnational activities;
> - both begin as disparate bands, but evolve into sophisticated organizations;
> - both are illegal according to the codes of many countries;
> - both indiscriminately target and kill defenceless people;
> - both employ terrifying tactics and instruments to attain their ends;
> - both effectively use speed, stealth, deception, unorthodoxy and surprise;
> - both sow anxiety and insecurity among potential target populations;
> - both disrupt normal societal routines and undermine institutions;
> - both recruit extraordinary leaders and fanatical followers;
> - both depend for their effectiveness upon sympathizers, abettors and co-conspirators;
> - both are difficult to suppress."[114]

With regard to the "terrifying tactics" mentioned by Puchala, we could describe the use of those tactics by maritime terrorists as 'political terrorism', and the use

of such tactics by pirates as 'criminal terrorism.' As such, we could also argue that there is a continuum of maritime terror (as opposed to maritime terrorism) from the lowest level of piracy (LLAR or Category 3) to the higher levels (MLAAR/ Category 2 and MCHJ/Category 1) to low and high impact maritime terrorism with the ultimate aim to disrupt the lifelines of our economies by destroying ships and port installations affecting safety and security of modern day seafarers. Hence, we agree with Puchala's observations.

Piracy and Maritime Terrorism in East Asia: Patterns

We shall now turn to examining some observable trends with regard to maritime piracy and maritime terrorism in East Asia. We start by taking a look at the past, also offering some general-level explanations for the persistence of piracy in East Asian waters.

Piracy: Some General Explanations

Today, the world focuses on high-seas piracy in the Somali Basin, for good reason. However, if one takes a closer look at the historical data available from the 1980s onwards, one cannot escape noticing that until the mid-2000s, the majority of acts of piracy occurred in an area stretching from the Bay of Bengal all the way through the Strait of Malacca and the South China Sea up to the Hong Kong-Luzon-Hainan Triangle, in the mid-90s known as the "HLH-Terror Triangle". The occurrence of so many acts of piracy in Maritime Asia can be explained tentatively by following facts:

1. ***Density of Traffic.*** The Bay of Bengal, the Malacca Straits and the South China Sea as parts of the former maritime Silk Road are interconnected by some of the world's most important sea lines of communication, dubbed "the iron highway" because of the very dense traffic.

2. ***Topographical Factors.*** The topographical conditions are favourable for the pirates: The literally thousands of mostly uninhabited islands and islets and, along the Malacca Strait, the heavily indented coastlines with dense Mangrove forests can be used both for ambush and for shelter and protection against potential pursuers; and the narrowness of the Malacca Straits forces ships to navigate very slowly, thus facilitating attacks.

3. ***Territorial Disputes.*** Territorial waters in the South China Sea are still disputed; claimants are the PRC, the Philippines, Vietnam, Malaysia, and Brunei Darussalam.

4. ***Lack of Assets.*** Some regional states simply do not have the means to effectively police their vast territorial waters or (allegedly) even turn a

blind eye to piratical activities of parts of their own naval forces.

5. ***Organised Crime.*** The presence of crime syndicates in many important Southeast Asian ports provide the logistical background necessary for MCHJ, the third and worst form of piracy.

6. ***Corruption.*** For various reasons, and under certain circumstances, harbour authorities and naval personnel tend to turn a blind eye towards acts of piracy or even encourage them.

7. ***History and Culture.*** Maritime Asia has a history of piracy, going all the way back to the early centuries A.D. In a sense, even today, for many fishermen piracy still is part and parcel of their culture, and something they resort to without major qualms on an ad-hoc basis if an industrial fishing fleet from their own or another country has turned their waters into a barren, maritime wasteland again, courtesy of their drag nets, the so-called Walls of Death.

8. ***Pool of Recruits.*** Of course, this also means that organized crime willing to dabble in piracy finds a convenient base for recruitment.

Taken together, these factors present modern day maritime pirates – both opportunistic and organized – with an attractive window of opportunity or an 'enabling environment', especially (but not only) in the waters described above. Additionally, before the outbreak of high-seas piracy in the Somali Basin, pirates could count on the support of very strange allies: In many cases, ship owners explicitly ordered their ship masters not to report on pirate attacks – neither officially nor unofficially – for fear of rising Property and Indemnity (P&I) charges on the one hand and lengthy official investigations on the other, during which the respective ship would have to remain in harbour, thus losing money for the owner – roughly US$25,000 per day. From the ship owners' perspective, piracy-related losses simply were negligible transaction costs, amounting to less than one percent of total income generated by maritime trade, while measures to 'harden' their ships would have been very expensive. Of course, from a crew's perspective, the costs were not so negligible: it were and still are their lives and their property that were/are threatened by pirates, so for them, pirate attacks are far from anonymous transaction costs – they get very personal. It is not surprising, therefore, that associations like NUMAST or BIMCO[115] were amongst the first to put piracy on the international agenda and to point out that pirates should neither be ridiculed nor celebrated as a new kind of "Robin Hoods" – as has been done again and again by sensationalist media coverage during the last decade.

Maritime Terrorism: A New Threat

Maritime Asia however has not only seen the old enemy of piracy re-emerging in modern times[116] but also a new threat appearing on the horizon in the shape of maritime terrorism. Even before the age of global terror, the *Laju* incident of January/February 1974 provided a brief glimpse at the shape of things to come: a terrorist commando of two operatives from the *Popular Front for the Liberation of Palestine* (PFLP) and two operatives from the *Japanese Red Army* (JRA) attacked the Shell oil refinery complex on Singapore's Pulau Bukom in order to disrupt the oil supply from Singapore to other countries, especially the Republic of South Vietnam. Fortunately, they were detected before they could place all of their explosive charges – only three out of twelve actually detonated, causing little damage. As their 'getaway vehicle', they hijacked the ferry boat *Laju* which was promptly stopped by marine police launches and naval gunboats, turning this botched act of terrorism into a prolonged hostage crisis.[117]

The next act of maritime terrorism would also have taken place in Singapore, at the approaches of Changi Naval Base to be precise, and about a quarter of a century later in 2000. This planned multiple-strike attack already belongs to the age of global terrorism and included a suicide attack on a US Navy vessel approaching Changi naval base, similar to the attacks on the USS Cole and the Limburg, as well as bombing attacks on Singapore's MRT system plus the US and various outer embassies. The terrorist cell, known as *Fiyah Ayub*, was part of the Jemaah Islamiyah (JI) network. Due to timely information and a flawless intelligence performance, Singaporean authorities could nip this attack in the bud, arresting all the Fiyah Ayub members before they could carry out their plans.

In April 2003, another JI cell was allegedly responsible for the successful terrorist attack on Davao City airport and the city's *Sasa Wharf* which resulted in sixteen casualties and more than 100 persons injured.[118] Other sources however pointed the finger at the *Moro Islamic Liberation Front* (MILF), which quickly denied responsibility.[119]

The fourth and most deadly case of maritime, but so far also the last, was the bombing of the *Superferry* 14 in February 2004 in the Bay of Manila by the Abu Sayyaf Group (ASG). A TV set containing about eight pounds of TNT was smuggled on board, and detonated shortly after midnight on February 27 when the ferry was passing Corregidor Island. Of the roughly 900 passengers on board, 63 were killed by the blast, and many more died in the fire engulfing the ship after the explosion. All in all, 116 passengers and crew died in this disaster. The blast was initially thought to have been an accident, and the claims of ASG were dismissed as grand-standing. Only after divers inspected the hull five months after the event, finding evidence of a bomb blast and traces of explosives, the Philippine

government reluctantly admitted that it had been a terrorist attack indeed. It is believed that ASG bombed the vessel because the company that owned it, WG&A, did not comply with an ASG letter demanding protection money.

Nexus Issues Revisited: A Maritime Threat Continuum

Treating maritime terrorism as an analogue to maritime piracy allows us to argue that there is a threat continuum between opportunistic piracy at the lowest level, organized piracy at the middle level, sanctioned or political piracy at the higher level, and maritime terrorism at the highest, and potentially most devastating, level. The comparatively few acts of maritime terrorism in Maritime Asia we just described. If we step down one rung, we arrive at the category of MCHJ. Here, we have to distinguish between two variants, both of which we already mentioned. The first and most lethal is MCHJ conducted in order to steal the vessel and/or its cargo – which means the original crew is redundant. If the crew is lucky, they are set adrift on a float or lifeboat. If there are unlucky, they are killed – the case of the *MV Cheung Son* of 1998 is just one example. Responsible for such acts are organized pirate gangs usually acting on behalf of land-based organized crime groups. The other variant of MCHJ is the hijack of a vessel or crew for ransom – the current 'business model' of the Somali pirates, and of potential interest for terrorist groups as well, as the case of the *Achille Lauro* shows. Since hijacked crew members basically are 'money on legs', they are usually treated well enough. In Maritime Asia, and before 2005, GAM seems to have been responsible for the bulk of such hijackings, conducting acts of piracy as defined, but nor for private gains but collective ones – funding their guerrilla war against the Indonesian government.

The majority of acts of piracy in East Asian waters was – and still is – situated further down the rungs, and constitutes acts of MLAAR and LLAR. The former still necessitates a certain degree of organization: one or more boat-loads of pirates venture out in confined waters, such as the Straits of Malacca, board a slow-moving vessel, and make away with the crew's belongings and the content of the ships are safe after a certain amount of time. However, the grade of organization needed for such pirate attacks is arguably rather low – any ad-hoc group of individuals with a maritime background can do that. The latter, LLAR, basically constitutes theft at anchor and thus does not need any organization at all – it can be done by individuals.

Piracy and Maritime Terrorism in East Asia: Trends

Under the impression of an interesting array of anti-piracy measures, especially the *MALSINDO* Malacca Straits Coordinated Patrol and the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP)[121], observers were quick to celebrate the decrease in acts of piracy

from 2004/2005 onwards. Although all these initiatives are laudable, it should however be pointed out that the *Boxing Day Tsunami* of 2004 very probably also played a major role in the suppression of piracy: basically, it forced the GAM at the negotiation table, and put other organized pirate groups out of business by destroying their infrastructure.

Be that as it may, the gradual increase of numbers of piracy in certain East Asian waters since late 2010/early 2011 as reported by ReCAAP is quite disturbing – though not surprising at all, if one takes note of the repercussions of the global economic crisis, its impact on the shipping sector and, hence, its 'trickle-down' effect on individual sailors. This notwithstanding, there seems to be reason for cautious optimism. Let us take a look at the maritime terrorism-piracy continuum once again, and at suitable actors and their probable tactics.

Maritime Terrorism

If we disregard the left-wing commando responsible for the *Laju* incident, we can see two actors behind the most recent (attempted) acts of maritime terrorism as defined above: JI and the ASG. Although it is too early to write off both groups completely, we argue that for the foreseeable future, both their inclination and their capability to carry out a devastating maritime terror attack are rather limited. After the death of some of their erstwhile masterminds, JI appears to have disengaged from violence at the moment, in the sense of a behavioural deradicalisation and an organizational one[122]: for the bulk of the remaining JI members, terrorist violence seems to have lost its appeal. Furthermore, the Singapore plot described above was the one of very few which included a maritime component, the other one being the *Sasa Wharf* bombing in Davao City, and can thus be seen as the exception rather than the rule.

With regard to ASG, it is true that the most devastating act of maritime terrorism in East Asian waters was conducted by them – albeit for criminal reasons rather than political ones. If one takes a close look at the group's usual modus operandi, one has to conclude however that this attack also was an aberration rather than the rule: the majority of ASG attacks should be characterized as piracy – we shall deal with them in a moment.

On the tactical level, it should be noted that under the impression of 9/11, the Port of Singapore seemed to take the scenario of a large vessel as a 'momentum weapon' rather seriously. This scenario revolves around a hijacked vessel such as a super tanker rammed into another ship or a port installation at high speed in order to a) create serious damage and b) force the port to close down for security reasons. Another variant involves the scuttling of the vessel at a suitable spot in order to hamper maritime traffic or even to (temporarily) close down a maritime choke point.[123] However, at least for the foreseeable future, it is difficult to identify an actor with both the inclination and the capability to carry out such a 'high impact'

attack: at the time of writing, even once powerful groups are in decline, and on top of that, there is no 'evil terrorist genius' comparable to Abd al-Rahim al-Nashiri, the 'Prince of the Sea' with a keen interest in striking at sea, thus trying to 'make things happen' against all odds.

Hence, the most likely maritime terrorist attacks with a certain chance of being carried out with any rate of success in the foreseeable future would either involve an IED attack as in the case of the *Superferry 14*; or a WBIED as in the cases of the *USS Cole, the Limburg,* the M-Star and the ABOT/KAAOT attacks – for the simple reason that they are easy to plan, and easy to carry out even for operators with little maritime skills. And just like in those earlier cases, suitable targets would include large vessels either at anchor or passing through narrow channels or port approaches, offshore oil installations, and port facilities. Thus, it can also be assumed that the perpetrators of such 'low impact' attacks would have to be very lucky indeed to create more than limited 'nuisance value' damage – no consolation for the victims of such events, of course, but definitely not the terrorist stuff that could bring our societies in general and East Asian economies in particular to their knees.

'Political' Piracy

With regard to MCHJ and political piracy, i.e., hijacking or kidnapping for ransom not necessarily for private gains but rather for political objectives, the activities of ASG have been the most famous of such cases due to the involvement of Western vacationers in one such incident. However, from a Philippine context, their activities are hardly new: First, "piracy has been an endemic national scourge almost endowed with a cultural/religious element", dating back to "as early as the 15th century..."[124] and second, kidnapping for ransom is a thriving business not only in the Southern parts of the Philippines, but also on Luzon. ASG simply was the first criminal outfit venturing into Malaysian waters in modern times and kidnapping Western hostages on Sipadan Island in April 2000, which gave them instant celebrity status within the circles of Al-Qaeda-affiliated global Jihadism and international fame through large-scale sensationalist media coverage. Since ASG can be seen as a 'hybrid group' vacillating between mainly fighting for political objectives at one time (thus being a terrorist group) and mostly fighting for private gains at another (thus being an organized crime group), it is difficult to establish with any degree of precision whether the majority of their acts actually constitute 'political' piracy or whether they should rather be categorized as 'ordinary' piracy without any political connotations.

Since the early 1990s, the Islamist *Gerakan Aceh Merdeka* (Free Aceh Movement) also allegedly conducted maritime kidnapping for ransom, usually aimed at Malaysian trawlers fishing in the Malacca straits. While the case of ASG remains ambiguous, it can be argued with much more confidence that GAM operatives

were embarking on MCHJ not for private gain but as an additional source of income needed to finance their costly guerrilla war against Indonesian government forces – as we argued above. Since GAM still is observing the peace agreement with the Indonesian government at the time of writing, this leaves only ASG as a possible actor in this respect.

'Ordinary' Piracy: MCHJ, MLAAR and LLAR

MCHJ in its worst and most lethal variant, i.e., the capture of vessels either for their hull and/or their cargo, has been a recurring theme before 2005. Since then however, such acts seem to have disappeared. Reasons behind this are manifold, and include better ship security measures, improved coordination between states in order to suppress piracy, and the change of domestic policy priorities on the side of one big regional state. On the other hand, the author conducted interviews with several organized crime members a couple of years ago, and was told that the media attention these acts usually generate is not really "worth the hassle": drug smuggle and human trafficking produce more income in the long run, and usually are safer for the operatives themselves… At the moment at least, it is hard to say whether this type of MCHJ – as opposed to MCHJ for ransom – will re-emerge: piracy as such has been written off quite frequently, just to return. The same could be true for one of its categories. Nevertheless, due to improved maritime patrolling and enhanced security measures on board of vessels journeying through piracy-prone waters, such acts are more difficult to carry out and far more risky for the perpetrators than before.

This finally brings us to the 'run-of-the-mill' acts of piracy: MLAAR and LLAR. Here, the statistics of ReCAAP show that in some East Asian waters, including the Straits of Malacca, such acts are in the increase again. Against the backdrop of the current global economic crisis, and the continued existence of certain "marginalized and maritime oriented people"[125] who are still deemed to be (often times stateless) outsiders and, thus, not benefitting from any noticeable welfare policies tailor-made for them, it is fair to say that this upward trend will persist during the next couple of years – all naval patrolling notwithstanding. Nevertheless, these types of piracy are indeed of moderate and low significance only: as criminal ventures pure and simple, they do not pose a strategic threat in themselves as long as a modicum of law and order at sea or along the SLOCs can be maintained. The *MALSINDO* patrols demonstrate that this is possible, and even in the Somali Basin, maritime patrolling seems finally to reduce the rate of success of the Somali maritime predators.

Implications for the SLOCs

Both maritime terrorism and maritime piracy have the potential to negatively impact on the safety and security of the world's major SLOCs, inflicting potentially

huge costs – politically, economically, and even environmentally. In the context of Maritime Asia, the potential natural maritime choke points formed by the Straits of Malacca and the Singapore Straits (lesser so the Sunda and Lombok Straits) are of particular interest: even a temporary interdiction of traffic through those busy sea lanes would have a serious impact on the regional economies. However, as the so-called *Great Hanshin Earthquake* of 17 January 1995 and its effects on the port of Kobe/Japan demonstrated, maritime choke points need not necessarily be of a geographic or geostrategic nature, such as the Strait of Malacca. As we have seen in the case of the blocking of the Suez Canal between 1967 and 1975, these choke points made by nature usually can be circumvented. With regard to the possible emergence of post-Suezmax *Ultra-Large Container Ships* (ULCS), and the consequential emergence of only a very few mega hubs capable of accommodating them, the maritime transport sector will have to deal with man-made choke points which cannot be circumvented. In the case of Maritime Asia, this would be the ports of Singapore and Hong Kong as currently the only ones able to accommodate such 18.000-TEU[126] behemoths.[127]

Safety and Security of SLOCs: Economic Costs

With regard to the costs of maritime piracy and maritime terrorism – other than those inflicted on individuals – the economic implications have been discussed at some lengths under the impact of Somali piracy, affecting the bulk of the Western Indian Ocean. Typical costs for vessels sailing through these waters include premiums for kidnap and ransom (K&R) insurance, expenses for the passive protection of the vessel[128] (for example razor wire, additional lighting, electrified fences) and, in some cases, for the active protection by way of a vessel protection team on board. If a vessel is hijacked despite those measures, typical costs include ransom measures in the US$ millions, fees for the negotiation team, plus indemnities and other claims demanded by the hijacked sailors after release. Thus, the very public (in many cases) ransom money represents only the proverbial 'tip of the iceberg'. The same argument can be made for the waters of Maritime Asia, where hijackings of tug boats and barges are recurring events – albeit on a much lower level than the Somali variant.

With regard to the crucial question of whether a maritime choke point – be it a natural or a man-made one – in Maritime Asia could be completely closed even temporarily by way of a terrorist attack, we already argued that given the capabilities of current observable groups, this is quite unlikely. Maritime doomsday prophesies revolving around such scenarios usually tend to ride roughshod over basic facts such as the width and the depth of the usually mentioned waterways, or the redundancies built-in to many port facilities. Having said that, terrorists need to get lucky only once, as the IRA famously quipped after the Brighton Hotel Bombing of 12 October 1984, and even a partial obstruction of a SLOC or a port-access channel due to intentionally or unintentionally sunk ships or a temporary

oil spill would have serious repercussions for our 'just in time' economies. The collision of the crude carrier *M/T Nagasaki Spirit* with the container ship *M/V Ocean Blessing* at the northern entrance of the Malacca Straits on 19 September 1992 – both probably under attack by pirates at that time – is a case in point: here, it is not only the dead of many sailors and the 12,000 tonnes of crude oil that were spilled, but the possibility of both vessels sinking and partially blocking the straits that is disturbing: this would have made navigating the straits at that position more hazardous, thus considerably slowing down traffic, with a knock-on effect for affected economies.

Understandably, East Asian countries such as China and Japan, depending on the flow of oil and gas amongst other commodities, are concerned about such scenarios, as unlikely as they may be – and so is the port of Singapore.

Safety and Security of SLOCs: Political Costs

Political costs also can be quite formidable, especially with regard to acts of maritime piracy which usually impinge on the interests of several nations – be it their vessels, their crews, their cargoes, or their sovereign waters. Thus, in the high-profile case of piracy in the Somali Basin, a multinational armada had to be assembled to curb it. And in the Straits of Malacca, Indonesia, Malaysia, and Singapore had to bury the hatchet and pool their resources to combat the endemic piracy there. Which means, very bluntly stated, the scourge of piracy still forces nations to cooperate whether they like it or not: the lessons of history vividly demonstrate that unilateral 'go it alone' actionism does not work.

Establishing multi-national naval patrols however is only the beginning when it comes to establishing and enforcing law and order at sea. Another step would be allowing naval or coast guard vessels of other countries in hot pursuit of a suspected pirate or terrorist vessel entry in one's own waters – which in some areas still is too sensitive an issue for a variety of reasons which need not be discussed here. Streamlining chains of commands as well as maritime/naval modus operandi would also make eminent sense in combating a transnational enemy.

However, long-term solutions to the problem of piracy can only be found on land: this is where the root causes of piracy are situated, and this is where they need to be addressed. This point is well made by Andrew Lambert, who opines,

> "[Because] pirates – like all other people – must live on the land, it is on the land that they must often be stopped; naval power alone is not sufficient to fight piracy."[129]

Since even a pirate lives on the land, this is where he has to be attacked – be it by "direct" action (i.e., hunting down suspected pirates), "indirect" action

(i.e., improving law and order on the coast, inaugurating welfare policies), or a mixture of both. Unfortunately, such actions take a long time. Also, they depend on the political will of affected states to address the problems of some of their marginalized maritime people, who tend to be seen as 'stateless' by some. In the context of Southeast Asia, the *Orang Laut* readily comes to mind.

Safety and Security of SLOCs: Environmental Costs

Finally, it should be noted that there is yet another cost dimension which usually remains hidden and 'un-discussed': the potential environmental damage such acts can have – intended as well as unintended. For example, in the case of the suicide attack on the tanker Limburg in October 2002, 90,000 barrel of oil spilled into the sea, washing up at the Yemeni coasts with a serious impact on Yemen's fishing industry. In this context, it should be noted that some maritime terrorism scenarios revolve around the hijacking of an oil tanker, chemical tanker or any other vessel transporting hazardous material with the intent to create large-scale maritime pollution, be it to destroy the targeted country's fishing industry, or harm the tourism industry, or to possibly even a temporary disruption of traffic through a maritime choke point such as the Straits of Malacca.

Conclusion: Be Afraid, Be Moderately Afraid...

As was pointed out above, the expected wave of maritime terrorism failed to manifest itself even ten years after 9/11. The sporadic maritime terrorist attacks also were rather limited with regard to their impact, and worlds apart from the doomsday scenarios deemed to be plausible in the aftermath of 9/11. There are many possible reasons for that, but to this author, the three most convincing ones after studying the frequency of attacks against sea, air, and land targets are the following explanations:

- Firstly, while maritime targets (for example ships) are less iconic than aviation targets (for example airliners), they are far more difficult to attack than land targets (busses, trains, markets...) – thus falling between the proverbial 'two stools'.

- Secondly, the predicted wave of maritime terrorism seems to have largely been nipped in the bud by the absence of a creative 'terrorist mastermind' following in the footsteps of Abd al-Rahim al-Nashiri, nicknamed 'the Prince of the Sea' because of his keen interest in maritime terrorism, after his arrest in November 2002.

- Thirdly, limited resources, both with regard to suitable operatives and financial means, undoubtedly play a role as well – and so does the imperative to 'keep it simple' that also applies to terrorist groups.[130]

This way or that way, the 'new' enemy of maritime terrorists failed to materialize for the second time already: as mentioned, in the early 1970s a wave of maritime attacks carried out by various Palestinian commandos striking mainly in the Mediterranean was deemed to be highly likely – for the same reasons a wave of maritime terrorism was expected post-9/11: 'they attacked us in the air, they attacked us at land, surely they will now attack us at sea as well?' Instead, we had to realize that the 'old' enemy, i.e. the pirates are back, and probably back to stay: factors such as 'enabling environments' along the major SLOCs, overfishing of certain waters, and the impact of the global economic crisis on sailors living along the shores of piracy hot spots will make sure that the re-emergence of piracy will not be just a short-lived 'fluke'. This translates to further work for the world's navies in general, and regional navies of East Asia in particular, which will be dragged further into combating MIA as discussed in the beginning of this article. However, as we pointed out, long-term solutions to the problem of piracy can only be found on land. Until such solutions are found and implemented, "quick fixes" in the shape of "robust action" at sea may be the order of the day for the foreseeable future.

Having said that, compared to maritime terrorists, pirates are a different kettle of fish, so to speak: as a form of seaborne (mostly) organized crime, they rather ironically depend on a certain amount of safety and security along SLOCs, and on maritime business as usual. Thus, and unlike maritime terrorists, they do not intend to go for our jugular, trying to disrupt the lifelines of our economies. And that is good news for us, in Maritime Asia and elsewhere along the world's SLOCs. Not that this 'us' includes the seafarers themselves: as we pointed out, for them it does not really matter whether they get hijacked, abducted, and possibly even killed in the pursuit of private gains or political objectives: many waters are still "dangerous waters" for them indeed: in Maritime Asia, the infamous *HLH Terror Triangle* may be a thing of the past, but daylight attacks in the South China Sea as well as nighttime attacks in the Singapore Straits are most definitely not. But again: this are criminal activities, and no strategic challenge on par with other current naval and maritime issues in Maritime Asia – for example the return of gunboat diplomacy in the South China Sea.[132] Hence, be afraid, be moderately afraid…

Endnotes

[90] Usually abbreviated ABOT and KAAOT.
[91] Lit.: Training Camp 'The Sword'.
[92] Here defined as consisting of the Bay of Bengal, Straits of Malacca, South China Sea, and East China Sea.
[93] UNCLOS Convention. The complete UNCLOS Convention, including the above-quoted definition of piracy, is available online at the following link: http://www.un.org/Depts/los/convention_agreements/texts/unclos/unclos_e.pdf (accessed 05/01/12)
[94] International Chamber of Commerce, Piracy and Armed Robbery against Ships; Annual Report, 1 January – 31 December 2006 (London: International Maritime Bureau, 2007)
[95] See for example Crippa, Matteo: "The Mekong Pirates," *Communis Hostis Omnium: Navigating the Murky Legal Waters of Maritime Piracy,* 30 December 2011, at http://piracy-law.com/ (accessed 05/01/12).
[96] Comparable to ReCAAP Category 3 (Less Significant)
[97] Comparable to ReCAAP Category 2 (Moderately Significant)
[98] Comparable to ReCAAP Category 1 (Very Significant)
[99] It should be noted that the hijacking of vessels for ransom has also been conducted by groups with political motivations in order to fund their struggle with government forces – be it terrorist organizations such as the Abu Sayyaf Group or guerrilla movements such as Gerakan Aceh Merdeka. On the latter, see Mak, J.N.: "Pirates, Renegades, and Fishermen: The Politics of 'Sustainable' Piracy in the Strait of Malacca", in Lehr, Peter (ed.): *Violence at Sea: Piracy in the Age of Global Terrorism.* New York and London: Routledge 2011 (paperback), pp. 199-224.
[100] For example for the disposal of cargo, re-registering the captured vessel, or money laundering.
[101] The naval responses to Somali piracy are a case in point.
[102] Schmid and Jongman for example listed more than one hundred different definitions of terrorism. See Schmid, Alex P. und Jongman, Albert J.: *Political Terrorism: A New Guide to Actors,* Authors, Concepts, Data Bases, Theories, and Literature. New Brunswick, NJ: Transaction Publishers 2005
[103] CSCAP Working Group definition, see at http://www.maritimeterrorism.com/definitions/ (accessed 05/01/12)
[104] "Drawing the line between piracy and maritime terrorism, *Jane's Intelligence Review,* September 2004, p. 31
[105] The expected acts of 'maritime mega-terrorism' are usually categorized as 'high impact, low probability', while the 'real' attacks that occurred so far are seen as 'low impact, high probability'.
[106] Since, strictly speaking, these activities do not constitute terrorism; they will be ignored in this contribution.
[107] Burnett, John S.: Dangerous Waters. *Modern Piracy and Terror on the High Seas.* New York: Plume 2003, pp. 224-225.
[108] On securitizing Somali piracy, see for example Tsvetkova, Bilyana (2009): "Securitizing Piracy off the Coast of Somalia," CEJISS, Vol. 4, Issue 2, at http://cejiss.org/articles/vol3-1/tsvetkova/ (accessed 06/01/12).
[109] Bach Jensen, Richard: "The United States, International Policing, and the War against Anarchist Terrorism, 1900-1914," *Terrorism and Political Violence,* Vol. 13, No. 1 (Spring) 2001, pp. 15-46.

[110] Thorup, Mikkel: "Enemy of Humanity: The Anti-Piracy Discourse in Present-Day Anti-Terrorism, *Terrorism and Political Violence,* Volume 21, No. 3 (July-September) 2009, pp. 401-411.

[111] Chalk, Peter: Grey Area Phenomena in Southeast Asia: Piracy, drug trafficking and political terrorism. *Canberra Papers on Strategy and Defence,* No. 123, Canberra 1997, page 5.

[112] Hiltner, Sebastian: "Facing Grey Area Phenomena – Transformation through Transnational Crime and Violence in Southeast Asia," Asien 109 (October) 2008, pp. 54-64 (56-57); at http://www.asienkunde.de/content/zeitschrift_asien/archiv/pdf/109_5_hiltner.pdf (accessed 05/01/12).

[113] Current Ministry of Defence/Royal Navy working definition.

[114] Puchala, Donald J.: "Of Pirates and Terrorists: What Experience and History Teach", *Contemporary Security Policy,* Vol. 26, No. 1 (April) 2005, pp. 1-24 (19).

[115] NUMAST: National Union of Marine, Aviation, and Shipping Transport Officers (UK, since 2006 Nautilus UK), trade union; BIMCO: Baltic and International Maritime Council, shipping trade organization.

[116] Not that piracy was ever completely gone in that region; see for example the interesting articles on that matter in Elleman, Bruce A. /Forbes, Andrew/Rosenberg David (eds.): *Piracy and Maritime Crime. Historical and Modern Case Studies.* Newport, RI: Naval War College (Newport Papers 35), January 2010.

[117] For more details see Ong Kian Seng: "1974 – The Laju Incident", *History Snippets,* Volume 6 Issue 1, Ministry of Defence Singapore, 07 January 2002, at http://www.mindef.gov.sg/imindef/about_us/history/birth_of_saf/v06n01_history.html (accessed 05/01/12).

[118] Newsflash: "Indonesians Hunted for Davao Bombings," April 8, 2003, at http://www.newsflash.org/2003/04/hl/hl017758.htm (accessed 06/01/12).

[119] Newsflash: "2003 Davao City Bombing: Murder Raps vs. 185 MILF Men Dropped", August 27, 2004, at http://www.newsflash.org/2004/02/hl/hl100926.htm (accessed 06/01/12).

[120] On its launch, see MINDEF (Singapore): "Launch of Trilateral Coordinated Patrols – MALSINDO Malacca Straits Coordinated Patrol," 20 July 2004, at http://www.mindef.gov.sg/imindef/news_and_events/nr/2004/jul/20jul04_nr.html (accessed 06/01/12).

[121] For information on ReCAAP plus incident reports, see their website at http://www.recaap.org/ (accessed 06/01/12).

[122] See Ashour, Omar: *The De-radicalization of Jihadists: Transforming Armed Islamist Movements.* New York: Routledge 2009.

[123] Whether completely closing down an East Asian maritime choke point is possible at all will not be discussed here: suffice it to say that the usually discussed scenarios are over-rated, while more plausible spots are over-looked.

[124] Guingona, Teofilo M.: "Opening Remarks on the Occasion of the First ASEAN-EU Experts' Group Meeting on Maritime Security," 25-26 February 2002, Westin Philippine Plaza, Manila, at http://www.dfa.gov.ph/moac/newsletter-main.htm (accessed 31/12/11).

[125] See Young, Adam J.: *Contemporary Piracy in Southeast Asia: History, Causes, and Remedies.* Singapore: ISEAS 2007.

[126] TEU = Twenty Foot Equivalent Unit, which means a normal container.

[127] See Lehr, Peter: "Is big beautiful?", *Cargo Security International,* June/July 2006.

[128] See EUNAVFOR Somalia's Best Management Practice 4 manual for further information at http://www.mschoa.org/bmp3/Documents/BMP4%20low%20resolution%20%283%29.pdf (accessed 05/01/12).

[129] Lambert, Andrew: "The Limits of Naval Power: The Merchant Brig Three Sisters, Riff Pirates, and British Battleships," in Elleman, Forbes, and Rosenberg, eds., Piracy and Maritime Crime. Historical and Modern Case Studies. Newport, RI: Naval War College Press 2010, pp. 173-190 (173).

[130] The author discussed this aspect in Lehr, Peter: "Maritime Terrorism: Locations, Actors, and Capabilities", in Bateman, Sam/Herbert-Burns, Rupert/Lehr, Peter (eds.): *Lloyd's MIU Handbook of Maritime Security.* Boca Raton, FL: Auerbach Publications/CRC Press 2009, pp. 55-72.

[131] Burnett, John S.: Dangerous Waters. *Modern Piracy and Terror on the High Seas.* New York: Plume 2003.

[132] Le Mière, Christian: "The Return of Gunboat Diplomacy," Survival Vol. 53 No. 5, (October-November) 2011, pp. 53-68.

RISING TENSIONS IN THE SOUTH CHINA SEA: SOUTHEAST ASIAN RESPONSES

Ian Storey

Heightened tensions over contested territorial and maritime boundary disputes in the South China Sea over the past few years have propelled the issue to the top of Asia's security agenda. The problem has displaced other regional "flashpoints" such as rivalry on the Korean Peninsula, China-Taiwan relations, and tensions between India and Pakistan, despite the fact that conflict in any three of these areas has the potential for massive loss of life, the possible use of nuclear weapons, and overt military intervention by the Great Powers, including the US. By contrast a major confrontation in the South China Sea seems very unlikely at this moment in time. And while minor naval skirmishes are a distinct possibility, either through accident or design, such incidents would not lead to large-scale casualties.

Nevertheless, due to the economic and strategic importance of the South China Sea, mismanagement of the problem carries high risks for claimant and non-claimant countries. The SLOCs which pulse through the sea function as vital arteries of global commerce; and while tensions have not hindered the free flow of maritime trade — and may never do so — their safety has become a concern, especially in an era of economic uncertainty. Access to maritime resources such as fisheries, crude oil, natural gas and seabed minerals, continues to be an important driver of the dispute, and the energy security imperative is likely to become an even more salient factor in an age of growing resource demand and scarcity. Nationalist rhetoric concerning irredentist rights has become louder and more fervent, especially in China and Vietnam, making compromise difficult. And most importantly, the South China Sea dispute has become subsumed in the evolving geostrategic competition between the People's Republic of China (PRC) and US which, if it intensifies, could force the littoral states into making hard choices.

A great deal of commentary on the South China Sea dispute has appeared over the past several years, much of it focused on China: its growing military capabilities, the drivers of its increasingly assertive, even aggressive behaviour; the interplay of bureaucratic politics; and the impact of the dispute on Sino-US relations. Relatively less attention has been given to intra-ASEAN dynamics. The purpose of this paper is threefold. First, to explore how ASEAN as a group has responded to rising tensions, the degree to which consensus has been forged, and the political realities of the limits of that consensus. Particular attention is given to the Declaration on the Conduct of Parties in the South China Sea (DoC) and Code of Conduct for the South China Sea (CoC) processes and ASEAN's reaction to the Philippine's proposed Zone of Peace, Freedom, Friendship, and Cooperation

(ZOPFFC). Second, to examine the perceptions and policies of individual ASEAN members towards the South China Sea dispute and the different approaches between claimant and non-claimant countries. Third, to assess the degree of political coordination and military cooperation among Southeast Asian countries outside the ASEAN framework.

The ASEAN Response

As former Philippine President Joseph Estrada bluntly warned in 1999, "China's sweeping claims to the Spratlys is not merely about barren and inhospitable islets. It is about Southeast Asia's bottom line security".[134] The potential for the dispute to generate instability and Great Power intervention has meant that the South China Sea dispute has been high on ASEAN's agenda since the early 1990s. Yet while ASEAN has put forward various initiatives to lower tensions and reduce the prospects of conflict, these initiatives have met with mixed success, to say the least. This is partly due to PRC intransigence, but also because ASEAN has been unable to forge a strong consensus on how to effectively manage the problem and identify pathways to a resolution of the dispute. The lack of a strong consensus is itself the result of overlapping claims among four ASEAN countries as well as the priority accorded to the problem by each of the member states. While some members have advocated that ASEAN take a firmer line with China, others have preferred a more cautious, conciliatory approach so as to avoid giving offence to Beijing. This section examines the nature of ASEAN's consensus on the South China Sea dispute, the limits of that consensus and the efficacy of conflict management mechanisms.

Even before the Cold War had fully thawed, tensions in the South China Sea were already heating up. Freed from the threat posed by the Soviet Union to its north, the PRC was able to focus more attention on its irredentist claims in the South China Sea. Most strikingly, in 1988 China's People's Liberation Army (PLA) attacked Vietnamese troops stationed on Johnson Reef in the Spratly Islands, leading to over 70 Vietnamese fatalities. Vietnam was not then a member of ASEAN, and something of a regional pariah due to its ongoing occupation of Cambodia, but the incident brought into sharp relief the risk of serious inter-state conflict should tensions go unchecked. China's military modernization programme, and the passage of national legislation in 1992 formalizing claims to all the island groups in the South China Sea, also helped push the dispute up the ASEAN agenda.

Conscious of the need to address the problem, ASEAN issued its first statement on the dispute in July 1992: the ASEAN Declaration on the South China Sea, which remains the basis of the organization's consensus on the problem.[135] The Declaration recognizes that "adverse developments" (such as the 1988 Sino-Vietnamese naval clash) are inimical to peace, stability and economic growth in Southeast Asia; it emphasizes that the dispute should be resolved peacefully without resort to force;

it enjoins the parties to exercise "self restraint" and pursue cooperative CBMs; and calls for a "code of international conduct over the South China Sea". From the outset, ASEAN avoided taking a position on the validity of the claims -- neither the claims of the member states (Brunei, Malaysia, the Philippines, and Vietnam) nor those of the PRC —noting only that the South China Sea dispute centered on "sensitive questions of sovereign jurisdiction". Nor did ASEAN single out China by name for criticism over its assertive behaviour. This bottom line consensus over the South China Sea has remained virtually unchanged since 1992.

As tensions ratcheted up following China's occupation of Mischief Reef in 1995 in the Philippines' declared 200 nautical miles EEZ, Manila was able to elicit a stronger response from ASEAN in the form of a statement expressing "serious concern" at developments and urging all parties to abide by the 1992 Declaration.[136] In keeping with past practice, the statement did not identify China by name. Nevertheless, at the first ASEAN-China Summit later that year, ASEAN for the first time raised the issue collectively with China's foreign minister. ASEAN's united front took China by surprise.[137]

In the second half of the 1990s ASEAN consensus on the South China Sea came under strain for two reasons. The first was due to the 1997-98 Asian Financial Crisis (AFC). The political and economic fallout from the crisis provoked strong verbal disagreements among the member states, including Malaysia and the Philippines, Malaysia and Singapore, and Indonesia and Singapore. Moreover, China was deemed to have played a constructive role in helping alleviate the economic distress in Southeast Asia, and some ASEAN members, Thailand in particular, were reluctant to criticize the PRC. The second reason was the induction of new members - Vietnam in 1995, Laos and Myanmar in 1997 and Cambodia in 1999. Although Vietnam contests sovereignty of both the Paracel and Spratly Islands, Laos, Myanmar and Cambodia are not only non-claimants but also have close economic and political ties to Beijing and have therefore consistently avoided taking positions that might offend the PRC. For these two reasons ASEAN failed to take a united position over a series of events in the South China Sea in the late 1990s: when tensions arose between Vietnam and China in the Gulf of Tonkin in 1997 ASEAN refused to support Hanoi on the grounds the problem was a bilateral issue; ASEAN did not protest the upgrading of Chinese military structures on Mischief Reef in 1998; and in 1999 it did not censure Malaysia over its occupation of Investigator Shoal and Erica Reef in the Spratlys.

As noted, the 1992 Declaration calls on the parties to frame a code of conduct setting out rules of behaviour in the South China Sea. As the two ASEAN claimants with the most tense relations with the PRC over the South China Sea, the Philippines and Vietnam have consistently championed such a code (the Philippines signed codes of conduct with China and Vietnam in 1995, though they failed to ameliorate

tensions). China was initially reluctant to negotiate such a code with ASEAN due to its preference for bilateralism. In 1999, however, as it became more comfortable with multilateralism and building on the goodwill generated by the AFC, it agreed paving the way for the 2002 DoC.[138]

In recognition of the complex nature of sovereignty disputes, the purpose of the DoC is not to resolve the South China Sea dispute but to better manage the problem. This is seeks to do by freezing the status quo on terms of occupation of "uninhabited" atolls, promoting dialogue and building trust through cooperative activities. But while Hanoi and Manila had hoped to negotiate a formal and binding code, Malaysia and China favoured a less legalistic approach.[139] As a result, the agreement was designated a "Declaration" – in other words a political statement of intent rather than a binding code. Accordingly the DoC does not include enforcement mechanisms or sanctions. Nor is the geographical scope of the agreement articulated. While the DoC builds on the 1992 Declaration, it also includes new provisions, including a commitment to freedom of navigation and identifies five areas of cooperative activities. The DoC also highlights the importance of mutual respect, the promotion of common interests and the need for regular dialogue. At the time of its signing, the DoC was widely perceived as a major breakthrough in the dispute.

Tensions subsided in the South China Sea in the first half of the 2000s and the DoC was often credited as an important contributory factor in this more positive state of affairs. Yet the DoC was largely unworthy of such credit, principally because none of the suggested cooperative activities were put into effect. Indeed it was not until 2005 that ASEAN and China agreed to establish a Joint Working Group (JWG) to draw up guidelines to implement the agreement. The JWG met only sporadically —three times between 2005 and 2008— by which time tensions were on the upswing as the principal protagonists, China, Vietnam, the Philippines, and Malaysia, sought to bolster their jurisdictional claims through submissions to the United Commission on the Limits of the Continental Shelf (UNCLCS) and competition for access to maritime resources intensified. Moreover, in 2009 it became apparent that the JWG process had become stymied on a minor procedural point. As per the 2008 ASEAN Charter, member states are required to "coordinate and endeavour to develop common positions" in the conduct of external affairs.[140] In the context of the South China Sea dispute, ASEAN desired a formal clause in the guidelines stating their requirement for prior consultation before meeting with PRC officials. China objected on the grounds that not all ASEAN members were claimants. In an effort to accommodate China, ASEAN officials rephrased the clause more than 20 times, but each time China rejected it.[141]

The harassment of Philippine and Vietnamese survey ships by vessels belonging to China's civilian maritime law enforcement agencies between March and June

2011 raised tensions in the South China Sea to their highest point since the end of the Cold War. These developments bred frustration in some ASEAN capitals at the failure to break the impasse with China over the implementation guidelines. As chair of ASEAN, Indonesia was particularly vocal. In January Foreign Minister Marty Natalegawa warned that unless a breakthrough was achieved the dispute could "spiral out of control" and undermine regional stability.[142] In July he declared that a continuation of the status quo was "not an option".[143] At the same time, Indonesian President Susilo Bambang Yudhoyono noted that ASEAN needed to "send a strong signal to the world that the future of the South China Sea is a predicable, manageable, and optimistic one."[144] Fundamentally ASEAN's seeming inability to drive the DoC process forward called into question its credibility as the custodian of Southeast Asian security – a credibility problem that was exacerbated by clashes between the Thai and Cambodian armed forces over the Preah Vihear Temple. Nevertheless, as chair, Indonesia was able to elevate the South China Sea issue to the common ASEAN level: in May 2010 ASEAN defence ministers discussed the South China Sea, reportedly for the first time, and in their final communiqué they reaffirmed their commitment to implement the DoC.[145] In July ASEAN foreign ministers expressed "serious concern" at recent incidents and also called for the DoC to be fully implemented.[146]

The "breakthrough", such as it was, occurred in July when ASEAN finally conceded China's objection and the offending clause was watered down to read "The Parties to the DoC will continue to promote dialogue and consultation in accordance with the spirit of the DoC".[147] According to one observer, however, the "summary record" of the meeting between ASEAN and Chinese officials indicates that the organization intends to continue the practice of prior consultation.[148] China had conceded nothing, yet emerged looking like a constructive player in the DoC process.

The guidelines themselves are very disappointing, especially given the time ASEAN and China had spent negotiating them. They reiterate the parties' commitment to promote peace and stability in the South China Sea and a peaceful resolution of the dispute, the implementation of the DoC in a "step-by-step" manner, that participation in cooperative projects be voluntary and that CBMs be decided by consensus. In short, the guidelines lack specifics and the provisions do not go beyond similar clauses contained in the DoC. China was clearly satisfied with the outcome. Foreign Minister Yang Jiechi called the conclusion of the guidelines of "great significance." Vietnam put a brave face on it; a foreign ministry official called it a "significant and good start for us to work together to continue dialogue and cooperation".[150] But the Philippines, which had lobbied for a stronger and more detailed agreement, could barely conceal its disappointment. Philippine Foreign Secretary Albert del Rosario stated that "the necessary elements to make the guidelines a success are still incomplete" and that the DoC "lacked teeth". [151]

As always, however, Manila had little option but to abide by the consensus of its ASEAN partners.

Future Prospects for the DoC and Code of Conduct Process

As noted, ASEAN finally conceded to China's objection to a formal clause in the guidelines providing for prior consultation because its credibility was on the line. Now that agreement has been reached on the implementation guidelines, progress is possible on two fronts, at least in theory. First, the design and implementation of CBMs, and second, negotiation of a formal code of conduct (CoC).

The DoC identifies five possible areas for cooperative activities: maritime environmental protection; marine scientific research; safety of navigation and communication at sea; search and rescue operations; and combating transnational crime. Cooperative projects in these areas can be bilateral or multilateral. ASEAN and China have agreed to begin discussing CBMs in these areas. The first meeting was held in Cambodia in January 2012. ASEAN and Chinese senior officials reportedly agreed to explore cooperation in the areas of search and rescue, maritime disaster relief and the environment.[152] But if past experience is any guide, progress is likely to be very slow, suggesting that the implementation guidelines are unlikely to result in a lowering of tensions in the South China Sea, at least in the short term.

As talks on the scope and modalities of CBMs proceed, ASEAN also wants to initiate discussions with China on the guiding principles of a CoC, which both the DoC and implementation guidelines call for. Within ASEAN, the Philippines and Vietnam have been the most ardent advocates of a code. In the first six months of 2011, Philippine President Benigno Aquino lobbied his counterparts from Indonesia, Singapore, and Brunei for such a code. According to Vietnam's deputy foreign minister, Ho Xuan Son, there is "high consensus" within ASEAN for a CoC.[154] Evidence of this consensus was reflected in statements released by the ASEAN defence ministers in May and ASEAN foreign ministers in July. Indeed the July communiqué noted that ASEAN members had already begun discussions on a code and had been asked to submit a progress report to the 19th ASEAN Summit in November 2011.[155] Initially China demurred, and indicated that it would prefer to implement the DoC first and only start discussions on a CoC later.[156] However, at a meeting of ASEAN and Chinese leaders in Bali in November 2011, it was agreed to begin talks on a code in early 2012.[157] According to one report, the two sides have set July 2012 as the deadline for a draft code.[158] Presumably ASEAN will want to have sealed agreement with China in time for the tenth anniversary of the signing of the DoC in November 2012.

But achieving this goal is likely to be a tall order. As Mark Valencia has noted, there are two major problems facing ASEAN and China.[159] First, given the diversity

of interests among the 11 parties, agreement on the contents of a code will be problematic. What will be its geographical scope? Will Taiwan be included? What kind of activities will the code seek to prohibit? Will it include joint management of maritime resources? Second, how will the code be enforced? These and other questions remain unanswered for the time being. Moreover, as discussed later, the chairs of ASEAN between 2012 and 2015 are unlikely to make the South China Sea a priority issue.

The South China Sea as a Zone of Peace, Freedom, Friendship, and Co-operation

The problem of consensus within ASEAN on the South China Sea dispute was laid bare in 2011 over the Philippine proposal to transform the area into a ZoPFFC. Unlike the DoC or CoC, Manila's initiative is designed to resolve the dispute rather than simply manage tensions. In essence, it seeks to create an actionable framework for the late Chinese leader Deng Xiaoping's proposal of the late 1970s that the claimants should shelve their sovereignty disputes and engage in joint management of resources. The ZoPFFC consists of two steps. The first is to "segregate" disputed from non-disputed areas of the South China Sea. Essentially this means declaring coastal waters, EEZs and continental shelves as non-disputed while "enclaving" the Spratly Islands as a disputed area. The second step would see the claimant countries demilitarize the atolls currently under occupation followed by the establishment of a joint agency to manage seabed resources and fisheries.

Even though the Philippine proposal has its merits, it quickly faced strong headwinds. This was partly because of the manner in which it was presented. As the first step towards segregating disputed and non-disputed areas, in April 2011 the Philippines formally challenged China's 9-dashed line map at the United Nations Commission on the Limits of the Continental Shelf (CLCS). In a letter to the CLCS, Manila asserted that the Kalayaan Island Group (the name the Philippines gives to the islets it claims in the Spratlys) is an integral part of the Philippines that it exercises sovereignty over the waters surrounding them, and that China's 9-dash line map has "no basis under international law".[161] In his comments, Philippine Foreign Secretary Albert del Rosario has been even more forthright, describing the map as "the crux" of the South China Sea problem and a "stumbling block" to its resolution: "The Philippines contends that the 9-dash claim of China is, to put it plainly, illegal. It is arbitrary and bereft of any basis or validity under international law, specifically UNCLOS". Several months' later Manila proposed to Beijing that the two sides submit their overlapping claims to the International Tribunal on the Law of the Sea (ITLOS), the dispute resolution mechanism created by UNCLOS.[162] However, China rejected the Philippine approach. According to China's Foreign Ministry "China always maintains that the South China Sea dispute should be resolved through direct negotiation between directly concerned parties".[163] In any case when China ratified UNCLOS in 1996 it exercised its right not to be

bound by ITLOS rulings on cases involving maritime delimitation. While the PRC government has not formally taken a position on the ZoPFFC, the state-run media has derided it as a "trick" and as part of Manila's alleged strategy to encourage greater US involvement in the South China Sea dispute.[164]

Undeterred by China's lack of enthusiasm for the ZoPFFC, the Philippines has sought to gain the backing of its fellow ASEAN members. Predictably the results have been disappointing for Manila. The fundamental problem is that ASEAN does not take a position on China's claims, though individual members have (of which more later). If the ZoPFFC is to be endorsed by ASEAN it would require the organization to take a position on China's claims so that the South China Sea could be "segregated" into disputed and non-disputed areas. Consensus has been impossible to obtain. In July 2011 ASEAN foreign ministers agreed to consider the Philippine plan and in September Manila hosted a meeting of ASEAN legal experts to examine it. However, only eight members sent representatives – Cambodia and Laos did not, reportedly under pressure from China to boycott the meeting.[165] As understated by del Rosario, the absence of two ASEAN members rendered consensus "difficult".[166] The Philippines attempted to forge consensus over the ZoPFFC at the meeting of ASEAN foreign ministers in Bali in November 2011, but to no avail. According to Indonesian Foreign Minister Marty Natalegawa some members felt that the proposal would "interrupt the momentum" of the DoC and CoC process.[167] Del Rosario had stressed the need for ASEAN to play a "decisive role" in resolving the dispute. And when the Philippines failed to gain the backing of ASEAN he implied that China had used its influence with certain Southeast Asian governments to scupper the ZoPFFC: "We have been given the impression that political and economic considerations had hindered a fruitful and mutually acceptable outcome on the discussions."[168] At the East Asia Summit which followed the ASEAN foreign ministers meeting the Philippines attempted to generate discussion on ZoPFFC but to no avail.[169] So far, the only other ASEAN member to endorse the ZoPFFC is Vietnam. ASEAN Secretary General Surin Pitsuwan has indicated that the initiative "remains to be discussed further."[171] And while Manila is intent on pursuing it, opposition from the PRC and the lack of support from within ASEAN suggests the ZoPFFC is already dead in the water.

Southeast Asian Country Responses to the South China Sea Dispute

Beyond ASEAN's lowest common denominator consensus on the South China Sea situation, each of the ten countries have formulated their own positions and policies based on their national interests, threat perceptions and relations with external powers, specifically the PRC. As might be expected, for the clamant countries the South China Sea is an issue that greatly influences their foreign and defence policies. Yet even among the four ASEAN claimants there is a distinct dichotomy: for the Philippines and Vietnam the dispute has become their principal national

security concern, while Malaysia and Brunei have tended to downplay tensions and the potential for conflict. Among the six non-claimants a distinct division is also apparent. Indonesia and Singapore have articulated firm positions while the mainland Southeast Asian members Cambodia, Laos, Myanmar, and Thailand have remained virtually silent on the issue. The following sections examine in brief the various positions of individual ASEAN members.

The Claimant Countries

Vietnam

In its dispute with the PRC in the South China Sea, Vietnam pursues five simultaneous strategies. First, among the ASEAN claimants it is the only country to have established a bilateral mechanism with China to discuss the problem. In 1995 the two countries set up a joint working group to address maritime disputes, following on from the establishment of working groups to resolve demarcation of the land border and delimitation of the Gulf of Tonkin. Unlike the latter two groups, however, Sino-Vietnamese talks on the South China Sea have failed to gain traction, partly due to the fact that Hanoi wants to discuss the Paracels while Beijing refuses to do so. During only the 7th round of talks in August 2011, the two sides reached "preliminary consensus" on "basic principles guiding the settlement of sea issues". However, the agreement did not go beyond reiterating existing commitments to dialogue and a peaceful resolution of the dispute.[172]

Second, as noted, Hanoi has consistently urged ASEAN and China to implement the DoC and negotiate a CoC. As chair of ASEAN in 2010, Vietnam used its diplomatic talents to advance the process slightly, including reconvening the JWG. While Vietnam's foreign ministry described the implementation guidelines as a "significant and good start for us to work together to continue dialogue and cooperation", privately Vietnamese officials have expressed disappointment with the slow pace of progress.[173] Third, and related, Vietnam has sought to give the South China Sea dispute greater international exposure. As ASEAN chair, Hanoi played no small part in ensuring the dispute was on the agenda of the ARF in July 2010; 12 countries raised the issue for the first time ever at the ARF, much to China's consternation. Another way Vietnam has "internationalized" the problem has been through a series of academic conferences hosted by the Diplomatic Academy of Vietnam from 2009 to 2011.

Fourth, as tensions with China have escalated, Vietnam has increased defence spending so as to accelerate the modernization of its air and naval forces. Recent purchases have included three corvettes from the Netherlands, SU-30 jet fighters, frigates, fast attack patrol boats and, most significantly, 6 Kilo-class submarines from Russia. Vietnam cannot, of course, match the capabilities of the PLA, but these new acquisitions, especially the submarines, do provide a significant deterrence to

the Chinese Navy in the South China Sea.

The fifth and perhaps most high-stake strategy is that Vietnam has strengthened military-to-military ties with America. Hanoi and Washington have initiated annual high-level strategic dialogues, and have begun exploring other defence related activities such as capacity-building support, training exercises, and the sale of non-lethal US weapons. In October 2010, Vietnam announced that the strategically located naval base at Cam Ranh Bay would be opened to ship visits by foreign navies, a move clearly aimed at facilitating America's military presence in Southeast Asia.[174] Such a strategy is not without risks for Vietnam. China's state-run media has accused Vietnam of deliberately encouraging American "interference" in the dispute, thereby "playing with fire". Vietnam has tried to reassure China that it will not enter into an alliance with America, host US forces on a permanent basis, and that it is not part of a US-led containment strategy against the PRC. Vietnam has prioritized diplomacy, both bilateral and multilateral, in its approach to the South China Sea problem. Military modernization and closer relations with US, however, provide Hanoi with additional hedging options.

The Philippines

The Philippines pursues a similar set of strategies as Vietnam, though with significant differences of emphasis. As with Hanoi, Manila prioritizes diplomacy, particularly the DoC/CoC process. As noted earlier, however, the Philippine government has expressed a stronger sense of dissatisfaction with the implementation guidelines and has been critical of lack of support from within ASEAN for the ZoPFFC proposal. Unlike Hanoi, however, there is no bilateral mechanism with China to discuss the dispute, and in any case President Aquino has ruled out bilateral talks with Beijing on overlapping maritime boundaries, preferring instead to ask ITLOS to make an advisory ruling, though it remains to be seen whether the Tribunal will accept the case.[175]

As with Vietnam, the Philippines is also moving to strengthen the capabilities of its armed forces. After decades of underfunding which had rendered the AFP one of the weakest militaries in Southeast Asia, the Aquino administration has vowed to increase defence spending. The AFP has asked for air defence radars, communication facilities, long-range patrol aircraft, and fast patrol boats. Funding has also been allocated to upgrading the facilities on Philippine-occupied atolls in the Spratlys.[176]

The Aquino administration has also looked to its treaty ally, US, for help with the modernization of the AFP, as well as political backing. Washington has pledged its support, but US ambiguity has disappointed Manila. In January 2011 Assistant Secretary of State Kurt Campbell said US was examining ways in which it could help "increase the Philippines maritime capacity" and a month later

Pacific Command (PACOM) Commander Admiral Robert Willard promised that PACOM would cooperate with Manila in "safeguarding its territorial integrity and security".[177] As part of this capacity building support, in August 2011, US transferred a refurbished coastguard cutter to the Philippine Navy – two or three more vessels are expected to be handed over in 2012-13. More controversially, Manila has also sought clarification from Washington under what circumstances it would assist the AFP if hostilities broke out in the Spratlys. The US does not take a position on competing territorial claims in the South China Sea, and because Manila did not formally claim ownership of the 50 or so features in the Spratlys until 1978; US does not consider the Kalayaan Islands Group to be covered by the 1951 Mutual Defense Treaty (MDT). Nevertheless, by the terms of the MDT, US is required to consult with its ally should ships or aircraft belonging to the AFP come under attack – a possibility which cannot be ruled out in the Spratlys dispute. US has refused to be drawn on hypothetical scenarios. The Obama administration has, however, tried to reassure the Philippines of its alliance commitments. On a US Navy ship in Manila Bay in November 2011, US Secretary of State Hillary Clinton reaffirmed the importance of the MDT and that America would "support the Philippines particularly in the maritime domain".[178] The Aquino government has thus moved away from the policy of its predecessor which had sought to expand economic relations in the misguided hope that the Spratlys dispute would become less of an irritant. By 2010-11, however, the South China Sea dispute was once again front and centre in Sino-Philippine relations, and although Manila still favours diplomatic and legal avenues, rising tensions have compelled it to upgrade the capabilities of the AFP and strengthen strategic ties with US.

Malaysia and Brunei

Malaysia and Brunei have both adopted a relatively low-key approach to the South China Sea dispute, content perhaps to let Vietnam and the Philippines take the lead, and heat, from China. Since the late 1980s, Malaysia's sovereignty claims in the Spratlys — it claims 12 atolls and currently occupies 5 — has been a driver of the country's defence modernization plans, which have included the acquisition of two French-built submarines home ported in Sabah close to the disputed atolls. At the same time, however, Malaysia's official line has been that the rise of China does not pose a threat to regional stability.[179] In contrast to Manila and Hanoi, Kuala Lumpur has been able to prevent the South China Sea from becoming a serious bilateral problem with Beijing, partly due to cordial political ties and a robust economic relationship. For instance, when Malaysia and Vietnam made a joint submission to the UNCLCS in May 2009, Beijing directed its ire at Hanoi. In addition, the Malaysian Armed Forces are in a much better position to uphold the country's claims in the South China Sea, a factor that gives Kuala Lumpur added confidence in its dealings with the PRC. Nevertheless, despite Malaysia's tendency to downplay the issue, rising tensions in 2010-11 led Malaysian leaders to call for the implementation of the DoC and a peaceful resolution of the dispute

according to international law.[180] At the 2011 Shangri-La Dialogue in Singapore, Prime Minister Najib Razak summed up Malaysia's position well: "I remain fully committed to the common ASEAN position in terms of our engagement with China on the South China Sea [and] equally determined to ensure our bilateral relationship remains unaffected."[181]

Brunei takes an even more relaxed position than its nearest neighbour. Bruneian official statements on the dispute are extremely rare and go little beyond the existing ASEAN consensus on the need to foster peace and stability through the application CBMs. Within Brunei's claimed EEZ lie to two features in the Spratlys archipelago, Louisa Reef and Rifleman Bank. However, both are low-tide elevations and may not, in the opinion of some maritime legal experts, be open to a sovereignty claim.[182] In 2009, Malaysia and Brunei resolved their overlapping EEZ claims through an Exchange of Letters: in exchange for joint development rights, Kuala Lumpur recognized Brunei's sovereign rights in its EEZ including those pertaining to Louisa Reef and Rifleman Bank.[183] Brunei still has overlapping maritime boundary claims with the PRC, however, as China's 9-dashed line map cuts into the sultanate's EEZ. Brunei and China have never addressed the issue substantively, and it remains to be seen whether Brunei will prioritize the South China Sea dispute when it takes over the ASEAN chair in 2013.

The Non-Claimants

As maritime states Indonesia and Singapore have maintained a close watch on developments in the South China Sea over the past two decades. Since the early 1990s Indonesia has sponsored annual workshops on the problem at the Track 2 level. The workshops were instrumental in bringing all the claimants together, including Taiwan, to discuss possible CBMs, and many of the proposals put forward were ultimately incorporated into the DoC. Since funding for the workshops was severely curtailed in 2007, however, the process has lost momentum. Indonesia itself is indirectly a party to the dispute as China's 9-dashed line overlaps with the 200 nautical miles EEZ generated by the Natuna Islands in Riau Province. In the mid-1990s the Indonesian government called on China to clarify its maritime boundary claims in the South China Sea, and in an unmistakable message to Beijing held a series of large-scale military exercises around the Natunas designed to underscore its determination to uphold its sovereign rights.[184]

Post-Suharto, and especially under President Susilo Bambang Yudhoyono (2004 to present) Sino-Indonesian relations have improved considerably and the Natuna issue has been relegated to the back burner. However, Jakarta remains unsettled by the implications of China's expansive claims in the South China Sea. In 2010 Indonesia was the first ASEAN country to formally challenge China's claims. In a letter to the UN, it asserted that the 9-dotted line map "clearly lacks international legal basis and is tantamount to upset the UNCLOS 1982 (sic)" and that the

majority of insular features in the South China Sea are rocks which cannot generate a territorial sea, EEZ, or continental shelf.[185] As chair of ASEAN in 2011 Indonesia promised to prioritize the problem, though its diplomatic energies were diverted towards mediating the Thai-Cambodia border dispute. Nevertheless, as noted, Indonesia did exercise leadership over the South China Sea in 2011, including the DoC process.

As the poster child of globalization, Singapore depends on the free flow of maritime trade for its prosperity and future economic development. Any threat of disruption to the SLOCs through the South China Sea is therefore seen as existential. Since the end of the Cold War Singapore has advocated a stable balance of power in the Asia-Pacific underpinned by a strong US military presence, a presence which the city-state has actively facilitated.[186] More than 150 US naval ships visit Singapore each year, and in 2011 it was announced that several of America's newest and most versatile warships, the Littoral Combat Ship, would be forward deployed to Singapore.[187] On the South China Sea dispute, Singapore has consistently stressed the importance of freedom of navigation rights.

Singapore does not take a position on the sovereignty claims of the six parties, and has stressed its "neutrality" in this regard.[188] However, in 2011 the Singapore government made plain its dissatisfaction with China's recent behaviour in the South China Sea. Against a backdrop of rising tensions provoked by Chinese actions against Philippine and Vietnamese chartered survey ships, a vessel belonging to one of China's maritime law enforcement agencies visited Singapore in June. The Chinese media portrayed the visit as an attempt to reinforce the country's sovereignty claims in the South China Sea, a ploy that annoyed the Singapore authorities.[189] Singapore's foreign ministry responded with a terse statement calling on China to clarify its claims in the South China Sea, abide by UNCLOS and reach agreement with ASEAN on guidelines to implement the DoC.[190] Several days earlier, in a keynote address at an academic conference on the South China Sea dispute held in the city-state, former senior minister and law expert Professor S. Jayakumar described China's 9-dotted line map as "puzzling and disturbing" because it has no basis in UNCLOS and could be "interpreted as being a claim on all the maritime areas within the nine dotted lines".[191] Subsequently, Singapore's Ambassador-at-Large and UNCLOS expert, Tommy Koh, pointed out that if China is only claiming the maritime features within the 9-dotted line, this can be consistent with UNCLOS, but that if it is claiming sovereignty over the features and the waters, this is incompatible with UNCLOS.[192]

Except for Vietnam, the mainland states of Southeast Asia do not view the South China Sea dispute as a priority issue in their regional diplomacy. This is undoubtedly a short-sighted view, as festering tensions in the area negatively affect the stability of Southeast Asia as a whole. Moreover, their economic prosperity is

also tied in part to maritime trade through the sea, while fishing stocks are vital to the food security of hundreds of millions of people throughout the region. The dispute also sets the tone of Sino-ASEAN relations as a whole.

Throughout the period of rising tensions since 2007, Thailand, Cambodia, Laos, and Myanmar have been noticeably closed mouthed on the issue. In contrast to their ASEAN partners, none of the four countries raised the dispute at the aforementioned ARF meeting in Hanoi in July 2010. And as noted, Cambodia and Laos did not send representatives to the meeting of ASEAN legal experts in Manila in September, reportedly due to lobbying from the PRC. Thailand is a key player in ASEAN, but since the onset of domestic political turmoil in 2006 its foreign policy has lacked direction. Bangkok and Phnom Penh's principal foreign policy focus has been the dispute over the Preah Vihear temple, which has led to fatalities on both sides.

All four countries have close political and economic security ties with the PRC, and they are unlikely to risk damaging these ties by taking positions on the South China Sea inimical to Beijing's interests —del Rosario has implied as much, though his comments may not have been limited to Thailand, Cambodia, Laos, and Myanmar. The chairmanship of ASEAN by Cambodia in 2012, Myanmar in 2014, and Laos in 2015 may have significant implications for how ASEAN approaches the Spratlys dispute over the next four years. None of the three countries will prioritize the issue as Vietnam and Indonesia did in 2010 and 2011 respectively. This does not bode well for the DoC/CoC process.

Cooperation and Coordination among the Southeast Asian States?

As described earlier in this paper, ASEAN's modus operandi, composition, and differing national interests among the member states have created limitations on the positions the organization can realistically adopt vis-à-vis the South China Sea dispute with introducing significant corporate strains. Outside of the ASEAN framework, however, member states are free to coordinate politically and cooperate militarily, either bilaterally or multilaterally. Is this happening within the context of the South China Sea dispute?

Thus far, the evidence is not compelling, even among the four claimant states. Although Vietnam and the Philippines find themselves facing similar challenges and, as noted above, pursuing similar strategies, there is little to suggest that the two countries are coordinating their policies. During March to June 2011, when survey ships belonging to the two countries were harassed by Chinese vessels, the Vietnamese and the Philippine governments did not provide each other with rhetorical support, even as they decried PRC behaviour. Vietnam has, however, endorsed the ZoPFFC, the only other ASEAN member to do so.

Nor is there any evidence to suggest ASEAN members are strengthening military cooperation in the face of Chinese assertiveness. Cooperation between and among the armed forces of Southeast Asian states has always been hamstrung by sensitivities over sovereignty, the absence of high levels of mutual trust and the lack of interoperability. In the main, defence cooperation is limited to combined exercises, of which there are many every year. The Singapore-Malaysia-Indonesia-Thailand Malacca Straits Patrols, in effect since 2004, is a rare example of a successful Southeast Asian initiative designed to address a hard security issue. In 2011 Vietnam discussed bilateral defence cooperation with Singapore, Malaysia, and the Philippines, but there is yet little to suggest that the South China Sea dispute was the primary motivator. Indeed, it is difficult to envisage military cooperation between or among the ASEAN members in the South China Sea. Such cooperation would also be viewed negatively by the PRC. Instead, individual ASEAN countries have preferred to bolster defence ties with external powers—primarily US—than with each other.

Regarding the legal aspects of the dispute, a convergence of thinking among some Southeast Asian countries is discernable, especially the status of the geographical features, EEZ rights and the validity of China's claims. Under international law, there is an important distinction between an island and a rock. UNCLOS defines an island as a feature above the water line at all times and capable of sustaining human habitation. Features that are below the water line at high tide are rocks or low-tide elevation. Countries can claim sovereignty over islands but not rocks; islands also generate a 12 nautical mile territorial sea, 200 nautical mile EEZ, and continental shelf. Countries cannot claim sovereignty over rocks, and rocks are not entitled to a territorial sea or EEZ. While some of the geographical features in the Spratlys may be classed as islands, most experts believe that the majority are rocks. In a significant development, in their joint submission to the CLCS in May 2009, Vietnam and Malaysia strongly implied that the disputed "islands" are no more than rocks. Indonesia has also adopted this view. In July 2010, Indonesia submitted a letter to the UN in which it asserted that small, uninhabited rocks, reefs, and atolls in the South China Sea could not generate EEZs or continental shelves.[193] If this view is adopted by all the South China Sea claimants it would simplify the dispute by substantially removing the maritime claims associated with the disputed atolls.[194] China, however, takes the contrary view, at least in the South China Sea. When China lodged a response with the CLCS on 14 April 2011 over an earlier note submitted by the Philippines, it stated for the first time that the South China Sea "islands" are entitled to a territorial sea, EEZ, and continental shelf.[195] But as Robert Beckman has pointed out, over Okinotorishima, a small coral reef located in the Philippines Sea and claimed by Japan, China has made the opposite case: that small, remote, uninhabited feature cannot generate an EEZ or continental shelf of their own.[196] China's inconsistency, as well as the expansive mature of its claims; have led a number of Southeast Asian countries to question

the validity of the 9-dotted line map. Vietnam rejects the map outright, and as described earlier Indonesia and the Philippines have formally challenged it at the UN, while Singapore has called on Beijing to clarify its claims.

Conclusion

Conflict management and conflict resolution of the South China Sea problem has not only been hindered by China's intransigence, but also by ASEAN's modus Vivendi. Decision-making within ASEAN is based on consensus, and due to differing national interests is often based on the lowest common denominator. This is evident in the case of the South China Sea dispute. Because the South China Sea is so vital to economic growth and food security in Southeast Asia, all members have a vested interest in stability and a peaceful resolution of the problem. These considerations underpin ASEAN's long-standing consensus over the utility of conflict management mechanisms such as the DoC, despite differences of approach and emphasis. Yet progress on implementing the DoC has been painfully slow. After 9 years of dithering, ASEAN and China finally agreed on implementation guidelines for the DoC in July 2011, and senior officials have begun discussions on CBMs. The two sides have also agreed to start talks on general principles for a code of conduct. However, it remains unclear whether the operationalisation of cooperative CBMs or even a code of conduct will significantly alter the central dynamics of the dispute, especially now that it has been suffused by Sino-US competition. The prospects of a political or legal resolution of the dispute, such as the ZoPFFC, also appear vanishingly small.

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THE CONSTRUCTIVE POWER FOR PEACE AND DEVELOPMENT IN EAST ASIA AREA: A CHINESE PERSPECTIVE TO THE DEVELOPMENT OF CHINESE SEA POWER

Ju Hailong

Introduction

Since the 21st century, the rapid increase of China's comprehensive national power has drawn the attention of regions and countries worldwide. In 2009, US returns to Asia, and tries to enhance its influence on the geopolitical landscape of Asia-Pacific area. Because US has been considering China as its major competitor, and trying to divide China and the other Asia-Pacific countries into two parts, and rule them to be the supporters of US, China has been hyped-up to be a doubtful factor to regional security. Objectively, US's policy has led to the growing concern about the capability of China's national defense by countries around Asian-Pacific. In 2010, US blatant intervened into the affairs of South China Sea issue. The South China Sea dispute once intensified rapidly. The opposition among China and several Southeast Asian countries was perceived as a dangerous to area security, and China's policy and attitude in dealing with such international hot spot issues had been depicted as the blame.

Nowadays, America, Japan, India, Australia, Vietnam, Philippines, Indonesia, and Malaysia like other countries, have aired their distinctive opinions on China's development of sea power in different aspects. US considered China as its potential strategy challenger since the last century. According to US's previous *Quadrennial Defense Review of the Unites States*, the development of China's national defence, especially the navy power, will quickly change the geopolitical landscape of East Asia. The effect of China's development to the geopolitical landscape of East Asia has threatened US's global strategic interests and also threatens the interest of US's alliances in Asia. Therefore, US should pay great attention to China's strategic development especially the growing capability of national defense, and should also prepare to take effective measures to prevent the bad situation.

China regards Japan as a close neighbor separated only by a narrow strip of water, while Japan considers China as its chief rival on the initiative of the East Asia. China is always the Japan's imaginary enemy in *Japan Defense White Paper*. Japan has been paying great attention to the development of China's sea power and the activities of Chinese navy. In order to respond to China's rising, Japan has put forward *Law on Emergencies in Areas Surrounding Japan* in early 1999, making the area from Taiwan District to South China Sea parts of the common defense areas

according to *Japan-US Security Guidelines*.

China has concentrated on its economic construction and built up close trade relations with Southeast Asian countries since late 20th century. However, developing trade relations have not change the macro geopolitical relations among China and Southeast Asia countries. The South China Sea dispute and the Policy of Balance of Powers generally performed by Southeast Asian countries have set their political and economic relations with China into two different tracks, in which the bilateral economic and trade relations are rapidly and well developed, while the security relation is always unsteady and uncertain.

As China is regarded as the potential rival of US, the strategic imaginary enemy of Japan, the regional strong power which should be restricted with the help of external power in Southeast Asian countries' condition, China's increased national strength, and sea power are objectively facing international distrusts and great pressure.

Under the situation where many countries consider China as their opposite sides instead of geopolitical partners, world opinion centered on China's sea power development automatically tends to acknowledge the viewpoint that the rising of China's sea power will have negative effects on regional security. While such view does good to US leading its alliances to face China together, enhance the relations between Japan-US, and meanwhile push Southeast Asian countries to follow and cooperate with US. On the other hand, such opinion can also help Southeast Asia countries to practice their Balance of Power policy easily. For such view accords with the common interests of many countries, it has been spread worldwide since US's return to Asia in 2009. Consequently, China has once considered as a country takes a firm attitude to the issue of South China Sea and Diaoyu Island disputes.

Nevertheless, the description of China's sea power growth is not objectively. It's undeniable for China to develop its defence force and sea power equivalent to its national strength as a normal country which has never implemented fascism and started invasion wars. Unless that some peoples do not expect China development and insisted on the idea that China should always be in poverty and backwardness and even being insulted by others, China has every reason to develop its defence force and sea power.

When it comes to China's sea power development, what should be cared about is neither whether the power is promoted or not, nor the extent it has reached, but how China will make use of the sea power. And exactly towards this problem, the world opinion which US, Japan, and some Southeast Asian countries have highly praised indeed reached some plausible conclusions. Some considered China's development as uncertain and needs preventive defense, and others preferred

pessimism and prevention ahead. The reason why they reached such a conclusion is mainly because the sea power theory, and western international relations history.

Without doubt, such anticipation with too many assumptions is not accurate and comprehensive. Just as many Southeast Asian neighbors believe that China is too large to get along with, it's very difficult for non-Chinese to truly understand and perceive China's complicated and diversified culture constitution as well as its long-standing history.

Based on the differences between Chinese and western culture and their history, this article attempts to show a new interpretation of the influence China's sea power development, and to provide a different conclusion that China's sea power will become constructive power for regional peace and development.

The Relationship between China and the world: the first step to understand the development of China's marine forces

It is really the best way to understand the development of China from the land power to sea power. Since mid-term of the Ming Dynasty, China has been known as a large land power in East Asia. The prohibition on maritime trade cut off the relationship between China, the Pacific and Indian Ocean, and contracted the range of contacts between China and the other countries of the world. Such conditions continued until the 1970s, while the reform and opening up policy brought China back to the world stage. This change not only reflected in its relationship with the ocean, but also in its links with the world. At present, China has not only joined the front ranks of the world's ocean-going fleet, but also developed its marine science and technology continuously. The modernization level of the Chinese Navy has been rising too. Because of the emergence of sea power, China must change its indifferent attitude to the ocean issue. Consequently, the relationship between China and its surrounding countries, which is shaped since the Ming Dynasty, would be changed to some extent.

In the contemporary world, China is a-coming power. China's development will undoubtedly make a great impact on the interests of many traditional great powers. The development of sea power is one of those impacts. However, we must note that such impact is not always negative as "China-threat theory" puts it. For instance, China's economic development has not compressed the space for economic development of other countries. On the contrary, it has brought the world a huge market and some additional benefits like stable financing as well. In a similar way, the development of China's sea power could also make a contribution to the development and peace of the world. It likewise becomes a win-win thing while many countries and scholars do not believe.

Unfortunately, the sea power theory was a result of the experience of the struggle for the world's strategic resource. A lot of arguments in the sea power theory focus on the priority of sea-control or land-control. There are two reasons for the theory drew such conclusion. The first is the non-renewable characteristic of natural resources; the second is the immutable characteristic of geographical factors. Based on the two premises, most people tend to believe there will be an unavoidable opposition or conflict between the powers and the coming powers. The presume lead to such a conclusion, which highlights the characteristic of sea power of absolute and exclusive control of the ocean. As a result, if you scan the development of China's sea power in the perspective of the traditional sea power theory or in the position of maritime power, you would draw a conclusion that the development of China's sea power will be a challenging and even dangerous thing to the world.

It is because of the influence of this theoretical paradigm that US, Japan, India and some Southeast Asian countries regards China as a potential "strategic adversary", "imaginary adversary" and the regional powers "need the help of external forces to restrict". It is under the influence of such a theory that US "returned" to Asia and regarded China as a strategic rival; Japan and India strengthened bilateral and multilateral cooperation; Southeast Asian countries regard the external forces like US, Japan and India's involvement in East Asian affairs as security guards. It is also owing to the influence of such a theory that arms race such as various military alliances, military and security cooperation, numerous multilateral joint military exercises; military construction in the name of regional security could be carry out in East Asia. In addition, under the influence of traditional geopolitical thinking, some territory clash such as northern territory issue between Russia and Japan, the demarcation on the East China Sea between China and Japan, the Taiwan issue, the South China Sea issue, and the sovereign dispute on the Dokdo (Takeshima) likewise have become long-delayed hot spots of the regional security.

Analysing the development of the Chinese sea power from the perspective of international politics theories can lead to two evidences which overthrow the conclusion drew by the geopolitical theories. Firstly, the geopolitical atmosphere of East Asia is determined by subjective confrontational thinking rather than the rivalries themselves. It is the subjective confrontational thinking that have led to many physical confrontations; Secondly, all principles and understanding about the confrontational theory around East Asia have neglected the fact that the interdependent degree between China and the world is becoming deeper and deeper.

For the first falsehood, we can find the answer through the discussions on US diplomatic policy towards China at the beginning of the 21st century. This debate led to a conclusion that "If the United States regards China as an enemy, the US

must take enemy's approach to deal with China. If the US takes enemy's approach to deal with China, China will certainly become the enemy of the United States". As a result, US eventually produce "containment plus engagement" policy as a response to the rising China. In fact, that also gave the answer how to deal with the development of China's sea power: If the powers and nations inside or outside East Asia regarded China's rising sea power as a threat, and has taken an approach to tackle China as an enemy, and left little opportunity for China to be a partner, China will very likely be forced to be the enemy.

Looking back to China's foreign policies since 1990s, China's overall strategy has always been friendly and peaceful. China's reform and development has either brought great benefits to the world or to East Asia. It was China's responsible policies that help countries which suffer great loss through the 1997's East Asian financial crisis. It was China's win-win trade relationship that breathed new life to ASEAN. It was China's good and cheap products that benefited the Americans and Japanese. It was China's huge markets that bring opportunities to sustainable development for the TNC from US, Japan and Europe. China has been quietly supporting the common prosperity and and common development of the region and the world. It is a fact that couldn't be denied.

However, since 2009, the policy taken by US, Japan, India, Vietnam and Philippines on the issues of South China sea and Chinese East sea had been pushing China torwards a predicament of no choice. The powers outside have definitely regarded China as a threat to their regional interests. They adopted a joint policy on all regional territorial disputes with China and suppressed China strongly. The other nations in East Asia also regarded China as a threat to their security, and decided to get help from the outside powers. The powers outside and the nations inside all took tough measures in the disputes with China, and tried to provoke China.

It is the erroneous change of such countries strategic choice to China that had deteriorated the common development and prosperous environment, shared by both China and other East Asian countries from 1997 to 2008. China, has been doing its best to be a responsible country, was described as a mighty and even threatening country to East Asia in the international public opinion overnight after US returned to Asia. Such an obvious malicious qualitative describe, as well as the ultra actions taken by some countries in the disputes with China, has been pushing China towards a predicament of no choice. From this point of view, a number of extra-regional powers and some regional powers that followed, as a matter of fact, had already decided the way for every countries which seeking for peace in East Asia. They have already secured the priority to choose whether "China will be regarded as a contributing builder or a threat to the regional security".

The extra-regional powers regard Chinese sea power as a challenge to their regional strategic interests and some countries in the region regard it as the adverse factor

in settle down the territory disputes with China. However, the fact that all these countries neglect is the self-development of China since the reform and opening up policy and the subsequent change of the relationship between China and its surrounding countries. People who have studied international relations theory could certainly understand that the national interests of a highly vulnerable country are interconnected with other countries. Such state of interconnection decides that there is no choice but to make common prosperity and common development with other countries. Such an objective need of municipal development decides the peaceful and non-threatening of its foreign policy. At the beginning of the 20th century, China's economic development has reached an unprecedented degree of external dependence. In the 21st century, China has decided to strengthen domestic demand, but there isn't a significant decline in external dependence. Chinese ocean development policy will follow the path of peaceful development because of the interconnection between China and the world, unless the global environment deprives its choice for peace.

The misunderstanding and misreading of China's sea power development according to the classical sea power theory

Historically, the history of the development of maritime power was full of blood and violence. From a realistic perspective, maritime hegemony is the consistent choice of maritime power in the world. From the perspective of both history and reality, we can find that the inevitable conflicts in the history of sea power are the contradictions between the maritime hegemony and coming maritime power.

China's development has been heading for ocean and sea first from the economy, and has built a world-class maritime commercial power. With the development of economic power, China's political influence on the surrounding sea is also increasing. However, the development of Chinese sea power is faced with the examination of traditional sea power theory. According to the classical sea power theory and the geopolitical theory, the development of China's sea power will inevitably create a clash towards US geopolitical interests in the Asia Pacific. It is said that the rise of Chinese sea power will absolutely cause strategic threat to Japan. Moreover, it is said that the rise of Chinese sea power must change the strategic security situation of some small countries in East Asia. A range of hypothesis base on the outdated geopolitical theories, have raised a pseudo-proposition that the development of China's sea power would be a significant threat to East Asia and even the world.

According to Mahan's sea power theory, the maritime transport that brings prosperity to a nation is an exposed transport system. This system must be protected by a strong maritime force. The original meaning of sea power is a powerful navy, and then the mastery of the seas. The purpose for using sea power to control the sea is to protect and enhance the integrity and normal operation of the maritime transportation system, while destroying the oceanic transport capacity of the other

side.[198]

In the opinion of classical sea power theory, although "building more and strengthen enough navy to prevent the enemies' invasion from the sea" is an "enormously important strategic function" that shall be fully implemented by the navy, but such understanding is not only contrary to the intention of "defense in war is attacking freely"[199], but also violated the basic military theories that navy is natural to carry out offensive activities. Essentially, Navy's strategic function is to "lay, maintain, and enhances the sea power of mastery of the seas either in peace or in war period."[200] As a result, the realization process of national sea power has never been a peaceful one.

As Mahan thought, "for Navy, there are still many things to do in addition to guard the national rights and interests or to take the responsibility of a country."[201] Although "the United States seeks a peaceful resolution for every dispute, this approach might lead to complex disputes with other countries." Facing the entangled international conflict, "naval force is the key factor to determine whether the national policy could be completely implemented." For such kind of international affair, powerful navy would play an important role in strategic deterrence rather than making more new troubles.[202]

In Mahan's opinion, it is necessary for a country seeking for sea power to occupy or snatch the important geographical locations in oceans in addition to building a formidable naval force. The sea power of a country is firstly decided by its circumjacent territorial water. US for example, Panama Isthmus, Caribbean, and Mexican Gulf are the primary area that US maritime forces must control. Following that is the Hawaiian Islands. At last are the principal islands or lands that make great influence on the international routes. For the classical theory, sea power is not limited to the surrounding area, but a continuous outspread power which based on the expansion of national interests and the naval capacity.

Mahan's sea power theory and strategic thinking of Navy had profoundly affected history in the 20th century. There were not only the naval arms race between some western countries and Japan for the World War II on the first half of the 20th century, but also the global rivalry of the naval strategy which was played by US and the Soviet Union during the Cold War. Such behaviors are all affected by Mahan's sea power theory. Today, Mahan's right theory still keeps on its influence on the areas from Persian Gulf to all the Middle East, from the Taiwan Strait to South China Sea , from the Indian Ocean to other geopolitical hotspots.

It is because of the deep influence of Mahan's way on world powers' understanding to ocean geopolitics that China's sea power strategy development has been inevitably unscrambled in a traditional way. As a result, people always focus only on the development of China's naval forces, and on the construction of China's aircraft carrier, when they inspect the South China Sea Issue and other disputes on

sea, while ignoring the other factors. Then the China threat theory since the 1990s has once again been false proved.

However, there must be serious flaws when you use a theory which is from a century ago to analyze the development of China's sea power. The era that modern China exists is not the one Mahan lived, today's China will not, and does not aggress against Asia and Africa as some western countries had done before 100 years.

It is inaccurate to analyze the development of China's sea power by Mahan's sea power theory. However, it is still meaningful use it to analyze the countries which put forward various warnings to the development of China's sea power. Asia is one of the most important parts in US global geostrategic strategy. US has been considering the US-Japan alliance as the cornerstone to control the strategic situation of Asia. In such situation, China's emergence, especially the emergence of the sea power which would make direct impact on the Japan's position in Asia, has been considered as a threat to US and its' alliance. Because Japan's decline influence will be a direct threat to US's strategic interests; both US and Japan need to restrict the development of China's sea power. For this reason, it will be good for US and Japan to ally countries that have territory disputes with China, and spread the argument that China will challenge the rules of security in Asia. US, Japan, India, and some Southeast Asia countries have found great common interests from such opinion, and taken lots of actions to strengthen their relationships from foreign affairs to military cooperation since 2009. As a result, China has to face the hostile international public opinion and the deteriorating regional security situation.

The classical sea power theory and its conclusion on the development of China's sea power has made the most important influence on the strategy choice of China to deal with the regional security and disputes with other countries. Although the conclusions from the classical theory are not correct or even farfetched, they have been accepted by the countries who can find interests.

The reason why China could be the contributing power for the regional security?

China's sea power had been the great sea power in the world more than once throughout its history. As early as the Song Dynasty, China's merchant fleet for foreign exchange had plied around from the South China Sea to the Indian Ocean. In the early Ming Dynasty, Zhenghe's fleet, which made great influence on the sea traffic from the entire Southeast Asia to South Asia and from South Asia to North Africa, is the world's largest ocean-going fleet. In spite of having such a great sea power, China had never colonized its adjacent countries or created an unequal relationship with any country, even it did have so powerful business interests overseas in history. Even if the so-called "tributary" system, which is China-centered, the intention of China was only to confirm its relationship with

other countries, such relationship was suppositional. The commercial exchange in the tributary system was based on the principle of equality and mutual benefit. Usually, the tributary states pay tribute and Chinese dynasty return goods which always were more numerous and valuable.

Historically, the glorious period of China's sea power was not short. However, in this long historical period, China had never ruled over any country rely on its strong sea power, nor reaved any country's resources. On the contrary, China brought economical development and common prosperity, as well as regional peace and stability, to the surrounding region and the world.

History is the process of cultural accumulation. Culture affects the overall quality of the people of a nation. Then, it also determines foreign policy choices of a country. History is the starting point for China to become a maritime power once again. The historical starting point makes clear that the emergence and development of China's sea power is totally different from that of the western countries. The development of China's sea power complements the regional peace rather than contrary to that.

Since the establishment of the PRC, the ocean development strategy of China has always been peaceful and constructive. Chinese Navy's strategic positioning has been strategic defense as well. During the era of the first generation of Chinese leaders, China's maritime strategy was mainly focused on defense. As the statement of Chairman Mao: the responsibilities of Navy were "defending our national coastal and offshore areas, preventing the aggression of the imperialist countries from the sea". After the reform, China's foreign trade had developed rapidly. However, China had not changed its ocean development strategy. Deng Xiaoping, the second generation of Chinese leader made clearly that "Our strategy has always been defense", China Navy "is defensive and all the construction of the Navy must subordinate to this principle". Even if "we had nuclear submarine, that is still the weapon for strategic defense". "Our strategic defense policy would never change even if we have complete modernized in the future". In any case, China certainly wants its sea power to be more powerful, but the sea power of China will be based on the right to survive and develop.

In the 1970s, some incidents such as the discovery of petroleum around the South China Sea, the great debate on the UNCLOS, brought territory problems to the South China Sea area. In order to grab oil from South China Sea, countries around the South China Sea claimed their rights to the territorial sea reefs and seas nearby, and began to take action to occupy some of the reefs. Although there were some examples which deal with the sovereign disputes by war in the 1980s, like the Falklands War, China still tends to use the diplomatic way, especially the policies of suspending the disputes and joint development, to solve the South China Sea issue rather than took military actions.

In the 1990s, Chinese reform and opening-up were in the track of rapid development. China helped Southeast Asia to back on the road of development and construction in a sensible way after the 1997's East Asian financial crisis. China had become the most important trade partner of US, Japan, major European countries, Southeast Asia, and even most of the countries in the world at the end of 20th century. Since the 21st century, China had become a member of the WTO which made China become one of the most influential members of the world economic system. The development of China had become more and more closely interlinked with the development of the world.

The stable surrounding environment and the friendly international atmosphere have always been regarded to be the important prerequisites for the sustainable and healthy development of China. Then, the sustainable development of the Chinese market has also been regarded as one of the essential prerequisites for the stability and development of today's world. The relationship between the development of China and regional peace and common development has become a relationship of correlative dependence and indispensable. Such kind of stability and mutual dependence relationship decides the peaceful characteristic of Chinese overall foreign strategy. It also decides that China will stick on its basic national policy of devote itself to the peace of the region and the world.

By the end of 2011, Chinese Navy has never been involved in any military strikes against any country except the Somali escorting and the normal military practice in the Pacific Ocean. Such self-discipline attitude had never changed even if it facing the emergency of the South China Sea issue and Diaoyu Islands dispute.

At present, China has completely become a market economy country. China-AFTA has been established so that the Chinese market and the Southeast Asian market could be linked as a whole. The development of China, the common development of China and South East Area, the development of the East Asia, all of those have directly correlated with Chinese national interests. No matter what happened, the development of China could not completely cut off its link to the development of surrounding areas and countries. Not to mention that China would stand in the opposite site of the development of this area. Such conditions decide the Chinese interdependent relationship to the East Asia area.

The responsibilities of China on issues like marine environment protection, marine resources development, marine navigation security, peaceful settlement of the conflicts have undoubtedly increased with the development of China's sea power. It also will become a key factor to regional maritime security, environmental security and stable and harmonious relationship among nations in the condition that China continue keeping regarding peace as a strategic base and develop as the strategic goals.

Uncertain Pressure from the external: Barriers against the peaceful development of China's sea power

In 2011, China tested its aircraft carrier which is only used to scientific research and practice, which immediately sparked outside speculation in China's sea power. It seemed to warn that turning to the sea means is far from strength development. Obviously, China has been destined to plod the path of toil when it's relation with the sea become closer and closer.

In history, sea powers always expanded their dominated regions by the means of exerting their influences upon the important waterways and taking control of the strategic strongholds on the sea and ocean. Confronting the new-coming sea powers, the older sea powers who dominate the ocean geopolitical strategic advantage often take strategic containment policies. Such policies are not only believed in the analysis of the theory that conflict is unavoidable among new and existing sea powers because of the limitation of geography resources and the excludability of geopolitical power according to the classical sea power theory, but also carried out in the strategic measures of older sea powers like America towards the middle East and East Asia region since the late 20th century.

For China's sea power strategy, all the probable presses according to the classical sea power theory and history have come to be true. The barriers had been set up around China's surrounding. The unfriendly barriers including US's return to Asia in 2009 and the consequent improvement of the US-Vietnamese relations, the better US-Philippine relations, the restoration of the relationship between US and Indonesia, the improvement on military confidence-building measure among US, Indonesia, and Singapore, the developing relations between India and Vietnam, the deepening geopolitical strategic relations of Japan, US, India, and Australia, etc.

Among all these barriers, US, Vietnam and Philippine highlights that the South China Sea issue have exacerbated China's relations with the surrounding countries, and also weaken the foundation of the multilateral cooperation and mutual trust which had been built since the implementation of China-AFTA. The hostility from US-Japan security mechanism and Japan itself towards China on the East Sea issue, along with the disputes of South China Sea issue, have geopolitically block the way of China's sea power. If we take it into account that the joint military exercises aiming at the imaginary enemy of US and some Asian countries such as the Cobra Gold, Kraft and Balikatan, the foundation of the extensive regional security cooperation have been disrupted.

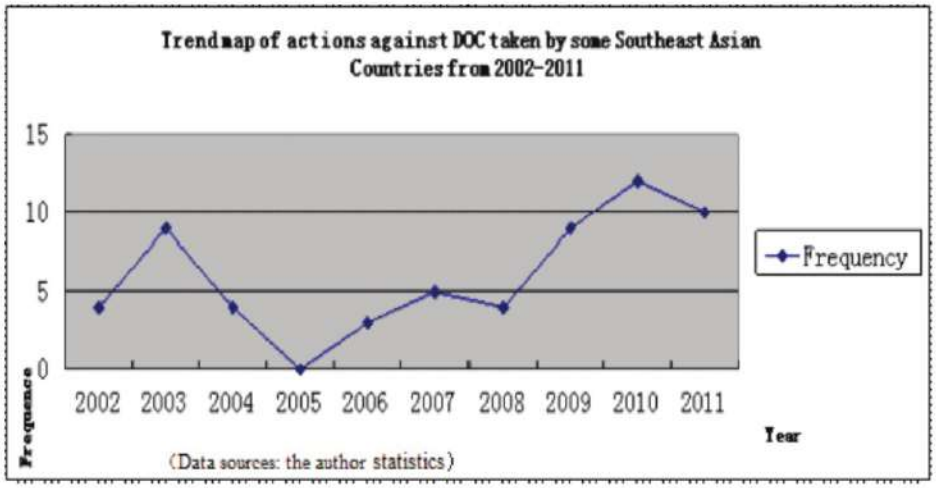
Under the condition that powers outside the area aggressively interpose the progress of East Asian geopolitical landscape, while the regional countries can only submit to them, China has been regarded as the opposite side. Confronting so many countries united by common interests, China has to deal with the demarcation problem of the surrounding China waters and the territorial dispute

difficultly. Such kind of intervention by the powers outside the area contributes to the distrusts among the countries inside the area and also affects their establishment of trust mechanism to great extents.

Declaration on the Conduct of Parties in the South China Sea was signed by China and the Southeast Asian countries for peaceful settlement of the South China Sea issue in 2002. It has been regarding as an important measure to improve the situation of security in Southeast Asia. Then, in 2005, China, Philippine and Vietnam signed the *Tripartite Agreement for Joint Marine Seismic Undertaking in South China Sea.* It was highly praised at the beginning of the plan practiced, and was considered the most important step to put the policy of joint development into effect.

However, the efforts of China and Southeast Asian countries did not work actually. *The Tripartite Agreement for Joint Marine Seismic Undertaking in South China* Sea was put off and given up by Philippine and Vietnam only after China had just finished its relative work, and share all the information of geological survey with them. Philippine and Vietnam rejected to continuously perform the treaty. And then, the secure situation turned down sharply once again.

In spite of the *Tripartite Agreement for Joint Marine Seismic Undertaking in South China Sea* had no chance to continue, the disappointing ending still give us another useful revelation, if we revalue the policy effect of joint development in 2005 from the perspective of regional security, we will find an interesting phenomenon that there was nearly none country take none action to violated *the Conduct of Parties in the South China Sea.* (See the Figure Above)



After that, the surrounding countries of South China Sea have been successively violating the Conduct of Parties in the South China Sea and taken lots of actions to intensify the disputes in South China Sea. All of these have largely exacerbated the environment of China's building trust and promoting cooperation with the surrounding oceanic countries to realize mutual development.

In August of 2011, China and Southeast Asian countries reached an agreement to carry out the guide of *Conduct of Parties in the South China Sea,* which is highly

thought of by the external and considered as the important mark for a peace settlement of South China Sea. The reason is that it's not only the persistent efforts of China and Southeast Asian countries, but it has always been valued and actively pushed by US after its blatant intervention into the South China Sea issue. The international media remarks that the final approval of the *Code of conduct for the South China Sea* area between China and ASEAN countries is just a matter of time. Once it is signed, there will be new protection for the peace and security of the South China Sea area.

Nevertheless, the two codes are just frameworks and principles and they can't be used to solve problems no matter they are binding or not. They only prescribe some limitations to the solution for problems at best. These limitations had been trampled by countries under the allegedly not-binding the *Declaration on the Conduct of Parties in the South China Sea.* So no one can guarantee that they won't be violated under the binding *Code of conduct for the South China Sea area.* If there are still countries who violate relative principles under the Code of conduct for the South China Sea area, who would make a judgment and who would do the punishment? And if the result is not fair and the punishment turns out to worsen the contradiction, then who would be the ultimate responsibility undertaker?

Conflict in the region will still exist as an important factor seriously disturbing regional security under the situation that there is no powerful authority can distribute the disputed interests. When the existing conflicts are considered as the opportunity of "divide and rule" the East Asia countries by the powers outside the area, the cooperation mechanism of China and the surrounding countries will become difficult, and security cooperation will be more difficult, no matter the security cooperation among China, other Asia countries, and the powers outside Asia area.

Conclusion: The contribution of China's sea power to the regional peace

The peaceful and common developing relations among China and the surrounding countries are determined by the economic relations between Chinese market and the world market. The development of China cannot work without the stable surrounding environment and common prosperity. China's objective demand for the coexistence and common prosperity with the East Asian countries contributes to the prosperity of China's sea power to play a positive role in the regional peace. However, the policy continuity of considering the opposition of China's surrounding countries against China as the opportunity to control the strategic situation of East Asia, and the policy of China's surrounding countries consider to the power of outside area as an important guarantee to cope with China's rise, are now setting China's sea power against the development of regional peace. All these conventional diplomatic policies have brought pressure from both inside area and outside area to the developing sea power of China.

Such kind of view of setting China against the surrounding countries does not meet the fact of China's foreign policy, and the strategic interests of the East Asian countries. It is important for the countries surrounding China and outside East Asia to view China's sea power in a new light instead of classical geopolitical theory, and pay more attention to the mutual interests and common prosperity in East Asia. If all these imagination come to be true, China's sea power will absolutely be a peaceful and constructive power to regional security, and the helpful power to consolidate the security mechanism of East Asia.

Endnotes

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THE MILITARY ROLE IN COUNTER INSURGENCY (COIN): THEORETICAL CONCEPTS OF COIN

Peter Chalk

Counterinsurgency or COIN is a strategic response to the actions of substate actors that have taken up arms against an internationally recognized sovereign government. As a campaign it typically involves both political and military component coupled with elements such as propaganda, psy-ops, economic initiatives, and civic actions. While comprehensive COIN necessarily needs to embrace all these dimensions, the army invariably forms the basis of the state's efforts to quell insurgent activity, undertaking this role in both kinetic and non-kinetic capacity. The former constitutes the sharp end of COIN and is typically designed to reduce the operational capacity and tempo of the enemy through the use of force. Essential to its success is accurate, actionable intelligence that is rapidly – but properly - analyzed, coordinated and, most importantly, disseminated.[203] The latter is the "soft" tack of COIN where the basic aim to win over the local population (and thereby prevent the enemy from doing so) through a concerted hearts and minds (HAM) program. Both are equally as important as neither a purely military nor a singularly political approach is sufficient. Disregarding the civil side of COIN ignores the fact that an insurgency is not primarily about military hostility; by the same token the very fact that a group aims to physically overthrow an established government means that countermeasures must, at least, involve some element of violence.[204]

Several strategic thinkers have written treatises on how the military can best pursue effective COIN. Six are noted here. According to B.H. Liddell Hart, so long as insurgents maintain popular support they will retain the intrinsic advantages of mobility, invisibility, and legitimacy. So long as this situation prevails, regular troops will never be able to defeat rebel forces. The key to success, therefore, is to separate the HAM of the public from the insurgency. If this can be achieved, the enemy will be deprived of its supplies, shelter and, most importantly, moral raison d'être. Moreover, by demonstrating tangible gains of this sort, the government is more likely to gain the support of the electorate – which is crucial in any representative democracy.[205]

David Galula, who served as a French officer in the Algerian War, takes Liddell Hart's argument further by developing four ineluctable "laws for COIN, which again are rooted in popular support and backing. He contends that victory can only occur if the counterinsurgent destroys the enemy's forces and political organization and permanently isolates it from the population:

In conventional warfare, strength is assessed according to military or other tangible criteria such as the number of divisions, the positions they hold, the industrial resources etc. In revolutionary warfare, strength must be assessed by the extent of support from the population as measured in terms of political organization at the grass roots. The counterinsurgent reaches a position of [unsurpassed] strength when his power is embedded in a political organization issuing from, and firmly supported by the population.[206]

Robert Thompson adopts a slightly different approach, emphasizing that any effective COIN effort must be guided by a rational plan that is aimed at proactively seizing the initiative from the enemy. Writing in *Defeating Communist Insurgency*, he outlines five basic principles that need to inform a government's strategic approach to a rebellion: First, there must be a clear political aim in place; second, all actions should be undertaken in accordance with the rule of law; third, priority must be given to defeating political subversion, not the guerrillas; and fourth, in the early phases of an insurgency, the state's emphasis should be on securing its base areas first.[207]

David Kilcullen, who served as the Chief Strategist of the Office of the Coordinator for Counterterrorism in the US State Department in 2006, developed a framework for interagency cooperation in COIN based on three pillars: security (military and police), political (where the focus is on mobilizing support) and economic (both immediate humanitarian relief and long-term programs for development assistance). Kilcullen considers each dimension to be of equal importance as if too much emphasis is given to any one element the COIN campaign will become unbalanced. The essential goal of the model is not to reduce violence to zero levels. Rather it is to establish and consolidate control (the "roof") in permanent effective and legitimate institutions that can help to return the overall system to a state of managed "normalcy."[209]

Historian Martin van Creveld deviates sharply from the previous writers in stressing the need for decisive military action above all else. Drawing on the lessons of the "troubles" in Northern Ireland and the 1982 Hama massacre in Syria, van Creveld postulates two methods for defeating an insurgency. The first relies on excellent intelligence, highly trained and disciplined soldiers and an iron will to exercise restraint and discrimination in targeting the enemy. This approach allows the counterinsurgents to kill only those necessary, which ensures that they retain the support of the populace and do not become demoralized (and disgusted) by their own actions. If the state lacks the capacity and professionalism to conduct its COIN in this manner, van Creveld advises a quick and absolute response based on five main rules:

1. A willingness to engage in cruelty if it is required

2. A full and decisive first strike that makes future attacks (which can be demoralizing) unnecessary
3. Absolutely no prevarication in acting as soon as possible
4. No apologies or excuses for "collateral damage"
5. Maximum publicity (to underscore the commitment to firm COIN action).[210]

Finally, Gordon McCormick conceives COIN as an interactive "game" where the state competes with a counterstate movement for control of the undecided element of the population. Winning over this segment is vital to overcome the respective disadvantages that each faces at the onset of violence – information on the part of the former and size with respect to the latter. The government needs public input to provide intelligence on rebel movements and locations so their veil of anonymity can be penetrated and they can be effectively targeted. The insurgents require people to grow and thereby offset the asymmetry of power they initially confront. McCormick maintains that victory is determined by whichever side negates its opening disadvantage first. He also describes three types of "win": weak - the state breaks the enemy's organization but fails to gain control of the political space (this leaves open the possibility of the insurgency reconstituting itself); strong - the state breaks the enemy's organization and consolidates control over the political space (this precludes a potential counter-state revival); and complete - the state breaks the enemy's organization, consolidates control over the political space and fundamentally alters the environmental context (this removes any underlying driver for discontent to occur in the first place).[212]

To give practical expression to some of these concepts and ideas, the next part of this paper focuses on two COIN campaigns currently being waged in Southeast Asia – one in the Philippines against the New People's Army (NPA); and one in southern Thailand against a loose milieu of Malay Muslims organized under the umbrella of the *Barisan Revolusi Nasional – Coordinasi* (BRN-C). The discussion looks only at military roles and therefore does not address such things as peace talks initiated between the government and rebels.

COIN in the Philippines and Thailand

The Philippines

Although the Government of the Republic of the Philippines (GRP) confronts an array of internal separatist and terrorist challenges to its rule, the main concern lies with the NPA and it is against this entity that the state's COIN effort is directed. The organisation's stated objective is to replace the current political and economic order in the Philippines with a socialist system through a strategy of protracted people's war.[215] To accomplish its goals, the NPA has employed all tactical means at its disposal: military struggle, mass mobilization, political lobbying, and

international solidarity work with other left-wing movements. It has an estimated membership of around 5,700 active guerrillas, is thought to have infiltrated at least 1,190 barangays (five percent of the country's total), and has access to some 5,694 firearms.[216]

To combat the NPA, the GRP has developed and emphasized a holistic COIN approach that is based on five offensives and three programs. Of these eight strands, five are relevant to the AFP: a military offensive that is designed to degrade the operational capabilities of the NPA; a legal offensive that is directed at securing the conviction of insurgent cadres by educating troops on appropriate procedures for protecting the sanctity of crime scenes and ensuring the integrity of forensic evidence; a strategic communications offensive that is aimed at delegitimizing Communist propaganda (and promoting that of the Philippine state); a social program that focuses on the demobilization, disarmament and reintegration (DDR) of repentant guerrillas; and a human rights program that is oriented to boost the proficiency of army (and police) human rights awareness and training.[217]

In addition to these offensives and programs, the AFP directly participates in Local Peace and Security Assemblies (LPSAs). These gatherings bring together local government officials, civic leaders and members of the army and police to discuss the evolving dynamic of the NPA struggle and to craft action agendas for particular areas. The GRP views the LPSAs as mechanisms to begin the process of stabilization in areas affected by the insurgency as well as a means through which to reach out to NPA militants who have indicated an interest in laying down arms and reintegrating back into mainstream society.[218]

An adjunct to the LPSAs are seminars aimed at enhancing the understanding of AFP commanders that inappropriate involvement of national level security forces in local disputes can act as a trigger for violence. Typically convened by non-governmental organizations (NGOs), these sessions are designed to help military personnel understand the local environment in which they are operating and how best to avoid becoming involved in conflict prone situations.[219] AFP officers have also worked closely with development NGOs and participated in programs such as the Bridging Leadership Fellowship program run by the Asian Institute of Management (AIM), which aims to develop leaders who can resolve societal divides by including legitimate stakeholders in the process.[220]

The overall goal of Manila's COIN approach is to "normalize" former hostile communist-dominated regions. While "hard" offensives drive the initial phase of the strategy, softer programmatic components kick in once the NPA has been reduced to manageable levels. Although full stabilization has only been achieved in a few areas, for example, Bohol in the Visayas (see below),[221] the general importance of HAM has gained increased currency and traction within the highest

echelons of the AFP. Reflecting this, the military has created an entire division that is specifically dedicated to civil-military operations (CMOs), the National Development Support Command. The rationale behind the unit is that the best way to defeat an insurgency is by providing people what the rebels cannot: roads, bridges, businesses, houses, schools, electricity, medical centers, medicines; in short, better governance.[222]

Assessment

GRP COIN efforts against the NPA have yielded some important results. As noted, the insurgency currently numbers around 5,700 active fighters – a far cry from the 28,000 when the group was at its peak in the mid 1980s. By the end of 2007, the AFP had also neutralized 13 key communist leaders, charged another 191 with rebellion (which represented nearly a third of the intended targets that year) and successfully cleared and consolidated 13 communist guerrilla fronts.[223] The military expects that it will be able to declare a strategic victory over the NPA (defined as reducing its operational capacity by 75 percent) by the end of 2012, if not sooner.[224]

On a wider level, it is clear that Manila has come to appreciate the importance of the political component of COIN and the crucial role that HAM plays in depriving the enemy of popular support while boosting the credibility and legitimacy of its own response. The AFP has gone to great lengths to develop inclusive non-kinetic strategies that are specifically aimed at winning over local sentiment and ensuring buy-in (and hence, ownership) from key stakeholders. One of the main factors accounting for the success in Bohol was that the COIN drive, known as *Banta Laya* (Freedom Watch), was multipronged, holistic and implemented jointly by the uniformed as well as the civilian sectors.225

Notwithstanding these operational successes, Manila's overall COIN approach continues to suffer from various shortfalls. As noted above, full stabilization is more the exception than the rule, with most areas of NPA activity remaining in either full or partial offensive/normalization mode. This is largely due to governance vacuums that have arisen as a result of civilian authorities failing to definitively discharge their responsibilities in zones that the military has managed to clear. As one senior officer with extensive experience of battling NPA insurgents observes, these regions are highly especially to militant re-infiltration:

One of the main weaknesses of the government's COIN strategy is the inability to consolidate control over held areas. Typically, once a region is cleared, the army will depart and hand over responsibility to local civilian agencies and bureaucrats. In most cases, however, these personnel have been incapable of preventing reinfiltration by communist operatives. Indeed in a number of cases, guerrillas are known to have tactically withdrawn from base fronts, knowing that once they

do so, the military will leave effectively leaving them free to reestablish control.[226]

Another problem has to do with the highly adversarial nature of Philippine politics, which has generally meant that a new government will rarely continue with the policies of its predecessor – even if they were successful. This has obviously negatively impacted on consistency in national security strategy planning, with successive administrations often wanting to leave their own "mark" on the domestic conflict environment by instituting programs that have little, if any, association with previous doctrinal agendas.[227]

Moreover, although the AFP has increasingly included – and validated - non-kinetic or effects-based approaches in its COIN efforts, the overall tempo of moves in this direction has been held hostage by a degree of organizational inflexibility and politicization. This has not only hampered the army's ability to fully capitalize on security sector reform (SSR) initiatives, it has also somewhat diluted innovative strategic thinking. One area where this has been especially apparent is the failure thus far to integrate peacebuilding modules into the military curriculum or, indeed, to incorporate metrics into the promotion system that explicitly rewards these types of activities.[228]

Thailand

The main insurgent threat in Thailand stems from the ethno-religious separatist ambitions of a loosely configured militant Muslim milieu operating in the three Malay border provinces of Narithiwat, Yala, and Pattani. Principally organized under the auspices of the BRN-C, these rebels have waged a particularly bloody struggle since 2004,[230] which has left more than 4,500 people dead and nearly twice that number injured. The three provinces have witnessed over 11,00 incidents of violence and in excess of 2,000 bombings, which has caused millions of dollars of destruction, forced people off their land and ripped at the social fabric of the region.[231] For a population that numbers only 1.8 million, these figures represent a considerable toll.

In looking how Bangkok has responded to the insurgency in the South, it is important to consider the normative context in which strategic planning is made. The Thai state is highly nationalistic in character, paying scant regard to regional diversity and/or autonomy. There exists acute sensitivity on the part of the central government to any challenge that might threaten the territorial integrity of the country, with the preferred approach for dealing with potential centrifugal forces predicated on assimilation rather than accommodation.[232]

This policy bias has shaped the central administration's approach to the Malay Muslim insurgency in three ways. First, there has been a general reluctance to negotiate on the issue of state unity and, rather, to seek a solution that adheres

to the three pillars of Thai nation building: *Chat, Sasana, Kasat* (Nation, Religion, and King). Second, Bangkok has consistently defined the conflict in purely domestic terms and as one that can be effectively handled by its own security forces. Third (and very much related to the aforementioned point), the Thai state has categorically rejected any question of involving outside parties in the south, fearing that to do so would lead to a so-called "East Timor scenario" where the government is forced to accept a popular referendum on independence that leads to secession by default.[233]

Historically, this has all translated into a COIN framework that has effectively ignored fostering (much less empowering) regional identities but which has, instead, been anchored on absorbing local cultures, religions and languages into the wider Thai Buddhist polity. The default position of successive administrations has been to define the conflict as one that directly pitches the destabilizing force of Malay ethno-religious identity against the unifying ethos of Thai nationalism.[234] In confronting this challenge, the use of "hard" military force has traditionally trumped dialogue, strategic communications, and other "soft" policy initiatives.

This orientation was particularly evident during the tenure of Prime Minister Thaksin Shinawatra (2001-2006) whose preferred policy was to confront Malay Muslim militants with directed force. While in power he consistently rejected any notion of talking or dealing with rebel leaders and, instead, pursued an almost exclusively hardline stance that was based primarily on flooding the south with security forces. During his tenure, some 24,000 security personnel were deployed to the south, including 10,000 from the Royal Thai Army (RTA), 10,000 from the Royal Thai Police (RTP) and 4,000 from a newly created 15th Light Infantry Division that was permanently assigned to the Malay border provinces. Supplementing these professional combat and law enforcement teams were 5,000 paramilitary Rangers (Thahan Phran), 2,200 full-time village defense units (Or Sor), 67,400 part-time village defense volunteers (Chor Ror Bor), a separate contingent if 9,541 village defense volunteers sponsored by the Queen (Or Bor Chor) and a 1,400-strong teacher protection battalion.[235]

In September 2006, a bloodless coup led to the overthrow of Thaksin and his replacement with a caretaker administration led by General Suryad Chulanont. The event sparked hopes that an environment would open up for the institution of a more balanced COIN strategy. Indeed on assuming power, Chulanont issued an unprecedented public apology to the people of the south, specifically asserting that the problems in the Malay Muslim border provinces "were primarily rooted in [the region's] lack of justice.[236] The interim Council for National Security (CNS) further announced that it would seek to develop a long-term strategy that combined hard and soft COIN approaches and which would emphasize dialogue as a means of promoting peace and stability.[237]

Despite these declarations, however, very little was actually done to alter the basic default position of "might is right". The CNS immediately restored the Southern Border Provinces Administrative Committee (SBPAC) and the Civil-Police-Military (CPM) Task Force - both of which had been closed down by Thaksin who had mistakenly concluded that they were no longer needed - to better strengthen tactical coordination between the police and army, enhance intelligence collection and discipline errant members of the security forces.[239]

In mid 2007 General Anupong Paochinda, the commander-in-chief of the RTA, launched a major surge against villages and towns thought to be harboring militants, carrying out mass arrests of suspects on the basis of a so-called "seven + 30 formula". This involved combining the legal provisions of martial law (which remained in force) with those of the Executive Decree on Public Administration in Emergency Situations to prolong detention periods for up to 37 days.[240] Three rehabilitation camps were also set up in Ranong, Chumphon and Surat Thani (all of which are outside the southern Malay provinces). Run by the RTA, these facilities were used to "positively" sway those accused of engaging in or otherwise supporting rebel violence by exposing them to information sessions that cast Thai nation-building in a positive light, "corrected" distorted versions of Malay history and culture and de-legitimated jihadist exonerations of defensive violence.[241]

The general thrust of Thai COIN in the South did not change with return of civilian rule in December 2007 and the election of the People's Power Party (PPP). Made up mostly of Thaksin allies, the administration adopted much the same stance as the former prime minister and gave the army a virtual free hand in the South.[242] Again there was an expectation of a softer line when the PPP fell in December 2008 and was replaced by the Phak Prachathipat (PP, or Democratic Party). Not only did the new government have a strong record on human rights, its leader Abhisit Vejjajiva pledged that resolving the conflict through more nuanced means was a top priority. However, the PP was quickly confronted with opposition from pro-Thaksin demonstrators and subsequent clashes between the "Red" and "Yellow" shirts in May 2010 that brought the bureaucracy to a standstill and left more than 90 people dead. Distracted by events in Bangkok, the PP paid scant attention to the BRN-K insurgency and essentially left the army to dictate events on the ground. Even after the 2010 street riots were crushed, dealing with the South in a more balanced manner did not assume any significant priority. Abhisit, himself, only made four visits to the region in 30 months and by the time of the 2011 elections (which the PP lost) had significantly increased the number of security forces deployed to the south to 60,000 (including 30,000 soldiers, 10,000 Thahan Phran and 20,000 police and other Ministry of the Interior and intelligence personnel).[244]

While Bangkok's preferred COIN approach has been based primarily on hard

security drives, the military has been involved in at least one other strand since 2006 – an attempt to build popular support in the south through the institution of development programs. In January 2007, the CNS formed an ad hoc Special Economic Development Zone (SEDZ) that was mandated with coordinating infrastructure projects across Yala, Pattani, and Narithiwat. Integral to the SEDZ is a Development and Peace Unit (DPU), which is responsible for disbursing monies to consolidate control of former insurgent "red-zone" villages. Falling under the control of the RTA, the DPU allocates funds to finance economic and employment initiatives in all "red-zone" towns and hamlets that have been cleared of insurgent forces.[245] The Abhisit government massively increased the fiscal allocation for development efforts in the south, earmarking an additional THB63 billion for FY2009-2012. His government also expanded the geographic remit of these drives to cover all five southern border provinces, bringing in Songkhla and Satun.[246]

Assessment

Thailand's COIN strategy has borne some positive results. Overall levels of violence have dropped since the RTA surge in 2007 and many rebel leaders have either been captured or killed. The restoration of SBPAC and CPM has also helped engender greater collaboration between the security forces, which is stronger today than it has ever been in the past. In addition, members of the army and police are exhibiting greater professionalism in their operational conduct and are now more cognizant of the need to adhere to and respect standardized rules of engagement (ROEs) in nonconventional combat settings.[248]

However, in most respects Bangkok's strategy has fallen short. The tempo of militant attacks, while down from four years ago, is still high with the BRN-C claiming to have cells in at least 90 percent of the villages in the South.[249] The overwhelming emphasis on hard security has also engendered fear and suspicion on the part of the local population – many of whom have been driven to the rebels not out of any support for their cause but because of their mistrust of the army and police. As one seasoned commentator on violence in the south remarked:

> For the insurgents there is no real need to win over the population, as the people tend to lack trust in the security forces and, thus, gravitate toward them by default. In other words, their propaganda strategy mostly takes the form of capitalizing on the mistakes of the authorities.[250]

The extensive use of paramilitaries and militias has also created problems. Training standards for personnel in these units are not particularly stringent and recruits frequently exhibit poor discipline (especially with regards security of their weapons), lack of competence, low professionalism, and ignorance of legitimate ROEs. More seriously, the RTA has not exhibited a concerted ability (some argue

willingness) to control the members of these forces, many of who have been implicated in crime rackets, unsanctioned killings, rape and other abuses. Finally, little attempt has been made to balance the ranks of the Rangers with indigenous Malay Muslims who typically account for no more than 30 percent of new recruits (despite the fact that the unit is meant to be intimately familiar with the terrain, culture and language of the southern border provinces).[251]

The principal soft COIN tact – development – has been equally unsuccessful in winning over the local population largely because the conflict is not really about economics and poverty. Although the south lacks in some areas (employment, family and political participation), it is near the top in others such as health and housing and, with the exception of Pattani, well above average in income levels. Yala and (especially) Songkhla typically score well in terms of the national Human Achievement Index (HAI) and in 2011 were respectively ranked 4th and 32nd out of the country's 76 provinces.[252] Far more crucial, but not widely appreciated in Bangkok, is the issue of justice and dignity. Empowerment of local Muslims – culturally, politically, and religiously – is thus key. However, this runs directly counter to the fundamentals of Thai-Buddhist nation building and, hence, is not something that has been emphasized in any meaningful manner.[253]

Challenges facing the Military in COIN and how to meet them

The above discussion highlights several challenges that confront the military in terms of COIN. Perhaps one of the most significant is changing entrenched mindsets and conceptions on how to organize to fight these types of war. Given the key political dimension of COIN a unified civil and military command is critical, involving army officers, law enforcement personnel, local government officials, and bureaucratic administrators as full participants. To ensure that individual strategies and tactics support and reinforce one another, no actions (short of immediate self-defense) should be taken without the input and concurrence of these actors. This concept of fighting "by committee" is likely to be an anathema to the military, where speed, shock, and surprise are generally paramount. Although these traits may be important to victory in high-intensity conflict, they are far less significant in COIN where consistency and close coordination count for everything. Even if such an approach entails the loss of some short-term efficiency, it will be more than made up for by gains in long-term effectiveness.[254] The Philippines success in the province of Bohol, where all relevant stakeholders were integrated as tightly as possible, is an excellent case in point.

A second challenge has to do with the appropriate "hand-over" of cleared rebel areas. As noted with respect to the AFP, unless there exist civilian authorities who are ready, willing, and able to assume their responsibilities, these regions will suffer from a governance vacuum that insurgents will quickly seek to capitalize

on. At the very least, voids of this type will require the military to undertake enforcement and bureaucratic roles that they are neither trained nor equipped for. The best way to avoid such situations would be through the institution of a unified civil-military command as noted above.

A third vexing issue has to do with irregular forces. On the one hand these units can act as a highly useful force "multiplier" that has an intimate knowledge of the local terrain and cultural contexts in which rebels operate. However, as has occurred in Thailand, if paramilitaries and militias are not properly trained, equipped, and organised they can act as a lightning rod for civil discontent and are likely to end up doing more harm than good. One potential solution to this negative outcome is to embed a small squad of professional troops into the ranks of indigenous forces for an extended period of time. As Austin Long points out, *encadrement* of this type is the best way to ensure that indigenous forces are combat-ready and, thereby, able to effectively offset the burden on regular troops:

[Encadrement] empowers as it makes effective indigenous units that would otherwise be ineffective. If a six-person…squad makes an eighteen-person indigenous platoon combat-effective (even if not as proficient as a [regular] platoon) then personnel are essentially tripled. It is true that it may not be possible to *encadre* all indigenous units simultaneously. However, this does not render the idea without merit, as even limited encadrement would be an improvement.[255]

A final difficulty has to do with how exactly to gauge success and progress. Relying on blunt indicators such as numbers of insurgents killed, arms seized, or attacks executed provides a very poor picture of the strategic context on the ground and could lead to misguided optimism on the part of military planners. The AFP has announced on several occasions that it is close to achieving a victory over the NPA (going to the extent of actually specifying a timeline) only to have these hopes dashed by an upsurge in militant activity.[256] Constantly reversing positive assessments of progress on the battlefield does little to inspire public confidence in the army and can badly damage troop morale.

Developing appropriate metrics for COIN – or measures of effectiveness (MOEs) – however, is easier said than done largely because they do not always lend themselves to readily quantifiable data. Equally the army is often swayed by the demands of politicians who typically want concrete statistics that they can immediately present to their constituencies (an imperative that becomes even more marked at times of elections). At least some of the AFP's declarations of impending victory against the NPA, for instance, were reportedly the product of pressure from Gloria Macapagal Arroyo. According to commentators in Manila, she wanted to showcase the group's strategic demise as evidence of the effectiveness of her administration prior to Presidential elections in 2010.[257]

Perhaps the best and most accurate indicators are so-called "atmospherics," such as the number of children seen playing on the streets, voter turnout, the level of business activity at local markets, the willingness to report crime to the police or the extent that people start to travel beyond their immediate neighborhoods.[258] To obtain as accurate a picture as possible, it is essential that these indicators are appropriately balanced between a common standard on the one hand and necessary nuance on the other. Without some sort of uniform benchmark, measuring atmospherics becomes a highly subjective exercise that has very little utility for comparing advances (or otherwise) between different regions. By the same token aggregation in the absence of detail will reveal, at best, only a partial picture of a conflict's evolving dynamic.[259]

Another aspect that will help contribute with the development of suitable MOEs for COIN is "blue team" analysis. This is because military commanders often find it very difficult to objectively determine their own progress in the absence of some sort of external metric. One way of achieving a gauge of this sort would be to monitor variables such as convoy size, vehicle speed, distance traveled, and transportation paths taken.[260] Smaller deployments, faster movement, greater mileage and more routes would all indicate current strategies are working.

Endnotes

[203] See, for instance, Bruce Hoffman and Jennifer Taw, *A Strategic Framework for Countering Terrorism and Insurgency* (Santa Monica, CA: RAND, 1992), 77; and Frank Kitson, *Low Intensity Operations: Subversion, Insurgency, Peacekeeping* (London: Faber and Faber, 1971), 95.

[204] DGD&D 18/34/56 Army Code No 71596 (Parts 1 and 2), Army Field Manual, Volume V, Operations Other Than War," Section B: Counter Insurgency Operations, Part 2 The Conduct of Counter Insurgency Operations (London: Chief of the General Staff, 1995), 3-1.

[205] Basil Henry Liddell Hart, Strategy: *The Indirect Approach* (Natraj Publishers, 2003).

[206] David Galula, *Counterinsurgency Warfare: Theory and Practice* (Wesport, CT: Praeger Press, 1964), 54-56. See also Austin Long, On *"Other War"*: Lessons from Five Decades of RAND Counterinsurgency Research (Santa Monica, CA: 2006), 41.

[207] Robert Thompson, *Defeating Communist Insurgency: The Lessons of Malaya and Vietnam* (New York, NY: Praeger, 1966). See also Donald Hamilton, The Art of Insurgency: American Military Policy and the Failure of Strategy in Southeast Asia (Westport, CT: Greenwood Publishing, 1998).

[208] As Kilcullen explains: "Too much economic assistance with inadequate security, for example, simply creates an array of soft targets for the insurgents. Similarly, too much security assistance without political consensus or governance simply creates more capable armed groups."

[209] David Kilcullen, "Three Pillars of Counterinsurgency," paper presented before the U.S. Government Counterinsurgency Conference, Washington D.C., September 2006, 4-6, available online at http://www.au.af.mil/au/awc/awcgate/uscoin/3pillars_of_counterinsurgency.pdf, as of December 02, 2011.

[210] Martin van Creveld, *The Changing Face of War: Combat from Marne to Iraq* (New York, NY: Ballantine, 2008), 241-245.
[211] Gordon McCormick, "A Systems Model of Insurgency, Redux," paper presented before the RAND Insurgency Board, Washington D.C., February 14, 2011, 8.
[212] Op cit, 20.
[213] The main separatist threat stems from the Moro Islamic Liberation Front (MILF), which seeks an area of enhanced Muslim autonomy in Mindanao and the outlying islands off the Zamboanga peninsula. The group is currently abiding by a ceasefire and there is hope that a final peace accord will be reached within the next year. The chief terrorist challenge derives from the Abu Sayyaf Group (ASG), which advocates the eradication of all Christian influence in the southern Philippines, the creation of an exclusive theocratic state in Mindanao and the global supremacy of Islam through armed struggle. While the organization continues to exist, it has suffered from the neutralization of many of its members and currently consists of no more than 400 cadres split between roving bands on the islands of Jolo and Basilan.
[214] The NPA acts as the armed wing of the Communist Party of the Philippines (CPP) and is visibly represented above ground by the National Democratic Front (NDF). The group is viewed as the country's main threat because it is active (unlike the MILF), has a sizeable membership which operates nationally (unlike the ASG), has the stated goal of overthrowing the current government in Manila and is known to have successfully infiltrated a wide array of formal state institutions, including churches, labor unions, universities, local businesses, civic groups and even the legislature. COIN directed at the NPA is the most developed of the country's four domestic security prerogatives as outlined in the Philippine National Internal Security Plan (NISP), accounting for approximately 60 percent of government resources devoted to internal security. Author interviews, Manila, January 2008 and August 2011.
[215] "25 Years of the New People's Army," *Liberation International* (March-April 1994), available online at http://www.hartford-hwp.com/archives/54a/072.html, as of March 05, 2008.
[216] Author interviews, Manila, January 2008.
[213] Author interviews, Manila, January 2008. The other strands include an economic offensive, which focuses on cutting the flow of funds to the NPA and upgrading the effectiveness of national anti-money laundering operations; a political offensive, which is directed at weaning local communities away from the CPP and the NDA; and an amnesty program.
[218] Author interviews, Manila, January 2008.
[219] Author interviews, Cotabato City, January 2008.
[220] See Bridging Leadership Fellows Program homepage (undated), available online at http://www.bridgingleadership.aim.edu/BLFellows, as of April 28, 2008.
[221] Bohol is frequently showcased as a model of successful COIN in the Philippines. Formerly a significant zone of "red" insurgent activity (at its height, the NPA had successfully infiltrated, threatened or otherwise influenced 30 percent of the province's 1,109 barangays); it has not only been fully cleared of communist influence but has also experienced a major (and lucrative) tourist resurgence. For a good analysis of how this transformation was achieved see Aries Arugay, "From State to Human Security: Implications for Security Sector Reform (SSR) in the Philippines," undated paper available online at http://up-diliman.academia.edu/AriesArugay/Papers/361163/From_State_to_Human_Security_Implications_for_Security_Sector_Reform_SSR_In_the_Philippines, as of December 02, 2011.
[222] Author interviews, Manila, January 2008.
[223] Author interviews, Manila, January 2008.

[224] Author interview, Manila, August 2011
[225] "Linking SSR and Peace-Building: The Case of Bohol," unpublished, undated paper supplied to author
[226] Author interview, Manila, January 2008.
[227] Author interviews, Manila, August 2011.
[228] Author interview, Cotabato City, January 2008. A number of commentators believe that politicization has also encouraged adventurism on the part of junior AFP officers, arguing this is one of the main factors that have contributed to the coups and mutinies that beset the army with alarmingly regularity.
[229] It should be noted that there are other groups that claim to represent the interests of Malay Muslims in the border provinces, including the Barisan Revolusi Nasional-Kongres (BRN-K), the Islamic Liberation Front of Pattani (BIPP) and the "old-guard" Pattani United Liberation Organization (PULO) and the Gerakan Mujahideen Islam Pattani (GMIP). However, it is the BRN-C that is responsible for most of the attacks and violence in the south.
[230] The roots of the Malay Muslim conflict actually go back to the 1960s, when PULO launched a low-level insurgency in the south. Over the next thirty years, various other groups joined the fray, the most notable being GMIP and New PULO (a splinter of the original organization). While all of these entities had been largely decimated by the turn of the millennium (largely on account of the loss of external safe haven in Malaysia), underlying tensions, and grievances remained unresolved. These served as the fodder for the onset of the current phase of violence, which was sparked after a series of military abuses in 2004. For further details on the earlier period of the struggle see Peter Chalk, *The Malay-Muslim Insurgency in Southern Thailand: Understanding the Conflict's Evolving Dynamic* (Santa Monica, CA: RAND, 2008); Neil Melvin, *Conflict in Southern Thailand: Islamism, Violence and the State in the Patani Insurgency* (Stockholm: Stockholm International Peace Research Institute, September 2007), 12-17; Andrew Forbes, ed., *The Muslims of Thailand,* Vol II: *The Politics of the Malay-Speaking South* (Gaya, Bihar: Centre for Southeast Asian Studies, 1989); Omar Farouk, "The Historical and Transnational Dimensions of Malay-Muslim Separatism in Southern Thailand," in Joo-Jock Lim and S. Vani eds., *Armed separatism in Southeast Asia* (Singapore: Regional Strategic Studies Program, Institute of Southeast Asian Studies, 1984); R.J. May, "The Religious Factor in Three Religious Minority Movements," *Contemporary Southeast Asia* 14/4 (1992); Syed Serajul Islam, "The Islamic Independence Movements in Patani of Thailand and Mindanao of the Philippines," *Asia Survey* 38/5 (1998); Moshe Yegar, *Between Integration and Secession: The Muslim Communities of the Southern Philippines,* Southern Thailand and Western Burma/Myanmar (Lanham, MD: Lexington Books, 2002).
[231] Zachary Abuza, The Ongoing Insurgency in Southern Thailand: Trends in Violence, Counterinsurgency Operations and the Impact of National Politics (Washington D.C.: Institute for National Strategic Studies, National Defense University, 2011),
[232] Author interviews, Bangkok and Pattani, September 2007.
[233] Ibid.
[234] See, for instance, International Crisis Group (hereafter referred to as ICG), *Southern Thailand: Insurgency, Not Jihad,* Asia Report No 98 (May 2005), 3-4.
[235] Author interviews, Pattani and Yala, September 2007.
[236] The apology was aired during a special broadcast on Thai TV Channel 11 televising Chulanont's inaugural address on October 01, 2006.
[237] Author interviews, Bangkok, April 2008. See also Human Rights watch (Hereafter referred to as HRW), *No One is Safe: Insurgent Attacks on Civilians in Thailand's Southern Border Provinces,* 41.

[238] On assuming power, Thaksin declared that the insurgency in the south had been effectively defeated as a result of the collapse of PULO, New PULO, and GMIP and that neither SBPAC nor CPM was any longer needed. Some observers also argued that the decision to shut down the two bodies reflected his concern that they were staffed by officials whose loyalties flowed primarily to the Democrats rather than his government. See ICG, *Southern Thailand: Insurgency, Not Jihad*, 33-34; HRW, *No One Is Safe: Insurgent Attacks on Civilians in Thailand's Southern Border Provinces*, 29; Tony Davis, "Thailand Confronts Separatist Violence in Its Muslim South," *Jane's Intelligence Review* (March 2004): 24; and "Cabinet to Dissolve Two Security Agencies," *The Bangkok Post*, May 01, 2002.

[239] Abuza, *The Ongoing Insurgency in Southern Thailand: Trends in Violence, Counterinsurgency Operations and the Impact of National Politics*, 15; ICG, *Thailand: Political Turmoil and the Southern Insurgency*, Asia Briefing No 80 (August 2008), 9; Anthony Davis, "Southern Comfort: Thai Insurgency Falters," *Jane's Intelligence Review* (September 2008): 22.

[240] ICG, *Thailand: Political Turmoil and the Southern Insurgency*, 7, 13; Abuza, *The Ongoing Insurgency in Southern Thailand: Trends in Violence, Counterinsurgency Operations and the Impact of National Politics*, 4; and Don Pathan, "Pushing People Towards the Insurgents," *The Nation* (Thailand), August 23, 2007.

[241] Author interviews, Pattani and Yala, September 2007 and Bangkok, July 2008. See also ICG, *Thailand: Political Turmoil and the Southern Insurgency*, 13. All of the camps were shut down in 2008 after a court ruling that local Muslims who had no attachment to the insurgency were being sent to the facilities against their will.

[242] Abuza, *The Ongoing Insurgency in Southern Thailand: Trends in Violence, Counterinsurgency Operations and the Impact of National Politics*, 4.

[243] The PPP fell after the Constitutional Court ruled that Foreign Minister Noppadon Pattama had violated articles 190 and 270 of the Thai Charter by approving a bilateral agreement with Cambodia that supported Phnom Penh's bid to seek World Heritage status for the 900-year old Preah Vihear Temple (which is claimed by both countries). The Democratic Party subsequently brought a motion of impeachment against the entire cabinet, precipitating its ouster from power.

[244] Abuza, *The Ongoing Insurgency in Southern Thailand: Trends in Violence, Counterinsurgency Operations and the Impact of National Politics*, 4-5, 13.

[245] Author interviews, Bangkok, September 2007. See also ICG, *Thailand: Political Turmoil and the Southern Insurgency*, 7; and Assawin Pakkawan, Waedo Harai and Abdulloh Benjakat, "Locals Flee Unrest, Go to Phatthalung," *The Bangkok Post* (Thailand), August 01, 2008.

[246] United Nations Development Programme (hereafter referred to as UNDP), *2009 Thailand Human Development Report* (Bangkok: UNDP, May 2010), 45.

[247] Abuza, *The Ongoing Insurgency in Southern Thailand: Trends in Violence, Counterinsurgency Operations and the Impact of National Politics*, 14; Davis, "Southern Comfort: Thai Insurgency Falters," 22.

[248] Author interviews, Bangkok, September 2007 and July 2008.

[249] Abuza, *The Ongoing Insurgency in Southern Thailand: Trends in Violence, Counterinsurgency Operations and the Impact of National Politics*, 5-11, 17

[250] Author interview, Pattani, September 2007.

[251] ICG, *Southern Thailand: The Problem with Paramilitaries*, Asia Briefing No 140 (October, 2007), i. See also Desmond Ball, *The Boys in Black: The Thahan Phran* (Rangers), *Thailand's Paramilitary Border Guards* (Bangkok: White Lotus, 2004); and Desmond Ball and David Scott Mathieson, *Militia Redux: Or Sor and the Revival of Paramilitaries in Thailand* (Bangkok: White Lotus, 2007). The Rangers' motto – i (Nation, Religion, King, and Citizens) – is also an extension of the Thai nation-building mantra of *Chat, Sasana, Kasat*, which many believe lies at the root of the ethno-religious conflict in the south.

[252] UNDP, 2009 *Thailand Human Development Report*, 79-80; Abuza, *The Ongoing Insurgency in Southern Thailand: Trends in Violence, Counterinsurgency Operations and the Impact of National Politics*, 21-22. By almost every measure, it is Thailand's northeastern provinces that are the poorest and least developed.
[253] Author interviews, Bangkok and Pattani, September 2007 and Bangkok, July 2008.
[254] Long, On 'Other War': *Lessons from Five Decades of RAND Counterinsurgency Research*, 59. Long refers to this challenge as "breaking the bureaucratic phalanx of 'business as usual.'"
[255] Op cit, 64.
[256] Author interviews, Manila, August 2011.
[257] Author interviews, Manila, January 2010.
[258] Long, On *'Other War': Lessons from Five Decades of RAND Counterinsurgency Research*, 64. See also National Security Council, National Strategy for Victory in Iraq (Washington D.C.: *National Security Council*, November 2005), 12-13 available online at http://www.whitehouse.gov/infocus/iraq/iraq_national_strategy_20051130.pdf, as of February 14, 2006.
[259] The Hamlet Evaluation System (HES) model that was adopted in Vietnam attempted to strike a balance of this sort by providing a template for metrics at the lowest level of political organization – the village. By aggregating scores from hundreds of locales across the country, it was hoped that a fairly accurate measure of how the overall war was progressing could be determined. For a good analysis of HES and the various arguments for and against the system see Anders Sweetland, *Item Analysis of the HES* (Hamlet Evaluation System) (Santa Monica, CA: RAND, 1968).
[260] Long, On *"Other War": Lessons from Five Decades of RAND Counterinsurgency Research*, 65.

DEFENCE ECONOMICS IN EAST ASIA: THE CASE OF CHINA, JAPAN AND SOUTH KOREA

Kogila Balakrishnan

Abstract

This paper discusses how the three most progressive nations in East Asia-China, Japan, and Republic of Korea (ROK) have capitalised on their defence economy by utilizing economic growth and defence expenditure to develop their industrial and technology base. The paper highlights recent defence-economic development, challenges, and future prospects for the three nations. The governments' of China, Japan, and ROK have pursued an interventionist strategy to develop their indigenous technology and industrial base. The paper argues that technology strategy of China, Japan, and ROK is driven by civil-military integration for dual-use application, sourced through offsets and international partnership.

Introduction

East Asia forms the most advanced segment of Asia. The largest three countries, among them, China, Japan, and ROK have a combined population of around 1.53 billion with a GDP amounting 1.21 trillion. These three nations enjoyed rapid economic growth at different phases of development. Japan was at the heights of its economic growth from 1960s till 1980s; ROK from 1970s till early 1990s and China is the fastest growing economy of the 21st century.

Japan, ROK and China's rapid economic growth and expanded development options has influenced the degree to which they can comfortably spend on defence. China, Japan, and ROK contributed around 10 percent of the overall world defence spending in 2009. Sustainable economic growth of these nations has allowed for their defence expansion. Recent trends established by SIPRI and Military Balance clearly show that contrary to the significant reduction in defence spending in Europe and US, defence spending in East Asia is growing.[264] China, especially has allocated a significant proportion of its defence budget for force modernisation.

Unlike the traditional defence economics argument where huge defence spending, especially in developing countries could create a laggard economy, compromising on other sectors of development of a nation, the East Asian nations have proved otherwise.[265] Large defence allocation by the East Asian countries was managed through an interventionist policy creating the opportunity for value-added spin-out effects.[266] The technology acquisition policy, a combination of 'techno-nationalist' and 'techno-globalist' strategy-via supply chain is valued as a successful model

for localisation. China, Japan, and ROK have heavily gone down the civil-military approach, especially dual-use technology in developing a defence industrial base and related industries. Offsets, partnering and collaboration as well as reverse engineering models were employed to upgrade their technology capability and industry capacity.

This paper examines the defence economics of East Asia - China, Japan, and ROK. This paper focuses on the coordinated development of economy and how the national defence has been enriched in line with their overall economic growth, thus striking a balance between economic wealth and military might. The paper discusses how the positive economic growth and congruent defence spending have been used by these nations to promote a technology strategy for indigenous development. These three countries have been chosen due to their outstanding economic growth and spillover effect to the region, their absolute value in terms of defence budget and expenditure, and their important strategic as well as political-economic positioning in the Asia Pacific region.

The paper is divided into 5 sections. Section one briefly defines defence economics, its components and relevance to the defence sector. Section two will provide a broad overview of China, Japan and ROK's overall economic and defence policies. Section three discusses the contribution of the defence sector to the three nations' industrial and technological development strategy. Section four highlights the issues and challenges in technology sourcing and acquisition. Section five discusses the future prospects for the three nations with regards to their technology development.

Defining Defence Economics

The subject of defence economics is a relatively new subject area within the discipline of economics. In simple terms, defence economics is defined as the application of economic principles and analysis to defence issues. This study analyses the allocation of scarce resources to meet spending and policy goals concerning military organisations. It is about making systematic choices from among competing alternatives. There are several principles in defining defence economics including the principles of final output introduced by Keith Hartley, principles of substitution[268] and principles of competition.[269]

Defence economics was accepted as a component of economics in the past fifty years due to the sheer size and scale of defence and the defence sector and its share in the world economy and trade. There existed greater awareness amongst the public and tax payers as to the need for greater knowledge in this subject for reasons of effective financial scrutiny and debate. The pioneering text in this field was published in 1960 by Hitch and McKean on the title 'The Economics of

Defence in the Nuclear Age'. Defence economics[270] became a recognized field of specialisation within the academic discipline of economics when the first journal of defence and peace economics was published in 1990. This field covers a range of issues including military expenditure, arms trade, procurement policy, defence industry, offsets, collaborative weapon programmes, and public choice issues.

In this paper, the principles of defence economics will be applied to discuss how the East Asian nations' economic growth and expanding defence spending have been channeled towards industrial and technological development.

Overview of Economic and Defence Policies

China

Economic policy

China is claimed to be the engine of growth for all Asia in the 21st century and enjoys an economic growth at an average rate of 10 percent a year.[271] China's GDP growth from late 1970s was at the rate of 9.5 percent.[272]

Since 2003-2007, China enjoyed a two digit growth around 13 percent.[273] GDP growth for 2010 was at 9.6 percent, still one of the highest growths in the world although there was a slight reduction due to the impact of the global recession.[274] China's new found economic reform set stage in 1978 when Premier Deng introduced 'China's Open Door Policy', which later followed by other reforms such as open market economy and foreign investment.[275]

China's economic policy was enhanced through further liberalisation and decentralisation of the economy. China was under immense pressure after the Tiananmen Square incident due to international isolation. Deng's major reform initiatives through his 'southern tour' managed to rebound the situation paving way for China's economy to grow exponentially. Radical reform continued under Jian Zemin and Zhu Rongji, even after the death of Deng. Large scale privatisation initiatives subsequently reduced the numbers of state owned enterprises in China.

The Chinese government played an important role by creating national policies that would help improve competitive standing of Chinese firms, thus ensuring China's continuous economic growth. China's industrial policy is focused on firstly, upgrading and restructuring its traditional industries such as equipment manufacture, shipbuilding, automobiles, iron and steel, non-ferrous metal, building materials, petrochemicals, light industry and textiles. Secondly, foster and develop seven strategic emerging industries including the technology/environment focus; energy conservation and environmental protection; new-generation IT; bio-tech; high-end manufacturing equipment; new energy; new materials and new energy

automobiles.[276]

The government shifted the industrial strategy from an inward looking import substitution policy (IOI) to an export led growth strategy (EOI) combined with technology transfer requirements. This was seen as a successful model adopted by China's neighbouring countries such as Japan in the 1960s till 1970s and the newly Industrialised Countries (NICs) in the 1980s. China's aspiration for localisation was translated through the 12th five year plan (2011-2015) where the government changed its industry strategy from export-led growth to import substitution model.

Defence Policy

China's defence budget in 2010 amounted to 532 billion (Yuan) or US$76 billion while total expenditure was 809 billion (Yuan) or US$119 billion.[277] For 2010, China has the second largest defence budget in the world after US...[278] Defence formed 1.3 percent of the overall budget of $5.733 trillion in 2010.[279] The defence expenditure is around 2 to 2.2 percent of GDP from 2001-2010. The defence spending has increased by 189 percent between 2001 and 2010 with an annual average of 12.5 percent. The significant reduction in 2010 to only an increase of 3.8 percent represents a significant slowing down in the rate of growth in 2009 caused by the world recession. China has a total of 2,285,000 military personnel, the largest military contingent in the world.

China's military expansion programme is backed by the argument of an aging inventory and obsolete technology. The rising dissatisfaction within the PLA has created concern within the Chinese government to improve the Chinese military force structure, mainly for military modernisation, salary and to improve the lives of the armed forces. The 2008 Defence White paper spelt out China's aspiration to posture its major role in the international security order. China is bombarded by various internal and external security issues. These issues include domestic and international disaster surrounding humanitarian relief; infectious diseases, (massive earthquake in Sichuan province) while external traditional security issues include the US-China strategic rivalry, Sino-Indian border tension, China-Taiwan issue and China-Japan-ROK dispute.[280] China has also embarked on a diversified mission to extend PLA's role and responsibilities to non-traditional security responsibilities - energy interest, territorial claims, and anti-terrorist mission at the coast of Somalia and anti-piracy outlook.

China's new form of security threat has shifted its capability planning from ground to air and naval superiority. Some of China's modernisation programme include the increase of multi-mission capability from 7 percent in 2004 to 25 percent in 2008 by the naval surface forces; huge increase in modern submarine fleet to 46 percent in contrast to less than 10 percent in 2004; and 20 percent increase in the ownership of modern 4th generation combat aircraft by the armed forces in 2008,

twice than in 2004.[281] Initially, China's procurement has been very heavily slanted to the Russian equipment until recently where it has declined substantially and China is sourcing more of its equipment domestically.

China's large defence and security sector is backed by one of the world's advanced defence industries. The Chinese government has invested largely into its defence industry sector - huge funding, leadership support, a thriving civilian economy, access to foreign technology and the positive attitude of the PLA.[282] To ensure that the defence industry grows, the Chinese have taken concerted effort to nurture their critical industry to produce weapons of capability. China has developed a clear inward looking techno-nationalist policy of indigenisation to pursue self-reliance within its defence sector.

Japan

Economic Policy

Japan's turning point is often associated to the Meiji restoration in 1868 while Rostow refers to the start of Japan's 'take-off' to the second half of the 1870s.[283] Japan, a free market economy, was at the heights with an economic growth of 10 percent in the 1960s; later reduced to 5 percent in the 1970s, 4% in the 1980s and has been hovering at an average of 2.1 percent from 2003-2007.[284] Japan was the world's second largest economy from 1968-2010. Japan's GDP in 2010 was US$5.39 trillion at growth rate of 2.5 percent and this worsened in 2011 due to the huge collapse in demand and financial contagion as well as disruption in its industrial supply-chain due to the disaster from tsunami.[286] Japan, with limited natural resources base, developed a robust manufacturing industry to convert raw materials imported from abroad.

The Japanese government's interventionist policy towards economic development necessitated the establishment of a strong economic infrastructure to provide the needed energy, transportation, communication, and technology know-how. The Japanese industries have taken on some of the most rigorous manufacturing processes and had thrived to become the leaders in the manufacturing industry through the commitment and innovative industry policies set by the Japanese government. Japanese industries till today are known for their leading manufacturing principles.[287]

Defence Policy

Japan's defence budget forms a relatively sizeable proportion of its overall economy although the figure is capped at 1 percent of GDP.[288] Defence budget for 2010 was US$52.8 billion, a rise of US$2.5 billion from 2009.[289] Article 9 of the Japanese constitution bans war but allows for 'defensive defence'.[290] Japan ranks fourth in terms of defence budget allocation, after US, China, and UK in 2010.

Japan has a total military force of 247,746.[291]

Japan's capability planning is mainly influenced by external issues with regards to China and North Korea's military posture; and other non-traditional activities such as anti-piracy operations in the Indian Ocean; recent natural disaster has increased security spending towards issues of disaster management. The Japanese government's procurement policy developed by the Japanese Defence Agency (JDA) focuses on domestic procurement, licensed local production and finally import. These options are clearly spelt out in Japan's defence policy statement. Japan made changes to its defence policy in December 2010. The government published a revised National Defence Programme Guidelines (NDPG) alongside a new Mid-Term Defence Programme (MDTP) for 2011 to 2015. NDPG sets out Japan's defence doctrine, force structure and the indicated MDTP procurement plans.

Article 51 of the Japanese constitution allows for Japan to have a moderate defence buildup for national self-defence purposes. This flexibility has allowed for a gradual redirection away from overdependence on its traditional ally, US. Japan has been able to take a more diversified approach in defence technology sourcing and sharing, paving the way for a more nationalistic, self-reliant defence industrial course.

For Japan, technology is power and provides the key to self-reliance, determination, and autonomy. Japanese produced 'xenophobic nationalism' or desire for Japan to grow in power indigenously in order to keep foreign intrusions to a minimum.[292] Japan's comprehensive security outlook with a broad role for defence makes technology a vital component of its strategic industries. The strategic industries which are very high on the agenda of the Japanese government contribute significantly to high-value added production, rapid output growth, knowledge-intensive innovation, and horizontal/vertical industry linkages.[293] The Japanese *techno nationalism* model for domestic supply called *kokusanka*[294] established by the Director General of JDA, Yasuhiro Nakasone, is promoted by both the government and industry.

Republic of Korea (ROK)

Economic Policy

ROK, part of the NICs*295*, is one of the fastest growing economies in the world. ROK's economic growth has been growing at the fastest rate between the early 1960s till the late 1990s. ROK's GDP growth for 2011 was at 3.9 percent. The ROK government has been largely instrumental in shaping the country's economic development. The Japanese economic success has been quoted as workable model for ROK to emulate due to the country's similar economic structure and limited

natural resources. ROK's initial industrial growth in the early 1960s has been fuelled by its outward looking strategy based on labour intensive manufacturing exports. This positive growth was later interrupted by a short down turn in the 1980s due to domestic political instability. ROK was quick to rebound and catch-up with its neighbouring countries in the 1990s to capitalise on its EOI strategy to increase its competitive advantage.

Defence Policy

South Korea's defence budget for 2010 amounted to US$27 billion at a growth rate of 2.9 percent.[296] The defence spending has steadily increased in line with ROK's overall GDP and growth. Defence spending for 2010 was $24.270 defence budget forms 2.62percent of GDP and 14.7 percent of total national budget. ROK has a defence force totaling 665,000 personnel. ROK embarked on force modernisation and expansion in 1995. The modernisation programme came to a halt in 1997 due to the economic crisis. ROK's defence expenditure soon revived and the modernisation programme resumed soon thereafter. China and North Korea's influence required ROK to embark on military modernisation of military equipment as national security was perceived as the vital. ROK's defence expenditure is predicted to continue to soar driven by tension with North Korea and domestic economic conditions.

ROK's dual procurement policy aims to promote local growth in technology expertise (aerospace and electronic components for export). This initiative is supported by sourcing technology through sophisticated military equipment from abroad. The ROK's defence industrial policy is also aimed at increasing arms industry employment and arms export. Defence Acquisition and Procurement Agency (DAPA) are solely responsible for all of ROK's procurement as well as export promotion. DAPA is very closely assisted by the Korean Defence Industry Agency (KDIA).[297]

As an US ally, ROK has been at an advantage with regards to building its military capability due to US's much more generous approach with regards to technology transfer. However, the periodic US control on exports has encouraged ROK to justify domestic production and a greater need for indigenous capability with a view to creating greater self-reliance. ROK was encouraged to increase its supplier base due to restrictions imposed by US's AECA and ITAR regulations.

China, Japan, and ROK's consistent strong economic growth over the few decades have expanded their development options, increasing revenue potential and influencing the degree to which they can comfortably spend on defence. The combined military expenditure of these three countries as per table 1 is approximately US$190 million of total world defence spending. Table 1 also reflects the GDP growth and defence expenditure of these three countries for the

year 2010.

Table 1: Military Spending versus economic growth for 2010 in $USD (mil)

Country	Economic Growth (percent GDP)	Defence Spending (US$)	Figures in US$
China	9.6	2.2%	114,300
Japan	2.5	1.0%	51,420
South Korea	3.9	2.9%	24,270
		Total	**189,990**

Source: SIPRI 2011

East Asianisation

The positive economic growth of China, Japan, and ROK had naturally led to increased defence spending and military modernisation. These countries' defence expansion is a subordinate to national economic development.[298] Unlike the traditional defence economics argument where huge defence spending, especially in developing countries could create a laggard economy, compromising on other sectors of development of a nation, the East Asian nations have proved otherwise.[299]

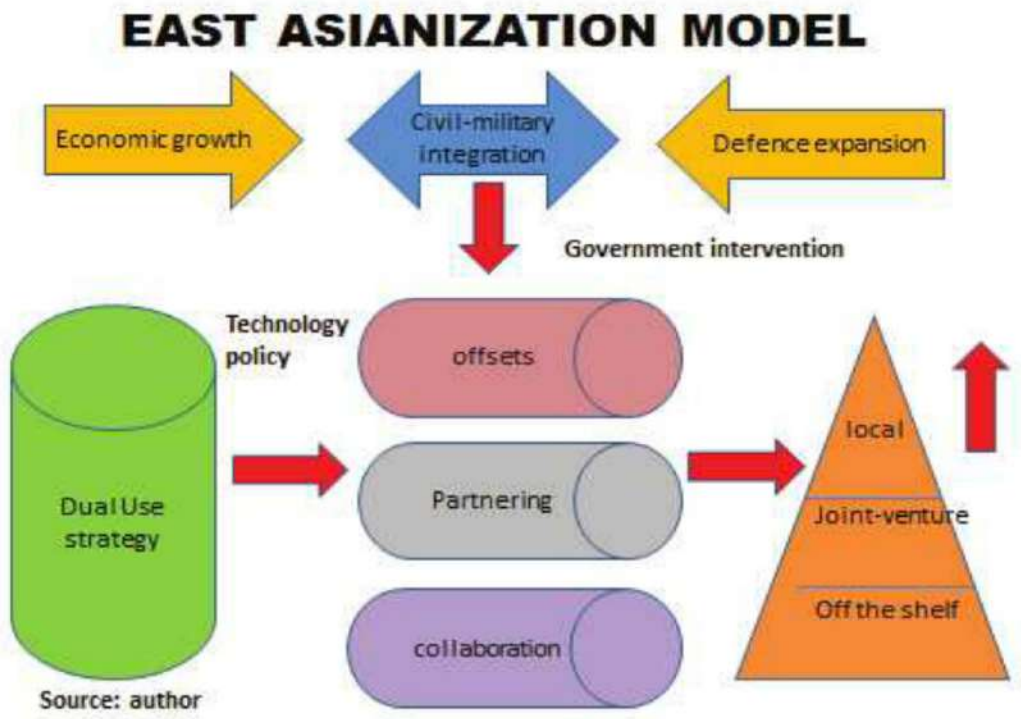
China, Japan, and ROK had taken similar intervention strategy to capitalise on their high economic growth and large allocation of GDP towards defence to grow their technology and industry capability.[300] Technology acquisition to develop domestic capability development is vital to China, Japan, and ROK. Historical reasons and strategic interest for all three nations in the region has created the demand to be technologically self-sufficient. Defence spending is closely associated to obtaining hitech industrial capability. These nations have embraced techno-nationalism as a course to moving from imitating technology to innovating and advancing technology, for the creation and promotion of a national defence industry. Samuel Richardson argues that techno-nationalism is the struggle for independence and autonomy through indigenisation of technology.[301]

The technology policy of China, Japan, and ROK is focused on establishing a political-economic environment for localisation and indigenous capability development. The industry policies are aimed at creating hitech value added production. The aim is to close the technological gap through technological leap-frogging. China, for example has been very successful in using reverse engineering methods for attaining technological leap-frogging. China has developed high capacity and capability to leverage over foreign firms and has the industrial structure, skills, and capability for absorbing and developing technology. Chinese government has

taken various steps to improvising and restructuring their national innovation system to augment the technology resources of its firms and supporting industries

The civil-military integration: to broaden the industrial base (for greater efficiency and competitiveness) and to take full advantage of the commercial sector with a dual-use technology focus is applied to maximise technology development. The different type of technology sourcing – offsets, international partnering and collaboration has been the catalyst in technology acquisition leading to indigenisation or East Asianisation for China, Japan and ROK. This framework is illustrated in the Figure 1 below.

Figure 1: The 'East Asianisation' Model



Dual-Use Technology Strategy

Dual-use is defined as a technology that can be employed for either or both commercial (peaceful) and defence (military or security) purposes. It is a two-way programme to help defence firms enter the commercial market and vice-versa. US pioneered the development of dual-use technology. Defence technology has been employed to create commercial industrial advances as a result of defence spending and growing anticipation of continued spin-off technology as a result of federal research and development findings. It was found to be more cost effective and affordable to incorporate civil application into defence sectors in order to enhance

military advantage. Of late, the defence sector has benefitted by cutting access to cutting-edge technology in the commercial sector such as semi-conductors, telecommunication, and advanced material.

China, Japan, and ROK have an advanced and well developed commercial industry. The close proximity of the civil-military relationship and the defence integration into overall economic plan has made dual-use approach very successful in technology development within East Asia. Under Deng's open door policy, concept of defence conversion became a formal strategy. The military activities were mainly responsible to support industrial capability and vice-versa. China has been able to develop modern weapon systems by adopting their civilian technologies to military uses.[302] China obtained a *spin-on* and *spin-off* paradigm for China's military modernisation. Further, China under Jiang Zemin (1993-2003) took a much more ambitious *dual-use* scientific and technological development approach via foreign investment.

In the case of Japan, dual-use industries have embraced civil military integration in the aerospace, telecommunication, electronics, computer, automobile bearing, and machinery industries. For instance, Mitsubishi Heavy Industries plant where the F-15 fighters are produced employs the same skilled operatives and process machinery as Boeing civil jets with high levels of integration thus deepening of aerospace skill base. In the defence sector, there are spin-offs onto frontier technology in composites manufacturing, on the civil side, the Japanese aerospace industry achieved progressive expansion or work representative through successive collaborative projects, and spin-offs were created through Japan's industry synergy and project management and systems integration.

For ROK, Chaebol is the national economic family that owned conglomerates and have historically benefitted from strong state support; investments in heavy industries like shipbuilding and steel electronics. Chaebols are predominantly civilian conglomerates. The ROK government selects and supports these privately owned top chaebols that are dominant players in the global tech industry. Top arms producers engaged in civilian production and are supported by parent company receive positive spin-on effect for arms production.

Technology Sourcing

East Asian countries view technology transfer and offsets as important elements in domestic strategies to build local defence industries. A combination of domestic capability and sourcing foreign technology through offsets, partnering and collaboration is viewed as a successful model towards technology and industrial development.

In terms of direct technology transfer, US had been mainly responsible for technology transfer into Japan and Korea through foreign assistance, local production. US foreign policy was then aimed at eventually developing self-defence capabilities - for reasons of ally and close relationship to Japan in the post-war period and military assistance programme. These were direct sales to complex forms of cooperation involving high technology and production transfers to Japan. From 1960-1990, US licensed more defence technology to Japan than to any other allied nations.[303] Japan was able to build substantial, diversified military-industrial complex, licensed production from US military systems.

The increasing cost of weapons systems and budget constraints plus emphasis on interoperability has made offsets more relevant as a tool to help achieve military capability through international partnering, joint development, and risk sharing.[304] China and Japan have no written offsets policy. In the case of Japan, the arms export policies prevent Japan from formalising practices such as countertrade and buy backs. However, in reality, both China and Japan are heavily engaged in technology transfer activities through all defence procurement activities.

China had a special relationship with Russia which allowed China to work around the arms embargo. Russia was the principal source of technology to China since the 1990s and has been the key component in enhancing China's technology programme. China and Russia have on several occasions taken joint design and development of new generation weapons and supporting systems. China has been able to reverse engineer Russian platforms such as SU-27 fighter, SU-33 carrier-capable fighter, and advanced defence electronic systems such as radar and data link systems for the Sovremenny II 956 destroyer and the Fregat M2EM 3D and Mineral-ME radar systems.[305]

China's C919 programme is viewed as a hybrid model to indigenisation. In this case, China was dependent on foreign partnership alongside investments in indigenous development. The C919 is an approach of simultaneous independent development and international co-operation. AVIC Cooperation had developed indigenous innovation, alongside foreign sourcing. The C919 programme is viewed as a potential civil-military integration approach for future development of military airlifter. It is the one Chinese concept of indigenous innovation which involves 'assimilating domestic and foreign knowledge and technology that are improved upon so that they become original'. This approach is the techno-hybrid approach to technology development.[306]

ROK's KTX-2 advanced jet trainer programme, a joint venture between Samsung Aerospace and Lockheed was an important break - through for ROK in the aerospace industry. The project was defined along the preliminary design work being carried out at Lockheed Ft Worth facilities in Texas, US. This was part of

an offsets agreement between US and ROK as part of the F-16 offsets obligation. LM and Samsung signed an agreement to develop aircraft with the support of the US firm for the wings and selected sub-systems. Samsung was responsible for building centre fuselage, final assembly and handling overall integration. Daewoo Heavy Industries worked on the forward and rear fuselage section of collaboration with the Korea Air.[307]

What were the policy outcomes?

The coordinated synergy between national economic growth and the subsequent defence expansion had contributed immensely to China, Japan and ROK's industrial and technology growth. The outcomes were translated through the development of an extensive indigenous defence industrial base in all three countries. The dual-use technology mode became widely popular as a more viable and affordable model for technology development. Further, the extensive human capital development through training in high-value added sectors, enhancement of domestic supply chain and subcontractors, as well as the creation of industrial clusters such as technology parks that has further strengthened indigenisation or East Asianisation.

China, Japan, and ROK combined own several of the top 100 defence companies in the world.[308] Mitsubishi Heavy Industries falls in the 24th place on the SIPRI 100 defence companies list for 2009. Others include Mitsubishi Electrics, Samsung, Kawasaki Heavy Industries, and Samsung Techwin. China has ten large state owned defence companies. AVIC defence and its subsidiaries drive China's advancement in building indigenous capability in military to meet the needs of the PLA.

Japan has a rather technologically advanced domestic arms industry and indigenisation of defence production. Japan is capable of building its own designed tanks, armoured vehicles, warships and various missile systems. Arms manufacturing is pursued on a public-private partnership between the state and industry. A few highly diversified Japanese companies include Mitsubishi Heavy Industries, Mitsubishi Electric, and Kawasaki Heavy Industries. Japan's largest defence collaboration will be the collaborative programme where Japanese industries will form a local joint venture with Lockheed Martin to produce the F-35s worth US$238 billion. This will include the involvement of Japanese industries in the manufacturing processes. The Japanese industries have been one of the most successful in developing a robust subcontracting base where 65 percent of Japanese prime contractors work is to subcontract and 45 percent of work is redirected to domestic specialist parts suppliers.

ROK initiated an aggressive and increasingly ambitious defence industrialisation program in the 1970s with the long term goal of establishing a 'basic foundation for self-defence capability for the twenty-first century'. Two of the most quoted ROK programme is the K1 series of the Korean Tank developed by Rotem and the T-50 trainer. ROK has around 4,000 companies that can act as subcontractors and form 70 percent of the defence industry. In 2009, the ROK arms industry made US$8769 million from arms sales (US$6.9 billion).[309]

China's defence industry has joined the ranks of the most advanced defence industries globally. China is able to produce capable weapon for domestic and export consumption. China through the civil-military activity has developed the electronics, information technology, high technology and automotive sectors through the efforts of non-state owned firms such as Huawei Technologies Ltd. and Zhingxing Telecommunication Equipment Co. Ltd. Cities such as Mianyang in Sichuan province have been designated as military-civilian science and technology zones due to the concentration of industries, including in areas such as optical technology, composite materials and space, and aviation-related technology.[310]

What can go wrong?

First, China, Japan, and ROK continue to depend on their economic growth and defence expenditure to develop and sustain their industrial and technological growth. Recent trend indicate that the high economic growth might not be sustainable. Japan has seen the worst decline in recent years and witnessed a negative GDP growth for 2011. Although China and ROK still continue to enjoy a considerably high economic growth but this might not be the case in the longer term. The issue is to whether these countries will be able to allocate the same proportion of their economic budget for the defence sector in the long term? Will a defence 'spin-off' model be sustainable in a sluggish economy?

Second, there are various structural and bureaucratic issues within the organisations in these countries. China's state owned defence industries are still seen as very autocratic, bloated, and inefficient. The ten largest state owned defence industries mainly serve the needs of the PLA. The Chinese defence industry has around 1,400 large and medium sized factories employing more than 1.6 million workers with outdated manufacturing technology and research facilities. Japan is still restrained by the Article 9 of the Japanese Constitution that bans arms exports. This has made it very difficult for Japanese defence industries that are bound by a monopsony market, with the JDA as their sole client. This makes production expensive and fails to achieve the economies of scale thus making these firms largely dependent on government support. In the case of ROK, the defence industries are still under the control of large conglomerates or chaebols. The chaebols method of doing business has constrained the sub-contracting base, creating inefficiency in the

system.

Third, technology access is a central concern for all three countries. Japan and South Korea are still very dependent on the US technology. The US export control regulations make it very difficult for both countries to be totally self-sufficient. US still impede flow of comparatively more sophisticated defence technologies into Japan. For example, US black box of the F-15 related technology was a relatively low 'local content'. China has many restrictions imposed on it in terms of technology acquisition. At the same time, China is accused of not being careful with foreign technology and is criticised for its lack of protection on foreign intellectual property rights (IPRS). There are still critical weaknesses in certain technology sectors, stopping China from developing state-of-the-art technology. This has resulted in China still being dependant on imported technology, especially from Russia for its Chengdu J-10 and Syengyang J-11 fighter aircraft. Also, the increase in costs of technology and offsets makes it more and more difficult for these countries to catch-up, thus increasing the technology gap. The cost of paying for the import of technology is still contentious and local production can be twice as high. This creates the need to weigh the best option for a cost effective technology development model.

Economic Growth and Defence Spending: Sustainable Technology Expansion?

Each of these East Asian nations - China, Japan and ROK will continue to strategise on maximising on economic wealth and defence prowess to strengthen technology and industry base.

In the case of China, it will aspire to own cutting-edge technologies to become the industrial leader of Asia. As China's overall economic growth begin to slow down, China will maximise on its dual-use strategy for military modernisation as well as technology and industrial development. This will alleviate China's position as a high-end technology provider/partner and capable of exporting high-value added technologies and industries. The defence economics control and influence, in the long run will provide China with the political leadership.

As for Japan, the country's economic turmoil and continuous reduction in the overall economic growth may put pressure to revisit the Article 9. Japan will continue to struggle and conduct internal debate on how to get around Article 9 on arms export. Japan's economic frustrations might force the country to seriously relook at the provision to help sustain a defence industrial base. The 'dual-use' strategy will be seen as a convenient route to promote its industries exports. At the same time, Japan's approach to comprehensive security and the nation's external threat issues will force Japan to depend on US for technology support and industry collaboration. In the case of ROK, the North Korea issue will make the country

continue with its aspiration to develop indigenous capability. ROK too, in the long term will base its technology development on its strong relationship with US.

Overall, a reduction in defence spending is predicted among the East Asian countries in the coming years due to their overall economic growth being impacted by global economic turmoil and financial crisis. Any major natural disasters in the future might worsen this situation as the economy may be further disrupted. The 'dual-use' model focused on 'spin-on' will be a preferred route to technology development due to its cost effectiveness and affordability in attaining 'East Asianisation'. At the same time, these countries will continue to depend on foreign technology source due to the geopolitical and strategic considerations in the region. Offsets and partnering model will still be employed to get access to foreign technology. In conclusion, The *Hybrid model* combining foreign technology and local capability will continue to be the preferred technology sourcing strategy for China, Japan, and ROK.

Endnotes

[261] The World Bank data. http//data.worldbank.org, 2011 dated 20 January 2012.
[262] The International Institute for Strategic Studies. *Military Balance,* http://www.iiss.ord/publications/military-balance/ dated 15 February 2012.
[263] Take note of Japan's slowing down of economy but the total of the three countries is significantly huge in absolute terms.
[264] *Military Balance 2011,* http://www.iiss.org/publications/military-balance/ dated 15 February 2012.
[265] Benoit in 1973 argued that military spending exerts a positive effect upon economic growth. While others such as Smith, Yildrium, Seggin, and Ocal have mentioned that the relationship between defence spending and economic growth has proven elusive.
[266] Benoit in his study of developing countries on the topic of defence and economic growth in developing countries mentioned that 'The big surprise of this study was the finding that the evidence does not indicate that defence has had any adverse effect on growth in developing countries'.
[267] The principle of final output introduced by Keith Hartley discusses that, typically the final output of defence can be expressed in such terms as protection, security and peace, as well as crisis management, peace-keeping and humanitarian aid. However, debates on defence policy usually focus on the number of aircrafts, warships, infantry regiments, and tank units. These are inputs into producing defence outputs. See Keith Hartley and Todd Sandlers, "10 Years in Retrospective," *Defence Peace and Economics,* 11:1, (2000), 1-16.
[268] Principle of substitution refers to alternative methods of achieving protection, each with different cost implications. The aim is to seek the least cost and solutions to providing various different capabilities.
[269] Principle of competition refers to defence operating in a monopolistic framework but competition can be harnessed for purchase of equipment and for some activities traditional and undertaken 'in-house' by the Armed Forces.

[270] The study of defence economics include alliances and burden sharing; military expenditure in developed and developing nations; arms races; terrorism; country surveys; the impact of disarmament on employment and unemployment; the prospects for conversion and the role of public policy in assisting transition, cost and benefits of arms controls regime, the trade in arms, the use of economic sanctions, procurement policy, defence industry, collaborative weapon programme, military manpower, internal market in the Armed Forces and public choice issues.

[272] World Bank data see No.1.

[273] This figure is a slight reduction in growth since early 2010 due to investment overhead caused by access capacity, over-inventory, and lower investment higher degree of inflation and bubble of financial assets.

[274] World Bank data, see No.1.

[275] Richard A.Bitzinger, 'China's Defence Technology and Industrial Base in a Regional Context: Arms manufacturing in Asia," *The Journal of Strategic Studies*, 34:3, (2011), 425-450.

[276] Ibid, 430

[277] *Stockholm International Peace Research Institute* (SIPRI), http://www.sipri.org/databases/armstransfer dated 2 February 2012.

[278] Global financial crisis, although outside East Asia, has caused slight reduction in China's defence budget especially after China became concerned about a rapid increase in government spending in 2009. China's defence budget growth recorded a 7.5% in 2010.

[279] SIPRI, see note 17.

[280] Tai Ming Cheung, 'Explaining China's Improving Defence Industrial and Innovation Capabilities', International Seminar on Defence Acquistion,12-14 July, 211, Institute of Defence Studies and Analysis, New Delhi, 118-129.

[281] SIPRI, see note 17.

[282] Tai Meng Cheung, 'Explaining China's Improving Defence Industrial, and Innovation Capabilities, p.123.

[283] See G.N Von Tunzelmann, *Technology, and Industrial progress, The Foundation of Economic Growth,* Edward (Cheltenham: Elgar, 1995).

[284] World Bank data, see No.1.

[285] ibid

[286] Christopher Hughes, 'Chapter four: Japan's Military Industrial Complex', The Adelphi papers, (2008), 48:403, 67-78.

[287] The Japanese automotive industry, especially Honda and Toyota are well-known to have introduced some of the leading manufacturing principles such as lean principles, TQM or total quality management, availability, reliability and maintainability. See Jeffrey K.Liker and David Meier, The Toyota Way Field book, McGraw-Hill Companies, Inc. New York, 2006.

[288] Michael Chinworth, "Country Survey XIII: Japan's security posture and defence industry prospects," *Defence Peace and Economics,* 11:2,369-401.

[289] Military Balance, see No.4.

[290] Keith Hartley and Todd Sandler, *The Economics of Defence* (Cambridge: Cambridge University Press), (Cambridge: Cambridge University Press, 1990), p.32.

[291] Military Balance, see no.4.

[292] See Rostow, W.W. *The Stages of Economic Growth: A non-Communist Manifesto, (Cambridge: Cambridge University Press, 1960,) 2nd enlarged edn.; 1971, .27-29.*

[293] See Samuels, J Richards, Rich Nation, Strong Army: National Security and the Technological Transformation of Japan (London: Cornell University Press, 1994): Michael E. Chinworth, *Inside Japan's Defense: Technology, Economics, and Strategy* (Washington DC: Brasseys, 1992).

[294] Kokusanka refers to domestic supply, if domestic supply is not possible, licenses should be secured using domestic manufacture and equipment; equipment should have broader application than specific to the project for which purchased.
Definition provided in D.B Friedman and R.J. Samuel, 'How to succeed without really flying: The Japanese Aircraft Industry and Japan's Technology Ideology', *The MIT program, Centre for International Industries,* MIT, (1992), .7.
[295] South Korea together with Taiwan, Singapore and are called the 'Asian Tigers' or the Newly Industrialised countries due to their rapid industrialisation supported by rapid economic growth. These countries are also labelled by some as the first tier East Asian economies.
[296] World bank, see No.1.
[297] KDIA is an independent defence export promotion association with membership among the Korean defence industries. KDIA's five major thrust of ROK's acquisition policy to meet ROK's defence industry objective is to build a domestic production capability. These include improving capability to develop military science and technology, pursuing efficient and economic acquisition projects and strengthening overall military power through system integration and weapon systems capability improvement.
[298] SIPRI 2011, 159
[299] Benoit in 1973 argued that military spending exerts a positive effect upon economic growth. While others such as Smith, Yildrium, Seggin, and Ocal have mentioned that the relationship between defence spending and economic growth has proven elusive.
[300] Also see Jomo K.S, South East Asia's Industrialisation, Industrial Policy, Capabilities, and Sustainability (ed), (Basingstoke: Palgrave Mc Millan, 2001).
[301] Richard J, Samuel, Rich Nation, Strong Army, see no.33.
[302] Rand Corporation, http://wwwuscc.gov/reserachpapers/research_archive.php dated 15 January 2011.
[303] Michael Chinworth and Ron Matthews, "Defence Industrialisation through Offsets: The Case of Japan,"234 in Stephen Martin, *The Economics of Offsets: Defence Procurement and Countertrade,* (Amsterdam: Harwood Academic Publishers, 1996), 234.
[304] bid, 235
[305] Wu Xingchen and Andrei Chang, 'Business Cultures and Russia-China Military Cooperation', *Kanwa Asian Defense Review,* 15 August, (2007), 29-30, and Reuben Johnson, 'Sino-Russian Union Falters', *Janes Defense Weekly,* (2007), 7 November.
[306] Tai Meng Cheung, 'The Chinese Defence Economy's Long March from Imitation to Innovation,' *The Journal of Strategic Studies,* 34:3 (2011), June, 326-7.
[307] Kim Soengbae, 'Experience and Status of Korean Defence Industry', International Seminar on Defence Acquistion,12-14 July, 211, Institute of Defence Studies and Analysis, New Delhi.
[308] Chinese defence companies are however not listed on the SIPRI list.
[309] http://www.mnd.go.kr/mndEng_2009/WhatsNew/RecentNews/Defence drew up budget for next year.
[310] Tai Ming Cheung, *Fortifying China: The Struggle to Build a Modern Defense Economy,* (Ithaca: Cornell University Press, 2009) 215-227.

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- *The International Environment of China to Peacefully Defend its Historic Sovereignty in South China Sea*
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