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# Are South-east Asian states balancing against China?

Arms spending and defence partnerships with the US and its partners seem to point that way. But there are more factors in play.

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Where do South-east Asian countries stand in the tug of war between the United States and China? It is a question that comes up time and again, given the region's strategic importance in the unfolding great-power politics.

Indeed, any military conflict involving the two powers would critically affect all 10 member states of the Association of South-east Asian Nations (Asean). All South-east Asian countries have strong economic ties to China; many regional political and business leaders have looked to China for their post-Covid-19-pandemic recoveries.

On the other hand, key countries like Singapore, Indonesia, the Philippines, Thailand and Malaysia have all forged strong defence and security partnerships and alliances with the US. Any US-China military conflict could thus force the region into painful strategic choices it does not wish to make. This is not even including the challenge of securing the safety of nearly 700,000 migrant workers from Indonesia, the Philippines, Thailand and Vietnam in Taiwan.

Against this backdrop, we have also seen South-east Asian states bulking up their militaries. Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam have acquired next-generation fighters, frigates, submarines, anti-ship missiles and other complex platforms over the past decade or will seek to procure them in the next.

This group of six countries collectively spent more than US\$57 billion (S\$77 billion) on major arms acquisitions from 2012 to 2022, according to IISS Military Balance data. The group's combined defence budget increased from about US\$30 billion to more than US\$44 billion in the same period (though the 2022 figures amount to only 1.35 per cent of GDP, on average).

Key South-east Asian states have also ramped up their defence engagement with the US. Indonesia launched the Super Garuda Shield military exercise in August 2022,



Asean has strong economic ties to China. For many states, the challenge will be in finding ways to strengthen defence partnerships without joining one side or the other in the competition between China and the US. ST PHOTO: GAVIN FOO

effectively expanding what was originally a bilateral army exercise into the largest joint, multinational exercise in the Indo-Pacific involving 14 nations.

Thailand and the Philippines also hosted their largest military exercises with the US in March and April 2023. These are on top of the hundreds of annual engagement activities and the dozens of education and training exchanges involving thousands of South-east Asian security officials over the past decade.

## AN INCOMPLETE PICTURE

These two trends – arms spending and stronger defence ties with the US – have led analysts to argue that South-east Asia is slowly but surely balancing against China. This view, however, is incomplete at best.

First, as we shall see from June 2 to June 4 at the 20th IISS Shangri-La Dialogue, South-east Asian states will continue to seek a middle position between the US and China, hedging against the uncertainty inherent in their competition. Indonesia, the Philippines, Singapore, Thailand and Vietnam, to different degrees and in different styles, will likely express their continued concern about the rivalry and over the spread of geopolitical competition to the military, economic and technological domains.

Such polarisation and the ensuing calls for decoupling, or “de-risking”, according to the latest Group of Seven (G-7) communique, have not been warmly embraced by South-east Asia. As Deputy Prime Minister Lawrence Wong cautioned on May 25 at the Nikkei Forum: “If de-risking is taken too far, it would prompt reactions and

unintended consequences. Over time, we will end up with a more fragmented and decoupled global economy.”

This is why we are likely to see regional policymakers asserting that they would like Beijing and Washington to reopen closed lines of communication as a start, and some may even be hoping for a complete strategic reset, unlikely though this may be. They nevertheless hope that both powers can work together on some areas in South-east Asia, including on regional economic integration, climate change and the energy transition.

These expectations come as the region struggles with slow post-pandemic economic recovery and the fallout from Russia's war in Ukraine. While South-east Asian countries appreciate regional powers such as Australia and Japan stepping up their strategic engagement – and may eventually warm to new multilaterals such as Aukus and the Quad – they still prefer to use Asean as the primary format for regional engagement.

Indonesia, for one, has often leveraged Asean as a strategic buffer between competing great powers and currently holds the rotational chairmanship of the group. It plans to host an Indo-Pacific Forum on the sidelines of the East Asia Summit in early September and will use the meeting to try and give form and substance to the Asean Outlook on the Indo-Pacific, designed as a middle ground amid duelling Indo-Pacific strategies. Indonesia's defence ministry has also taken the lead in drafting defence-specific principles and cooperative activities as part of this effort.

Second, no country in the region has overhauled the

organisational, doctrinal and operational outlooks of its armed forces with the goal of deterring and fighting a war against China. Acquiring arms and equipment is fundamentally different from how ready you are to use them.

For one thing, many South-east Asian states are still confronting a multitude of security challenges on a daily basis, from natural disasters, countering transnational crime, terrorism and insurgencies to securing their claimed exclusive economic zones. China's strategic designs for the region and its aggressive behaviour are not the only threat vector defence policymakers have to wrestle with.

For another thing, fiscal constraints and bureaucratic hurdles – including inter-service rivalries – have hamstrung ambitious attempts at military modernisation. China's aggressive behaviour and the increasing prospect of a US-China conflict emerging have provided new rationales to South-east Asian states in advancing their pre-existing military procurement plans. Their need to strengthen domestic defence-industrial bases provides further support.

But a genuine balancing attempt against China would require South-east Asian states to genuinely transform their archaic defence institutions – from organisation and personnel to training, exercises and education, and strategic planning. Investing in hardware is certainly necessary to boost defence capabilities but will never be sufficient without the “software and brainware” as well.

## OTHER PRIORITIES

Finally, South-east Asian states

seek stronger defence partnerships with the US and its allies and partners to meet their security needs, not necessarily to strategically align themselves to one great power over another, as challenging as that may seem.

Indonesia, Thailand, Malaysia and the Philippines, for example, have long-term military modernisation plans and frameworks. Given their underdeveloped domestic defence industrial bases, stronger defence partnerships with key states in Europe, the US and even South Korea will be crucial to achieve those plans. This is particularly the case in the light of Russia's invasion of Ukraine that throws its credibility as a defence supplier and partner into question.

The key partners are also in the position to provide access to high-quality training, education and exercise opportunities for South-east Asian armed forces. As emerging technologies – from cyber to artificial intelligence and beyond – play a critical role in defence capabilities, South-east Asian states will also need closer ties with those controlling their access.

More broadly, as much as the US and its allies would like to capitalise on the strategic momentum provided by the alignment of defence needs and partnerships, they should be cautious not to overplay their hand. Not only are concerns over great-power competition continuing to overshadow alignment choices, but many in South-east Asia are also still aware of the pitfalls of over-reliance and dependence on the West for their security and defence capabilities.

Defence partners seeking to engage South-east Asian defence industries and establishments should therefore be ready to meet their localisation and offset needs – from technology transfer to the development of joint ventures and even defence industrial estates, as Thailand has proposed. Indonesia has had a defence industrial law mandating these requirements, while the Philippines is considering a similar legal framework.

Overall, we are likely to see South-east Asian defence officials at the Shangri-La Dialogue emphasising the need for participating countries to improve collaboration on resolving a range of regional security challenges. This will include a call for Beijing and Washington to manage their competition in a way that avoids an all-out conflict, and for deeper defence partnerships with key countries, including South Korea, the US, and many in Europe.

For many states in the region, the real challenge will be in finding ways to strengthen these defence partnerships to address security needs and boost strategic autonomy without joining one side or the other in the polarising competition between China and the US.

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