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IMDEX ASIA: Southeast Asian Naval Expansion and Defence Spending

By Richard A. Bitzinger

Synopsis

Rising defence budgets have fuelled a sizable naval buildup in Southeast Asia. As a result, countries surrounding the South China Sea have acquired new military capabilities that could make conflict in the region, should it occur, potentially more lethal.

Commentary

GROWING DEFENCE budgets have underwritten a sizable arms buildup in Southeast Asia since around the turn of the century. Regional navies have particularly benefited from this increase in military expenditures. As a result, many Southeast Asian navies are in the process of transforming themselves from modest forces oriented mainly toward coastal defence to modern fleets capable of projecting considerable firepower into local “green waters”.

As the IMDEX Asia maritime defence exposition takes place in Singapore this week, it would be appropriate at this time to reflect upon the impact of rising defence budgets and their impact on regional naval modernisation.

Three broad trends in regional naval acquisition

In general, Southeast Asian navies are experiencing growth in three broad areas. In the first place, many have acquired, or are in the process of acquiring, largish surface combatants. In the past, most regional navies consisted mainly of coastal patrol boats and fast-attack craft, geared mostly toward littoral combat. Today, however, many of these forces are being outfitted with larger, longer-range warships, usually of the corvette or frigate class.

Malaysia, for example, has acquired two frigates from the United Kingdom and at least six *Gowind*-class stealthy corvettes from France. For their part, Singapore has built six *Formidable*-class frigates in the past decade, based on the French *Lafayette* design; Indonesia is buying four corvettes from the Netherlands; Vietnam is getting two Russian-built *Gepard*-class frigates; and Thailand is negotiating with South Korea for an unknown number of multi-role frigates. Even traditionally fund-starved Philippines is currently acquiring several used ships from the United States, Italy, and Japan.

Secondly, there has been a major expansion in regional submarine fleets. Many Southeast Asian navies who did not possess a single submarine 15 or 20 years ago are now operating or acquiring quite impressive fleets of undersea vessels. Singapore has bought six used-but-upgraded submarines from Sweden – including two that have been refitted with air-independent propulsion (AIP); in 2014, Singapore announced that it was buying two brand-new Type-218S boats from Germany, equipped with fuel cells for AIP.

At the same time, Malaysia has taken delivery of two submarines from France, while Vietnam has bought six Kilo-class submarines from Russia. Indonesia will get at least three (and possibly more) submarines from South Korea, and both Thailand and the Philippines have reiterated their requirement for subs.

Finally, many local navies are also acquiring new ships for expeditionary warfare. Singapore has indigenously designed and built four *Endurance*-class amphibious operations ships; it is also building one ship in this class for the Thai navy. Indonesia and Philippines are both acquiring Korean-designed *Makassar*-class amphibious ships, while the Thais operate the only full-fledged aircraft carrier in Southeast Asia.

Making it rain: Regional defence spending trends

This buildup in Southeast Asian naval capabilities would not have been possible without a significant increase in regional defence expenditures. According to data put out by the Stockholm International Peace Research Institute (SIPRI), military spending by ASEAN nations more than doubled from 2000 to 2013, from US\$15.7 billion to US\$34.9 billion (as measured in constant 2011 US dollars).

Indonesia's military budget more than quadrupled between 2000 and 2013, from US\$1.9 billion to US\$8.4 billion, while Malaysian defence spending essentially doubled in real terms, going from US\$2.4 billion in 2000 to US\$4.8 billion in 2013. Over this same period, Thai military expenditures grew by 75 percent, to reach US\$5.6 billion in 2013, and Singapore's defence budget grew by nearly a quarter, to US\$9.1 billion in 2013.

At the same time, the remarkable economic growth experienced by most Southeast Asian nations over the past 20 years or so has meant that the burden of defence spending has remained manageable even as military expenditures have increased. In fact, according to SIPRI, defence spending as a percentage of GDP was more or less constant for most ASEAN nations between 2000 and 2013: Indonesia: 0.9 percent; Malaysia, 1.5 percent; the Philippines, 1.4 percent; Thailand, 1.5 percent; Vietnam, 2.4 percent. In Singapore, the military burden actually went down, from 4.6 percent of GDP in 2000 to 3.4 percent in 2013.

Regional navies and the South China Sea

The arms build-up in Southeast Asia over the past 10 to 15 years is undeniably significant, especially as it might impact the current rise in tensions in and around the South China Sea. In the first place, recent acquisitions by regional navies constitute something more than mere modernisation; rather, the new types of armaments being procured and deployed promise to significantly affect regional seaborne warfighting capabilities.

Local navies are acquiring greater lethality and accuracy at longer ranges – for example, antiship cruise missiles and modern naval guns. Additionally, local navies are acquiring new or increased capabilities for force projection, operational manoeuvre, and speed. Modern submarines and surface combatants, amphibious assault ships, and even aircraft carriers have all extended these militaries' theoretical range of action. New platforms for reconnaissance and surveillance, especially in the air, have considerably expanded these militaries' capacities to look out over the horizon and better patrol territorial waters and EEZs.

In sum, many countries in the South China Sea region have added considerable capabilities to their forces (military and coast guard) over the past 10 to 15 years. Many of these capabilities – such as submarines or antiship missiles, long-range air interdiction or maritime strike – were previously

lacking in these forces, and these new capabilities have greatly increased these militaries' capacities for projecting force into the South China Sea.

How these increased capacities may affect tensions in the region is still uncertain, but certainly they promise to magnify any military clashes in the South China Sea, should it occur. As Southeast Asian navies add new capabilities for warfighting, any future conflict in the region is likely to be faster, more intense, and more lethal, and therefore perhaps more devastating.

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