

# Beginning to Balance: Maritime Southeast Asia Responds to the Rise of China

**Author:**

Bentley, Scott

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*Beginning to Balance: Maritime Southeast Asia Responds to the Rise of China*

Scott Bentley

A Thesis in Fulfillment of the Requirements for the Degree of  
Doctor of Philosophy



School of Humanities and Social Sciences (HASS)

International and Political Studies (IPS)

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Surname or Family name: Bentley

First name: Jared

Other name/s: Scott

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China has over the last several years begun implementing a new strategy intended to enforce its expansive claims to nearly the entirety of the South China Sea, which is executed through the use of coast guard forces that are in turn supported by its growing naval power. As a result of the implementation of this strategy, Chinese forces are increasingly coming into contact with those of their Southeast Asian counterparts, creating friction and leading to a growing number of incidents in disputed areas. The scope of China's enforcement activities has expanded over time, and while it may have initially been focused closer to China, effecting primarily Vietnam and the Philippines, Chinese coast guard vessels now routinely operate in areas much further south near Malaysia and Indonesia.

These developments have created a growing amount of concern in the capitals of these countries, where China's long term and even near term intentions are increasingly in question. Heightened threat perception has in turn resulted in a shift toward more pronounced balancing behavior in the wider hedging strategies adopted by Maritime Southeast Asia to respond to a rising China. This balancing behavior has varied from country to country in terms of timing, type, and ultimately effectiveness. While some states such as the Philippines have chosen to balance primarily through external means, strengthening their alliance with the United States, most have relied more on internal methods including modernization of naval and coast guard forces.

At the operational level, balancing efforts have evolved over time to account for the coercive tactics that continue to be employed by Chinese forces. Southeast Asian counter-coercion strategies are likely to complicate if not ultimately frustrate the implementation of China's strategy. While it remains to be seen if some of these smaller regional countries can effectively counter Chinese power, other rising powers such as Indonesia will almost certainly play a pivotal role in determining the regional balance going forward. Though in many cases it may have been a long time coming, a long term trend is now clear across Maritime Southeast Asia: they are beginning to balance.

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### **List of Acronyms**

A2AD- Anti- Access and Area Denial  
AADS- Archipelagic Defense Strategy  
AAW- Anti-Air Warfare  
ABAB- Air Base, Antonio Batista  
ADMM- ASEAN Defense Minister's Meeting  
ADDMM+ - ASEAN Defense Minister's Meeting Plus  
ADIZ- Air Defense Identification Zone  
ADOC- Air Defense Operations Center  
AFP- Armed Forces of the Philippines  
AIP- Air Independent Propulsion  
AIS- Automatic Identification System  
AOR-Area of responsibility  
APMM- Agensi Penguatasaan Maritim Malaysia  
ARF- Asean Regional Forum  
ASBM- Anti- Ship Ballistic Missile  
ASCM- Supersonic Anti- Ship Cruise Missile  
ASEAN– Association of Southeast Asian Nations  
ASUW- Anti-Surface Warfare  
ASW- Anti-Submarine Warfare  
C2- Command and Control  
CCG- Chinese Coast Guard  
CCP- Chinese Communist Party  
CDCM- Coast Defense Cruise Missile  
CIADS- Commander of IADS  
CIWS- Close in Weapons Support  
CMC- Central Military Commission  
CMS- China Marine Surveillance  
CMSI- China Maritime Studies Institute

CNO- Chief of Naval Operations  
CoC- Code of Conduct  
COP- Common Operating Picture  
CPM- Communist Party of Malaya  
CSB- Can Sat Bien: Vietnamese acronym for VCG  
CSL- Cooperative Security Locations  
CSW- Coast Watch South  
CUP- Capability Upgrade Program  
DBM- Department of Budgetary Management  
DFA- Department of Foreign Affairs  
DIO- Defense Intelligence Organization  
DKP- Direktorat Kapal Pengawas- Surveillance Ship Directorate  
TNI-AL- Tentara Nasional Indonesia- Angkatan Laut  
DND- Department of National Defense  
DOE- Department of Energy  
DOTC- Department of Transportation and Communication  
DSME- (South Korea) Daewoo Shipbuilding Marine Engineering  
EDCA- Enhanced Defense Cooperation Agreement  
EO- Executive Order  
EW- Electronic Warfare  
EWS- Early Warning System  
FAC- Fast Attack Craft  
FAC-M –Fast Attack Craft Missile  
FALSG- Foreign Affairs Leading Small Groups  
FLEC- The Fisheries Law Enforcement Command  
FLIR- Forward Looking Infrared  
FMS- Foreign Military Sales  
FOB- Forward Operating Bases  
FPDA- Five Power Defense Arrangements  
FPRI- Foreign Policy Research Institute  
GAC- General Administration of Customs

GSP- Gugusan Semarang Peninjau  
 HADR- Humanitarian Assistance and Disaster Relief  
 HELRAS- Helicopter Long Range Active Sonar  
 HQ- Headquarters  
 IADS- Integrated Air Defense System  
 IFF- Identification Friend or Foe  
 IR- International Relations (Political Science)  
 IR/UV- Infra- Red/ Ultra- Violet  
 ISCG- Indonesian Sea and Coast Guard  
 ISEAS- Institute for Southeast Asian Studies (Singapore)  
 ISIS- Institute of Strategic and International Studies  
 ISR- Intelligence, Surveillance, and Reconnaissance  
 JICA- Japan International Cooperation Agency  
 JMU- Japan Marine United  
 JSTOF-P –Joint Special Operations Forces –Philippines  
 KCR- Kapal Cepat Rudal- Fast Missile Ship  
 KIG – Kalayaan Islands Group  
 KKP- Ministry of Maritime Affairs and Fisheries (*Kementerian Kelautan dan Perikanan*)  
 LCS- Littoral Combat Ship  
 LPD- Landing Platform Dock (Amphibious Ship)  
 LSG- Leading Small Groups  
 LST- Landing Ship Tank  
 LT- Lieutenant  
 LTCDP- Long Term Capability Development Program  
 MAF- Malaysian Armed Forces  
 MAJDP- Malaysia- Australia Joint Defense System  
 MARD- Fisheries of the Ministry of Agriculture and Rural Development  
 MCC- Mission Command Center  
 MDA- Maritime Domain Awareness  
 MDA- Maritime Domain Awareness  
 MDB- Mutual Defense Board

MDT- Mutual Defense Treaty  
MEF- Minimum Essential Force  
MFA- Ministry Foreign Affairs  
MLE – Maritime Law Enforcement  
MMEA- Malaysian Maritime Enforcement Agency  
MMZ- Malaysian Maritime Zone  
MND- Ministry of National Defense  
MOD- Ministry of Defense  
MOU- Memorandum of Understanding  
MPA- Maritime Patrol Aircraft  
MPS- Ministry of Public Security  
MRRV- Multi- Role Response Vessels  
MSA- Maritime Safety Agency  
MSS- Maritime Surveillance System  
NAVFORWEST- Naval Forces West  
NCWC- National Coast Watch Center  
NCWS- National Coast Watch System  
NDL- Nine Dash Line  
NIC- National Intelligence Council  
NIDS- National Institute for Defense Studies  
ODA- Official Development Assistance  
ONI- (US) Office of Naval Intelligence  
OOB- Air Force Order of Battle  
OPV- Offshore Patrol Vessels  
OSTEX- Operation Sea Training Exercise  
OTH- Over the Horizon  
PAF- Philippine Air Force  
PAVN- People's Army of Vietnam  
PBSC- Politburo Standing Committee  
PCA- Permanent Court of Arbitration  
PCG- Philippine Coast Guard

PKR- Perusak Kawal Rudal ‘Guided Missile Destroyer Escort’

PLAN- People’s Liberation Army- Navy

PN- Philippine Navy

PRC- People’s Republic of China

PSDKP- Marine Resources and Fisheries Surveillance (*Pengawasan Sumber Daya Kelautan dan Perikanan*)

PTDI- PT Dirgantara

RHIB- Rigid Hull Inflatable Boat

RMAF- Royal Malaysian Air Force

RMN- Royal Malaysian Navy

ROE- Rules of Engagement

RSS- Remote Sensing Sites

SAM- Surface to Air Missiles

SAR- Search and Rescue

SATCOM- High Speed Satellite Data Link

SATKER- Working Unit (*Satuan Kerja*)

SLAR- Side-Looking Airborne Radar

SLIC- Slow Intensity Conflict

SLOC- Securing Sea Lines of Communication

SMS- Special Missions Ship

SOA- State Oceanic Administration

SOP- Standard Operating Procedures

SSBN- Nuclear Ballistic Missile Submarine

SSC- Swedish Space Corporation

SSK- Conventional Attack Submarines

SSN- Nuclear Attack Submarine

SSV- Strategic Sealift Vessels

STOL- Short Take-off and Landing

TCF- Trillion cubic feet

TNI- Indonesian National Armed Forces (*Tentara Nasional Indonesia*)

ToT- Transfer of Technology

TTP- Tactic, Technique, Procedure

UNCLOS- United Nations Convention on the Law of the Sea

USCG- United States Coast Guard

USNS- United States Naval Ship

PLA- People's Liberation Army

VADM- Vice Admiral

VCP- Vietnamese Communist Party

VFA- Visiting Forces Agreement

VFRS- Vietnam Fisheries Resource Surveillance

WESCOM- Western Command (PAF)

WPS- West Philippine Sea

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## Chapter 1

### Literature Review and Theoretical Orientation

#### ***Introduction***

While a robust debate continues on the character and implications of the rise of China as a great power, and more recently as a maritime power, there remains little doubt on the general trends: China is rising. The implications of China's rise could not have greater strategic, political, and economic consequence than they do for China's neighbors in Southeast Asia, though the perception of and reaction to a rising China by these nations has received comparatively less attention in the Western academic literature.<sup>1</sup> Analysis of the regional reaction previously tended to be generally uniform, emphasizing Southeast Asian hedging strategies toward China<sup>2</sup>, but recent literature has highlighted growing indications of balancing behavior in Southeast Asia and the region more broadly.<sup>3</sup> This increased balancing behavior is being driven largely by concern over China's long term ambitions in the region and rising levels of threat perception in the

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<sup>1</sup> One of the more comprehensive book length studies on this topic includes Ian Storey's *Southeast Asia and the Rise of China: The Search for Security*. New York: Routledge, 2011. See also Sheldon Simon and Evelyn Goh. *China, the United States and Southeast Asia: Contending Perspectives on Politics, Security and Economics*. New York: Routledge, 2008.

<sup>2</sup> For more on this aspect see: Goh, Evelyn. "Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies." *International Security* Vol. 32 No. 3 (Winter 2007-2008).

<sup>3</sup> Shearer, Andrew. "Southeast Asia and Australia: Case Studies in Responding to China's Military Power," in *China's Military Challenge: Strategic Asia 2012-13*. Eds. Ashley Tellis and Travis Tanner. Seattle, Washington; National Bureau of Asian Research (NBR), 2012.

capitals of ASEAN in response to China's claims and recent actions in the South China Sea over the last several years.

China's rise as a maritime power may very well be the defining trend of the twenty first century, but a great deal about that rise and the structure of regional security architecture in the Asia Pacific will depend upon the reaction from neighboring states in the region. Contrary to some analysis that paints a binary choice between the US and China,<sup>4</sup> Southeast Asian countries have always navigated a continuum between the two extremes of siding with one power or the other, and are likely to continue to do so into the foreseeable future. They are independent actors whose strategic choices will matter a great deal for the future security of the region. Many of these countries are rising powers in their own right, foremost amongst them Indonesia, and they will respond to developments in accordance with what they view as their national security interests.

The various definitions of national interests in Southeast Asia are increasingly running into China's rising power. The growth of Chinese military and maritime paramilitary capabilities over the last decade has enabled China to project power further from shore into the areas along its maritime periphery, areas where it previously had not been able to do so. A number of maritime and territorial disputes exist in this area between China and its neighboring countries. Overlapping claims exist in parts of the South China Sea between China and a number of maritime Southeast Asian nations including Malaysia, Vietnam, the Philippines, Brunei and Indonesia. These disputes have long generated concern amongst these states (as well as countries not directly involved in

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<sup>4</sup> Hugh White. *The China Choice: Why We Should Share Power*. Oxford University Press, 2013.

the disputes, such as Singapore) over the rise of China and its long term ambitions in the region.

Taken together, the countries directly involved in the South China Sea disputes form nearly the entirety of maritime Southeast Asia, and with the exception of Brunei, will serve as the principal case studies for the research undertaken as part of this thesis. All countries examined are largely reacting to Chinese strategy in the region, rather than the other way around. More proactive responses will be required from these countries in the future to secure their national security interests in these areas, but so far their strategies have been largely reactive. They have been reacting to China, specifically to recent changes in Chinese strategy in the region.

China has over the last decade begun implementing a new maritime law enforcement (MLE) strategy that utilizes both its growing civilian and military maritime forces to enforce its sovereignty and jurisdiction in disputed areas of the South China Sea. China's various MLE agencies have been at the forefront of this effort, and since 2007 have been undertaking "rights protection" (*weiquan*) patrols in the South China Sea.<sup>5</sup> The increased Chinese presence in disputed areas has occurred alongside a sharp rise in the number of incidents between China and Southeast Asian nations involved in the dispute, which has in turn exacerbated the previously existing strategic concerns over China's long term ambitions in the region.

These developments have occurred in sharp contrast to a previous Chinese diplomatic shift toward multilateral engagement with ASEAN that began in the late

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<sup>5</sup> National Institute for Defense Studies (NIDS). "China Security Report 2011," Tokyo, Japan 2011, p. 7. Text available online (Accessed August 14, 2013). [http://www.nids.go.jp/english/publication/chinareport/pdf/china\\_report\\_EN\\_web\\_2011\\_A01.pdf](http://www.nids.go.jp/english/publication/chinareport/pdf/china_report_EN_web_2011_A01.pdf)

1990s and had served to at least temporarily assuage some of the previous concern in the region over China's rise, allowing countries to take full advantage of the opportunities presented by China's rise through positive sum economic engagement. This new MLE strategy and China's increased assertiveness in the South China Sea has the potential to create tension between the opportunities and concerns China's rise has generated in the region, posing difficult questions for the security strategies of maritime Southeast Asia in the years ahead.

These new dynamics are beginning to drive a number of Southeast Asian countries bordering the South China Sea to move toward more pronounced balancing behavior as part of their wider strategic responses to China's rise, including the acquisition of military and civilian maritime platforms intended to counter or frustrate China's strategy. This significant and understudied new trend in Southeast Asian security strategies serves as the focus of this thesis. The acquisitions themselves are significant, but successful balancing strategies for these smaller and less capable nations may require a renaissance in regional thinking about defense strategy. Successful strategies will require these countries to gain the knowledge and expertise to transform these new platforms into actual capabilities, as well as to develop new and innovative operational concepts for their employment. Such concepts are likely to be embedded within a wider framework of counter-coercion strategies, including efforts to deter and dissuade a more capable adversary. These counter-coercion strategies are likely to complicate and may even ultimately end up frustrating China's own strategy, with potentially significant implications for the future regional security environment.



### ***Research Questions***

The most important question facing Southeast Asian security scholars and practitioners in the decades to come will be how to reconcile this tension: how to continue engaging China economically on the one hand, whilst simultaneously building a strategic and defense posture sufficient to account for competition and potential conflict over core national security interests. In other words, the central research question that emerges from such a dynamic is this: will Southeast Asia continue hedging against China's rise as they have in the past, or can more pronounced balancing behavior be expected to emerge in the future as a result of these emerging dynamics?

The answer to this question depends not only upon how one defines the terms hedging and balancing, but a number of other important questions that arise from a review of that literature. To begin with, how pronounced are the concerns in the capitals of maritime Southeast Asia over China's rise and specifically its new strategy in the South China Sea? Is this issue driving the larger security and defense strategies of these countries? If so, how are they likely to respond to various levels of threat perception? Will they balance through traditional means of alliance formation or will their strategies rely on their own domestic capabilities to do so? And will their responses be uniform or vary between the countries? Furthermore, what are the implications of these countries' responses for the US rebalance policy to Asia and the larger geopolitical dynamics in the region involving the US and a rising China ?

### ***Beginning to Balance***

Research undertaken for this thesis suggests that responses may vary between the countries, but that they are all likely to exhibit more pronounced threat perceptions in response to China's implementation of this new strategy and corresponding incidents that are likely to occur at the operational level as a result. Stephen Walt's theory of the balance of threat<sup>6</sup> would predict that balancing efforts are likely to become more pronounced in the defense strategies of the maritime Southeast Asian nations over the coming years. According to Walt's theory, states balance not only against material capabilities but against perceived threats, which can emanate from additional considerations including the perceived intentions of other states as well as geographic factors.

While China's military modernization is undoubtedly a concern in Southeast Asia, China's MLE strategy and recent behavior in the South China Sea may prove a tipping point in threat perception, as it touches at long standing apprehension over China's ultimate ambitions in the region. China's intentions, and seeming desire to exert control and jurisdiction over nearly the entirety of the South China Sea, may be the most important factor contributing to security threat perceptions in the capitals of ASEAN. The severity or level of threat perception regarding China's rise may once again be increasing in the region. Subsequent work by other International Relations (IR) theorists such as the late Patricia Weitsman suggest that "different levels of threat result in different alliance behavior:" hedging at lower levels of perceived threat, and eventually balancing behavior

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<sup>6</sup> Walt, Stephen M. (1987). *The Origins of Alliances*. Ithaca: Cornell University Press.

as this threat perception becomes more pronounced.<sup>7</sup> Taken together, the work of IR theorists such as Walt and Weitsman argues that states balance against not just threat, but a particular level of threat.

In this thesis threat perception is treated as a national policy level variable. Despite variance between civilian and military communities in the Southeast Asian countries under study, this variance is common in all countries around the world, including Australia and the US. Due to the roles and obligations of military forces to defend against threats to the national interest, they are inherently more inclined to view particular actions in a threatening manner. While additional variables such as domestic politics (including civil-military relations) and economic ties may impact the level of balancing evident in a particular country, this thesis regards them as intervening variables incapable of sufficiently explaining the variance across cases on their own.

A sufficient expansion in variance across case studies is dependant upon the level of threat perception at any given time, which is manifest in national policy or statements by senior leadership. Variance in the level of threat perception undoubtedly interacts with the domestic politics in a particular country, which is dealt with at length in individual case studies, but it is ultimately determined more by developments in the international system. Incidents in the South China Sea involving Chinese vessels have been the defining determinant of threat perception across case studies in Southeast Asia over the past three decades. These incidents have shaped Southeast Asian perceptions of China's intentions in the region, resulting in increased threat perception, which then in turn has driven more pronounced balancing behavior over time.

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<sup>7</sup> Weitsman, Patricia. *Dangerous Alliances: Proponents of Peace, Weapons of War*. Stanford University Press, 2004, p.. 3

## **Causal Pathway Between Threat Perception and Balancing**

### ***Incidents at Sea -> Threat Perception -> Balancing***

The literature on balancing is varied, with a traditional focus on the capability aggregation function of alliance behavior, though this exclusive focus on alliances has been criticized by other scholars who contend that balancing behavior also occurs through domestic military growth alone. This thesis considers both acceptable evidence of balancing behavior, which occurs in either the external (alliance strengthening or formation) and internal (military and coast guard modernization) forms of balancing.<sup>8</sup> While an alliance may generally be considered a “formal or informal commitment for security cooperation between two or more states,” the defining feature according for Realists like Walt is ultimately a “commitment for mutual military support against some external actor(s) in some specified circumstances.”<sup>9</sup> Alliances do not necessarily require a treaty to exist, because “states may provide considerable support to one another even without a formal treaty.”<sup>10</sup>

When looking at Southeast Asian security strategies, internal balancing and military modernization have been the predominant response to China’s rise thus far, and hesitancy to establish formal alliances will likely persist throughout much of the region, with the Philippines being the obvious exception to this rule. The formal treaty arrangements with the US are longstanding, and recent agreements will continue to

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<sup>8</sup> Morrow, James D. “Arms Versus Allies: Trade-offs in the Search for Security,” International Organization Vol. 47 No. 2 (Spring 1993)

<sup>9</sup> Stephen Walt. “Why Alliance Endure or Collapse,” Survival: Global Politics and Strategy 39:1 (1997), p. 157

<sup>10</sup> Walt. “Why Alliance Endure or Collapse,” p. 157

strengthen the alliance in the years to come. Less well known however is the case of Malaysia, which this thesis will argue maintains a “quiet alliance” with Australia despite the absence of a formal treaty arrangement between the two countries. This alliance has been surprisingly robust at times over the years and also continues to be strengthened amidst recent developments in the region.

This increased balancing behavior could be seen to contrast with much of the current analysis that views the regional response at present largely as one of “active hedging”<sup>11</sup> or “soft balancing,”<sup>12</sup> both of which differ from internal and external balancing, often referred to as “hard balancing.” The term “Active Hedging” was coined by Evelyn Goh, who argues that Southeast Asia is not passively but “actively hedging,” attempting to shape the regional security architecture in such a way that integrates a rising China while simultaneously preserving the preeminent regional power of the United States and its role as security guarantor in the region. This active hedging is undertaken primarily through the utilization of regional institutions like the Association of Southeast Asian Nations (ASEAN), as well as the numerous multilateral forums emerging under its auspices including the East Asia Summit (EAS) and ASEAN Regional Forum (ARF). It is designed to “enmesh” China and the US in an ASEAN centric regional security architecture that would achieve desired strategic outcome.

“Soft Balancing” on the other hand has generally been defined as “an inherently more ambiguous form of strategic behavior involving tacit balancing of a potentially

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<sup>11</sup> Goh, “Great Powers and Hierarchical Order in Southeast Asia,” p. 119.

<sup>12</sup> For more on “soft balancing” in Southeast Asian security strategies see Shearer, Andrew. “Southeast Asia and Australia: Case Studies in Responding to China’s Military Power,” in *China’s Military Challenge: Strategic Asia 2012-13*. Eds. Ashley Tellis and Travis Tanner. Seattle, Washington; National Bureau of Asian Research (NBR), 2012.

threatening state or rising power, short of formal alliances.”<sup>13</sup> This often takes the form of security understandings or what are often termed ‘strategic partnerships’ with the US, as well as US allies in and outside of the region, including Japan and Australia and even India. These strategic partnerships can also extend between the various ASEAN countries themselves.

A variant of this soft balancing behavior was termed “low intensity” balancing by Denny Roy, which he defined as a response to low levels of threat perceptions through external balancing behavior, which occur simultaneously while “the balancing state attempts to maintain a constructive relationship with the targeted state.”<sup>14</sup> In maritime Southeast Asia, such behavior has typically included encouraging a continued US military presence in the region, without committing to a formal military alliance. This corresponds roughly with Goh’s definition of active hedging, though more explicitly focuses on the military component of US preeminence and its role as security guarantor. In Roy’s analysis, such behavior was most evident in the case of the Philippines and Singapore, but also occurred in more discrete forms in Vietnam, Malaysia, and Indonesia.

This literature on ‘soft’ or ‘low intensity’ balancing has evolved between the two polar opposites of balancing and bandwagoning behavior, a traditional focus of the IR literature but one deemed insufficient by Southeast Asian scholars including Amitav Acharya. According to Acharya, the dichotomy represented by these two polar opposites is “too limited to capture the range of choices a state has in responding to a rising

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<sup>13</sup> Shearer, “Southeast Asia and Australia: Case Studies in Responding to China’s Military Power,” p. 262

<sup>14</sup> Denny Roy. “Southeast Asia and China: Bandwagoning or Balancing?” *Contemporary Southeast Asia* 27:2, 2005, p. 306.

power.”<sup>15</sup> Acharya was himself partly responding to the assertion that Southeast Asian states were more likely to bandwagon with China,<sup>16</sup> and while he felt they were more likely to balance China than bandwagon with it, argued that there were reservations about balancing strategies as well. Specifically, he argued that “ASEAN is wary of balancing strategies that are simply infeasible without creating significant dependence on the United States.”<sup>17</sup> This left Acharya and many other authors researching Southeast Asian security strategies to begin looking for alternative options in between the two extremes, leading eventually to the literature on “active hedging” or “soft balancing,” as well as a number of other articles by regional authors addressing the issue.

Other Southeast Asian scholars including Le Hong Hiep and Cheng Chwee Kuik have taken Acharya’s argument to its logical conclusion and argued that not only is there more space between the two extremes, but the various terms may not be as mutually exclusive as various authors have at times contended. In fact, Southeast Asian security strategies may exhibit elements of all of them simultaneously. This argument was first advanced by Kuik, when he asserted that along the ‘spectrum’ between “pure” forms of balancing and bandwagoning, there existed more limited or indirect forms of the two.<sup>18</sup> While Kuik focused primarily on the strategies of Singapore and Malaysia, Hiep has also

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<sup>15</sup> Amitav Acharya. “Will Asia’s Past be Its Future?” *International Security* 28:3 (Winter 2003-4), p. 152.

<sup>16</sup> Specifically, Acharya was addressing the argument by David Kang from his article “Getting Asia Wrong: The Need for New Analytical Frameworks,” *International Security* 27:4 (Spring, 2003), pp. 57-85.

<sup>17</sup> Acharya, “Will Asia’s Past be Its Future?” p. 152-153

<sup>18</sup> Kuik, Cheng Chwee. “The Essence of Hedging: Malaysia and Singapore’s Response to a Rising China.” *Contemporary Southeast Asia* 30:2 (2008), p. 159-185

advanced the conception of a ‘spectrum’ of strategic options in relation to Vietnam’s hedging strategy.<sup>19</sup>

The notion of a spectrum of strategic options existing in continuum may indeed be a useful concept to explain Southeast Asian responses to China, but it may however also overestimate the degree to which such options are congruent with one another. As in other regions around the world grappling with the rise of China, Southeast Asian security strategies reflect a desire to avoid difficult decisions that could impact their broader relations with Beijing or their economic bottom line. Recent research by Western IR scholars has argued that hedging should be redefined due to this commonality across case studies in East Asia, as a preference for avoiding difficult trade-offs is evident in every country in the region.<sup>20</sup>

While the elimination of costless political or economic activities from the definition of hedging is a laudable effort, these authors’ definition of hedging as an alignment choice involving signaling behavior toward China and the US fundamentally misunderstands Southeast Asian security strategies. No Southeast Asian state is attempting to signal alignment, or ambiguity in their alignment, toward either of the great powers. In fact they are doing everything they can to avoid even the appearance of signaling any kind of alignment, which is why there has historically been such a pronounced focus on international or regional rules and norms in the region. Goh’s conception of ‘active hedging’ or attempts to enmesh the great powers is a much more accurate description of the nature of hedging strategies in the region for this reason.

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<sup>19</sup> Hiep Le. “Vietnam’s Hedging Strategy Against China Since Normalization.” *Contemporary Southeast Asia* 35:3 (2013), p. 333-368.

<sup>20</sup> Darren J. Lim and Zach Cooper. “Reassessing Hedging: The Logic of Alignment in East Asia,” *Security Studies*, 24:4 (2015), pp. 696-727.



Yet Goh's conception of hedging is also an incomplete definition, as these hedging strategies have always included a balancing component as well, in either the internal or external forms. The balancing component has become more or less pronounced over time in accordance with varying levels of threat perception, but there has always been great care taken to avoid the impression that such behavior is intended to signal alignment with or against any one country. It is only now however that threat perceptions have risen to such a level that balancing behavior is beginning to eclipse the more diplomatic portions of various Southeast Asian hedging strategies. Partially out of fear of signalling alignment against China they have not yet fully committed to balancing, though the balancing component of their wider strategies is beginning to become significantly more pronounced. Maritime Southeast Asian countries are beginning to balance against China and its strategy in the South China Sea, but it is only that, *a beginning*, and whether or not they will be effective in doing so remains unclear.

According to Schweller, true balancing strategies entail significant costs in human and material resources that can impact domestic support for the leadership in a country which decides to pursue this option.<sup>21</sup> To balance effectively therefore requires a high degree of elite cohesion and consensus regarding the existence and nature of the threat, as well as their placing a priority on devoting sufficient resources to the effort. Due to the significant costs entailed in implementing an effective balancing strategy, Southeast Asian authors may hold flawed assumptions about the ease with which it is possible to navigate across the spectrum of strategic options.

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<sup>21</sup> Schweller, Randall. "Unanswered Threats: A Neoclassical Realist Theory of Underbalancing," *International Security*, Vol. 29, No. 2 (Fall 2004), p. 169-171

While this study does not reject outright the notions of soft, indirect or low intensity balancing, the theoretical concepts need to be able to sufficiently demonstrate their utility in harder case studies, such as those presented by a rising China. Current evidence would suggest that such strategies, as presently conceived and implemented, are proving insufficient to deter Chinese ambitions in the South China Sea. As a result, the definition of external balancing in this study hews more closely to the traditional Realist focus on the material power aggregation function of alliances, and the external dimension of balancing will only be discussed in those case studies that meet that criteria.

Also emblematic of the wider literature on Southeast Asian security strategies, there is comparatively little thought devoted to defense strategies, particularly at the higher end of the conflict spectrum. Questions highlighted by Acharya, and a reticence to become overly dependent on any foreign power, may however be constraining the various countries' ability to think strategically about employment of their developing military capabilities. While concepts such as deterrence figure prominently in the publicly articulated defense strategies of all the Southeast Asian countries in this study, it is less clear specifically how they envision this concept, and furthermore how they perceive the requirements for its successful implementation.

The emerging trend toward harder forms of balancing is generating a need for further research on Southeast Asian military strategy and doctrine, an area that has only been touched on tangentially in the literature to date. A great deal is occurring as these countries attempt to modernize their military and coast guard forces to deal with an increase in perceived regional security challenges, as well as the doctrines and operational concepts through which these forces will be employed. Work of this nature

has been done in the past,<sup>22</sup> though it is almost certainly the exception rather than the norm in ASEAN. While a great deal of the literature on ASEAN and Southeast Asian security strategies outlined above has focused on the diplomatic or ‘softer’ forms of balancing behavior, comparatively little has been written on Southeast Asian military modernization programs and corresponding defense strategies.

With growing evidence of a shift toward harder balancing strategies increasingly evident in the region,<sup>23</sup> a great amount remains to be written on the defense strategies of countries in maritime Southeast Asia. This is particularly the case with those countries further south, including Indonesia and Malaysia. The defense strategies of these various countries will not be limited to traditional military initiatives, but are also likely to include robust modernization programs for the coast guard or MLE forces, which are an underappreciated and increasingly pivotal aspect of their evolving security strategies. As such, this type of activity must be included within the criteria used to define or operationalize internal balancing strategies, and will be discussed at length in subsequent chapters on each country’s strategic response.

While there are indications of external balancing in the security strategy of the Philippines through its strengthened alliance with the United States, and in Malaysia through its less well known “quiet alliance with Australia,” the new norm in the region has become one of increased internal balancing and military modernization, which has begun to accelerate in a number of the countries. This has been most noticeable in Vietnam, but is also occurring in Indonesia, as well as to a lesser extent in Malaysia.

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<sup>22</sup> Alan Dupont. “Indonesian Defence Strategy and Security: Time for a Rethink?” *Contemporary Southeast Asia*, Vol. 18, No. 3 (December 1996), pp. 275-297

<sup>23</sup>For more on indications of a shift to harder forms of balancing see Shearer, “Southeast Asia and Australia: Case Studies in Responding to China’s Military Power.”

Threat perceptions had been comparatively less pronounced in countries like Malaysia and Indonesia partly due to reasons of geographic proximity, but as China's power projection capability and presence in the further reaches of the South China Sea has become more routine in the years ahead, they too have begun to exhibit the balancing behavior already evident in the strategies of their more northern neighbors. This is likely to occur alongside continued use of previous approaches of active hedging and softer forms of balancing, whereby maritime Southeast Asia would attempt to utilize security partnerships and military modernization in order to peacefully integrate China's rise into an acceptable regional framework from a position of strength, not weakness.

When discussing balancing strategies, particularly those that are internally focused, it is necessary to first clarify the definition of military power. This thesis will advance an understanding of the term that extends beyond mere acquisition of platforms and technology to true capability. The definition of military power must also include what IR theorist Stephen Biddle has termed "force employment," or the doctrine and tactics by which military capabilities are employed.<sup>24</sup> While it is certainly important what platforms these countries are acquiring (the type of platform can often say a good deal about strategic perceptions), perhaps the most important question is not what platforms Southeast Asian countries plan to acquire, but how they intend to use these newly acquired military or paramilitary capabilities.

Acquiring platforms does not itself equate to military capability. Without new thinking at the operational and tactical levels, strategic level goals of deterrence are likely to ring empty with potential aggressors. The credibility of deterrent capability will be

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<sup>24</sup> Stephen Biddle. *Military Power: Explaining Victory and Defeat in Modern Battle*. Princeton, New Jersey: Princeton University Press, 2004.

contingent to a great extent on the perception of rising powers like China about to what extent military capabilities can be effectively employed in times of crisis. This means that Biddle's conception of 'force employment' matters not just in wartime, but also in crisis situations that fall short of outright warfare, existing in a grey area that would more likely to fall under the heading of peacetime than war. While the thesis notes the importance of force employment and discusses this in case studies where applicable, this is not possible in all cases because some countries have devoted limited or negligible effort to developing doctrine and tactics for the employment of newly acquired capabilities. The lack of such an effort is consequential and will be returned to in the conclusion in greater detail.

Favorable forecasts for economic growth in many of these countries over at least the next several years would suggest that if they feel compelled, Southeast Asian countries will have at their disposal greater financial resources to spend on military modernization (though at the same time this could create potential tension with the primary engine for this growth, China). The rise of China has become a topic of extensive debate both in and outside the region, but over the not so distant future the Asia Pacific region may begin to witness the rise of other regional powers, including those in Southeast Asia such as Indonesia.

Despite these trends, the amount of funding these countries can or are willing to allocate to defense and related MLE priorities will remain constrained in comparison with China, and they will as a result struggle to keep up with Chinese activities in disputed areas. Due to the relative power asymmetry with China, it is doubtful that even a fully committed internal effort at building military capability would be sufficient to balance China's rising power. Even Indonesia, which is emerging as a rising power in its own

right, will continue to be confronted by this asymmetry under the most optimistic forecasts for its future development. In short, internal balancing through military means alone does not offer Southeast Asian countries a viable strategic option to respond to the rise of China. Neither now nor in the immediate future could any of the SE Asian countries hope to prevail under even the most limited of military confrontations with China. This trend will only become more pronounced as China continues to rapidly expand its ability to project maritime power into the SCS, through both military and law enforcement platforms.

This asymmetry, and the corresponding inability for Southeast Asian countries to balance China through internal military means alone, would typically lend itself to a more pronounced focus on external balancing options. Cultural and historical factors however impose severe constraints on the degree to which various Southeast Asian countries are willing to rely on this option. While both the Philippines and Malaysia have to one extent or another embraced external balancing as part of their wider strategic response to a rising China, both Indonesia and Vietnam continue to exhibit an aversion to alliances, whether formal or informal.

Discussion of the South China Sea territorial disputes has until now predominantly remained focused on the claimants in the northern reaches of the South China Sea such as Vietnam and the Philippines, though it could be argued that the dispute is now affecting the security strategies of the entirety of maritime Southeast Asia, either directly or indirectly. The direct effect of China's claims and recent strategy on the national security interests of claimant states are readily apparent, but such effects extend are not limited to the traditionally conceived list of claimants alone. They now extend

across the entirety of China's 'nine-dash line' map<sup>25</sup> and include countries such as Indonesia not commonly associated with the disputes, due to the overlap between the two southernmost dashes of the map with Indonesia's Exclusive Economic Zone (EEZ) off the Natuna islands.

When rightfully understood in this more expansive manner, China's enforcement of its claims in the South China Sea directly effects the national security interests of the entirety of maritime Southeast Asia. The only possible exception to this might be Singapore, though along with the rest of the region, they are also indirectly affected by China's rise as a maritime power, to the extent that its recent actions suggest uncomfortable conclusions regarding China's likely future use of such power and ultimate strategic intentions in the region. These effects, either direct or indirect, are likely to shape the security strategies of the various states in certain ways, including both external and internal balancing efforts along the lines outlined above.

The approaches Indonesia and the other nations of maritime Southeast Asia take in their defense strategies toward China in the years ahead may come to rival the importance of China's own rise. They will play an important role in determining China's relations not only with the region but with the United States as well, as they have the potential to either acquiesce to China's expansive claims or to push back and shape China's approach to the region. As this thesis will demonstrate, acquiescence is unlikely, and for this reason it is of paramount importance that the US and allied countries such as

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<sup>25</sup> China's 'nine-dash' or 'nine-dashed' line map originated with the Nationalist government of China under Chiang Kai Shek in 1947. Initially having been drawn with eleven dashes, the map was subsequently adopted by the Chinese Communist Party upon taking power, and two dashes in the Gulf of Tonkin were later eliminated. See Office of Ocean and Polar Affairs, US Department of State. "China: Maritime Claims in the South China Sea," *Limits in the Seas* No. 143. December 5, 2014, p. 3.

Australia fully understand the nuances of threat perception in Southeast Asia going forward, which will remain complex and often times may seem contradictory. The US presence in the region will continue to be welcomed as a result of emerging concerns, but will need to be executed in a manner that accounts for simultaneous concerns about the region becoming a battleground for a new Cold War between the two great powers, amidst increased strategic rivalry.

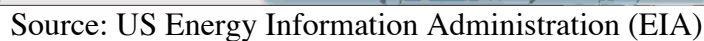
While it is undoubtedly true that Southeast Asian countries cannot hope to balance China through internal military modernization alone, this should not be misunderstood to imply that they view balancing as an altogether futile effort which must be avoided. To the contrary, the entire spectrum of balancing options has always been seen as an important part of their wider strategic responses, and correspondent to a currently heightened level of threat perception, they have begun to devote increased effort toward balancing. The most prominent component of their balancing efforts increasingly falls under the non-traditional or coast guard side of the balancing equation, which is why it is so important that this be included under the definition of internal balancing. In combination with internal military modernization and external alliances, there is however a much more credible an argument to be made that Southeast Asian countries could conceivably confront and challenge China's current MLE strategy in the SCS through the development and deployment of similar MLE capabilities.

This would require that they not only build up the relevant capabilities directed toward such an effort, but further develop concepts for force employment that link the disparate elements of their respective balancing strategies. Internal military capabilities could support a more robust over the horizon deterrent capability against Chinese coast



guard ships, facilitating operations by Southeast Asian MLE agencies designed to enforce their jurisdiction in disputed areas, or at least counter-Chinese attempts to do so at their expense.

The development of such wholistic concepts remains in the nascent stage at present, but could prove critical to enabling Southeast Asian countries to come up with credible strategies to counter China's own coercive strategies in operational scenarios that fall short of outright military conflict. In order to explore what these strategies may look like in more detail in subsequent chapters, it is first necessary to delve deeper into the theoretical literature on coercion, in both its deterrent and compellent derivations, and apply these concepts to the grey area developing today in the region out in disputed maritime areas such as those in the South China Sea.



### *Coercive Strategies at Sea*

The word ‘coercion’ has become a common feature in official statements by world leaders in regard to regional security issues over the past several years, including particularly those in reference to the territorial disputes in the South China Sea. During the announcement of the Enhanced Defense Cooperation Agreement (EDCA) between the US and the Philippines in April of 2014 (see below), President Obama noted that during their discussions on the agreement, he and President Aquino had agreed on the importance of resolving territorial disputes in the region peacefully, “without coercion or intimidation.”<sup>26</sup>

But precisely what is meant by this word, ‘coercion’? The reference entered into the US diplomatic language on territorial disputes in the region following China’s implementation of its own coercive strategy in areas of the South China Sea, which will be dealt with in detail in chapter 3. But before doing so it is necessary to come up with an agreed upon definition for the term, in order to provide conceptual clarity and a more solid theoretical foundation for subsequent analysis.

There is an extensive literature in International Relations on coercion more broadly and coercive strategies in particular, though as some authors have pointed out, due to a lack of conceptual consensus various authors are often talking past one another.<sup>27</sup> The existence of a separate yet equally extensive literature on coercive strategies in the

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<sup>26</sup> Office of the Press Secretary, The White House. Transcript-“Remarks by President Obama and President Benigno Aquino III of the Philippines in Joint Press Conference,” Manila. April 28, 2014. <http://www.whitehouse.gov/the-press-office/2014/04/28/remarks-president-obama-and-president-benigno-aquino-iii-philippines-joi>

<sup>27</sup> Bratton, Patrick C. “When is Coercion Successful? And Why We Can’t Agree on It,” *Naval War College Review*, Summer 2005, 58:3, pp. 99-120.

maritime domain, typically referred to under the heading of naval diplomacy or gunboat diplomacy, further complicates efforts toward synthesis. Yet, the lack of agreed upon terms and definitions does not mean that these literatures are altogether incapable of speaking to one another; they just need someone to translate, pointing out the commonalities and areas of general overlap. When viewed in this manner, the divergent literature on these topics can be assimilated into usable terms and definitions capable of further illuminating crucial dynamics in regional strategies, as well as offering some indication of possible or even most likely outcomes.

The importance of not only understanding coercive strategies more broadly, as well as their chances for success or failure, and the primary domain in which they are today being applied, the maritime domain, is critical to understanding the various security strategies of the Southeast Asian countries. This thesis will argue that due to China's own use of coercive strategies at sea, coercion will become a defining characteristic of the strategies generated in maritime Southeast Asia as a response. The countries under study are respond to China's coercive strategies with 'counter-coercion' strategies of their own, attempted to protect their own claims and jurisdiction in disputed areas.

Implementation of these counter-coercion strategies will require greater attention to prospects for increased risk and escalation in the region at levels short of outright military conflict. The success or failure of Southeast Asian strategies is likely to be decided not only by material capability but by their ability to intellectually grapple with the grey area between confrontation and conflict, an area where strategic thinking has often remained underdeveloped or even absent altogether.

### ***Coercion: Deterrence and Compellence***

The first strategist to offer a detailed conceptual analysis of the various facets of coercion was Thomas Schelling, in his now seminal treatise on the topic, *Arms and Influence*.<sup>28</sup> In it Schelling differentiated between coercion and ‘brute force,’ with the former being avoidable through accommodation. He referred to this as the “diplomacy of violence,” which was more a bargaining process than a single definitive act of force. “The power to hurt,” he wrote, “is bargaining power. To exploit it is diplomacy- vicious diplomacy, but diplomacy.”<sup>29</sup>

According to Schelling, coercion includes both deterrent and compellent dimensions. While deterrence was well understood at the time, commonly used in reference to the passive threatening of punishment if a certain action were to be undertaken, more recent scholarship has noted that the term seems to be increasingly misunderstood and often misapplied in practice. Richard Betts has noted that the basic concept of deterrence is really quite simple: “an enemy will not strike if it knows the defender can defeat the attack or can inflict unacceptable damage in retaliation.”<sup>30</sup> Like Schelling before him, Betts stressed the importance of projecting not just power, but also intentions. These intentions must be communicated clearly and persuasively in order for deterrence to work. “The deterrent warning must be loud and clear, so the target cannot misread it. Deterrence should be ambiguous only if it is a bluff.”<sup>31</sup>

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<sup>28</sup> Schelling, Thomas. *Arms and Influence*. Yale University Press, 1966.

<sup>29</sup> Schelling, p. 2

<sup>30</sup> Betts, Richard K. “The Lost Logic of Deterrence,” *Foreign Affairs*. March/ April 2013, p. 88

<sup>31</sup> Betts, p. 88. See also Schelling, p. 36

In contrast to deterrence, Schelling decided that he needed to coin a new term- ‘compellence,’ which he used to describe a more active variant of coercion, whereby the threat of punishment must be implemented “*until* the other acts, rather than *if* he acts.”<sup>32</sup> Instead of preventing or deterring action, compellence seeks to force an adversary to undertake an action when it has not already done so of its own accord. In other words, it seeks to alter the status quo, compelling the target to take a new course of action, instead of seeking to prevent action or uphold the status quo (deterrence).

Writing several years later, the political scientist Alexander George wrote an equally influential book partially building off Schelling’s previous work, though he disagreed with Schelling on one crucial aspect- the definition of compellence. Emphasizing a distinction between offensive and defensive coercive threats, George coined the term “coercive diplomacy,” in order to better emphasize “the possibility of a more flexible diplomacy that can employ rational persuasion and accommodation as well as coercive threats.”<sup>33</sup> The emphasis on rational persuasion and accommodation was extremely important to George, and he hoped to overcome what he saw as an excessive reliance on coercive threats in Schelling’s concept of compellence.

This addition of carrots as well as sticks to the wider literature on coercive strategies was perhaps George’s most important contribution. He saw the use of these carrots, or positive inducements, along with accommodation as one of the key variables influencing the outcome in attempts to successfully employ coercive diplomacy. Other key variables included 1) what is being demanded (including the clarity of the objective

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<sup>32</sup> Schelling, p. 70

<sup>33</sup> George, Alexander and William Simmons, eds. *The Limits of Coercive Diplomacy*. Boulder, CO; Westview Press, 1994, p. 7

and asymmetry of motivation), 2) whether a sense of urgency is created or not, and 3) whether a credible and sufficiently potent threat of punishment for noncompliance is conveyed. Perception is key here, as in the case of the first variable chances of success are higher when an asymmetry of interest favors the coercer, or at least when the adversary *believes* this to be the case.

George's emphasis on the defensive nature of coercive diplomacy has however been criticized by other scholars, including Jack Levy. To George, coercive diplomacy was a defensive strategy, "employed to deal with the efforts of an adversary to change the status quo."<sup>34</sup> Levy questioned the utility of emphasizing so heavily the difference between offense and defense, since "the actors themselves will certainly disagree on what is offensive and what is defensive," arguing that George's conception "applies to aggressors as well as defenders."<sup>35</sup> It is possible to both accept George's important contributions to the literature, and reject the defensive rationale for his creating a new term. As have other more recent contributions to the literature,<sup>36</sup> coercive diplomacy may be viewed as a form of compellence, and this thesis will predominantly use the term compellence throughout, unless quoting from other authors using the terms interchangeably.

One thing that there is general agreement in the literature on though is the relative difficulty of successfully implementing compellence in comparison to deterrence. In studies such as George's looking at cases during the cold war, as well as more recent

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<sup>34</sup> George, *The Limits of Coercive Diplomacy*, p. 8

<sup>35</sup> Levy, Jack. "Deterrence and Coercive Diplomacy: The Contributions of Alexander George," *Political Psychology*; 29:104 (2008), pp. 542-543.

<sup>36</sup> Art, Robert and Patrick Cronin. "The US and Coercive Diplomacy," in Robert Art, eds. *America's Grand Strategy and World Politics*. New York, NY: Routledge, 2009, p. 42

studies conducted in the post cold war period, the conclusion was consistently reached that coercive strategies seeking to compel fail much more often than they succeed in attaining their objectives. In a recent study conducted by Art and Cronin using cases between 1990 and 2003, the success rate was deemed to be as low as 10%, with the authors concluding that while “coercive diplomacy is not impossible to bring off, it is difficult, even for a state as powerful as the US.”<sup>37</sup> According to the authors, one of the primary reasons for this is likely that compellence requires a state to change its behavior, thus creating a certain amount of public humiliation or loss of face for the target not present in deterrence (where the objective is for behavior not to change). This change to the status quo is thus much harder to pull off than is the case with deterrence, leaving compellent strategies prone to failure.

The tendency toward failure of coercive threats is often further exacerbated by a number of other factors, not least amongst them the ability (or perception of the ability) of the target to counter the coercion. According to Art and Cronin, “to the extent that the target believes it can do so, it is not likely to give way. Even more vexing are those situations where the target believes it can counter the coercer’s measures but cannot say so publicly because doing so would undercut its counter-coercion capability.”<sup>38</sup> Even when such a belief is not articulated publicly, it may nevertheless be present, and in such situations the authors conclude that compellent efforts are even more likely to fail.

This response, or counter-coercion capability, has been highlighted in Norman Freedman’s work on coercion. Coercion, according to Freedman, is after all a two way street. “In most relationships the actors have some resources available with which to

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<sup>37</sup> Art and Cronin, p. 56

<sup>38</sup> Art and Cronin, p. 44



counter-coerce,” meaning that coercion “normally involves a two way traffic in threats.”<sup>39</sup>

This counter-coercion attempts to raise enforcement costs, and could include efforts to deter compellent actions by placing doubt in the mind of the coercer, such as the capability to hold their forces at greater operational risk in response, if not to prevent them from obtaining their objective altogether. The two types of coercive strategies are often used in a diametrically opposed manner such as this, with one side attempting to deter attempts to compel it into actions it would not otherwise prefer to undertake.

Though comparatively easier to implement due to its status quo nature, it must also be pointed out that deterrence can be eroded as well. Schelling gave a good deal of thought to this subject, listing a number of tactics that might be utilized by a challenger in pursuit of such an objective, including the use of salami slicing tactics, which in turn give rise to “the low level incident or probe” and “tactics of erosion.”<sup>40</sup> In the case of the low level incident or probe the commitment of the deterring party is tested by “probing it in a noncommittal way, pretending the trespass was inadvertent or unauthorized if one meets resistance, both to forestall resistance and to avoid backing down.”<sup>41</sup> If there is no response, the tactic can be further pursued to the point of eroding the deterrent commitment by continuing or expanding the operation, and more gradually by setting a precedent for further such actions in the future.

Despite being two distinct variants of coercion, compellent and deterrent strategies are indeed closely related, and often exist in a strategic continuum even on a single side of the equation. If such tactics of erosion prove successful, deterrence often

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<sup>39</sup> Freedman, Norman. *Strategic Coercion*. New York, NY: Oxford University Press, 1998, p. 13

<sup>40</sup> Schelling, p. 68-69

<sup>41</sup> Schelling, p. 69

gives way to compellent threats intended to restore the status quo. According to Schelling, “once a deterrent threat has failed and the task is to change action that has been set in motion, then the next threat must be compellent.”<sup>42</sup> In other words, once the status quo is altered, deterrence can only be restored through active efforts to compel an adversary to cease their actions, and return to the status quo. This effort would be made all the more difficult by the comparative difficulty of compellence outlined above.

If compellence should also then fail, it is likely that the conflict or confrontation may escalate to higher levels of force or outright war. In the study described above by Art and Cronin, it is asserted that if coercion fails the coercer has two options: to either “back down or up the ante.”<sup>43</sup> According to the authors, “upping the ante usually means crossing the line from coercive diplomacy to war.”<sup>44</sup> In this way it can be seen that the spectrum of conflict from coercion and limited uses of force may easily escalate into more traditional forms of military combat.

### ***Coercion at Sea: Gunboat Diplomacy or Naval Diplomacy?***

While naval technology and capabilities have changed a great deal over the last several centuries, one thing has however remained constant: the ability and intention to deploy naval forces in a coercive manner short of war. As the historian Malcom Murfett has noted, “despite the vast changes that have taken place in the world since the Victorian era, the coercive role that a navy- whether great or small- can perform in peacetime

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<sup>42</sup> Freedman, p. 19

<sup>43</sup> Art and Cronin, p. 44

<sup>44</sup> Art and Cronin, p. 44

against a littoral state has survived virtually intact.”<sup>45</sup> While it is generally agreed in the literature that navies continue to be widely used in a coercive role, there is a great deal of disagreement within the maritime or naval strategy literature on precisely what that role is and how to define it.

Despite being written during a parallel time period along with the IR literature on coercion, the two bodies of thought often seem none the wiser of the others’ existence. The result is two bodies of work that could easily be brought into accordance with one another, but largely talk past one another as well as the authors within their ranks. As with the IR literature described above, it is however possible to sift through the literature on naval strategy to achieve not only a workable definition of coercive strategies at sea, but to bring this definition in line with those provided in the section above: deterrence and compellence, as subsets of naval diplomacy.

Within the naval strategy literature there is a great deal of disagreement over the terms gunboat diplomacy and naval diplomacy, with the former being a somewhat normatively charged term due to historic uses by colonial powers. Partially as a result of this, Murfett concluded in the late 1990s that “the pejorative term gunboat diplomacy is rarely used in articles and books written on the subject of the strategic deployment of sea power.”<sup>46</sup> There has however been a recent resurgence in the use of the term with some authors arguing that there has been a ‘return of gunboat diplomacy’ to the Asia Pacific

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<sup>45</sup> Murfett, Malcom. “Gunboat Diplomacy: Outmoded or Back in Vogue,” in *The Changing Face of Maritime Power*, eds. Andrew Dormann, Mike Lawrence Smith and Matthew Uttley. New York, NY: St. Martin’s Press, 1999, p. 82.

<sup>46</sup> Murfett, p. 81

region.<sup>47</sup> In order to more clearly assess whether or not this has been the case, it is first necessary to look in greater depth at the various definitions offered for gunboat diplomacy.

The classic definition of the term is offered by James Cable's book of the same name, where he defined gunboat diplomacy as: "the use or threatened use of limited naval force, otherwise than an act of war, in order to secure advantage, or to avert loss, either in the furtherance of an international dispute or else against foreign nationals within the territory or the jurisdiction of their own state."<sup>48</sup>

Subsequent authors have attempted to refine this rather long winded and all encompassing definition, defining gunboat diplomacy as attempting to "achieve its goals, which will be either coercive or deterrent, through the use of intimidation."<sup>49</sup> Such an attempt at clarification not only completely overlooks the already well understood IR definitions for these terms, but actually misrepresents them. Coercion in either form, compellence or deterrence, is not so much a goal or end in and of themselves as they are strategies to reach goals. In his original work Schelling had coined the term compellence after having considered and found inadequate the word intimidation to accurately convey his thinking on the strategic concept.

Both the term itself and the wider literature on gunboat diplomacy are therefore found to be in need of further refinement. As J.J. Widen has already pointed out, many of the categorizations of gunboat diplomacy, including those defined by Cable as purposeful and catalytic force, may be better translated as compellence and deterrence, terms long

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<sup>47</sup> Le Miere, Christian (2011). "The Return of Gunboat Diplomacy," *Survival* 53:5, pp. 53-68

<sup>48</sup> Cable, James. *Gunboat Diplomacy*. London: Chatto and Windus, 1971, p. 21.

<sup>49</sup> Le Miere, "The Return of Gunboat Diplomacy," p. 56

commonly used not only in the IR literature but more widely understood and recognized.<sup>50</sup> Partly because of this, and also partly because of the emotively charged historical context of the word, Widen preferred the use of the term “naval diplomacy,” a term more generally acknowledged in the wider literature on naval strategy today.

Geoffrey Till’s foundational text on the subject, *Seapower*, also uses the more neutral term naval diplomacy. In the book, Till uses the term naval diplomacy to refer to a continuum of strategic options enabled by naval presence, including both coercion and more positive acts such as coalition or capacity building.<sup>51</sup> Till has made a great contribution not only to the naval strategy literature but also potentially to IR by bringing the two into alignment, subdivided coercion at sea into precise definitions of deterrence and compellence outlined above.

The position advanced in this thesis is that it is less important whether one uses naval or gunboat diplomacy, than it is to have a parsimonious and accurate concept to capture the range of naval coercive actions undertaken at sea. While the emotive context of the term gunboat diplomacy may actually be more effective to communicate to a Chinese audience the relative undesirability of compellent operations in disputed areas today, it is also necessary to understand the important difference between the two terms. Such an understanding is an integral component in the wider strategies of the various countries in maritime Southeast Asia as they attempt to more effectively cope with China’s rise.

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<sup>50</sup> Widen, J.J (2011). “Naval Diplomacy: A Theoretical Approach,” *Diplomacy and Statecraft*, 22:4, p. 721-722

<sup>51</sup> See Till, Geoffrey. *Seapower: A Guide for the 21<sup>st</sup> Century*. p. 253-285

Till makes an excellent point about naval presence facilitating a range of responses, whether coercive or coalition oriented in nature.<sup>52</sup> Presence facilitates coercion, and is not by nature a coercive act. In other words, presence itself is not so much the issue as how that presence is utilized in pursuit of certain foreign policy goals. Naval Diplomacy can be utilized for either coercion or capacity building functions. The security concerns of the maritime Southeast Asian countries are derived from China's use of naval coercion, in particular compellent uses or threats of force, not the simple fact that it is increasing its presence.

It is generally recognized that as China rises in the region, including its rise as a maritime power, this will entail a greater naval and paramilitary presence in maritime areas such as the South China Sea. The policy preference in Southeast Asia is to shape the content and character of that presence, in the direction of more positive sum non-traditional security or capacity building functions, in the hopes of 'good order at sea' as Geoffrey Till has termed it. Yet, the extent to which the Chinese are interested in undertaking such activities in the region remains to be seen. The Chinese presence in areas such as the South China Sea today much more closely aligns with the coercive side of naval diplomacy, including not only deterrent but increasingly compellent actions undertaken by the various maritime law enforcement agencies now consolidated under the China Coast Guard.

The debate between naval diplomacy versus gunboat diplomacy is essentially about just this. Naval presence can be used for multiple ends, spanning a spectrum from very positive coalition building as well as humanitarian assistance and disaster relief

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<sup>52</sup> Till, *Seapower*, p. 257

(HADR), to more confrontational coercive strategies, even at the far end traditional warfighting. China's choice in how it rises as a maritime power, is a choice between gunboat diplomacy and naval diplomacy, between undertaking the peacetime missions common to major naval powers or sowing a campaign of intimidation and coercion along its maritime periphery. Currently, China seems decidedly intent on pursuing the latter course of action, using gunboat diplomacy to coerce its neighbors into acquiescing to its claims. Any examination of China's use of coercion should bear in mind the wider literature on coercion, in the fields of both IR and maritime strategy. This literature suggests that based on history, while it is natural to attempt to discourage such behavior, coercive strategies at sea should in fact be expected to be employed by the Chinese government in line with its wider strategic goals in the region.

### ***Conclusion***

Current indications are that the Southeast Asian countries will increasingly view Chinese presence as facilitating a more coercive approach to regional security, including particularly in disputed areas of the South China Sea, where deterrence and compellence are to a certain extent merging in China's strategy. With countries where China has failed to deter their enforcement efforts, including Indonesia, Chinese MLE agencies have shifted to compellence. This behavior is consistent with expectations in the IR literature, specifically with Schelling's notion that once deterrence fails there is little option but to move into compellence. In this sense, China is attempting to compel into acquiescence Southeast Asian countries seen as no longer being deterred and thus threatening China's claims.

Beijing likely views such action as defensive in nature, intending ultimately to deter future competing enforcement efforts in disputed areas by Southeast Asian countries. Despite the Chinese perception, the ultimate strategic effect is in reality more offensive or revisionist than it is defensive due to the expansionist nature of China's claims. China's attempts at compellent action in the South China Sea would suggest that it is not only claiming but now attempting to enforce its claims within the entirety of the nine-dash line, including in areas that constitute the legitimate claims to an EEZ from the coastlines of Southeast Asian countries.

China's attempts to implement its coercive strategy in the South China Sea are by no means destined for success. Indeed, the work of IR scholars including Alexander George and others would suggest that China's strategy in fact stands at least an equal chance of failing. Even superpowers such as the US have repeatedly been confronted by the difficulty of successfully implementing coercive strategies, particularly in their compellent form. China is likely to prove no exception. As the US experienced in the Vietnam War and China soon thereafter in its own 1979 border war with Vietnam, successfully compelling even a comparatively ill-equipped adversary can be a difficult and often unsuccessful undertaking. Despite differences in the nature of combat and lower level coercion at sea, this is likely to hold as true in the maritime domain as it has on land. While China has seized control of individual features in the Spratlys and at Scarborough Shoal, coercing Southeast Asian claimants to abandon their rights to maritime jurisdiction across the broad expanse of the South China Sea will prove a much more difficult undertaking.



Vietnam and other countries are unlikely to capitulate to China's strategy of coercion at sea, and there is increasing evidence that they intend to develop the capabilities to push back against this strategy if required to. Supporting the development of such capability is in not only ASEAN's but also the United States' national interest, and US policy should actively support building Southeast Asian capacity to resist. These countries have already begun building up their own capabilities to counter Chinese coercion, but external support will likely be required if they are to be successful. External assistance that complements internal balancing efforts already underway is most likely to be accepted, though in some cases more direct external balancing support will be both welcome and likely requested to varying degrees.

Southeast Asian balancing efforts and counter-coercion strategies will be implemented in a low key way as part of their wider hedging strategies. All countries under study will continue to be highly conscious of perceived Chinese sensitivities as well as their economic bottom line. To focus solely on the diplomatic and economic aspects of their hedging strategies might however lead analysts to miss a fundamental strategic shift that is currently occurring in Maritime Southeast Asia- they are beginning to balance. Key military acquisitions and this wider strategic shift could potentially affect China's own calculus in important ways in the future, though it remains to be seen if this will have a more stabilizing or destabilizing impact.

There is a danger that if China should fail to coerce its smaller and less powerful neighbors, such a failure could eventually lead to purposeful escalation. Due to a number of factors, perhaps foremost amongst them nationalist pressures domestically, China will not want to lose face and is unlikely to back down. The work of Art and Cronin on

coercion leaves only one option then, to ‘up the ante’ or escalate the conflict to war. Should China determine that its efforts to coerce are no longer achieving the desired goals, a prospect the literature suggests is at least possible if not inevitable, then it would be forced to escalate once again to limited warfare at sea. There may in fact be no going back from China’s decision to proceed down the path of coercion at sea, and what may seem like a non-military strategy at present will increasingly take on a more militarized character. If the failure to compel China’s neighbors into accepting its claims became apparent, China’s leadership could reach the conclusion that it had been forced to initiate limited conflict over either disputed islands or reefs, in order to restore deterrence, as well as prestige for a domestic audience.

## Chapter 2

### *China's Maritime Law Enforcement (MLE) Strategy in the South*

#### *China Sea*

#### ***China's MLE Strategy***

China has since 2007 been enacting a Maritime Law Enforcement (MLE) strategy in the South China Sea, where it has systematically enhanced its presence through increased patrols undertaken by rapidly expanding civilian coast guard or maritime paramilitary organizations. This increased presence enables the execution of what are termed maritime 'rights protection' (*weiquan*) missions, undertaken by agencies now being consolidated within the China Coast Guard (CCG). Despite previous debate about the scope of China's claims<sup>53</sup> and its strategy in the South China Sea,<sup>54</sup> recent statements and actions by Chinese MLE agencies have essentially rendered this debate moot, as they

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<sup>53</sup> For a concise overview of various views on China's claims see Dutton, Peter. "Through a Chinese Lens," *U.S. Naval Institute Proceedings*, Vol. 136, No. 4 (April 2010).

<sup>54</sup> On China's strategy, or lack thereof, in the South China Sea- International Crisis Group (ICG). "Stirring Up the South China Sea (I)," Asia Report No. 223, 23 April 2012 and Lyle Goldstein. "Chinese Naval Strategy in the South China Sea: An Abundance of Noise and Smoke, but Little Fire," *Contemporary Southeast Asia*. Singapore: ISEAS Yushof Isak Institute Vol. 33, No. 3 (December 2011), p. 320-347. Though the ICG report raises uncertainty over the degree of coordination between operational units and the central government, and Goldstein questions whether China actually has a discernible strategy in the South China Sea, this thesis advances the view that China does in fact have a discernible strategy and that the degree of coordination with the central government is greater than earlier reports indicated. Taylor Fravel argued in the same edition as Goldstein that China did in fact have a discernible strategy in the South China Sea, though his characterization of the strategy as a 'delaying strategy' is difficult to support amidst increasingly apparent and serious Chinese coercive actions since 2011. See Fravel, Taylor. "China's Strategy in the South China Sea," *Contemporary Southeast Asia*. Singapore: ISEAS Yushof Isak Institute Vol. 33, No. 3 (December 2011), pp. 292-319.

indicate that key stakeholders clearly perceive their area of responsibility (AOR) as extending to the furthest extent of China's claims there. In other words, despite what officials from the foreign ministry might say, Chinese policy is now to actively enforce the most expansive possible interpretation of its rights in the South China Sea. This policy and corresponding operations conducted on a regular basis within the defined AOR has led to a number of incidents that span out to the most southern reaches of the South China Sea, including waters comprising the Indonesian and Malaysian EEZ's.

While the CCG can now be considered the 'tip of the spear' in China's MLE strategy, they are not acting alone. They operate in conjunction with the forces of the People's Liberation Army-Navy (PLAN), who provide an indirect though profoundly felt over the horizon (OTH) deterrent against any potential challenge from other claimants to the operational authority or jurisdiction of the CCG forces carrying out their missions. The ultimate aim of this OTH deterrent is to reduce the possibility for escalation, enabling the CCG forces to compel relevant agencies from competing countries to cease and desist from efforts to enforce their own jurisdiction in disputed areas. Though such missions may be couched in the misleading language of 'normal' or 'routine' law enforcement operations, they are anything but. They are part an offensive strategy intended to alter the status quo in disputed areas, and through a subtle combination of compellence and deterrence, to enable China to enforce its sovereignty and jurisdiction in disputed areas, with the long term goal of consolidating control over them.

If strategy is defined in the traditional manner as comprising- ends, ways, and means- then it is safe to say that the ends and means of China's MLE strategy are now readily apparent. The precise ways in which the means (CCG and PLAN) are employed

in service of the strategic ends remain somewhat less clear, though there is sufficient evidence to draw some preliminary conclusions. Regarding the ends, or goals, of the strategy, President and Secretary General Xi Jinping has clearly articulated the need to protect or safeguard China's "maritime rights and interests" on a number of occasions since assuming power in 2012. As early as July of 2013, Xi had emphasized the importance of "safeguarding maritime rights and interests," while vowing that China would never abandon its "legitimate rights and interests."<sup>55</sup> These comments were made at a Politburo study session on China's 'maritime power' that Xi chaired and was also attended by prominent Chinese maritime thinkers including Gao Zhiguo.

Whereas previous leaders may have viewed the more assertive protection of China's rights in disputed areas as potentially contradictory, this may not necessarily be the case with Xi, who instead may view them as two parts of the same 'proactive' strategy. According to Bonnie Glaser, Xi seems to be "convinced that China can maintain good relations with its neighbors at the same time it attempts to change the status quo in its favor" in disputed areas such as the South China Sea.<sup>56</sup> This analysis is supported by comments made by Xi at work forum held by the CCP from October 24-25, 2013 on peripheral diplomacy. While directing his subordinates to improve relations with countries along China's periphery (including in particular Southeast Asia), Xi also simultaneously "directed efforts to socialize the region to accept China's view of its core

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<sup>55</sup> *China Security Report 2013*. Tokyo: National Institute of Defense Studies (NIDS) 2014, p. 8

[http://www.nids.go.jp/publication/chinareport/pdf/china\\_report\\_EN\\_web\\_2013\\_A01.pdf](http://www.nids.go.jp/publication/chinareport/pdf/china_report_EN_web_2013_A01.pdf)

<sup>56</sup> Bonnie Glaser and Deep Pal. "Is China's Charm Offensive Dead?" China Brief Vol. 14. Issue 15. Jamestown Foundation: July 31, 2014.

interests,” as well as reaffirming “efforts to enforce PRC (China) sovereignty and territorial claims against rival disputants.”<sup>57</sup>

The comments made at the work forum are particularly important as this meeting was highly significant, even unprecedented. The October work forum was reportedly “the first major meeting on foreign policy since 2006, and the first forum specifically on periphery diplomacy since the establishment of the PRC in 1949.”<sup>58</sup> It was attended by the entire Standing Committee of the Politburo, the senior decision making body in the Chinese Communist Party (CCP), and a number of other high ranking officials, including state councilors and even ambassadors from key countries. The forum was at least partially a response to an increase in tensions along China’s periphery, including areas involving maritime or territorial disputes, and aimed to establish the strategic objectives for the next five to ten years.

That Xi simultaneously directed the relevant attendees at the October work forum to improve relations with neighboring countries while at the same time continue enforcing the claims that had caused those very same relationships to deteriorate, sets a problematic foundation for China’s approach to the region over the coming decade. These contradictory policy imperatives may also presage a wider shift toward a more assertive Chinese foreign policy, one that increasingly utilizes coercion to shape the regional security environment in favor of its interests.

Such contradictory policy imperatives are however not new, and echoed those that originated at the 18<sup>th</sup> Party Congress a year earlier in November 2012. The work report

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<sup>57</sup> Michael Swaine. “Chinese Views and Commentary on Peripheral Diplomacy,” China Leadership Monitor No. 44, p. 2.

<sup>58</sup> Swaine, “Chinese Views and Commentary on Peripheral Diplomacy,” p. 1

for the 18<sup>th</sup> Party Congress presented by former CCP Secretary General Hu Jintao stated that China should “deepen mutually beneficial cooperation... with neighboring countries,” at the same time that it should “resolutely safeguard national sovereignty, security, and developmental interests.”<sup>59</sup> Significantly, it was at the 18<sup>th</sup> Party Congress that Hu also announced China’s aspirations to become a “maritime power,” which he associated with protecting China’s “maritime rights and interests.”<sup>60</sup> This language was included in a section of the report devoted to protecting resources, which has been interpreted by some analysts to suggest that “Beijing views maritime disputes as a whole-of-government issue rather than a purely military affair.”<sup>61</sup>

Work reports from the Party Congress play a central role in determining the character and content of Chinese foreign policy going forward<sup>62</sup>, and the work report from the 18<sup>th</sup> Party Congress would suggest that not only does China increasingly see itself as a maritime power, but that “rights protection” missions will increasingly become a central component of Chinese foreign policy in the South China Sea and that the MLE strategy is likely to remain largely the same as part of the overall “whole of government” approach. The 18<sup>th</sup> Party Congress work report makes clear that the direction provided by the upper levels of the Chinese leadership, coming from the Politburo Standing Committee (PBSC) and the Central Military Commission (CMC), will reflect the focus

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<sup>59</sup> Swaine, p. 5

<sup>60</sup> Swaine, p. 5

<sup>61</sup> Heath, Timothy. “The 18th Party Congress Work Report: Policy Blueprint for the Xi Administration,” Jamestown Foundation China Brief Volume: 12 Issue: 23; November 30, 2012

<sup>62</sup> Heath, Timothy. “What Does China Want: Discerning the PRC’s National Strategy,” *Asian Security*, 8:1(2012), pp. 54-72.

on protection of maritime rights first outlined in the “rights protection” missions beginning in 2006 by the State Council.

While it is not known if the 2006 “rights protection” missions were at the time also approved by key decision making bodies such as the PBSC or CMC, the overlap with guidance given in the work report and from Xi Jinping himself suggests that they were at some point subsequently approved at the highest levels of the Chinese government and are likely to form a central focus of Chinese strategy and foreign policy going forward. The policy direction to develop China into a ‘maritime power’ was itself a strategic decision remnants of which had been a long time in the making, including the buildup of the various maritime agencies now being consolidated into the CCG.

***Means: China Coast Guard (CCG) and the PLA-Navy (PLAN)***

Before their recent consolidation into the China Coast Guard (CCG), there were five prominent civilian maritime law enforcement agencies, all with different organizational functions and administrative hierarchies. Often referred to as the “five dragons,” these organizations included: 1) China Marine Surveillance (CMS), which was under administration of the State Oceanic Administration (SOA), which was in turn itself under the Ministry of Land and Resources, 2) Fisheries Law Enforcement Command (FLEC), which was under the Bureau of Agriculture, 3) Maritime Safety Agency (MSA), under the Ministry of Transport, 4) Maritime Police, under the Border Control



Department directly and ultimately the Ministry of Public Security, and 5) the General Administration of Customs (GAC).<sup>63</sup>

Incidents and confrontations that have occurred in the South China Sea indicate that two of these organization, CMS and FLEC, had been the tip of the spear in China's MLE strategy, while other organizations such as MSA may possibly play a larger role in the future. It seems likely that the CMS was initially picked as the lead organization in the first "rights defense" missions, conducting patrols in the East China Sea beginning in 2006 and then subsequently in the Yellow Sea and South China Sea in 2007.<sup>64</sup> CMS was initially limited to patrolling the northern portion of the South China Sea, and though by December 2007 it had begun patrolling further into the southern portions, its ability to sustain even a basic operational tempo in these areas remained limited through at least 2009.<sup>65</sup>

FLEC likely came on board sometime after CMS patrols were extended in 2007 and had begun to expand its activities in the South China Sea over the last several years. According to a report released by the National Institute of Defense Studies in Japan, it was "determined in 2010 that FLEC would be expanded and that patrol vessels would

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<sup>63</sup> For more on the "5 Dragons" see: Lyle Goldstein. *Five Dragons Stirring Up the Sea: Challenge and Opportunity in China's Improving Maritime Enforcement Capabilities*. China Maritime Studies Institute (CMSI) Red Book #5. Newport, RI: Naval War College Press, 2010.

<sup>64</sup> National Institute of Defense Studies (NIDS). *China Security Report 2011*. Tokyo: 2012, p. 7.  
[http://www.nids.go.jp/english/publication/chinareport/pdf/china\\_report\\_EN\\_web\\_2011\\_A01.pdf](http://www.nids.go.jp/english/publication/chinareport/pdf/china_report_EN_web_2011_A01.pdf),

<sup>65</sup> Andrew Chubb. "China's expansion of "Regular Rights Defense Patrols" in the South China Sea: a map, courtesy of CCTV," South Sea Conversations Blog. September 4, 2014.

escort fishermen in the SCS.”<sup>66</sup> MSA has also been expanding recently and since it was exempted from the reorganization under the CCG, could possibly be emerging as a second agency in addition to the CCG that is tasked with patrolling in the South China Sea.

By 2010 any previous limitations in terms of size or numbers of vessels had been overcome by both CMS and FLEC, which had by that time accepted the delivery of a number of large and highly capable vessels, many the size of naval frigates, displacing over 1000 tons. Combined with the greater seaworthiness and endurance of these vessels, the new numbers allowed CMS and FLEC to extend their ‘rights protection’ patrols out to the furthest extent of China’s claims. In line with the determination made earlier in the year, FLEC was involved in two separate incidents involving Chinese fishermen illegally operating in Indonesia’s claimed EEZ off the Natuna islands in 2010, near the absolute southern extremities of the nine dash line.<sup>67</sup> Given the reoccurrence of strikingly similar incidents in 2013 in the same area, it appears possible that FLEC had established regular patrols in this area prior to the formation of the CCG.

In addition to FLEC, CMS had extended its patrols to the furthest reaches of the South China Sea, and in April 2012 a CCTV camera crew followed several CMS vessels on a twelve day, 2700km voyage that essentially traced the nine dash line map (see figure 2.1 on next page).<sup>68</sup> This patrol pattern is congruent with statements by senior SOA officials, the parent organization of the CMS and now the CCG, that regard the entirety of the nine dash line map as comprising their Area of Operations (AOR). In a 2013

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<sup>66</sup>NIDS China Security Report 2011, p. 8

<sup>67</sup> Scott Bentley. “Mapping the Nine Dash Line: Recent Incidents Involving Indonesia in the South China Sea.” Australian Strategic Policy Institute (ASPI) blog, the Strategist.

<sup>68</sup> Chubb, ““China’s Expansion of “Regular Rights Defense Patrols.”

CCTV documentary the Deputy Director General of SOA'S South Sea Fleet stated that "our patrol area mainly falls within the *whole* nine dashed line (emphasis added)." <sup>69</sup> In case there was any mistaking his comments, superimposed behind him in the video was a map with the nine dash line vividly displayed.

Such comments are highly significant when viewed in the light of the consolidation of the 'five dragons' into the CCG, a decision which was announced at the National People's Congress in March 2013. That the CCG was placed under a re-organized and newly empowered SOA, suggests that such views remain in the CCG, if they have not become more pervasive or influential. Despite the date of the announcement of the formation of the CCG, reports indicate that the actual consolidation of the various agencies remains a work in progress, while the MSA was left out of the CCG altogether. <sup>70</sup>

Even within the CCG itself, the bureaucratic arrangements are complex and much remains uncertain. For instance, while the CCG is under the administrative authority SOA, its law enforcement activities also require the operational guidance of the Ministry of Public Security (see organizational flow chart below). Furthermore, the Director of the MPS, Meng Hongwei, actually outranks the Director of SOA, while also serving as Director of the CCG. This organizational anomaly creates a certain amount of uncertainty regarding the actual operational control of the CCG, and whether it rests ultimately with SOA or MPS.

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<sup>69</sup> Scott Bentley. "US Hardens Position on China's Nine Dash Line," Lowy Interpreter. February 27, 2014. <http://www.lowyinterpreter.org/post/2014/02/27/US-position-hardens-on-Chinas-nine-dashed-line.aspx?COLLCC=237745831&>

<sup>70</sup> NIDS, *China Security Report 2013*, p. 12

Despite this uncertainty, the consolidation has been proceeding apace with the majority of vessels now repainted with the CCG color scheme, evidencing a clear trend toward greater centralization of what had previously been several separate maritime law enforcement agencies. By 2015, the US Office of Naval Intelligence estimated that the entire combined CCG fleet possessed ninety five vessels displacing over 1,000 tons and another 110 vessels between 500 and 1000 tons.<sup>71</sup> This trend toward greater centralization is likely to lead not only to a more capable, but also a more powerful CCG. According to the Japanese think tank National Institute for Defense Studies (NIDS), the CCG seems to be authorized police power at sea that CMS and FLEC did not possess, leading them to conclude that a more powerful and consolidated CCG “should be a concern for the countries around China.”<sup>72</sup>

This concern is all the more amplified by the growing evidence of the close relationship between some of the previous agencies and the PLA-Navy (PLAN). This coordination was first evident in the 2009 Impeccable incident, a serious incident involving the harassment of a US Navy Special Missions Ship (SMS), the *USNS Impeccable* by Chinese civilian and military proxies.<sup>73</sup> Vessels from both CMS and FLEC, along with a PLAN intelligence ship, remained in close proximity while fishing trawlers harassed the Impeccable, suggesting a certain amount of coordination in both directions. The presence of all these vessels suggests at least a minimal degree of coordination amongst them.

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<sup>71</sup> US Office of Naval Intelligence (ONI). *The PLA Navy: New Capabilities and Missions for the 21<sup>st</sup> Century*. Suitland, MD. April 2015, p. 45

<sup>72</sup> NIDS *China Security Report 2013*, p. 13

<sup>73</sup> Mastro, Orianna S. “Signaling and Military Provocation in Chinese National Security Strategy: A Closer Look at the Impeccable Incident,” in *Journal of Strategic Studies* Vol. 34, No. 2 (April 2011), p. 219-244.

It seems likely that at least CMS, and possibly MSA to some extent, retain ties to the military, as the organizations have conducted joint exercises with the PLAN in recent years.<sup>74</sup> Captain James Fannell, the acting Deputy Chief of Staff for Intelligence and Information Operations (N-2) for the US Pacific Fleet, in 2013 referred to CMS as the “PLA Navy’s civil proxy.”<sup>75</sup> The presence of PLAN vessels not far from the scenes of incidents and almost constant direct involvement of CMS in these incidents, as well as the joint training exercises between the two, would support such a conclusion.

In addition to CMS, its parent organization SOA also maintained close ties to the PLAN. The PLAN and SOA reached an agreement in 2009 to increase coordination and cooperation on law enforcement between the two organizations, and have held annual meetings every year after involving senior officials from each with that aim in mind.<sup>76</sup> At the annual meeting held in 2013, the Director of SOA at the time, Liu Cigui, outlined a six point proposal to deepen cooperation between the two, emphasizing in particular cooperation on maritime rights protection. Vice Admiral Ding Yuping, then PLAN Deputy Commander, outlined his own four point proposal specifically mentioning “deepening cooperation in law enforcement.” Given the fact that SOA is now at least administratively in control of the CCG, these close ties with PLAN can be expected to continue if not strengthen in the years ahead.

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<sup>74</sup> NIDS China Security Report 2011, p. 20.

<sup>75</sup> Capt. James Fannell, the acting deputy chief of staff for Intelligence and Information Operations (N-2) for the US Pacific Fleet. Speech at USNI/ AFCEA West 2013 Conference Panel, “Chinese Navy: Operational Challenge or Potential Partner?” Video available online (21:00-31:00).  
<http://www.youtube.com/watch?v=nLrO1GI8ZIY&list=PLWX4R7nG6a8moZ0bIUtkBBIqaOkbr85zb&index=9>

<sup>76</sup> Jeff Benson. “Clash for Naval Power in the Asia Pacific,” US Naval Institute (USNI) News, November 25, 2013. <http://news.usni.org/2013/11/25/clash-naval-power-asia-pacific>

Maritime rights protection is not only the mission of the MLE agencies, but also of the PLAN and other Chinese military forces who support these agencies through their growing power projection capabilities, and provide an increasingly effective deterrent posture against any potential challenge to the authority of the MLE agencies. "Chinese armed forces shoulder the mission of safeguarding the country's sovereign security, territorial integrity and *maritime rights*," (emphasis added) Defense Ministry spokesman Geng Yansheng was quoted as saying in reply to a question surrounding the Scarborough Shoal incident between CMS and Philippine forces in the spring of 2012.<sup>77</sup> The last of these, the enforcement of 'maritime rights,' can now be considered part of an expanding mission set for PLAN. Though MLE agencies may be the point of the spear, they are supported by the increasingly lethal weaponry of the PLA, which lies in wait over the horizon should opposing forces decide to challenge the authority and jurisdiction of the MLE agencies.

Alongside the rapid growth of first the 'five dragons' and now the CCG, the PLAN has been expanding at a comparatively impressive rate over the last two decades. According to the US Office of Naval Intelligence (ONI), more than fifty naval vessels were either laid down, launched, or commissioned in 2013.<sup>78</sup> In 2014 that number increased to more than sixty, with a similar number expected through the end of 2015.<sup>79</sup> In 2015 the PLAN possessed a total of more than 300 surface combatants, submarines, amphibious ships, as well as missile-armed patrol craft, and was rapidly retiring older

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<sup>77</sup> Xinhua. "Chinese Defense Ministry vows to safeguard maritime rights," June 28, 2012 [http://news.xinhuanet.com/english/china/2012-06/28/c\\_131682244.htm](http://news.xinhuanet.com/english/china/2012-06/28/c_131682244.htm)

<sup>78</sup> Jesse Karotkin. *Trends in China's Naval Modernization*. Testimony before the US-China Economic and Security Review Commission (USCC). January 24, 2014, p. 1

<sup>79</sup> ONI, *The PLA Navy: New Capabilities and Missions for the 21<sup>st</sup> Century*, p. 13

ships in favor of larger more capable platforms equipped with advanced anti-ship, anti-air, and anti-submarine weapons and sensors.

This rapid growth has been focused increasingly on surface forces, but also retains a more traditionally asymmetric focus on areas such as submarines and missile technology. Also according to ONI, the introduction of long range missiles and requisite over the horizon (OTH) targeting capabilities, including those involved with non-PLAN platforms such as the DF-21D Anti-Ship Ballistic Missile (ASBM), will allow China to expand its Anti-Access, Area Denial (A2/AD) or “counter-intervention” capabilities “further into the Philippine Sea and South China Sea over the coming decade.”

Armed with long range precision guided munitions such as the YJ-62 Anti-Ship Cruise Missile (ASCM), increasingly capable PLAN surface vessels such as the Luyang II (Type 052C) Destroyer class, may as well be right on the scene despite being positioned over the horizon during incidents, for such weapons provide them the ability to ‘reach out and touch’ targets from their location beyond the line of sight. This trend is only likely to become more pronounced with the introduction of the Luyang III (Type 052D) class destroyers, which are reportedly armed with a “new vertically launched ASCM.”<sup>80</sup> These new destroyers will also possess more advanced Surface to Air Missiles (SAM), which may potentially provide an increased air cover capability for China’s recently introduced and future aircraft carriers.

China commissioned its first aircraft carrier, the *Liaoning*, in September 2012 to great fanfare.<sup>81</sup> Since that time China has continued to attempt to perfect its operational

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<sup>80</sup> Karotkin. *Trends in China’s Naval Modernization*, p. 4

<sup>81</sup> BBC News. “China’s first aircraft carrier enters service,” September 25, 2012. <http://www.bbc.com/news/world-asia-china-19710040>

capability aboard this vessel with the deployed PLAN aircraft J-15, though ONI estimates that it will still be “several years” before these air regiments become operational.<sup>82</sup> The PLA’s newspaper has noted that, once operational, China’s new aircraft carrier “could serve as a deterrent to countries who provoke trouble at sea,” including those in the South China Sea.

The *Liaoning* is comparatively inferior to US aircraft carriers such as the *Nimitz* class, limited in the number of aircraft it can carry and the weapons load these planes are capable of carrying, though it remains to be seen if that will also be the case for China’s follow on indigenously built aircraft carriers. With the first of these reported to be under construction as of September 2015,<sup>83</sup> and with rumors that it may incorporate a catapult launching system, it is possible that China’s follow on indigenous carriers may correct some of these imbalances generated by the *Liaoning*’s small size and ski-jump deck.<sup>84</sup> According to ONI, China is well aware of these limitations, and it can thus be assumed, will attempt to address them on follow on builds.

In the undersea domain, China continues to develop its submarine fleet and is moving toward the introduction of its first credible sea based nuclear deterrent or second strike capability. Following reports of previous issues surrounding the JL-2 ballistic missile on board the *Jin Class* (Type 094) SSBN’s, ONI estimated that these subs would be operationally deployed for the first time in 2014.<sup>85</sup> By September of 2015, this had

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<sup>82</sup> Karotkin, *Trends in China’s Naval Modernization* p. 6

<sup>83</sup> Sam LaGrone. “China’s First Domestic Aircraft Carrier Almost Certainly Under Construction,” USNI News. September 30, 2015.  
<https://news.usni.org/2015/09/30/chinas-first-domestic-aircraft-carrier-almost-certainly-under-construction>

<sup>84</sup> Karotkin, *Trends in China’s Naval Modernization* p. 6

<sup>85</sup> Karotkin, p. 8



apparently still not occurred and the US Defense Intelligence Agency (DIA) predicted that the first patrol would occur sometime later that year.<sup>86</sup> With an expected build out of five subs, once deployed the JIN class will enable China to maintain a continuous at sea peacetime nuclear deterrent patrol.

China's nuclear powered submarines, including the Jin class, however "remain relatively noisy," meaning that it would be easily detectable by foreign sonar or other methods.<sup>87</sup> The introduction of the *Tang* class (Type 096) SSBN, could address these issues and "could be the first truly capable vessels, although that remains to be seen." Similar issues regarding noise and detectability can be expected to plague China's nuclear power attack submarines (SSN), including the *Shang* class (Type 093), although the follow on Type 095 production line will reportedly possess improved quieting technology as well as weapon capacity.<sup>88</sup>

In addition to its nuclear subs, China possesses a fleet of highly capable conventionally powered attack submarines (SSK) such as the *Yuan* class (Type 043), of which China is expected to build twelve in addition to the eight it already has. Although the range of the YJ-82 ASCM fitted on the *Yuan* class may currently be inferior to the SS-N-27 carried aboard China's *Kilo* class SSK's it bought from Russia, according to ONI the Yuan may eventually be fitted with a new indigenously produced ASCM that

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<sup>86</sup> Bloomberg News. "US Says Chinese Sub that Can Hit US on Patrol Soon," September 24, 2015. <http://www.bloomberg.com/news/articles/2015-09-24/pentagon-says-chinese-sub-that-can-hit-u-s-to-go-on-patrol-soon>

<sup>87</sup> Andrew Erickson. "China's Modernization of Its Naval and Air Capabilities," in *Strategic Asia 2012-13: China's Military Challenge*, eds. Ashley Tellis and Travis Tanner. Seattle, WA: National Bureau of Asian Resources (NBR), 2012, p. 68.

<sup>88</sup> Karotkin, *Trends in China's Naval Modernization* p. 8

“will almost certainly match or exceed the range of the SS-N-27.”<sup>89</sup> These submarines, along with China’s nuclear powered variants, are also increasingly active, part of a reported spike in patrol activity in recent years. Whereas previously patrols had been limited in both number and duration, emphasis from central leadership seems to be altering that. Despite only sending out five to six patrols a year up to 2008, since that time “it has become common to see more than twelve patrols in a year.”<sup>90</sup>

In combination, China’s submarine fleet is viewed as comprising a critical elements of its regional deterrence, as well as A2/AD or what the Chinese term “counter-intervention” strategy.<sup>91</sup> By 2020 China aims to extend this A2/AD umbrella further out from its shores, to be capable of holding opposing forces at risk out to the most southern reaches of the South China Sea, be they US or otherwise. Given ONI’s estimate on recent trends, it seems possible if not likely that they will succeed in doing that. Not only will sovereignty and rights protection remain core missions of the PLAN in the years ahead, but PLAN vessels reportedly “regularly patrol in most of China’s claimed territory” in order to “conduct surveillance” themselves, as well as “provide a security guarantee to China’s Coast Guard.”<sup>92</sup>

The near continuous presence by both PLAN and CCG forces in disputed areas of the South China Sea off the coasts of Southeast Asian nations will present a serious future strategic challenge for these countries. This presence will only intensify in the years ahead following the massive campaign of artificial island construction that China

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<sup>89</sup> Karotkin, p. 8

<sup>90</sup> Karotkin, p. 8

<sup>91</sup> Karotkin, p. 7

<sup>92</sup> Karotkin, p. 12

has undertaken in the Spratlys since 2013.<sup>93</sup> The new facilities being built at these features will provide increased logistical and other support to these operations, including replenishment and resupply of transiting vessels from newly constructed piers and harbors. While the scope of the challenge to Southeast Asian countries will expand in the coming years as a result of this, the nature of that challenge will be determined not by the mere presence of these vessels alone, but in the manner in which the Chinese central leadership decides to employ them.

### ***Ways- Increasingly Proactive and Coordinated Coercion***

The ends (to protect China's claimed 'maritime rights and interests') and the means (CCG and PLAN) of China's MLE strategy are now definitively clear. What is less clear, even in Chinese minds, are the ways: the precise way to utilize these new means to achieve the desired strategic ends of protecting maritime rights. China Coast Guard has a role to play in protecting these interests, that much is clear: it has been embarked on missions to do just that since as early as 2007. But how it goes about doing that, the precise tactics, techniques, and procedures (TTPs) continue to undergo evolution and refinement. The question is not *if*, but *how* these forces will be deployed. Will they operate as other modern naval powers do, including cooperating on non-traditional

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<sup>93</sup> James Hardy and Sean O'connor. "China Completes Runway at Fiery Cross Reef," Jane's Defence Weekly. September 25, 2015.

China has undertaken construction at eight of its previously occupied features in the Spratlys, including Fiery Cross, Johnson South, Subi, Mischief, Cuarteron, Gaven, Hughes and McKennan Reefs. As of late 2015 construction work had been completed at all but Subi and Mischief Reef, where dredging continued. Reports indicated that upon completion Subi and Mischief Reefs would, along with Fiery Cross, be equipped with airstrips capable of supporting large military aircraft.

security matters? Or will the world see a much more traditional orientation of naval diplomacy, a return to history and gunboat diplomacy?

The current trends are not comforting. Recent incidents as well as commentary in the Chinese media give a strong indication that China has decided on the latter. It is not without a touch of irony that China, despite its historical emphasis on victimization at the hands of Western naval powers, is now itself the foremost practitioner of gunboat diplomacy anywhere in the world. While China will continue to cooperate with other countries on non-traditional security issues, particularly outside of the maritime region along its periphery, the ways in which its forces will be deployed in areas such as the South China Sea will reflect China's traditional military concerns there. The ways in which China utilizes its assets there will be much more coercive than cooperative.

The trend toward greater centralization and coordination within the what is now the Coast Guard is part of a much broader initiative spearheaded by the CCP to increase oversight and control from the central government over China's maritime future, reflecting the greater priority attached to protecting maritime rights provided by the leadership in key documents and meetings. Over the last several years there have been several key bureaucratic and administrative changes in line with this effort, including the creation of new leading small groups (LSG).

The first of these, the Maritime Rights Office, a leading small group now headed by Xi Jinping, was created in 2012 reportedly to "coordinate agencies within China."<sup>94</sup>

The Maritime Rights Office falls under the Foreign Affairs Leading Small Group

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<sup>94</sup> Jane Perlez. "Dispute Flares Over Energy in South China Sea," NY Times. December 4, 2012 <http://www.nytimes.com/2012/12/05/world/asia/china-vietnam-and-india-fight-over-energy-exploration-in-south-china-sea.html?ref=world>

(FALSG), which is also now headed by Xi, and “widely believed to be the central policy making group” in the Chinese Party apparatus. According to Bonnie Glaser, an analyst at the Center for International and Strategic Studies (CSIS), the Maritime Rights Office includes “over 10 representatives from various units, including several from the PLA,” with the Office in charge of implementing guidelines handed down by the PBSC.<sup>95</sup>

Ms. Glaser has also noted the existence of a second leading small group, created specifically to handle issues in the South China Sea, which is also now headed by Xi Jinping. This second LSG may have previously been headed by Dai Bingguo, who is a lower ranking member of the party leadership and thus may have lacked “sufficient clout to coordinate the numerous Chinese actors.”<sup>96</sup> The creation of these leading small groups would be in line with the larger strategic imperatives outlined in the 18<sup>th</sup> Party Work Report, as well as by President Xi himself at the October 2013 work forum on peripheral diplomacy.

Whereas previously some commentary discussed the possible disconnect between actions by Chinese maritime forces at sea and the wider strategic intentions of the Chinese central leadership,<sup>97</sup> the increasing coordination and consolidation of power across all areas of government strongly indicates that such analysis has proved problematic at best, if not downright dangerous. It is increasingly clear that China is

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<sup>95</sup> Bonnie Glaser. Remarks at Brookings Institution, December 17, 2012. Panel 1 on “United States, China, and Maritime Asia.” Remarks (15:00-18:00) available at <http://www.brookings.edu/events/2012/12/17-china-maritime>

<sup>96</sup> Bonnie Glaser. Remarks at Brookings Institution, December 2012.

<sup>97</sup> ICG Report. “Stirring Up the South China Sea (I),” Asia Report No. 223, 23 April 2012. Available online at <http://www.crisisgroup.org/en/regions/asia/north-east-asia/china/223-stirring-up-the-south-china-sea-i.aspx>

acting strategically in the South China Sea, and that the strategy is centered on the coercive employment of its newfound maritime might.

Such a strategy has been termed one of “non-militarized coercion” by knowledgeable commentators including Peter Dutton, the director of the China Maritime Studies Institute (CMSI) at the US Naval War College,<sup>98</sup> though the term ‘MLE strategy’ is used instead in this thesis as it better captures the essence of the strategy. The differentiation between military and non-military power, grey and white hulls, may also be problematic for the following reasons: first and most importantly, such a distinction is problematic due to the distance absolving nature of increasingly long range weaponry on board PLAN vessels. In other words, the increasing range of China’s missile technology places ships that would traditionally be far removed, right onto the scene of the action. Furthermore, the increasing armaments on board CCG vessels themselves, as well as what are essentially paramilitary roles they are undertaking, including intelligence, surveillance and reconnaissance (ISR), also counsel against the ‘non-military’ wording.

The word coercion is key though. The ways in which China is using these newly acquired forces are increasingly coercive, and reflect a whole of government approach to pressure other claimants into accepting China’s rights and jurisdiction in disputed areas of the South China Sea. This includes both the deterrent and compellent forms of coercion: the CCG forces attempt to compel Southeast Asian claimants to cease enforcing their own claims in these areas, while simultaneously the PLAN presence over the horizon deters them pushing back too hard and escalating the conflict. What might be viewed as two separate programs, military and civilian, are actually designed to be

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<sup>98</sup> Peter Dutton. Testimony before the House Foreign Affairs Committee (HFAC) Hearing on “China’s Maritime Disputes in the East and South China Seas.” January 14, 2014, p. 5

complementary parts of the same effort. In this way China believes it can project its newfound military power without appearing to be doing so in an aggressive or overbearing manner that would alarm its neighboring countries, destabilizing the regional environment and China's efforts to maintain its 'peaceful rise'.

In combination these two components, military and civilian, pose a dilemma for Southeast Asian nations attempting to avoid confrontation or conflict with China while also protecting their own claims. According to Dutton, if these states fail to respond in an equally assertive manner themselves, they risk potentially acquiescing to China's claims: "to be non-assertive is to eventually succumb to Chinese non-military pressure."<sup>99</sup> Yet at the same time, according to Dutton, "to be assertive is to invite escalation;" escalation which Southeast Asian claimants may be unable to control and which the Chinese perceive US policy as disfavoring. China likely assesses that the deterrent effect provided by its increased power projection capability and the corresponding policy and operational dilemmas created is sufficient to allow for the MLE agencies to assert China's claims in disputed areas with minimal or acceptable opposition.

This maritime law enforcement strategy is in effect an operationalized extension of an earlier concept termed 'legal warfare,' which was incorporated into PLA doctrine in 2004.<sup>100</sup> One of the 'three warfares' (the other two being psychological and media warfare), legal warfare sought to promote legal arguments that favored its positions in territorial disputes. What might have initially been more a discursive or academic effort is

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<sup>99</sup> Peter Dutton. "China's Maritime Defense Sphere: China's Strategy of Asserting Non-Military Power to Consolidate Control and Manage Regional Relations." Presentation at Brookings Institution December 17, 2012.

<sup>100</sup> See Stefen Halper (eds.) *China: The Three Warfares*. Publication prepared for the Office of National Assessment (ONA), US Department of Defense. May, 2013

now an operational undertaking, with China not only promoting but actively enforcing these arguments through actions undertaken by coast guard or maritime paramilitary organizations in the South China Sea. Chinese commentators view law enforcement as part of a continuum of legal actions referred to as the “legal rights protection chain.”<sup>101</sup> Some Western commentators have subsumed law enforcement within the definition of legal warfare,<sup>102</sup> though this is problematic as it does not reflect the initial usage of the term.

According to James Kraska the term ‘warfare’ must be clarified because legal warfare is not ‘warfare’ as the concept would commonly be conceived of in the West. In contrast to traditional emphasis on kinetic combat or direct military confrontation, Chinese military strategy “underscores a comprehensive, multidimensional view of warfare.”<sup>103</sup> This is echoed in other recent studies which state that the three warfares “reflect the PLA’s underlying belief that war is not simply a military struggle, but also a comprehensive engagement proceeding in the political, economic, diplomatic, and legal dimensions.”<sup>104</sup> Such an understanding of warfare by the PLA is not a new development, and was noted in previous analyses of China’s strategy in the SCS through the mid-1990s.

China’s previous strategy through that time period, termed *Slow Intensity Conflict* (SLIC) by Andrew Scobell, was not limited to the military realm either, and was viewed

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<sup>101</sup> Dutton, 2014 HFAC Testimony, p. 5

<sup>102</sup> Halper, *China: The Three Warfares*, p. 14

<sup>103</sup> Kraska, James. *Maritime Power and the Law of the Sea: Expeditionary Operations in World Politics*. New York, New York, Oxford Publishing, 2011, p. 321

<sup>104</sup> Halper, *3 Warfares*, p. 31



as a “protracted struggle using all the instruments of national power.”<sup>105</sup> SLIC took advantage of the vast expanses of ocean space in the areas and utilized “small units battling in rather minor and infrequent skirmishes.” These skirmishes included the 1988 battle at Johnson South Reef between Chinese and Vietnamese naval forces, in which dozens of Vietnamese sailors were killed. The MLE Strategy could be seen as an evolution of SLIC, using assertive behaviors while simultaneously seeking to minimize the risk of escalation. While important changes have occurred at the tactical and operational levels, the basic concept is the same: using coercive behavior to enforce China’s claims.

The key difference between SLIC and the MLE strategy may seem readily apparent: the use or non use of military force. A more nuanced but critical distinction is the legal rationale underlying China’s approach. Under SLIC, China physically occupied what had previous been unoccupied features through force. The legal rationale for this was the old adage that ‘possession is nine tenths of the law.’ This is a problematic reading of the relevant international law, since occupation is generally determined by a ‘continuous and peaceful’ display of administration. According to the eminent US legal scholar Ashley Roach, the law of acquisition requires “an intentional display of power and authority over the territory, by exercise of jurisdiction and state functions, on a continuous and peaceful basis.”<sup>106</sup>

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<sup>105</sup> Scobell, Andrew. "China's Strategy toward the South China Sea." In *Taiwan's Maritime Security* edited by Martin Edmonds and Michael M. Tsai. London: Routledge Curzon, 2003.

<sup>106</sup> Ashley Roach and Robert M. Smith. *United States Responses to Excessive Maritime Claims*. Boston: Martinus Nijhoff Publishers, 1996, p. 292

It seems possible that Beijing might have become more aware of this legal distinction, as well as the public relations issues seizing additional features would carry with it if done again today. Either way, according to Roach, the arrest of fishing vessels could also potentially serve as evidence of ‘continuous and peaceful’ exercise of authority and jurisdiction, depending on the time span over which it occurs.<sup>107</sup> In this way, the ‘rights protection’ patrols and the arrest of foreign fishermen in disputed areas are now being used instead of military occupation to advance China’s claims. It could also be argued that the new MLE strategy is in greater compliance with international law, though the ‘continuous and peaceful’ basis remains contestable. Continuous- yes; peaceful- more than likely not.

Though China no longer lacks the ability to project naval power as it might have in the past, it is seeking to avoid the adverse reaction SLIC previously created in the region. However, just as was the case with SLIC, the potential for escalation to conventional war-fighting remains real. While the tactical shift away from small naval skirmishes to the MLE Strategy could be seen as an effort to avoid escalation,<sup>108</sup> the potential for escalation certainly remains and the accompanying PLAN forces would likely become engaged in the event an incident were to escalate. According to some analysts this is all part of the PLA’s concept of “active defense,”<sup>109</sup> with PLAN forces potentially acting in what is seen as self defense if the CCG vessels are challenged militarily by other claimants. China may be miscalculating the extent to which its newly

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<sup>107</sup> Roach and Smith, *United States Responses to Excessive Maritime Claims*. p. 293

<sup>108</sup> Goldstein, Lyle. (2011) “Resetting the US-China Relationship,” *Survival*, 53: 2, p. 90

<sup>109</sup> Peter Dutton. “China’s Maritime Defense Sphere: China’s Strategy of Asserting Non-Military Power to Consolidate Control and Manage Regional Relations.” Presentation at Brookings Institution December 17, 2012.

attained military power will deter others from responding to this strategy, and in reality the strategy is thus highly escalatory.

***Strategic Drivers: The Emergence of Chinese ‘Geopolitical Nationalism’***

While the expansion of China’s naval and coast guard forces is an undeniably clear trend, the strategic rationale that is driving the wider MLE strategy is less clear. As China’s maritime forces shift away from a traditionally coastal oriented navy to one whose mission is focused further out from shore, the question arises- exactly what is driving this shift? The answer to this question is likely to have a profound impact on the security environment of the Asia Pacific region.

While a resurgent Chinese nationalism is, and will likely continue playing an important role in this shift, it is not solely responsible for its emergence. There are a number of other equally important factors influencing China’s rise as a maritime power, including its expanding economic interests and greater emphasis on protecting the Sea Lines of Communication (SLOCs) as a result. Nationalism may however have an important effect not only on the direction of Chinese naval modernization but also on Chinese foreign policy in ways that future US strategy in the region would do well to take into account.

The embrace of nationalism as a pillar of legitimacy for the Chinese Communist Party (CCP) is likely to reduce the room for compromise over still unsettled maritime disputes, despite China’s prior track record for settling many of its land borders on a

relatively amicable basis.<sup>110</sup> It also remains a distinct possibility that Chinese nationalism might evolve in such a way that it would prevent any movement away from the more assertive foreign policy that has emerged under Xi Jinping.

This more assertive foreign policy has primarily manifested itself in China's approach toward dealing with its neighbors in maritime Southeast Asia, with many of whom China has overlapping maritime territorial disputes with in the South China Sea. While China's claims there may seem expansionist to its neighbors and many in the international community, they are seen in China as restoring its historical entitlements there. The current MLE strategy in the SCS is a manifestation of this mindset and the wider shift in Chinese foreign policy, and will be similarly difficult to step back from. As a result, it is likely to remain a prominent and persistent challenge for the security strategies of maritime Southeast Asia into the foreseeable future.

In order to better understand how Chinese nationalism might drive or shape Chinese strategic behavior in the years to come, it is necessary to first briefly examine in greater depth the nature and origins of modern Chinese nationalism. For the past several decades Chinese nationalism has traditionally been defined in reference to a narrative of modern Chinese history, known in China as the 'Century of National Humiliation' (CNH). The CNH narrative refers to a period of Chinese history roughly from the middle of the nineteenth to the middle of the twentieth century whereby China was invaded and had its sovereignty violated at the hands of Western and Japanese powers. This period included the Opium Wars and the Boxer Rebellion against the West, as well as the two wars fought against Japan (Sino-Japanese War, World War II/ 'War of Resistance').

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<sup>110</sup> Taylor Fravel. *Strong Borders, Secure Nation: Cooperation and Conflict in China's Territorial Disputes*. Princeton, New Jersey: Princeton University Press, 2008.

This narrative has its origins in the post Tiananmen promotion of nationalism by the Chinese government beginning in the early 1990s.<sup>111</sup> Since that time, the CNH narrative has been systematically promoted by the CCP through their Propaganda Department in order to shift the focus of the Chinese populace from the domestic situation post-Tiananmen. Through the use of media and public education (the Propaganda Department is jointly responsible for the curricula and textbooks together with the Ministry of Education), the CNH narrative has been used to socialize the Chinese populace against hostile foreign forces.<sup>112</sup>

An implicit part of the CNH narrative is the perceived greatness of the Chinese civilization that preceded over the previous millennia. In Mandarin the Chinese name for their country is ‘*zhongguo*,’ which literally translated means ‘middle kingdom,’ or ‘center of the world’. This captures how the Chinese viewed the regional order historically before the nineteenth century, and there are undertones similar to that of the European ‘civilizing missions’ of the imperial age, drawing distinctions between the civilized (China) and barbarian (outside China’s borders) civilizations. Whereas in this previous history the states in the region along China’s periphery were assumed to have been drawn to China because of their acceptance of its universal values, the West not only did not accept these values, it outright rejected them in favor of its own.<sup>113</sup> This violated the supremacy of the Confucian order which was viewed as universal, setting up a confrontation between two opposing value systems. The CNH narrative is built upon the

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<sup>111</sup> Carlson, Allen. “A Flawed Perspective: The Limitations Inherent Within the Study of Chinese Nationalism,” *Nations and Nationalism* 15 (1) 2009, p. 20

<sup>112</sup> Callahan, William. *China: The Pessimist Nation*. Oxford: Oxford University Press, 2012, p. 31-35

<sup>113</sup> Callahan, *China: The Pessimist Nation*, p. 47

foundation of China's physical defeat and victimization at the hands of great powers, but the belief in the supremacy of Chinese civilization has never wavered and continues to be an unacknowledged assumption underlying Chinese identity today.

Indeed, according to some Chinese scholars, while many in the West refer to the 'rise' of China, many Chinese view their rise as a return to the Sinocentric greatness that preceded the CNH.<sup>114</sup> This sentiment is embodied in Xi Jinping's conception of "China's dream," a phrase which he has repeatedly emphasized since assuming power in early 2013. Such a conception reportedly entails what has been referred to as "the great rejuvenation of the Chinese nation."<sup>115</sup> And while much about the specifics of Xi's own conception of China's dream remains unclear, he is hardly alone in holding this view, with pre-Communist Chinese leaders dating back to Sun-Yat Sen and Chiang Kai Shek expressing similar goals and desires for their nation.

While Xi has not been very forthcoming with details regarding the 'China dream' or how it will be implemented, other senior Chinese officials have in recent times begun to more clearly elucidate just what the China dream means, and their descriptions give cause for concern. In an essay entitled "Implementing the China Dream" published with the Western journal *The National Interest* by State Councilor Yang Jiechi in September of 2013, the China dream was once again tied to the end state of the 'great renewal of the Chinese nation.' "We should work hard to popularize the new thinking and new ideas of Chinese diplomacy," Yang writes, in order to create "a more enabling external environment to make the Chinese dream, the great renewal of the Chinese nation, come

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<sup>114</sup> Zheng Wang. "Not Rising but Rejuvenating: The "Chinese Dream." *The Diplomat*, February 5, 2013- <http://thediplomat.com/2013/02/05/chinese-dream-draft/?all=true>

<sup>115</sup> Wang. "Not Rising but Rejuvenating: The "Chinese Dream."

true.”<sup>116</sup> According to Yang China must “keep in mind the bottom line,” and while remaining committed to China’s peaceful development, “we definitely must not forsake our legitimate interests or compromise our core national interests. No country should expect us to swallow the bitter fruit that undermines our sovereignty, security or developmental interests.” Yang then goes on to mention protecting China’s maritime rights in the South China Sea specifically.

While the ‘bitter fruit’ language is new, much of the other language on protecting China’s maritime rights and interests reflect the language from the 18<sup>th</sup> Party Congress Work report, as well as subsequent comments by Xi Jinping at the October 2013 work forum on peripheral diplomacy. What is new however, is that Yang has associated those ideas specifically with the ‘Chinese dream,’ and the ‘great rejuvenation of the Chinese nation.’ Given the fact that Yang Jiechi replaced Dai Bingguo as State Councilor at the 18<sup>th</sup> Party Congress, and is also now the Director of the Office of Foreign Affairs Leading Small Group (FALSG), this pronouncement can be considered an authoritative elucidation of how the Party is choosing to define the China dream.

The intersection between nationalism and broader strategic objectives is not new, though it has received renewed emphasis from the Party in recent years. Nationalist elements have long been present in Chinese military strategy and doctrine, along with geopolitical concerns such as SLOC and energy security. According to Nan Li, one of the foremost Western experts on Chinese naval strategy, the PLA concept of ‘near seas active defense’ which emerged in the late 1980s was aimed at restoring “lost and disputed

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<sup>116</sup> Yang Jiechi. “Implementing the Chinese Dream,” The National Interest. September 10, 2013. <http://nationalinterest.org/commentary/implementing-the-chinese-dream-9026?page=5>

maritime territories, protecting maritime resources and securing the Sea Lines of Communication (SLOCs).”<sup>117</sup> There is evidence that these various security concerns, from humiliating losses of territory to SLOC security, are now becoming even more entangled and enmeshed, leading some to authors to coin new terms such as “resource nationalism”<sup>118</sup> or “geopolitical nationalism.”<sup>119</sup>

According to Christopher Hughes, since 2008 the CNH and National Rejuvenation narratives of Chinese nationalism began overlapping with geopolitical concerns such as energy and SLOC security. He termed the new development ‘Geopolitik Nationalism,’ specifically because “it is shaped by many of the ideas that characterized geopolitical thinking in Germany and Japan in the nineteenth and early twentieth centuries.”<sup>120</sup> Hughes argues that China’s claims over disputed parts of the South and East China Seas (as well as Taiwan) as integral parts of China draws stark similarity with Japan’s advocacy of the East Asia Co-prosperity Sphere leading up to World War II, in so far as asserting sovereignty over these territories is viewed not as expansionist but “no more than a form of restorative justice.”<sup>121</sup>

The evolving nationalist narrative may be further reducing the likelihood of compromise over the disputes, while also simultaneously influencing a shift toward a more assertive Chinese foreign policy, risking the possibility of reactionary responses

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<sup>117</sup> Li, Nan. “The Evolution of China’s Naval Strategy and Capabilities: From Near Coast and Near Seas to Far Seas,” *Asian Security*, vol. 5, no. 2, 2009, p. 150

<sup>118</sup> Andrew Erickson and Gabe Collins. “Energy Nationalism Goes to Sea in Asia,” in *Asia’s Rising Energy and Resource Nationalism,: Implications for the United States, China and the Asia Pacific Region*. National Bureau of Asian Research (NBR) Special Report #31, November 2011, p. 15-28

<sup>119</sup> Christopher Hughes. “Reclassifying Chinese Nationalism: The Geopolitic Turn,” *Journal of Contemporary China* 20:71 (2011), p. 601-620

<sup>120</sup> Hughes, “Reclassifying Chinese Nationalism,” p. 602-603

<sup>121</sup> Hughes, p. 605



escalating and spiraling out of control. China is finding it hard to compromise over the disputes because of growing nationalist sentiment within the country, and may have backed itself into a corner regarding its claims in the South China Sea.

China's nine dash line map that asserts its sweeping claim to nearly the entirety of the South China Sea is itself a product of these nationalist narratives, and was first promoted by the Nationalist Kuomintang leader Chiang Kai Shek in 1947 based on dynastic conceptions of Chinese historical entitlements. While officials from the foreign ministry and elsewhere in the CCP had always been careful to vaguely couch the justifications for China's claims in the South China Sea in the language of current international law including the law of the sea (UNCLOS), a parallel justification for the nine dash line map has long existed in Chinese official thinking that can more aptly be described as "UNCLOS+."<sup>122</sup>

The 'plus' in this case refers to what China defines as 'historic rights,' a parallel justification which is plainly stated in China's 1998 Law on the EEZ and Continental Shelf, despite there being no mention whatsoever of such rights in UNCLOS, an agreement China had ratified two years previously. Recent incidents in the South China Sea, including those involving Indonesia that have occurred off the Natuna islands, indicate that China is leaning more heavily now toward the 'historic rights' interpretation of the nine dash line, rather than the UNCLOS based interpretations.<sup>123</sup> If China were to

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<sup>122</sup> Hong Nong. "Interpreting the Nine Dash Line in the South China Sea," China-US Focus. May 15, 2012. <http://www.chinausfocus.com/peace-security/interpreting-the-u-shape-line-in-the-south-china-sea/>

<sup>123</sup> Scott Bentley. "Implications of Recent Incidents for China's Claims and Strategic Intent in the South China Sea," ASPI's The Strategist. November 18, 2013. <http://www.aspistrategist.org.au/chinas-claims-and-strategic-intent-in-the-south-china-sea-part-1/>

persist in attempting to enforce its expansive definition of its 'historic right' in the South China Sea based on a nationalist narrative that promotes a dynastic notion of what those rights are, this would not only be contradictory to UNCLOS, but would risk upsetting the fundamental principles of the agreement. Attempts by Southeast Asian countries to assert their own rights to an Exclusive Economic Zones (EEZ) in these areas, rights entitled to them by UNCLOS, is in conflict with this expansive and dangerous definition of China's own rights based on an increasingly influential nationalist narrative that conjures up claims based on China's dynastic history.

It is no longer a question whether or not China will emerge as a new maritime power in the 21<sup>st</sup> century- indeed it already has. What remains in doubt is exactly how that new power will be employed to secure the SLOCs over which Chinese resources travel, or if SLOC security will become inseparable from the recovery of lost territories like those in the South China Sea. With increased patrols it seems likely that a larger and more active presence of PLAN forces in areas like the South China Sea may serve as part of an emerging MLE strategy to enforce Chinese maritime rights and jurisdiction over disputed areas. The definition of these rights is inextricable from China's nationalist narrative, and it is becoming increasingly clear that the official Chinese version of historic entitlements exists in tension with both its neighbors in Southeast Asia as well as current international law.

The contradictory policy directives articulated by Xi at the October 2014 Work Forum on peripheral diplomacy demonstrate a level of cognitive dissonance that has left China tone deaf to this tension, or more generally to concerns from its Southeast Asian neighbors. These contradictory policy directives did not however originate with Xi, and

are also embodied in the 18<sup>th</sup> Party Congress Work report, which promoted protecting China's 'maritime rights' in the context of maritime disputes. An ever expanding number of CCG ships provide the means by which the ends of maritime rights protection will be pursued, and the ways in which this newfound maritime power is being employed displays an increasingly proactive and coordinated coercive character.

While China's more assertive foreign policy is likely to be seen by those in Beijing as defensive partly because of the expansionist goals that the nationalist narrative promotes, this perspective will not be shared by rival claimants in Southeast Asia, who will if necessary forcefully resist Chinese attempts to coerce them into acquiescence. This resistance, and the counter-coercion strategies which arise from it, serves as the central theme of this thesis. The real danger for regional security going forward may be less Southeast Asian acquiescence or 'Finlandization' by China then it will be the danger of escalation once China realizes its current strategy may be incapable of achieving the entirety of its goals in the South China Sea.

There is a very real possibility that once it becomes apparent to Chinese leaders that the MLE strategy is no longer providing a means to achieving their objectives, which as discussed previously a significant body of the IR literature suggests is a distinct possibility, this resurgent nationalism may play a role in decision making surrounding the use of force. China may make some important tactical gains on the ground, including through the de-facto (and possibly actual) occupation of additional features such as it has already done at Scarborough Shoal, but protecting its claimed maritime rights within the entirety of the nine dash line will be much more difficult. If a perception becomes pronounced that there is a need to restore deterrence vis-à-vis rival Southeast Asian

claimants, the Chinese leadership may eventually calculate that the use of limited naval force is once again required, drastically increasing the risk of military conflict in the region.

## Chapter 3

### Vietnam: Reflections in the Mirror

#### ***Introduction***

At the forefront of the regional reaction to China's new MLE strategy has been those countries in Southeast Asia which are most geographically proximate to China, none more so than Vietnam. Strategic documents of the Vietnamese Communist Party (VCP) have clearly laid out the country's interest in developing its marine economy (see below), though China's efforts to enforce the full extent of its claims in the South China Sea have emerged as the primary challenge to this strategic goal. A number of serious incidents in these areas over the last several years has significantly heightened Vietnam's awareness of this potential threat, leading to greater budgetary outlays to the naval and coast guard forces in an effort to more effectively balance China's rising power through internal means.

Vietnam has essentially reacted to China's strategy by mirroring it- building up Coast Guard forces to increasingly operate on the front lines against China's, while holding an increasingly capable military force in reserve to act as a potential deterrent against military escalation from the Chinese side. This deterrent primarily relies on the sea denial capacity of new platforms such as the advanced *Kilo* class submarines<sup>124</sup> Vietnam has recently purchased from Russia, though there remain at present both operational and strategic constraints on Vietnam's capability to deter China. While these new capabilities are likely to deter China from seizing additional Vietnamese outposts in

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<sup>124</sup> Referred to in Russia as the *Project 636 Varshavyanka* variant.

the South China Sea, they are currently proving incapable of deterring China from executing the core of its strategy- enforcing maritime rights and jurisdiction within areas of the South China Sea that are also claimed by Vietnam.

There are indications that the Vietnamese strategic community are beginning to think seriously about these issues and in the midst of a 2014 crisis with China new thinking began to emerge. This included new strategic concepts, as well as discussion of possibly supplementing Vietnam's own internal efforts to develop its naval and coast guard force by enhancing external efforts to engage both the US and its regional allies. These ideas did not yet represent official policy however, and Vietnam's current policy remains opposed to the formation of an alliance with any foreign country. They may indicate potential policy shifts should recurrent tensions continue in the South China Sea (as Vietnam's leaders expect they will), though much will depend on decisions made by the Vietnamese leadership, which may possibly be divided on this and other important issues.

### ***Strategic Drivers- Vietnam Moves Toward Maritime Asia***

When surveying the current literature on Vietnam's strategy in the South China Sea, two things become clear. First, that Vietnam's strategy is largely reactive, and is responding to China's strategy by essentially mirroring its focus on building up naval and coast guard forces. Second, in an economic sense, Vietnam's strategy is also proactive. In fact, Vietnam's strategy in the South China Sea is increasingly being driven by economic

imperatives to develop its marine economy.<sup>125</sup> These two strategic drivers do not operate exclusively, and in fact interact in an important way with Vietnam's threat perception regarding China.

The primary challenge to developing Vietnam's marine economy is China's strategy to enforce the full extent of its claims in the South China Sea. While one could argue that Vietnam's efforts to develop its marine economy in areas that may be legitimately disputed is itself an assertive action designed to alter the status quo, it is necessary to place these actions in context. On the whole, these efforts have largely been focused in areas along the outer periphery of China's nine dash line map, areas that comprise Vietnam's EEZ generated from its coastline. As the exclusive rights to the maritime resources in these areas are expressly guaranteed under current international law embodied in UNCLOS, Vietnam's strategy in the SCS can be most accurately described as reactive in nature, though care should be given when discussing areas that are legitimately in dispute. The incentive to develop the marine economy in areas more legitimately in dispute could potentially drive a more assertive and thus problematic Vietnamese strategy. It must be emphasized that at present this is not occurring, and remains only a future possibility to be watched closely.

Vietnam has become more focused on developing its maritime economy over the last decade, a shift which is reflected in the strategic documents of the Vietnamese Communist Party (VCP). The most important of these documents is "Vietnam Maritime

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<sup>125</sup> Le Hong Hiep. "Vietnam's South China Sea Disputes with China: The Economic Determinants," *Korean Journal of Defense Analysis* Vol. 26 No. 2, June 2014. pp. 175-191

Strategy Toward the Year 2020,” approved by the VCP Central Committee in 2007.<sup>126</sup>

The ‘Maritime Strategy 2020’ document expressly emphasized the importance of developing the marine economy, directing that these areas should account for between 53 and 55% of the total GDP, as well as 55-60% of all exports by 2020. These target figures may seem to represent a phenomenal ambition for growth in the maritime sector, but really represent only a relatively modest increase from where Vietnam’s economy was already at when the strategy was developed. By 2005, the marine economy was already generating about half (48%) of Vietnam’s GDP, a large portion of which was in the fisheries and oil and gas sectors.<sup>127</sup>

Both the fishing and the oil and gas industry had already begun to experience significant changes by that time, leading to a heightened focus on these two sectors in particular. Vietnam’s oil production has been declining steadily in recent years, peaking in 2004 and causing Vietnam to become a net oil importer by 2008.<sup>128</sup> This development has led Petro Vietnam, a company which by itself accounts for around 20% of Vietnam’s entire GDP, to begin expanding its exploration and exploitation activities, including in areas of the South China Sea. In addition to oil and gas, Vietnamese fishermen are also being driven further offshore, partially as a result of declining fish stocks in coastal waters.

While part of the impetus for the movement of fishermen further offshore may be resource driven, this shift has also been both encouraged and enabled by the central

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<sup>126</sup> Hiep, “Vietnam’s South China Sea Disputes with China,” p. 178

<sup>127</sup> Nguyen Hung Son. “Vietnam: A Case Study in Naval Modernization,” in *Naval Modernization in Southeast Asia: Nature, Causes and Consequences*. Eds. Geoffrey Till and Jane Chan. NY, New York, 2014.

<sup>128</sup> Hiep. “Vietnam’s South China Sea Disputes with China,” p. 179-180.



government, likely as part of its strategy to protect its claims in disputed areas. The movement toward offshore fishing has been systematically promoted by the VCP since the early 1990s, for reasons that are not solely economic.<sup>129</sup> The buildup of a civilian fishing fleet capable of operating at extended distances from the Vietnamese coast is also regarded by the VCP as a means to achieving Vietnam's strategic goals. This is made amply clear by official Vietnamese government strategic documents. According a strategic document drawn up by the Directorate of Fisheries, entitled *Master Plan for Developing Vietnam's Fishing Industry until 2020, with a Vision to 2030*, the civilian fishing fleet serves as a paramilitary maritime enforcement mechanism. In addition to having a role in maritime surveillance, the fishing fleet is also viewed as having a role to "prevent foreign ships from intruding in Vietnam's waters," and to "implement tasks regarding sea and island defense and security."<sup>130</sup>

Alongside the Vietnamese Navy and Coast Guard agencies (more below), the fishing fleet may serve as part of the 'means' of Vietnam's strategy in the South China Sea, but to what end? What is driving their development and modernization? A number of Vietnamese authors have emphasized the importance of the economic drivers described above, but any complete explanation must ultimately account for the role of China and the serious challenges it poses for the realization of Vietnam's maritime development strategy. China's own MLE strategy is the primary challenge to Vietnam realizing the economic goals set out in the 'Maritime Strategy 2020' document, and its efforts to push its rights out to the furthest extent of the nine dash line threatens the majority of Vietnam's maritime economy, lying predominantly in the EEZ and

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<sup>129</sup>Hiep. "Vietnam's South China Sea Disputes with China," p. 182.

<sup>130</sup> Hiep, "Vietnam's South China Sea Disputes with China," p. 182

continental shelf extending from its coastline. These actions are therefore perceived in Vietnam as being taken on a defensive basis, and are a reaction to a perceived threat emanating from Chinese efforts to expand its jurisdiction into the South China Sea.

### ***Threat Perception***

China has long been perceived as a threat by the Vietnamese leadership, though they remain reluctant to voice this publicly. According to some Vietnamese scholars, due largely to geographical proximity and an asymmetrical balance of power, “a far more powerful China has been the most serious source of threat for Vietnam throughout its history.”<sup>131</sup> The relationship has existed in this form for thousands of years, and the Vietnamese have repeatedly revolted against attempts by its larger northern neighbor to subjugate it. “Vietnam’s longstanding objective,” writes Le Hong Hiep, a Vietnamese analyst at the Institute for Southeast Asian Studies (ISEAS) in Singapore, “has been to maintain its sovereignty, territorial integrity, and political autonomy against the threat of Chinese expansionism.”<sup>132</sup> Over the last several decades Vietnam’s concerns vis-à-vis China shifted from the land out to the maritime domain, and its “current perception of the China threat” revolves around the maritime and territorial disputes between the two countries in the South China Sea.<sup>133</sup> Though serving Vietnamese officials remain reluctant to use the word ‘China’ and ‘threat’ in the same sentence, the perception of a ‘China threat’ remains no less real in the country’s strategic calculations.

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<sup>131</sup> Le Hong Hiep. “Vietnam’ Strategic Trajectory: From Internal Development to External Engagement.” Australian Strategic Policy Institute (ASPI) Strategic Insights Paper No. 59, June 2012, p. 6

<sup>132</sup> Le Hong Hiep. “Vietnam’s Hedging Strategy Against China Since Normalization,” *Contemporary Southeast Asia* Vol. 35 No. 3 (2013), p. 333-334.

<sup>133</sup> Hiep, “Vietnam’s Strategic Trajectory,” p. 6

Around the same time Vietnam was normalizing relations with China, it had also come to regard China as a threat to its strategic objectives in the South China Sea. Following the seizure of a previously unoccupied feature in the Spratlys by China in 1992, Vietnam reevaluated its defense posture in light of a growing threat from China in these areas. According to research conducted on this period by Carlyle Thayer, despite the reticence of Vietnamese officials to publicly describe it as such, China's actions had increased Vietnam's threat perception. "What public Vietnamese sources do not reveal is that China's occupation of features in the South China Sea in 1992 also precipitated a review not only of Chinese intentions but Vietnamese capabilities to meet a 'China threat' in the 'Eastern (South China) Sea.'"<sup>134</sup>

In response to this threat perception, Vietnam began to seriously look toward modernizing its armed forces, particularly privileging naval and air force development. Such development would prove slow going over the coming decade, but by 1996 "a focus on China's South China Sea claims had become evident in Vietnamese Navy force distribution."<sup>135</sup> It was at this time that operational command for the Spratlys was moved from Haiphong to Da Nang, and a number of brigades were relocated further south in Da Nang, Cam Ranh Bay and Vung Tau to focus on operations there. The same year, Defense Minister General Doan Khue announced plans to modernize the Navy, "citing concerns over China and the South China Sea," as well as the need to defend Vietnam's

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<sup>134</sup> Carlyle A. Thayer. "Vietnamese Perspectives of the China Threat," in *The China Threat: Myths, Perceptions, and Reality*. Eds. Herbert Lee and Ian Storey. NY: Routledge, 2002, p. 282-283.

<sup>135</sup> James Goldrick and Jack McCaffrie. *Navies of Southeast Asia: A Comparative Study*. NY: Routledge, 2013, p. 204

territorial waters.<sup>136</sup> This makes clear that Chinese actions around this time had not only increased Vietnam's threat perception, but had led to corresponding shifts in its military force posture in response to that threat perception.

A similar dynamic can be seen today. Vietnam's threat perception of China has markedly increased in recent years for the same reasons. When discussing the 'China threat' today, Vietnamese analysts regularly point to a series of incidents that have occurred since 2005, focusing particularly on a series of 'cable cutting' incidents that took place in Vietnam's EEZ in 2011,<sup>137</sup> as well as China's diplomatic efforts to divide ASEAN over its response to them the following year. According to one Vietnamese analyst, these developments "further exposed China's threat and intentions in the South China Sea."<sup>138</sup> Other Vietnamese scholars have noted that China's increased assertiveness in the South China Sea has "entrenched" Vietnam's "awareness of the China threat" and "has deepened its suspicion of Beijing's intentions."<sup>139</sup>

Despite the high degree of clarity regarding Vietnam's threat perception provided by other scholarly works, senior public officials in the VCP have until recently remained reticent to publicly discuss China's actions as a threat to Vietnam's national security. Typical of this reluctance is the 2009 Defense White Paper, which only went so far as describing the South China Sea as one of four major security challenges, though according to Vietnam security experts since at least 2011 it has been considered to be

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<sup>136</sup> Goldrick and McCaffrie, p. 206

<sup>137</sup> The 'cable cutting' incidents include the May 2011 intercept of a Vietnamese survey vessel, the Binh Minh 02, by two Chinese MLE ships. One of the Chinese ships then subsequently cut the survey cable of the Binh Minh 02, rendering the boat non-operational.

<sup>138</sup> Nguyen Hung Son, "Vietnam: A Case Study in Modernization," p. 125

<sup>139</sup> Hiep Le, "Vietnam's Strategy Against China," p. 335

Vietnam's "main security challenge."<sup>140</sup> This reluctance to directly confront the disputes in public by senior officials of the VCP may be beginning to change however, possibly as a result of increasingly prolonged and severe confrontations with China.

Beginning on May 2nd, 2014, China placed the oil rig HYSY 981 roughly 14 nautical miles off Triton Island in the Paracel archipelago, the entirety of which is occupied and controlled by China despite Vietnamese claims of sovereignty over them.<sup>141</sup> Vietnam strongly protested this action and attempted to actively oppose it primarily through the use of its own Coast Guard forces, though they were consistently prevented from doing so by their Chinese counterparts. Reminiscent of Chinese tactics in an earlier incident from 2007,<sup>142</sup> Chinese Coast Guard vessels formed a cordon around the oil rig to prevent the approach of Vietnamese vessels. In contrast to the earlier incident though, the CCG cordon composed only the 2<sup>nd</sup> of what was essentially a three ring cordon, with paramilitary fishing fleets forming the front line of defense and the PLA-Navy comprising the inner most ring.<sup>143</sup> In addition to a large number of ostensibly civilian fishing vessels, the Chinese cordon included as many as forty six CCG as well as seven PLAN ships at any one time, totaling well over a hundred vessels on any given day.

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<sup>140</sup> Thayer, Carlyle A. "Vietnam's Security Outlook," Paper presented to International Workshop on Asia Pacific Security, National Institute of Defense Studies, Tokyo Japan. November 17-18, 2012, p. 7

<sup>141</sup> Reuters. "UPDATE 1-Vietnam says Chinese offshore rig is illegal; China disagrees," May 5, 2014. <http://in.reuters.com/article/2014/05/05/vietnam-china-oil-idINL3N0NR1AD20140505>

<sup>142</sup> Scott Bentley. "Vietnam and China: An Dangerous Incident," The Diplomat. February 12, 2014. <http://thediplomat.com/2014/02/vietnam-and-china-a-dangerous-incident/>

<sup>143</sup> Thanh Nien News. "China sends armored fishing boats to ram Vietnamese ships near illegal rig," May 19, 2014. <http://www.thanhniennews.com/politics/china-sends-armored-fishing-boats-to-ram-vietnamese-ships-near-illegal-rig-26458.html>

This presented a formidable obstacle to Vietnamese attempts to approach the rig, which ultimately proved unsuccessful in the face of Chinese tactics which included ramming and the use of high powered water cannons to damage communications and navigation equipment on board the Vietnamese ships. At least twenty nine Vietnamese MLE and Coast Guard vessels were damaged as a result of these tactics, many of which were forced to return to port for repairs.<sup>144</sup> The confrontation lasted for over two months until China finally removed the rig in mid-July 2014, creating the most serious incident between the two countries in the South China Sea since 1988. The severity of the tensions may partially explain a number of unusually direct public comments from senior Vietnamese leaders during the incident.

On several occasions over the course of the confrontation Vietnamese senior officials made public statements, following the break down of private communication channels with the Chinese leadership. Despite the presence of traditionally strong ties between the Vietnamese and Chinese Communist parties, the Chinese repeatedly rebuked efforts by Vietnamese officials, including the head of the VCP General Secretary Nguyen Phu Trong, to meet privately to discuss the standoff.<sup>145</sup> Whereas it is possible that Vietnamese officials may have previously communicated their intentions or resolve to China behind closed doors, this was no longer an option, and along with a heightened threat perception stemming around the crisis, may partly explain several unusually direct public comments by senior VCP officials during the course of the standoff.

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<sup>144</sup> TuoiTre News. "Chinese vessels hit Vietnam's ship twice, injuring 2 officers," June 24, 2014. <http://tuoitrenews.vn/society/20552/chinese-vessels-hit-vietnamese-ship-twice-injuring-2-officers>

<sup>145</sup> Keith Bradsher. "China and Vietnam at Impasse Over Rig in South China Sea," New York Times. May 12, 2014. [http://www.nytimes.com/2014/05/13/world/asia/china-and-vietnam-at-impasse-over-drilling-rig-in-south-china-sea.html?hp&\\_r=0](http://www.nytimes.com/2014/05/13/world/asia/china-and-vietnam-at-impasse-over-drilling-rig-in-south-china-sea.html?hp&_r=0)

The first of these comments was made by Prime Minister Nguyen Tan Dung following a meeting with President Aquino during a trip to the Philippines on May 21, 2014. When discussing the South China Sea, Prime Minister Dung noted that he and President Aquino “shared deep concerns over the current extremely dangerous situation there caused by China’s actions.”<sup>146</sup> During the same press conference Dung went on to state that these actions, including the deployment of the HYSY 981 oil rig and Chinese attempts to protect it, “have seriously threatened peace, stability, maritime security and safety” in the South China Sea. A week later, in an interview given to Bloomberg News on May 30, Dung stressed the repeated attempts made by the VCP to approach China on the issue (averaging out to more than once a day), and reaffirmed Vietnam’s commitment to defend its claims in the face of Chinese aggression. “Vietnam has and will do its utmost to defend the sovereignty over its waters by peaceful means,” Dung was quoted as saying, emphasizing that the defense policy of Vietnam remained one of “peace and self defense,” and that Vietnam would only resort to military action in self defense.<sup>147</sup>

The timing of Prime Minister Dung’s initial comments also indicates that they may have also been in response to a massive outburst of nationalist protest in Vietnam that occurred on an unprecedented scale less than a week prior. Not only was the scale of these protests that began on May 11th unprecedented,<sup>148</sup> but the depth of the emotion they unleashed ultimately culminated several days later in violent riots against what the

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<sup>146</sup> AFP. “China a serious threat to peace – Vietnam PM,” May 21, 2014. <http://globalnation.inquirer.net/104830/china-a-serious-threat-to-peace-vietnam-pm>

<sup>147</sup> Vietnam Plus. “PM Nguyen Tan Dung grants interview to Bloomberg,” May 31, 2014. <http://en.vietnamplus.vn/Home/PM-Nguyen-Tan-Dung-grants-interview-to-Bloomberg/20145/50891.vnplus>

<sup>148</sup> Thanh Nien News. “Vietnamese Take to Streets in Protest Against China’s Oil Rig Incursion.” May 11<sup>th</sup>, 2014. <http://www.thanhniennews.com/politics/vietnamese-take-to-streets-in-protest-against-chinas-oil-rig-incursion-26159.html>

protesters assumed (often incorrectly) were Chinese owned factories, and attacks on Chinese workers.<sup>149</sup> These attacks resulted in a number of fatalities, causing China to withdraw many of its workers from Vietnam.

In contrast to China, there has been very little systematic study of the role of nationalism in Vietnam's foreign policy,<sup>150</sup> but similar to its communist neighbor in China, the VCP has also at times been caught off guard by the fervor of nationalist sentiment in the country in recent years. During these particular demonstrations, the Vietnamese leadership at first allowed the protests to go forward, and only once they turned violent and appeared to be heading out of control did the government intervene, arresting several hundred protesters. While further study would need to be undertaken, there does at least appear to be some circumstantial evidence that another reason for Prime Minister Dung's public statements may have been a response to the outpouring of nationalist sentiment following the initial weeks of the confrontation. Dung's personal image certainly did not suffer from playing up nationalist sentiment, and he was hardly

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<sup>149</sup> Chris Buckley and Chau Doan. "Anti-Chinese Violence Convulses Vietnam, Pitting Laborers Against Laborers," New York Times. May 15, 2014. [http://www.nytimes.com/2014/05/16/world/asia/anti-chinese-violence-turns-deadly-and-spreads-in-vietnam.html?hp&\\_r=0](http://www.nytimes.com/2014/05/16/world/asia/anti-chinese-violence-turns-deadly-and-spreads-in-vietnam.html?hp&_r=0)

<sup>150</sup> In contrast to China, there has been comparatively little work done on Vietnamese nationalism in the modern period, particularly as it relates to the disputes in the South China Sea. What little work does exist on Vietnamese nationalism is often focused on the formative years of the country up until the 1980s, and provides little discussion of current dynamics involving China. See: Tuong Vu. "Vietnamese Political Studies and Debates on Vietnamese Nationalism." *Journal of Vietnamese Studies* 2: 2 (August 2007), pp. 175-230.

This trend is not limited to Vietnam, and represents a fruitful area for future scholarship on the region. As such an undertaking is however outside the scope of this thesis, what little material is available will be incorporated while acknowledging the need for further systematic study of this important variable. Though there has been a clear rise in Vietnamese nationalist sentiment over the last decade in regard to the SCS disputes, current scholarship fails to illuminate the precise connection between nationalism and Vietnam's strategy in the South China Sea.



alone in speaking to an idea of a recurrent struggle by the Vietnamese nation against China.

A month after Dung's comments, at the peak of the crisis when there seemed little hope of near term resolution, President Truong Tan Sang also spoke out, calling China's actions illegal and the nine dash line claim "irrational."<sup>151</sup> While the timing of President Sang's comments is less directly related to the May protests, the language he used in the interview he gave to a local Vietnamese news outlet is equally nationalistic. Sang noted in the interview that the ninth session of the 11<sup>th</sup> Party Central Committee had "spent considerable time debating this issue (of the South China Sea)," and that along with the Politburo they had reaffirmed Vietnam's commitment to defend "every inch" of Vietnam's land and maritime boundaries from violation. Sang admitted that doing so would not be easy, that the struggle would be long and hard, "requiring us to have resolve." He ended the interview by quoting from the Annals of Dai Viet comments made by King Le Thanh Tong to his royal court, perhaps hinting at Vietnam's resolve in this regard:

*"How can we abandon even a single inch of our mountain, our river? You must firmly stand your ground, not letting them gradually encroach. If they do not listen, we can send our envoys to the north to clarify justice. If you dare to concede even a single inch of the land of our ancestors to the enemy, it will be a crime deserving of death."*<sup>152</sup>

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<sup>151</sup> Vietnam News. "China's Actions Illegal, Defy Morality: President." June 21, 2014. <http://vietnamnews.vn/politics-laws/256461/chinas-actions-illegal-defy-morality-president.html>

<sup>152</sup> Vietnam News, "China's Actions Illegal, Defy Morality."

The public comments made by both the Prime Minister and President can be taken to signify an unusually public expression of Vietnam's resolve to defend its claims in disputed areas of the South China Sea. These comments became increasingly frank over the course of the confrontation, beginning first with Dung's comments made several weeks into the crisis, and culminating with President Sang's thinly veiled allusion to Vietnam's historic struggle with China to maintain its independence and territorial sovereignty. This allusion to comments made by a 15<sup>th</sup> century Vietnamese emperor may have a poetic quality about it, but it nonetheless reinforces a previous pattern of a lack of clear and direct strategic communication. This is to say nothing of the reactive nature of the comments, coming after the crisis had already escalated, suggesting that the Vietnamese leadership was more preoccupied with crisis management and response than with effective strategic communication. Importantly though, the increasingly public nature of such comments during the May-July 2014 standoff does suggest a heightened threat perception from the Vietnamese leadership, resulting from a breakdown in Party to Party ties as well as the unparalleled severity of the crisis.

Many of the effects of the 2014 crisis on Vietnamese strategic thinking remain to be seen, but as had occurred during the shift in the 1990s, Vietnam's rising threat perception over the last several years has led to a renewed impetus to modernize Vietnam's military in order to meet the threat. According to a Vietnamese analyst connected with the Ministry of Foreign Affairs, the events in 2011 and 2012 in particular "further convinced the government, the Ministry of Defense, and the public of the need to expedite and enhance efforts to modernize its national naval capability to protect its

interests.”<sup>153</sup> While the air force and the navy had been privileged in the overall process of modernization since 1992, the recent incidents seem to have further accelerated efforts to develop Vietnam’s naval and maritime forces especially as part of Vietnam’s wider strategy toward China in the SCS.

### ***Vietnam’s Strategy Toward China in the South China Sea***

Vietnam’s overall strategy to deal with a rising China is multifaceted, and continues to be based on elements of both cooperation and struggle (*doi tac va doi tuong*),<sup>154</sup> though the latter half of the equation is becoming increasingly pronounced. The maritime territorial disputes in the South China Sea are having a substantial impact on Vietnam’s wider strategy to deal with China. According to one Vietnamese scholar, the disputes “reinforce Vietnam’s traditional perception of China as an expansionist and aggressive power,” which in turn “tends to push the country toward the balancing option.”<sup>155</sup> In response to the growing level of threat perception resulting from the tension between Vietnam’s strategic goals and China’s MLE strategy, Vietnam finds itself compelled to turn toward harder forms of balancing in order to offset Chinese assertiveness and greater power projection capabilities.

Whereas Vietnam’s strategy had previously favored softer forms of balancing centered on enmeshing China into an ASEAN led regional security architecture based on rules and norms, China’s efforts to divide ASEAN have essentially undermined these

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<sup>153</sup> Nguyen Hung Son, “Vietnam: A Case Study in Modernization,” p. 125

<sup>154</sup> Carlyle A. Thayer. “Not too Hot, Not too Cold: A Vietnamese Perspective on US-China Relations.” Paper Presented to International conference on US-China Relations, NewZealand Contemporary China Research Centre, University of Wellington, New Zealand. October 8-9, 2015, p. 2

<sup>155</sup> Hiep Le, “Vietnam Strategy Against China,” p. 340

efforts, leaving Vietnam with little alternative but to move toward harder forms of balancing. Since Vietnam continues to maintain its stated policy of not entering into any foreign alliances, any movement toward strengthening international cooperation is likely to stop short of meeting the definition of external balancing. According to the 2009 Defense White Paper “Vietnam consistently advocates neither joining any military alliances nor giving any other countries permission to have military bases or use its soil to carry out military activities against other countries.”<sup>156</sup> This policy, sometimes referred to as the ‘three no’s,’ constrains the ability of its leadership to aggregate military power in the traditional Realist definition through an alliance.

Partially as a result of this policy, Vietnam’s move toward hard balancing has occurred primarily through internal balancing, specifically the modernization of Vietnam’s naval and coast guard forces. The means through which Vietnam will undertake these efforts are increasingly clear, as previously under funded forces and antiquated Soviet equipment are finally being replaced by modern equipment enabled by a growing defense budget.

Vietnam’s strategic thinking regarding the ways in which these assets will be employed remains underdeveloped at present, partially due to the traditional orientation of the Vietnam People’s Army (VPA) toward the land forces, and a corresponding military doctrine centered on guerilla warfare. Efforts to re-conceptualize Vietnam’s defense and security strategy have shown progress over the last several decades, though it remains unclear whether these new forces will actually provide the deterrent against Chinese aggression that Vietnam seeks. While Vietnam is highly unlikely to enter into

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<sup>156</sup> Vietnam Ministry of Defense. “Vietnam National Defense,” Hanoi, 2009, p.21-22

any formal alliances in the near future, increased international cooperation could not only aid its internal balancing efforts by providing much needed platforms, but could even more importantly begin providing knowledge and expertise regarding the employment of these assets, helping move Vietnam toward a more effective security and defense strategy in the maritime domain.

### ***Internal balancing- Naval Modernization***

In line with Vietnam's desired strategic goals, Party strategic documents clearly articulated a need to increase Vietnam's national defense capability, particularly focusing on its naval and coast guard forces. Vietnam's current defense priorities were outlined at the 11<sup>th</sup> National Party Congress of the VCP, which stressed territorial integrity as a top priority for national security and directed the government to enhance national defense, particularly in "remote border areas, including the sea and islands."<sup>157</sup> These national defense responsibilities in what was termed "the new environment" reportedly included "war using high-tech weaponry," as well as "disputes over maritime sovereignty."<sup>158</sup> Priority was given to the development of the navy, air force, "mobile police forces," and intelligence, specifically "electronic and technical reconnaissance."<sup>159</sup> While it is not entirely clear, 'mobile police forces' can be assumed to include what is now Vietnam's Coast Guard, which at the time was referred to as the Marine Police. Such an interpretation is supported by the wording in the 2007 Maritime Strategy, which defines the "core" of a strong military as comprising "the navy, air force, maritime police, coast

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<sup>157</sup> Nguyen Hung Son, "Vietnam: A Case Study in Modernization," p. 124

<sup>158</sup> Thayer, Carlyle A. "Vietnam's Maritime Forces," in *Perspectives on the South China Sea*. Center for Strategic and International Studies (CSIS), 2014, p. 144

<sup>159</sup> Thayer, "Vietnam's Maritime Forces," p. 144-145

guard, paramilitary” capabilities, which are in turn used to support the maritime strategic priorities outlined above.<sup>160</sup>

While Vietnam’s naval modernization can clearly be traced back to the mid-1990s, the objective has not always been matched with the required resources. According to one book length study on the historical development of Southeast Asian navies, even with the government’s commitment to develop the navy from this time forward, “plans have not always borne fruit.”<sup>161</sup> Despite the clear articulation of the requirements to develop a strong navy by Defense Minister Khue in 1996, little significant progress occurred beyond the local development of a small missile corvette based on the Russian BPS-500 design. This lack of progress can be partially explained by the continued dominance of the Army within the VPA at the time, who were “not particularly sympathetic to the expensive demands of the Navy or Air Force,”<sup>162</sup> as well as the sheer lack of experience with local defense industry, particularly naval shipbuilding at the time.

While the Army can still be said to remain the dominant force in the VPA, with 400,000 plus personnel, the priorities outlined in the strategic documents are now beginning to translate into concrete shifts in financial outlays toward the naval and coast guard forces. There has been a discernible shift in the share of the defense budget allocated toward the Navy over the last several years. According to figures from Jane’s, it has in fact “emerged in recent years as the largest beneficiary of the procurement budget,” receiving \$706 million in 2014.<sup>163</sup> This figure is expected to grow to \$778

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<sup>160</sup> Nguyen Hung Son, “Vietnam: A Case Study in Modernization,” p. 123

<sup>161</sup> Goldrick and McCaffrie, p. 193

<sup>162</sup> Goldrick and McCaffrie, p. 206-208

<sup>163</sup> Jane’s Sentinel Security Assessments- Southeast Asia. “Vietnam-Navy,” current as of September 1, 2014.

million by 2018. The 2014 procurement allocation to the Navy represents roughly one fifth of the entire defense budget, which in 2013 totaled \$3.8 billion (VND 82.7 trillion).<sup>164</sup> It also marks a drastic increase from even 2012 funding levels, when the navy's share of the \$3.3 billion budget was only \$276 million.<sup>165</sup>

The 2014 figure also dwarfs the \$336 million provided that year to the Army, comprising 42% of the overall procurement budget for that year.<sup>166</sup> Such a disproportionate share of the allocated procurement budget represents a clear shift toward the maritime domain in the priorities of Vietnam's wider military modernization program.

Vietnam's current naval modernization program is attempting to overcome many of the previous challenges it has faced in meeting the requirements set for it by the Vietnamese leadership. According to Vietnam's 2009 Defense White Paper, the Navy is "the core service protecting Vietnam's maritime sovereignty," including disputed islands and maritime territory in the South China Sea.<sup>167</sup> In addition to this national defense function, the Navy is also tasked to maintain security and "to counter any acts violating the sovereign rights, jurisdiction and national interests of Vietnam at sea."<sup>168</sup> This second set of tasks is much more heavily weighted toward what would essentially be law enforcement functions. As the Coast Guard and Fisheries Surveillance forces begin to expand and mature alongside the Navy (more below), they can be expected to take some of the burden of the maritime law enforcement requirements from the Navy, leaving the

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<sup>164</sup> Australian Defense Intelligence Organization (DIO). *Defense Economic Trends 2014-Asia Pacific*, p. 29

<sup>165</sup> Thayer, "Vietnam's Security Outlook," p. 8

<sup>166</sup> Jane's Sentinel Security Assessments, "Vietnam-Navy." The remainder of the procurement budget- \$628 million- went to the air force, reflecting the high priority also given to it by the leadership.

<sup>167</sup> Vietnam Ministry of Defense. "Vietnam National Defense," Hanoi, 2009, p. 73

<sup>168</sup> "Vietnam National Defense," p. 73

Navy to focus more intently on traditional defense and war fighting roles. This will be required if the Navy is to develop into an effective fighting force capable of operating across the various aspects of the maritime domain- surface, sub-surface, and air.

Current assessments, including by the Vietnamese themselves, are that the Navy remains relatively weak, not only when compared to the growing forces of its much larger neighbor China, but also when measured against other countries in Southeast Asia.<sup>169</sup> According to one Vietnamese analyst “the current fleet is considered too small, slow and old for its duties.”<sup>170</sup> The current modernization program, in the view of this analyst, is focused on compensating for this current weakness, attempting to develop a greater power projection capability further offshore into Vietnam’s EEZ, and thus ultimately a “decent amount of deterrence and defense capability.”<sup>171</sup> Vietnam is attempting to achieve this through the employment of an asymmetric strategy that privileges submarines and developments in long range precision missile technology, which together act as a “force equalizer against superior threats.” This mirrors the development in China’s own force, which for the last several decades has been focused on confronting the more powerful forces of the US. In this way, Vietnam can be said to be responding to China’s strategy in the South China Sea by essentially mirror imaging it, and attempting to incorporate the same asymmetric principles into its own naval modernization. All of Vietnam’s recent acquisitions for its naval forces have been made with this in mind.

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<sup>169</sup> Jane’s Sentinel Security Assessments, “Vietnam-Navy.”

<sup>170</sup> Nguyen Hung Son, “Vietnam: A Case Study in Modernization,” p. 126

<sup>171</sup> Nguyen Hung Son, “Vietnam: A Case Study in Modernization,” p. 129



The most significant of these by far has been the acquisition of six advanced *Kilo* class submarines, which Vietnam signed a contract with Russia for in 2009. Though the contract was signed in 2009, it was not publicly announced until 2011, almost immediately following the cable cutting incidents that year.<sup>172</sup> Reflective of the budget numbers detailed above, the *Kilo* purchase has been seen as indicative of the wider swing in financial outlays toward the maritime domain.<sup>173</sup> The contract was initially valued at around \$2 billion, but by June 2010 had climbed to \$3.2 billion following Vietnamese requests for further Russian assistance with developing submarine infrastructure for them, including a new base at Cam Ranh Bay.<sup>174</sup> This inflated amount is roughly equal to the entire 2012 defense budget, and explains the rapid increase in funding toward the navy in recent years, an absolute necessity if the *Kilo* contract is to translate into an actual capability.

The rise in costs in the *Kilo* contract may have also been related to such an effort, specifically to the procurement of weaponry that will be on board the subs, including the lethal *Klub-S* (SS-N-27) sea skimming, supersonic anti-ship cruise missile (ASCM).<sup>175</sup> The missiles have a range of 300km and can be fired from the *Kilo*'s six forward torpedo tubes, along with the 53-65 anti-ship or TEST-71 anti-submarine torpedoes carried on board (max of 18 if only torpedoes- 6 in tubes, 12 on racks). The Kilos will also reportedly be equipped with MANPADS STRELA-3 anti-aircraft missiles. Reports in

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<sup>172</sup> Shearer, Andrew. "Southeast Asia and Australia: Case Studies in Responding to China's Military Power," in *China's Military Challenge: Strategic Asia 2012-13*. Eds. Ashley Tellis and Travis Tanner. Seattle, Washington; National Bureau of Asian Research (NBR), 2012, p. 255

<sup>173</sup> James Goldrick. "Vietnam's Submarine Fleet," Proceedings; US Naval Institute (USNI). September 2013, Vol. 139, Issue 9.

<sup>174</sup> Thayer, "Vietnam's Maritime Forces," p. 140

<sup>175</sup> Thayer, "Vietnam's Maritime Forces," p. 140-141

May 2015 indicated that the subs would additionally be armed with the 3M-14E Klub Land Attack Cruise Missile (LACM), and that Vietnam had taken delivery of twenty eight of fifty ASCMs and LACMs that had been ordered from Russia.<sup>176</sup> There was speculation from defense analysts in 2015 that the final two Kilos might be configured to embark Special Forces, but this had not yet been confirmed following the delivery of the fifth Kilo in February 2016 (see below).

The Kilo submarines were acquired specifically to operate in the relatively shallow waters of the South China Sea,<sup>177</sup> where their weaponry will provide them with a potent capability to increase the potential costs on surface or subsurface forces of any would be aggressor there. In addition to allowing Vietnam to increase its maritime domain awareness (MDA) in disputed areas, experts on Vietnam's security strategy have argued that this will provide Vietnam with the deterrent capability they are seeking to prevent Chinese seizure of disputed islands.

In early February 2016 the fifth Kilo class sub, HQ 186 Da Nang was delivered to Vietnam at Cam Ranh Bay,<sup>178</sup> where along with the other four it will form Submarine Brigade 189 of the VPA Navy.<sup>179</sup> With Russian media reporting that the sixth Kilo would be delivered by the end of 2016 or early 2017, the complete acquisition of Vietnam's

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<sup>176</sup> Thayer, Carlyle A. "Submarine Acquisitions in Southeast Asia: Vietnam Case Study," Presentation to RSIS Maritime Security Program Workshop on Submarine Acquisitions in Southeast Asia, November 2015, p. 5

<sup>177</sup> Thayer, "Vietnam's Maritime Forces," p. 141

<sup>178</sup> Defense Studies. HQ 186 Da Nang Joined the VPN's Brigade 189," February 6, 2016. <http://defense-studies.blogspot.com.au/2016/02/hq-186-da-nang-joined-vpns-brigade-189.html?m=1>

<sup>179</sup> Thayer, "Vietnam's Maritime Forces," p. 141

entire submarine Brigade 189 was drawing near.<sup>180</sup> While it is unclear if all the subs will remain assigned to this same brigade in the future, so far the construction of only the one submarine facility at Cam Ranh Bay makes this likely.

When, whether or not at all, Vietnam is able to transform these new acquisitions into a real operational capability however remains to be seen. The obstacles facing Vietnam are many and such an effort would “represent a formidable challenge to a small navy” such as Vietnam, particularly one with relatively constrained budgets and very little support infrastructure.<sup>181</sup> Even with the increased allocation for procurement that has been going to the navy over the last couple years, it will be hard pressed to effectively incorporate the new *Kilos* into the fleet, which will require regular deployment for training and operations, as well as required regular maintenance and upkeep. Despite the Army’s share of the budget allocation being significantly reduced as of late at least comparatively speaking, it may be necessary to reduce it still even further, or even to reduce the size of Vietnam’s standing army altogether,<sup>182</sup> something that is unlikely to sit well with the Army.

In addition, much of the prospect for success developing Vietnam’s submarine fleet will depend upon assistance from external actors, particularly Russia and India. In addition to the construction of supporting infrastructure, the 2009 contract with Russia also included provisions for the training of Vietnamese crews to man the subs.<sup>183</sup>

According to one knowledgeable source, this may require very direct Russian assistance

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<sup>180</sup> Defense Studies. “Sixth Submarine will be Delivered at the end 2016,” December 12, 2016. <http://defense-studies.blogspot.com.au/2016/02/sixth-submarine-will-be-delivered-at.html?m=1>

<sup>181</sup> Goldrick, “Vietnam’s Submarine Fleet.”

<sup>182</sup> Thayer, “Vietnam’s Maritime Forces,” p. 142

<sup>183</sup> Thayer, “Vietnam’s Maritime Forces,” p. 140

on board the Kilos while underway, and there may be “a significant number of Russians on board for years to come.”<sup>184</sup> India may present itself as an alternative partner, particularly given its experience operating Kilo’s in warm water environments. Since they have also been operating these submarines as an independent capability for several decades, India is also “likely to have developed sophisticated indigenous techniques, tactics, and procedures (TTP’s).”<sup>185</sup> Indeed, it was announced in November of 2013 that India would provide training for up to 500 Vietnamese submariners.<sup>186</sup> At present, it seems likely that Indian training will supplement rather than replace Russian assistance, with recent reports suggesting that Russian personnel are at the very least directly stationed onshore at Cam Ranh Bay, running a new Russian built training facility for the Kilos,<sup>187</sup> if not onboard the Kilos themselves.

According to reports citing regional diplomats, the *Kilos* have already been seen out off the coast of Cam Ranh Bay on training runs, and may be developing into an operational capability quicker than many had expected.<sup>188</sup> Separate reports citing Vietnamese officials indicated that by January 2016 the subs had moved further out off the coast and began “patrolling disputed waters of the South China Sea.”<sup>189</sup> Again though,

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<sup>184</sup> Goldrick, “Vietnam’s Submarine Fleet.”

<sup>185</sup> Goldrick, “Vietnam’s Submarine Fleet.”

<sup>186</sup> Thayer, Vietnam’s Maritime Forces,” p. 141

<sup>187</sup> Greg Torode. “Insight - Vietnam building deterrent against China in disputed seas with submarines,” Reuters. September 7, 2014.

<http://uk.reuters.com/article/2014/09/07/uk-vietnam-submarines-china-insight-idUKKBN0H20T720140907>

<sup>188</sup> Greg Torode. “Insight - Vietnam building deterrent against China in disputed seas with submarines.”

<sup>189</sup> Lindsay Murdoch. “South China Sea dispute: Vietnamese subs deployed as deterrent to China,” The Sydney Morning Herald. January 7, 2016.

<http://www.smh.com.au/world/vietnamese-subs-deployed-to-south-china-sea-20160107-gm0z6a.html>

much is likely to depend on external assistance, particularly from the Russians. Even if Vietnamese sailors and officers are increasingly capable of operating these platforms and their associated weaponry, the continued dependency on external assistance could potentially present itself as a strategic liability for several years to come. This is particularly the case in regard to Russian personnel serving on board the submarines in any capacity, which introduces a political constraint on Vietnam's newly acquired capability (see following section on deterrence).

Evident in the Kilo purchase, the majority of Vietnam's recent acquisitions come by way of Russia, continuing a close relationship as Vietnam's number one arms supplier that stretches back to the Soviet Union. The relationship has "picked up in recent years,"<sup>190</sup> and in addition to the Kilos, Vietnam is also acquiring a number of surface ships from Russia, as well as long range cruise missiles that can either be fitted on these ships or launched from mobile shore based batteries. Vietnam has already acquired two *Gepard* class Frigates from Russia, and in 2011 signed a contract for 2 more which are to be delivered by 2017.<sup>191</sup> The second pair of *Gepards* will reportedly be ASW variants capable of embarking helicopters such as the Ka-28 or Ka-31. In addition to anti-surface warfare (ASUW) capabilities such as the 76mm AK-176 naval cannon and eight KH-35 Uran-E (NATO: SS-N-25 Switchblade) ASCM, the *Gepard*'s also possess anti-air warfare (AAW) capabilities such as the PALMA Close in Weapons System (CIWS),

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<sup>190</sup> Thayer, Vietnam's Security Outlook," p. 8

<sup>191</sup> Ridzwan Rahmat. "Vietnam to receive two more Gepard frigates in 2017," IHS Jane's 360. April 6, 2014. <http://www.janes.com/article/36441/vietnam-to-receive-two-more-gepard-frigates-in-2017>

which are capable of engaging up to six targets simultaneously out to a distance of 10km with hypersonic surface to air missiles (SAMs), and rapid fire gatling guns.<sup>192</sup>

Vietnam has also been acquiring a number of other surface combatants from Russia over the last several decades that are also equipped with long range ASCM's, though these vessels are significantly less stealthy than the Gepard in their hull design. The first of these was the BPS-500 corvette which was initially built by Vietnam in the late 1990s as mentioned above, and in 2013 underwent upgrades at a Russian shipyard.<sup>193</sup> This upgrade may have included a larger caliber naval main gun and may have introduced a newly acquired ASW role for the ship, with the addition of the Russian PAKET-E ASW system. While relatively small at 62 meters in length and displacing only 520 tons, these little ships back a relatively strong punch against other surface forces through the eight KH-35 ASCM they are capable of launching.

A similar ability to punch above its weight is also evident in follow on Russian surface ships. The *Tarantul V* (Russian: *Molniya*) class corvette was ultimately selected in place of continuing on with the BPS 500, and effectively double its firepower with sixteen of the KH-35's placed in four quad launchers, two on either side of the ship.<sup>194</sup> A contract for ten of the *Tarantul* corvettes was signed with Russia in 2004, with the first two ships being built in Russia and the other eight to be built in Vietnam at the Ba Son shipyard. The second pair of these were commissioned there on June 27, 2014, with a

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<sup>192</sup> Ridzwan Rahmat. "Vietnam to arm new Gepard-class frigates with Palma CIWS," IHS Jane's 360. 23 April, 2014. <http://www.janes.com/article/36958/vietnam-to-arm-new-gepard-class-frigates-with-palma-ciws>

<sup>193</sup> Defense Studies. "Russia to Upgrade 'Unique' BPS-500 Missile Ship of Vietnam," April 7, 2014. <http://defense-studies.blogspot.com.au/2014/04/russia-to-upgrade-unique-bps-500.html>

<sup>194</sup> Jane's Fighting Ships. "Tarantul V Class," Corvettes- Vietnam. Accessed online, current as of April 2016.

third pair following in June 2015. The remaining four are expected to be completed by 2017.<sup>195</sup> From 2007 to 2014 Ba Son Corporation (overseeing the shipyard of the same name) had sent 300 personnel to Russia for training, and according to VPA Colonel Pham Ngoc Thien, Vietnam is “gradually mastering the technology to build and repair” the ships.<sup>196</sup>

While there has been discussion of these and other related vessels being ‘indigenously’ produced in Vietnam, it may be more accurate to say simply that they are being built locally in Vietnam. The BPS-500 as well as the follow on Molniya class are in fact built from Russian provided kits.<sup>197</sup> In 2008 Vietnam and Russia signed a contract for the delivery of additional shipbuilding kits and “related weapons systems for domestic assembly in Vietnam’s Hong Ha shipyard.”<sup>198</sup> This contract was apparently in reference to the TT400TP class patrol boats which are being built at Hong Ha shipyard in Hai Phong, where the fourth vessel in the class, HQ 275, was commissioned on September 26, 2014.<sup>199</sup> The TT400TP are even smaller than either the Molniya or BPS-500 at 54 meters, displacing 480 tons and possess only a relatively modest main naval gun, thus earning them the patrol boat designation. They do reportedly though possess an identification friend or foe (IFF) radar system and have a thirty day at sea endurance along with a 2500nm range, making them a fairly capable patrol boat.

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<sup>195</sup> Defense Studies (translation). “Ba Son Shipyard Ready to Complete Six Molniya Class in 2017,” September 24, 2014. <http://defense-studies.blogspot.com.au/2014/09/ba-son-shipyard-ready-to-complete-six.html?m=1>

<sup>196</sup> Defense Studies. “Ba Son Shipyard Ready to Complete Six Molniya Class in 2017,”

<sup>197</sup> Goldrick and McCaffrie, *Navies of SE Asia*, p. 206

<sup>198</sup> Thayer, “Vietnam’s Maritime Forces,” p. 142

<sup>199</sup> Tuoi Tre News. “Vietnam People’s Navy Receives Powerful Gunship,” September 26, 2014. <http://tuoitrenews.vn/society/22744/vietnam-peoples-navy-receives-powerful-gunship>

A significant recent development has been the reported negotiations between Vietnam and the Dutch shipbuilding firm Damen for the procurement of a number of *Sigma 9814* class corvettes. Initial reports were that Vietnam would acquire four of these vessels, with two being built in the Netherlands and two in Vietnam under Damen supervision,<sup>200</sup> but the number was later apparently scaled down to two.<sup>201</sup> According to Jane's, a contract was expected to be signed sometime in late 2013 along similar parameters, with one vessel being produced in Netherlands and the other in Vietnam. The reason for scaling down the number was likely financial, with Jane's suggesting that they could cost as much as \$688 million each. This expense might have become difficult for Vietnam to bear, amidst the growing costs of the previously existing Kilo contract, even with expanding procurement budgets for the Navy. At time of writing much remains unclear about the *Sigas*, including if a contract was ever signed even for two.

If a contract for the ships does proceed, reports suggest that they would be armed with eight of the new longer range (180km) Exocet Block III ASCMs, twelve MBDA MICA vertically launched SAMs, an Oto Melara 76mm naval main gun, and would be capable of embarking a Ka-28 helicopter.<sup>202</sup> Other sources have questioned whether or not the Ka-28 actually fit in the ships' hanger, and suggested that Vietnam may be looking at other possibilities such as the Austrian firm Scheible's unmanned Camcopter

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<sup>200</sup> Navy Recognition. "Design of Future Damen Sigma 9814 Corvettes for Vietnamese Navy Revealed," March 1, 2014.

[http://www.navyrecognition.com/index.php?option=com\\_content&task=view&id=1600](http://www.navyrecognition.com/index.php?option=com_content&task=view&id=1600)

<sup>201</sup> Jane's Defense Weekly. "Vietnam to Order Dutch Corvettes," August 23, 2014.

<sup>202</sup> Navy Recognition. "Design of Future Damen Sigma 9814 Corvettes for Vietnamese Navy Revealed,"



100-S.<sup>203</sup> The acquisition of the Sigma's, if it occurs, would undoubtedly significant though. According to one analysis it 'marked a turn away from Russia as a supplier and the potential- funds allowing- for much greater access to western sensor and weapons systems.'<sup>204</sup> This greater access to western sensors and software may be congruent with other nascent strategic shifts Vietnamese strategists have been considering as part of a wider effort to deter an increasingly assertive China (see below).

Vietnam's surface and sub-surface based cruise missile capabilities are now supplemented and reinforced by equally lethal shore based cruise missiles. In 2011 Vietnam acquired a second Bastion Coastal Defense Cruise Missile (CDCM) system from Russia,<sup>205</sup> significantly improving its coastal based maritime interdiction capability. In July of 2014, Russian news sources reported that Vietnam was interested in acquiring a third unit of the Bastion CDCM system, though the status of this acquisition remains uncertain.<sup>206</sup> According to Felix Chang, an analyst with the Foreign Policy Research Institute (FPRI), each system (or battery) consists of "four launchers, each with two P-800 (Yakhont) missiles, two command and control (C2) trucks, a combat alert vehicle, and four transporter loaders."<sup>207</sup> These systems are road mobile and "designed for rapid

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<sup>203</sup> Defense Studies. "First Image of Vietnam Battleship Sigma 9814," February 27, 2014. <http://defense-studies.blogspot.com.au/2014/02/the-first-image-of-vietnam-battleship.html?m=1>

<sup>204</sup> Goldrick and Mccaffrie, *Navies of SE Asia*, p. 209

<sup>205</sup> Thayer, "Vietnam Security Outlook," p. 10

<sup>206</sup> Defense Studies (Translation). "Vietnam Buy More Bastion-P and SU-30 MK2?" July 11, 2014. <http://defense-studies.blogspot.com.au/2014/07/vietnam-buy-more-bastion-p-and-su-30mk2.html?m=1>

<sup>207</sup> Chang, Felix K. "Transforming the Philippines' Defense Architecture: How to Create a Credible and Sustainable Maritime Deterrent," Foreign Policy Research Institute (FPRI), May 2012 p. 11

deployment,” reportedly capable of readying “all eight missiles for launch in five minutes.”<sup>208</sup>

At least one of the CDCM batteries is located in Tien Than, Phan Thiet City, Binh Tuan Province under the command of Naval Unit 681, which was visited by Prime Minister Nguyen Tan Dung on February 18, 2013.<sup>209</sup> Phan Thiet is located on the southeastern coast of Vietnam between Ho Chi Minh City and Nha Trang, facing out toward the Spratly islands. This would place disputed oil blocks lying within the Vietnamese coastal EEZ within the 300 km range of the Yakhont,<sup>210</sup> though it is unclear at present if any of the Spratly islands would also fall within range. With the closest point to the Spratly islands being 250 km from Cam Ranh Bay,<sup>211</sup> the Yakhont would likely be at the limits of its range if fired from Phan Thiet toward even the closest Spratly islands. Since it is road mobile, it could hypothetically be repositioned to somewhere like Cam Ranh Bay, though this would of course require time that may be lacking in a crisis scenario. From its present location at Phan Thiet, the Bastion could however certainly be used to fend off or interdict Chinese vessels approaching the Vietnamese coast from the Spratly islands, or likewise, to prevent Chinese ships from interdicting or constraining Vietnamese capability to resupply Spratly outposts in event of a crisis.

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<sup>208</sup> Chang, p. 11

<sup>209</sup> Defense Studies. “Prime Minister Visits Bastion Coastal Missile Complex in 681 Naval Unit,” February 22, 2013. <http://defense-studies.blogspot.com/2013/02/prime-minister-visits-bastion-coastal.html>

<sup>210</sup> Defense Studies. “PM Visits Coastal Missile Complex.”

<sup>211</sup> Vietnam Net Bridge. “Historical documents on Vietnam’s sovereignty over Paracel and Spratly islands,” June 24, 2011. <http://english.vietnamnet.vn/en/special-report/9787/historical-documents-on-vietnam-s-sovereignty-over-paracel-and-spratly-islands.html>

The FPRI analyst Chang also assesses that despite China's increasingly capable surface and air search radars on new PLAN vessels, they "cannot peer ashore," and despite the possibility that its reconnaissance satellites "may be able to find fixed installations and help target land attack missiles against them," the road mobile Bastion CDCM's would prove incredibly hard to locate and target short of China sending airborne ISR assets directly over Vietnam.<sup>212</sup> This makes them a potent asymmetric weapon capable of posing real problems for Chinese forces operating in the areas off Vietnam's coast, though they would require OTH radar or other ISR and targeting assets on the Vietnamese side operating offshore in order for them to be effectively utilized.<sup>213</sup> The same could of course be said for the long range precision strike capability of the naval vessels acquired from Russia such as the Kilos.

The Bastion system can be considered to be part of what comprise one of what Rear Admiral Din Gia That, Political Commissar of the Navy, referred to in 2014 as the five branches of the force: surface, sub-surface, naval air, "artillery and missiles," and marines.<sup>214</sup> The Bastion CDCM capability would naturally seem to fall under the "artillery and missiles" branch outlined by Rear Admiral That. Along with the 27,000 strong naval infantry or Marine force and a newly established naval air wing,<sup>215</sup> these forces would round out a much more widely conceived naval force extending well beyond merely the surface and sub-surface maritime domains.

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<sup>212</sup> Chang, p. 11

<sup>213</sup> Ibid, p. 13

<sup>214</sup> Tuoi Tre News. "Air Brigade Transferred to Vietnam Navy," July 4, 2014. <http://tuoitrenews.vn/society/11321/air-brigade-transferred-to-vietnam-navy>

<sup>215</sup> Jane's Sentinel Security Assessments, "Vietnam-Navy."

Very little information is available about the Marines, other than that they are stationed on Vietnamese occupied islands in the South China Sea, and are thought to “form the core of Vietnam’s rapid reaction capability in the event of heightened tensions over the Spratlys.”<sup>216</sup> The naval force is overall structured around five separate geographic areas or regional commands, and is headquartered in Cam Ranh Bay. The regional commands move down in number from the north, though for some reason region 2 is skipped and falls after region 4 (see map next page). Regional Command 4 is responsible for the Spratly islands, as well as the maritime areas in the South China Sea around them, though it is unclear if all of the marines are assigned to this zone, or spread around the other four zones. Naval region 4 regularly conducts exercises, including those focusing on “sovereignty protection” missions, though little information is available on the details of such exercises or their frequency. One such exercise, carried out by Naval Brigade 162, which is assigned to Naval Region 4, took place in October 2014 with such missions in mind, as well as raising “combat readiness for the unit.”<sup>217</sup> Based on pictures of the exercise, Naval Brigade 162 includes at least two *Tarantul* Corvettes and two *Gepard* Frigates.

In order to better provide an aerial maritime capability a naval aviation branch, or Naval Air Wing, was officially established in July 2013 by order of the Minister of National Defense.<sup>218</sup> The establishment of the Naval Air Wing may have resulted from

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<sup>216</sup> Jane’s Sentinel Security Assessments, “Vietnam-Navy.”

<sup>217</sup> Vietnam People’s Army Newspaper. “Naval Brigade 162 Training at Sea,” October 15, 2014. <http://en.qdnd.vn/photo/naval-brigade-162-training-at-sea/1118.html>

<sup>218</sup> Defense Studies (Translation). “Handover of Brigade 954 Naval Aviation,” July 5, 2014. <http://defense-studies.blogspot.com.au/2013/07/handover-of-brigade-954-naval-aviation.html>

Figure 3.1: Map of Vietnam Navy Regional Commands



Source: Wikipedia

what one Vietnamese analyst describes as “a lack of sufficient coordination between the Navy and the Air Force,”<sup>219</sup> and effectively transferred a number of what were previously air force assets under the control of the navy, including fixed wing as well as rotary wing aircraft. The Naval Air Wing includes the recently created Naval Air Brigade 954, based in Cam Ranh Bay, as well as what was previously under the Air Force Order of Battle (OOB) the C54 helicopter regiment.<sup>220</sup> Under the Air Force OOB the C54 Helicopter regiment previously was based in Da Nang, but its assets also operated out of Kien An

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Nav Air Brigade 954 was established based on the following Ministerial decrees: June 25, 2013 Directive 2215/QĐ of the Minister of Defense. Earlier, Defense Minister signed Directive 1681/QĐ-BQP dated May 22, 2013.

<sup>219</sup> Nguyen Hung Son, “Vietnam: A Case Study in Modernization,” p. 128

<sup>220</sup> Jane’s Sentinel Security Assessments, “Vietnam-Navy.”

Air Base in Cat Bi, Hai Phong. Naval Air Brigade 954 is tasked with maritime patrol and surveillance, as well as tracking and if required prosecuting enemy submarines.<sup>221</sup>

According to IHS Jane's, the Naval Air Wing "can be seen as a Vietnamese counter to Chinese claims to disputed maritime territories."<sup>222</sup>

The fixed wing aircraft that are under Naval Air Brigade 954 include six recently acquired *DHC-6 Twin Otter* prop planes, and also possibly *M-28 BR1 Bryza (Skytruck)* aircraft.<sup>223</sup> When previously under the Air Force OOB, the *M-28 Skytrucks* had been "configured for maritime surveillance,"<sup>224</sup> and had an operational range of 736 miles, making them fairly effective for short to medium range maritime surveillance missions. They are equipped with an ARS-400 360 degree search and surveillance radar and the CCS-400 command and control system, which provides datalink and display capabilities similar to those of the Coast Guard's MSS-6000 system (more below). A contract was signed in 2003 for "the procurement of up to 10 aircraft," the first 2 of which were delivered in 2005, though the current status of this contract and subsequent deliveries is at present unknown.

The *M-28 Skytruck* contract may however have been superseded by the acquisition of six *DHC-6 Twin Otter* prop planes, which a separate contract was signed for in 2010 with the Canadian company Viking Air. The sixth and final Twin Otter was

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<sup>221</sup> Defense Studies (Translation). "Handover of Brigade 954 Naval Aviation," The two Ministerial Decrees are as follows: June 25, 2013 Directive 2215/QD of the Minister of Defense. Earlier, Defense Minister signed Directive 1681/QD-BQP dated May 22, 2013.

<sup>222</sup> Jane's Sentinel Security Assessments, "Vietnam-Navy."

<sup>223</sup> Jane's Sentinel Security Assessments, "Vietnam-Navy."

<sup>224</sup> Jane's Fighting Ships 2011-12, p. 986

delivered in early October 2014.<sup>225</sup> Three of the aircraft are reportedly configured for transport and utility roles, while the other three are the *Guardian 400* maritime patrol variant and have amphibious landing capability.<sup>226</sup> All are short landing and take off (STOL) capable, with required runway length 400 meters or less. A twenty month intensive pilot training course was included in the contract, and by the time the sixth plane was delivered twenty six Vietnamese naval officers had completed the course, which included six months of English language instruction and 6,000 hours of flight training on multiple aircraft, with 1,000 hours on the DHC-6 specifically.<sup>227</sup>

Based on reporting from 2014 it can be assumed that the *Ka-28* ASW helicopters that were previously under the C54 regiment have now been transferred under the command of the Navy, with some sources suggesting that they are now specifically under Naval Air Brigade 954.<sup>228</sup> As recently as June of 2013, one month before the handover ceremony for Brigade 954, *Ka-28* helos continued to operate out of Cat Bi in Haiphong, when two of them (numbered 520 and 525) were involved in an operational ASW exercise, which included the dropping of sonobuoys around a simulated target some 60km off shore.<sup>229</sup> If the *Ka-28* are to be embarked onboard the *Gepard* frigates, as has

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<sup>225</sup> Defense Studies (Translation). “Vietnam Welcomes Sixth Twin Otter Seaplane,” October 1, 2014. <http://defense-studies.blogspot.com.au/2014/10/vietnam-welcomes-sixth-twin-otter.html?m=1>

<sup>226</sup> Defense Studies. “Pesawat Twin Otter Vietnam Navy Yang Pertama Diserahkan (The First Twin Otter Aircraft Handed over to Vietnam Navy),” January 19, 2013. <http://defense-studies.blogspot.com/2013/01/pesawat-twin-otter-vietnam-navy-yang.html>

<sup>227</sup> Defense Studies (Translation). “Vietnam Welcomes Sixth Twin Otter Seaplane,”

<sup>228</sup> Tuoi Tre News. “Air Brigade Transferred to Vietnam Navy,” July 4, 2014. <http://tuoitrenews.vn/society/11321/air-brigade-transferred-to-vietnam-navy>

<sup>229</sup> Defense Studies (translation). “Killer Submarine Hunting Helicopter,” June 17, 2013. <http://defense-studies.blogspot.com.au/2013/06/killer-submarine-hunting-helicopter.html>

been mentioned in Vietnamese sources,<sup>230</sup> it would make more sense for at least the Ka-28's that previously composed the C54 regiment to be permanently located to Cam Ranh Bay with Naval Air Brigade 954, where the Gepards are also assigned with Naval Brigade 162. It remains unclear at present if this has however occurred or if they are still based out of Da Nang, which is over 500km away.

Much about the Ka-28's remains unclear, including their operational status. These are much older helicopters which have been in service for several decades now, though the recent reports of the two that participated in the 2013 ASW exercise suggest that at least some of the helicopters remain operational. This conclusion is further supported by reports that an unspecified number of Vietnam's Ka-28's underwent repairs and upgrades in Sevastopol, Ukraine during October 2013.<sup>231</sup> Some Vietnamese analysts estimate that as many as twelve Ka-28 ASW helos may have been transferred to the Naval Air Wing,<sup>232</sup> while Western sources suggest that as few as six remain in service.<sup>233</sup> Either way, particularly with the number of surface combatants Vietnam is expected to have coming on line over the next several years that are capable of embarking helicopters, Vietnam may have a need to procure additional helicopters with similar capabilities to fully realize its mandate for both maritime surveillance and anti-submarine operations. In order to be effective, Vietnam would also require a long range fixed wing maritime patrol and ASW aircraft, which it does not currently possess though has expressed an interest in acquiring. Vietnam's preference has for some time been for the US P-3 Orion MPA/

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<sup>230</sup> Defense Studies (translation). "Killer Submarine Hunting Helicopter,"

<sup>231</sup> Defense Studies (Translation). "Ukraine Repairs Ka-27 ASW Helicopter for Vietnam," October 21, 2013. <http://defense-studies.blogspot.com.au/2013/10/ukraine-repairs-ka-27-asw-helicopter.html?m=1>

<sup>232</sup> Nguyen Hung Son, "Vietnam: A Case Study in Modernization," p. 128

<sup>233</sup> Jane's Sentinel Security Assessments, "Vietnam-Navy."



ASW aircraft, which may have become a real possibility with the partial lifting of the US arms embargo in September 2014 (more below).

Though long dominated by the Army and a corresponding focus on land warfare, the Vietnamese military is finally starting to transition toward the maritime domain. It has developed a naval force that extends across what are now be considered the five branches of the service, broadening out Vietnam's military capabilities across the full domain of modern maritime warfare- surface, subsurface and air. Vietnam's increasingly capable surface forces, reflected in acquisitions such as the Gepard and other corvettes armed with long range anti-shipping missile technology, are now reinforced by the newly acquired Kilo class submarines that have now begun operating in the undersea domain and are equipped with similar capabilities. That Vietnam's geography allows it to further reinforce each of these domains with a land based coastal defense capability utilizing similar long range weaponry could potentially present a potent sea denial capability against any would be aggressor in the South China Sea. These developments have been enabled by a massive shift in the procurement budget toward the navy over the last several years, but even with all the new funding much will depend on both continued budgetary growth in this direction, as well as external assistance from countries such as Russia and India with training and doctrine.

### ***Coast Guard and MLE Force Modernization***

The ongoing process of naval modernization is however no longer the primary focus of Vietnam's internal balancing strategy against China in the South China Sea. Once again reflecting China's own strategy, Vietnam is now increasingly focusing on

building up its own respective maritime law enforcement (MLE) agencies, in order to more effectively confront those of China. This new Vietnamese strategy was apparent during the 2014 HSY 981 oil rig crisis, where Vietnam held back its military forces and instead placed these MLE agencies in the front line against Chinese forces. The MLE agency buildup has rapidly accelerated in the last several years, and is evident in the increasing budgets devoted to both the Vietnam Coast Guard (VCG) as well as the recently created Vietnam Fisheries Resource Surveillance (VFRS) force, as well as the new vessels and equipment these rising budgets are buying for them. These forces are starting from a relatively low baseline though, and will need to continue their current process of expansion and modernization if they are to effectively carry out their law enforcement duties at sea.

Reflective of this newfound priority placed on their development, the budget for the MLE agencies has significantly expanded recently, and in fact has now eclipsed the procurement budget for the navy in 2014. During the height of the oil rig confrontation on July 3<sup>rd</sup>, 2014 Prime Minister Nguyen Tan Dung announced a \$756.8 million (VND 16 trillion) budget to “build 32 new vessels and support fishermen effected by the conflict.”<sup>234</sup> This was in addition to \$138 million which had been freed up in the 2012 state budget following the 2011 cable cutting incidents. The Vietnamese National Assembly at the time directed that the money be spent on “activities to develop the marine economy and to ensure national defense and security in the East (South China)

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<sup>234</sup> Reuters. “China arrests Vietnamese fishermen for territorial breach,” July 4, 2014. <http://uk.reuters.com/article/2014/07/04/uk-vietnam-china-idUKKBN0F910920140704>

Sea,”<sup>235</sup> and an unspecified amount went specifically to what is now the Vietnam Coast Guard with the aim of meeting these requirements.

The majority of the thirty two new vessels provided for under the 2014 budget will go to the Fisheries Surveillance Force, including two 2,500 ton Offshore Patrol Vessels (OPV), with the remainder going to the Coast Guard, which previously had acquired ships of similar size and make. These acquisitions are further being bolstered by external assistance from countries such as Japan, which will provide six vessels through an aid grant valued at slightly under \$5 million.<sup>236</sup>

The support for fishermen mentioned by PM Dung also entails a new government project to build 30,000 steel hulled fishing boats by 2020.<sup>237</sup> The program will provide soft loans to fishermen for up to 95% of the cost of construction.<sup>238</sup> This latter program is in direct response to aggressive Chinese tactics against what were primarily wooden hulled Vietnamese fishing vessels, resulting in the capsizing of one and extensive damage to numerous others. It can be seen as an extension of Vietnam’s strategy to also utilize the fishing fleet as an additional paramilitary mechanism at sea as described near the beginning of the chapter. Taken together, Vietnam’s new civilian and paramilitary MLE

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<sup>235</sup> Thanh Nien News. “Vietnam to spend \$138 mln on East Sea,” November 15, 2011 [http://www.thanhniennews.com/index/pages/20111115-vietnam-to-spend-\\$138-mln-on-east-sea.aspx](http://www.thanhniennews.com/index/pages/20111115-vietnam-to-spend-$138-mln-on-east-sea.aspx)

<sup>236</sup> Carl Thayer. “Vietnam’s Extensive Strategic Partnership with Japan,” *The Diplomat*. October 14, 2014. <http://thediplomat.com/2014/10/vietnams-extensive-strategic-partnership-with-japan/>

<sup>237</sup> TuoiTre News. “Vietnam to Make 30,000 Steel-clad fishing boats for Fishermen by 2020,” June 6, 2014. <http://tuoitrenews.vn/society/20100/vietnam-to-make-30000-steelclad-boats-for-fishermen-by-2020>

<sup>238</sup> TuoiTre News. “Vietnam to give fishermen soft loans to build ships given marine tension,” July 9, 2014. <http://www.talkvietnam.com/2014/07/vietnam-to-give-fishermen-soft-loans-to-build-ships-given-marine-tension/>

capabilities are growing rapidly into the point of the spear in Vietnam's strategy against China.

The original and currently most capable of Vietnam's MLE agencies is the Vietnam Coast Guard (Canh Sat Bien), previously known as the Marine Police until the name was changed in 2013 legislation.<sup>239</sup> What is now the Vietnam Coast Guard was created in 1998 as a law enforcement agency responsible for ensuring security, order and safety at sea.<sup>240</sup> Authority over the organization rested ultimately with the Ministry of National Defense (MND), but the Vietnam Coast Guard (VCG) was initially directly "subordinate to the Navy," though this changed in 2008 when the VCG became an independent organization from the Navy.<sup>241</sup>

While it is true that in this sense the organization "became independent of the military," the VCG still resides under the authority of the MOD, which continues to hold responsibility for management and operation of the organization, thus making it a military, not civilian agency.<sup>242</sup> The organization continued to fulfill previously assigned roles of search and rescue (SAR) and countering piracy, armed robbery, and trafficking at sea, but greater emphasis began to be placed on maritime law enforcement in areas involving territorial and jurisdictional disputes.

After 2008, the mission requirements and responsibilities of the VCG became more focused on the defense of sovereignty "over the island and water territory" of

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<sup>239</sup> Jane's Sentinel Security Assessments, "Vietnam-Navy."

<sup>240</sup> DECREE No. 53/1998/ND-CP OF JULY 21, 1998 "ON THE ORGANIZATION AND ACTIVITIES OF THE VIETNAM MARINE POLICE" online at: <http://www.vpa.org.vn/english/regulations/tailieu/53-1998-ND-CP.jsp>

<sup>241</sup> Jane's Fighting Ships 2011-12, p. 983

<sup>242</sup> Le Miere, Christian. "Policing the Waves: Maritime Paramilitaries in the Asia Pacific," "Survival 53: 1, January, 2011, p. 133 - 146

Vietnam, as well as the “sovereign rights and jurisdiction” over natural resources in the EEZ.<sup>243</sup> This would be achieved through the constant patrolling of these waters in order to “detect, prevent and combat” any potential threats or illegal activity, and would be undertaken “in coordination with other units of the armed forces.”<sup>244</sup> The role of the VCG in protecting Vietnam’s “sea and island sovereignty” was reaffirmed by President Truong Tan Sang during talks with the organization in March 2012, where he also noted that “officials and soldiers” of the VCG “were ready to sacrifice their lives to fulfill their assigned tasks”.<sup>245</sup>

The VCG is now considered “the main force in law enforcement at sea” by the Vietnamese leadership, including Vietnam’s Defense Minister Phung Quang Thanh who described it as exactly that in 2013.<sup>246</sup> Defense Minister Thanh furthermore “agreed of the policy of building new ships and providing funds for the CG to develop its fleet to ensure defense of maritime sovereignty.”<sup>247</sup> These comments by the Defense Minister were made after he had received a report from the Director of the Coast Guard, Major General Nguyen Quang Dam, on the previous year’s activities. The report given to the Defense Minister by the head of the VCG stressed both coordination and cooperation between the VCG and VPA. This included the revelation that in 2012 the VCG had held

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<sup>243</sup> Ordinance Number 03/2008/PL-UBTVQH12 “Vietnam Coast Guard,” (Luc Long Canh Sat Bien Vietnam) Chapter II, Art. 10. Available online at: <http://www.vietlaw.gov.vn/LAWNET/docView.do?docid=22071&type=html>

<sup>244</sup> Decree No. 53, Ch. 2 Art. 7 (detect...) and 10 (coordination)

<sup>245</sup> Vietnam News Agency “President reaffirms crucial sovereignty role of marine police,” March, 06 2012 <http://vietnamnews.vn/agency.com.vn/politics-laws/221721/president-reaffirms-crucial-sovereignty-role-of-marine-police.html>

<sup>246</sup> Vietnam Net. “More than 3,700 foreign fishing vessels encroach upon Vietnam’s waters,” March 3, 2013. <http://english.vietnamnet.vn/fms/society/71546/more-than-3-700-foreign-fishing-vessels-encroach-upon-vietnam-s-waters.html>

<sup>247</sup> Vietnam Net. “More than 3,700 foreign fishing vessels encroach upon Vietnam’s waters,”

patrols in the Truong Sa (Spratly) islands that were “well coordinated” with the Navy in order “to prevent foreign ships from encroaching on Vietnam’s waters.”<sup>248</sup> According to the Director of the VCG, the agency not only coordinated its actions with the Navy, but directly cooperated with it in carrying out its missions. “Since early 2013, the agency has cooperated with the Navy to protect oil and gas exploration, monitoring of fishing,” and other activities in the areas falling under its jurisdiction, he told the Defense Minister.<sup>249</sup> These are significant comments that plainly demonstrate a high degree of ongoing coordination and cooperation between the VCG and Navy, despite the VCG no longer directly falling under the Navy’s authority.

Previously headquartered in Hai Phong, the VCG moved to a new HQ in 2008 located in Hanoi, with Hai Phong continuing to be an important base for training. Other than this, the organizational structure of the VCG has largely persisted since 1998, being divided into four different regional commands. These regional commands are each responsible for a given area extending roughly between two points, based somewhere therein (see map on next page). They include: (1) Northeast: extending from Quanh Ninh to Quang Tri provinces, based in Hai Phong; (2) North: from Quang Tri to Binh Dinh, based in Quang Nam; (3) South: From Binh Dinh to Trah Vinh, based in Ba Ria, Vung Tao Province, and (4) Southwest: From Tra Vinh to Kien Gang, based in Ca Mau.<sup>250</sup>

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<sup>248</sup> Vietnam Net. “More than 3,700 foreign fishing vessels encroach upon Vietnam’s waters,”

<sup>249</sup> Vietnam Net. “More than 3,700 foreign fishing vessels encroach upon Vietnam’s waters,”

<sup>250</sup> Huy Minh. “Decree Issued on Vietnam Marine Police,” October 22, 2009. Government issued decree regarding implementation of certain articles in 2008 Ordinance. Available online at: <http://vneconomy.vn/20091022093216243P0C9920/ban-hanh-nghi-dinh-ve-can-hat-bien-viet-nam.htm>

Figure 3.2: Map of Vietnam Coast Guard Regional Commands



Source: Wikipedia

Regional commands 2 and 3 are particularly important as their assigned area corresponds with that of disputed islands and maritime areas in the South China Sea.

The VCG remains “a small service, with perhaps just 1,000 employees,”<sup>251</sup> paling in comparison to the size of the Vietnamese Navy, not to mention any single one of the numerous Chinese agencies which were formed into what is now the China Coast Guard. Despite this, renewed attention from the Vietnamese leadership and the corresponding new sources of funding mentioned above have allowed the service to begin improving both quality and quantity of its fleet. Previous estimates of the number of ships in the VCG put the total at thirty eight, primarily smaller vessels in the 200-400 ton

<sup>251</sup> Le Miere, p. 138

displacement range.<sup>252</sup> Recent acquisitions have brought the number above 40, including much larger and more seaworthy ships. This development will better enable the VCG to better carry out all of its mission tasking, including the sovereignty protection missions they are increasingly tasked with and carried out extensively during the 2014 oil rig confrontation with China.

The most significant of these new acquisitions are two Offshore Patrol Vessels (OPV) which were built at Vietnamese shipyards in cooperation with Damen, the same Dutch shipbuilding firm which the VPN Sigmas would be contracted with. Displacing 2,500 tons and measuring ninety meters in length, these OPV's are much larger by orders of magnitude than any ships previously in the VCG.<sup>253</sup> They are also significantly more seaworthy, with a 5,000 nautical mile (nm) range, and are also capable of embarking Ka-28 helicopters. The first of the OPV's was received from Z189 Shipyard (under MND) on November 23, 2013 and was given the hull number CSB 8001 (CSB is acronym for VCG name in Vietnamese- Can Sat Bien). CSB 8001 was assigned to VCG Regional Command 3, with responsibility for the Spratly islands, and had carried a group of officials there from the Ministry of Defense before it was even commissioned.

The second in class, CSB 8002, was launched by Song Thu Company (also under MND) on October 4, 2014.<sup>254</sup> The launch was attended by the Deputy Minister of

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<sup>252</sup> Jane's Sentinel Security Assessments, "Vietnam-Navy." According to Jane's this includes the TT400TP (4), TT200 (12), TT120 (12), Shershen Class (4), Damen 4207 SAR (3), and Damen 4612 tug boats (3).

<sup>253</sup> TuoiTre News. "Vietnam inaugurates region's most advanced coastguard boat," November 28, 2013. <http://tuoitrenews.vn/society/15525/vietnam-inaugurates-regions-most-advanced-coastguard-boat>

<sup>254</sup> Vietnam People's Army Newspaper. "New Modern Coast Guard Ship launched," October 4, 2014. <http://en.qdnd.vn/news/new-modern-coast-guard-ship-launched/324972.html>



Defense Senior Lt. General Nguyen Thanh Cung, who urged the Coast Guard to put the ship into operation “as soon as possible,” in order to “patrol and protect national sovereignty over seas and islands.”<sup>255</sup> These comments by the Deputy Minister of Defense are particularly significant as the vessel was assigned to Coast Guard Regional Command 2,<sup>256</sup> with responsibility for part of the South China Sea including the disputed Paracel islands. In combination with the apparent moving up of the launch date from November, the comments indicate a sense of urgency in bringing the capability online in order to operate in an increasingly contested area that several months previously had been the scene of the months long standoff between Vietnam and China.

The Coast Guard is also beginning to increase its airborne capabilities, including the acquisition of both fixed and rotary wing aircraft. It was reported in March of 2014 that the VCG will acquire naval helicopters for the Damen OPVs, possibly additional Ka-28's.<sup>257</sup> The AS565 Panther was also mentioned as a possible alternative. Major Nguyen Khac Vuot, deputy director for the Coast Guard's International Relations Division, was quoted at the time as stating that the acquisition would be “part of Vietnam's effort to integrate aerial surveillance as a part of the coastguard's patrols,” and would “significantly enhance our maritime operations.”<sup>258</sup> These reports also noted that the VCG was interested in acquiring an unspecified number of C212-400 prop planes, including mobile ground commands to manage them in maritime surveillance missions. If it did

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<sup>255</sup> Vietnam People's Army Newspaper. “New Modern Coast Guard Ship launched,”

<sup>256</sup> Defense Studies. “Second DN2000 Vessel Will be Launch November,” July 24, 2014. <http://defense-studies.blogspot.com.au/2014/07/second-dn-2000-vessel-will-be-launch-in.html?m=1>

<sup>257</sup> Jane's Defense Weekly. “Vietnamese Coast Guard to acquire naval helicopters for OPVs,” March 19, 2014.

<sup>258</sup> Jane's Defense Weekly. “Vietnamese Coast Guard to acquire naval helicopters for OPVs,”

materialize, these acquisitions would be in addition to a similar package of the same aircraft that was acquired beginning in 2011.

In August of 2011 the VCG received the first of three Spanish C212 Series 400 turboprop planes produced by Airbus Military. According to Vietnamese media the plane can be expected to be utilized for missions including “maritime patrol,” and carrying out “coastal surveillance for illegal activities.”<sup>259</sup> According to Major General Bui Si Trinh of the VCG, at that time the plane still needed “to be installed with surveillance equipment in Sweden,” and would officially be handed over in 2012, along with the two other planes. The third C212, and coincidentally the final unit to ever be produced by Spanish Airbus (the aircraft are now produced in Indonesia by PTDI), was delivered on December 28, 2012, fulfilling that particular contract.<sup>260</sup>

The surveillance equipment referred to by Maj. General Trinh was the ‘MSS 6000 maritime surveillance system’ to be installed by the Swedish Space Corporation (SSC), eventually in all three planes.<sup>261</sup> According to SSC’s website, the MSS 6000 “is a fully integrated system including SLAR (Side-Looking Airborne Radar), still and video cameras, AIS (Automatic Identification System), IR/UV scanner; FLIR (Forward Looking Infrared) and communication via high speed satellite data link (SATCOM) and

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<sup>259</sup> Thanh Nien News. “Vietnam marine police receive first new aircraft,” August 04, 2011 <http://www.thanhniennews.com/index/pages/20110804115103.aspx>

<sup>260</sup> Airbus Military Website. “Airbus Military Delivers Last C212 Assembled in Spain,” January 24, 2013. <http://militaryaircraft-airbusds.com/LatestNews/tabid/176/ArticleID/246/ArtMID/681/Airbus-Military-delivers-last-C212-400-assembled-in-Spain-The-delivery-of-this-aircraft-marks-moment-of-Spanish-aviation-history.aspx>

<sup>261</sup> Swedish Space Corporation Website (SSC). <http://www.sscspace.com/mss-6000-for-vietnam>.

HF radio.”<sup>262</sup> The SLAR is described on the website as “the ideal sensor for large area surveillance for very small vessels, target types that are difficult at best, and often impossible to detect with traditional radar technology.”<sup>263</sup> Such a capability would make it easier for the marine police to carry out their assigned mission to detect activities in Vietnamese waters by smaller maritime enforcement agency or even civilian fishing vessels. All information attained during patrols can be saved and then uplinked via satellite communications to “a command center or cooperating units.”<sup>264</sup> Not only will the planes be able to link vital information in real time to other ships operating on the ground, but also to a central command.

Part of the package provided by SSC includes the Mission Command Center (MCC), a “new addition” to SSC’s “maritime surveillance concept” (sourced for entire paragraph).<sup>265</sup> The MCC provides the ability for the Mission Command “to plan, follow, analyze and archive the missions of all flying units,” in real time. Information attained during the course of the mission can then stored in a database, from which analysts can have access to “information about ship movements and the identity and activity of observed vessels,” can be viewed simultaneously on a “tactical map” displayed on a computer screen. According to the SSC website “during the autumn the customer (Vietnam) visited SSC to get a first hand view of the MCC,” and was “very pleased with the capabilities.” In total, the new C212-400 series planes and the surveillance system

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<sup>262</sup> Swedish Space Corporation Website (SSC). <http://www.sscspace.com/mss-6000-for-vietnam>

<sup>263</sup> SSC website at: <http://www.sscspace.com/products-services/maritime-surveillance-systems/the-mss-6000-sensors-applications-and-functionality/slar>

<sup>264</sup> SSC website at: <http://www.sscspace.com/products-services/maritime-surveillance-systems/the-mss-6000-sensors-applications-and-functionality/slar>

<sup>265</sup> SSC website: <http://www.sscspace.com/products-services/maritime-surveillance-systems/mission-command-centre-mcc>

provided by SSC will significantly increase the maritime domain awareness of Vietnamese maritime forces, particularly the VCG.

Comparatively little information is available about Vietnam's Fisheries Resources Surveillance (VFRS) Force, though it is clear that it was officially stood up on April 15, 2014 at a ceremony attended by Prime Minister Dung.<sup>266</sup> The legislation on which the VFRS is based was signed by the Prime Minister in November of 2012, though it remains unclear at present why it took so long to implement it. According to the legislation, the VFRS is a "specialized force of the state" under the Directorate of Fisheries of the Ministry of Agriculture and Rural Development (MARD).<sup>267</sup> It is tasked with the following missions: maritime patrol and surveillance, as well as the detection and prosecution of fisheries violations in Vietnam's maritime zones, including "measures to prevent and stop the violation of fisheries law."<sup>268</sup>

As China's various MLE forces move toward consolidation into a single coherent Coast Guard, Vietnam's are moving in the other direction toward a seemingly more fragmented force. The legislation takes great care to attempt to spell out coordination roles for the VFRS and to eliminate any potential overlap, though the language is generally ambiguous and much will depend on actual implementation. One exception is the seemingly direct role the Ministry of National Defense has in directing both the Navy and Coast Guard "to coordinate with and support" VFRS forces.<sup>269</sup> Such an arrangement

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<sup>266</sup> Thayer, "Vietnam's Maritime Forces," p. 146

<sup>267</sup> Decree No. 102/ 2012/ ND-CP of November 29, 2012 "On the Organization and Operation of the Fisheries Surveillance Force." (English Translation), p. 38

<sup>268</sup> Decree No. 102/ 2012/ ND-CP of November 29, 2012, p. 39

<sup>269</sup> Decree No. 102/ 2012/ ND-CP of November 29, 2012, p. 43. In contrast, according to the legislation the Ministry of Foreign Affairs must liaise indirectly with the MARD regarding any "international cooperation."

would be congruent with the close cooperation and coordination between the Coast Guard and the Navy, both of which remain under the ultimate authority of the MND. This coordination was amply evident during the 2014 oil rig confrontation, when both VCG and VFRS vessels worked in tandem in the ultimately failed attempt to approach the Chinese rig.

The main headquarters of the VFRS is in Hanoi, which oversees four regional commands.<sup>270</sup> The full organization of these maritime commands is not clear at present, but seems to overlap roughly with that of the Coast Guard, despite some deviation. VFRS Regional Command 2 is headquartered in Khanh Hoa Province, but also has a post in Da Nang, as well as two others in the Spratly islands- at West (London) Reef and Southwest Cay.<sup>271</sup> The command stretches along the coast all the way from Da Nang to Ninh Tuan Province, which suggests that its AOR may include both the Paracel and Spratly islands. Having posts on two of the Spratly islands provides a strong indication that VFRS Regional Command 2 is responsible for the Spratlys, despite it also having a post as far north as Da Nang. Regional Command 3 is headquarter at Ba Ria, Vung Tau and can be assumed to have an AOR covering the southern part of the South China Sea. In addition to overseeing all regional commands, Regional Command 1 is also located in Hanoi. While the headquarters for Regional Command 4 is at present unclear, it could be expected to fall south of Regional Command 3, possibly along the lines of the Coast Guard's organizational structure.

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<sup>270</sup> Thayer, "Vietnam's Maritime Forces," p. 146

<sup>271</sup> Vietnam Plus (Vietnamese). "Fisheries Resources Surveillance to Establish Region 2 in Khanh Hoa," May 21, 2013. <http://www.vietnamplus.vn/se-thanh-lap-chi-cuc-kiem-ngu-vung-2-o-khanh-hoa/202839.vnp>

The funding for the VFRS comes primarily from the state budget, though the legislation allows for additional sources of funding “as prescribed by law.”<sup>272</sup> It therefore makes sense that the additional state budget announced by PM Dung in July 2014 would go to the VFRS as well as the VCG. Due to the recent formation of the service, it is also sensible that the majority of that funding would go to the comparatively underdeveloped VFRS. Part of this will include \$200 million which will be used to build four large, modern vessels announced by PM Dung in June 2014.<sup>273</sup> This money is likely to come out of the larger \$756 million budget announced by PM Dung the following month. The budget will also include funding for fifteen “medium scale ships” for VFRS. These nineteen new ships mean that VFRS will be receiving the majority of the 32 ships announced by Dung in July 2014, bringing the total for the service to “over 50.”<sup>274</sup> While the exact size of the “medium scale” ships remain at present uncertain, most VFRS vessels will continue to fall below one thousand ton displacements.

The exception to this rule will be the four large vessels that PM Dung mentioned in June 2014, which are also built in cooperation with Damen and are the same design as the two large VCG vessels. This announcement was made at the commissioning ceremony of the first of VFRS’s large vessels, designated KN-781, from Ha Long Shipyard. The follow on vessel, KN-782, was commissioned at the same shipyard one month later on July 30, 2014.<sup>275</sup> The actual time from keel laying in November 2012 to

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<sup>272</sup> Decree No. 102/ 2012/ ND-CP of November 29, 2012, p. 41

<sup>273</sup> Thanh Nien News. “Vietnam to build four more maritime surveillance vessels,” June 5, 2014. <http://www.thanhniennews.com/politics/vietnam-to-build-four-more-maritime-surveillance-vessels-26974.html>

<sup>274</sup> Thanh Nien News. “Vietnam to build four more maritime surveillance vessels,”

<sup>275</sup> Website on Viet Nam's Sovereign Boundaries. The National Boundary Commission - Ministry of Foreign Affairs. “Viet Nam Fisheries Resources Surveillance received KN-

the commissioning was reportedly “one month shorter than expected,” suggesting both decreasing build times with follow on production and also possibly reflecting the wider sense of urgency pervading all of Vietnam’s recent acquisitions. Like their VCG counterparts, both ships have a displacement of 2500 tons, a 5000nm range, and are capable of embarking helicopters. Reports indicate that at least the KN-782 specifically is equipped with water cannons that have a 150 meter range.<sup>276</sup> No information is currently available regarding the Regional Command to which either of these boats will be assigned, but judging from the VCG they are likely to go to either Regional Command 2 or 3.

Also reflective of their VCG counterparts CSB 8001 and 8002, the VFRS vessels KN-781 and KN-782 are armed with two 25mm twin machine guns.<sup>277</sup> While the VCG remain under the control of the Ministry of Defense and its operational norms can be expected to be generated from officials with military expertise, this is not necessarily the case with the VFRS command. In addition to controlling details such as paint schemes and hull numbering for the ships, the Minister of Agriculture and Rural Development also controls the development of “standards and operational norms” for the force.<sup>278</sup> The control over the last part by the Minister could be particularly significant, as it could have a role in determining the rules of engagement (ROE), an area where the Minister and his

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782 ship,” August 18, 2014.

<http://123.30.50.199/sites/en/vietnamfisheriesresourcesurveillancereceived-gid-eng030ca-nd-eaa1554c.aspx>

<sup>276</sup> Thanh Nien News. “Kiem Ngu Viet Nam Tiep Nhan Tau Co San Do Truc Thang,” (Rough Translation- VFRS Accepting Ships with Helipads) July 30, 2014. <http://thanhvien.vn/doi-song/kiem-ngu-viet-nam-tiep-nhan-tau-co-san-do-truc-thang-438091.html>

<sup>277</sup> Jane’s Fighting Ships. “Damen 9014 Class PSO.” Accessed Online, current as of July 18, 2014.

<sup>278</sup> Decree No. 102/ 2012/ ND-CP of November 29, 2012, p. 41

subordinate staff are likely to have little to no experience. With many of the other VFRS ships already being armed and with a government decree that all remaining ships within VFRS would be armed by September 15, 2014, this becomes potentially problematic. Given MARD's and even the Directorate of Fisheries' much broader roles and focus, it will be necessary for outside input to be provided into issues surrounding operational standards, possibly by the Ministry of Defense through its coordination role.

In response to China's own MLE strategy Vietnam has been rapidly building up its own MLE forces, first in the Coast Guard and now with the VFRS. Given that according to Vietnamese officials the VCG can now be considered the main law enforcement force at sea, these MLE agencies are likely to form the front line against future Chinese aggression in the South China Sea. With much larger and more seaworthy ships they will be increasingly capable of doing so should they make that decision. Vietnam's growing MLE force will be supported by the maturing warfighting capabilities of the Vietnamese Navy, which will increasingly remain behind the scenes during confrontations. There is a relative paucity of information on Vietnam's strategic thinking on military matters, but it appears that the naval forces are expected to act as a deterrent against Chinese incursions, attempting to prevent confrontations from occurring in the first place. For reasons that will be addressed below this is unlikely to happen, leaving Vietnam's new MLE forces with an increasingly challenging mission. If they are to meet this challenge successfully, it will require not only additional funding and procurement for the MLE forces, but also greater thinking about the doctrinal thinking that guides their operations and tactics.



***Deterrence- Recent Vietnamese Thinking on Implementation (Ways)***

While Vietnam's strategic goals are clearly laid out in its official documents, and the means toward attaining them are becoming increasingly evident, the ways in which Vietnam plans to do this remain a work in progress. There is very little material in the public domain on Vietnamese military strategic thinking. Though Vietnamese analysts now refer to the concept of deterrence, there is no mention of deterrence in any of Vietnam's defense white papers, and the precise definition of the concept in Vietnamese strategic thinking remains unclear and underdeveloped. What little discussion there has been of deterrence by Vietnamese analysts or strategic thinkers suggests that the lack of publicly articulated statements may reflect a lack of serious thought about the concept within the Vietnamese strategic community.

Deterrence is after all a foreign concept contrary to the land based guerilla doctrine the Vietnamese military has long held, and it is only recently that Vietnam has begun developing the power projection capabilities that require serious thinking about this type of strategic concept. What little information is available does suggest that Vietnamese thinking about deterrence may be a recent development, and the country's strategic community may still be in the process of fully working out how to best implement its newly acquired capabilities as part of its wider maritime strategy. For this reason, the assertion that Vietnam's recent acquisitions such as the Kilo subs will deter China should be approached critically. In order to improve analysis, it is first necessary to reflect upon what the Vietnamese are seeking to deter- a Chinese invasion of mainland Vietnam, seizure of islands in the Spratlys or the assertion of its jurisdiction in the maritime areas

of the South China Sea? These are all very different contingencies which require very different responses and strategic thinking.

Before reflecting on the answer to this question further, we can begin by analyzing the deterrent power of the Kilos themselves. This ultimately depends on not just the procurement of the platforms, but developing them into an effective warfighting capability. Merely possessing the submarines themselves, and even their armaments, matters very little if this is not transformed into an actual warfighting capability. According to Western submariners it is “not just learning about basic operational considerations, it is about the doctrine and tactics of how to best exploit these vessels- and making sure you’ve got a long term program to build all this up.”<sup>279</sup> As discussed previously this will depend a great deal on external assistance from Russia and India. Because of this, in particular the physical presence of Russian personnel onboard the Kilos, there are also potential strategic constraints on this capability.

Such constraints are likely to be more pronounced in the case of Russia than they would be with India. As long as Russian crew would be serving aboard the Kilo’s, their true operational capability would be questionable. These questions would include, most importantly, how would the ROE be effected by the presence of Russian crew onboard? Would the Russian leadership allow Vietnam to fire on a Chinese ship or submarine when it faced the prospect of taking casualties itself, not to mention seriously risking adverse costs to its relationship with Beijing? The answer is- not likely. While Russia may be more than happy to provide weapons and training to Vietnam, it is by no means prepared to follow Vietnam into a war against China over Vietnam’s claims in the

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<sup>279</sup> Torode. “Insight- Vietnam submarines...”

Spratlys, particularly as Russia becomes increasingly dependant upon China, both strategically and economically.<sup>280</sup> This has real implications for the ultimate deterrent capability of the Kilos, and may be part of the rationale Vietnam also approaching India for training and possibly developing the TTP's for the employment of the Kilo class subs.

The wider disagreement among security analysts over the Kilo's deterrent capability must ultimately take into account the perceptions of the target of deterrence- in this case China. According to Lyle Goldstein of the China Maritime Studies Institute (CMSI) at the US Naval War College, there does seem to be some indication that China is concerned about this capability coming online.<sup>281</sup> However, ongoing weaknesses in Vietnam's wider defense capability seem to have also enabled a belief amongst Chinese defense analysts that China would ultimately prevail against Vietnam in any conflict scenario. Specifically, Chinese defense analysts point to not only a lack of experience operating complicated platforms such as the Kilos, but also to a wider lack of surveillance, targeting and battle management capabilities within the wider defense force. Chinese analysts have apparently referred to a '3.14 model' to capture this sentiment- this is a reference to the date of an engagement between Vietnamese and Chinese naval forces in 1988 near Johnson South Reef, in which dozens Vietnamese sailors were killed. The Chinese analysts imply that China would today prevail in similar small but decisive skirmishes.

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<sup>280</sup> Bloomberg News. "Putin Deal China Winning Hand as Sanction Power Rival," October 13, 2014. <http://www.bloomberg.com/news/2014-10-12/putin-deals-china-winning-hand-as-sanctions-power-rival.html>

<sup>281</sup> Jane Perlez. "Q. and A.: Lyle Goldstein on China and the Vietnamese Military," New York Times. July 5, 2014. [http://sinosphere.blogs.nytimes.com/2014/07/05/q-and-a-lyle-goldstein-on-china-and-the-vietnamese-military/?\\_php=true&\\_type=blogs&\\_php=true&\\_type=blogs&\\_r=1](http://sinosphere.blogs.nytimes.com/2014/07/05/q-and-a-lyle-goldstein-on-china-and-the-vietnamese-military/?_php=true&_type=blogs&_php=true&_type=blogs&_r=1)

A further reason to approach the issue of deterrent capability with caution is that the capability is itself meaningless without clearly communicating resolve to use it in defense of vital national interests. As the work of strategic studies scholars such as Richard Betts have made clear, the projection of not just power but resolve and intentions is a key requirement for successful deterrence. During and after crisis situations the Vietnamese leadership has at times delivered seemingly contradictory messages, that might be misinterpreted in China as indicative of lacking resolve. During the 2014 oil rig crisis the Vietnamese leadership, particularly the military leadership, was at pains to communicate that it will not use force. This may reflect a doctrinal shift regarding the employment of military force following Vietnam's defeat in the 1988 clash with China.<sup>282</sup> It implies that the government may have recognized the limitations of deploying military force against a more powerful opponent, and has thus sought to downplay or minimize the role of military force in its wider strategy toward China.

Statements by senior Vietnamese military leadership repeatedly emphasized that they wanted no part in a military conflict with China, and failed to communicate a consistent message of resolve to China. In fact, their comments may have sent a very different message- that Vietnam would resist Chinese aggression, but only to a point. These comments repeatedly stressed that Vietnam was acting with restraint, and was not deploying its naval or air forces to the scene of the confrontation. This was the case with a speech made by Defense Minister Phung Quang Thanh at an ASEAN Defense Ministers Meeting (ADMM) meeting in Myanmar on May 20, 2014. where he also

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<sup>282</sup>Jane's Sentinel Security Assessments, "Vietnam-Navy."

stressed that Vietnam was “seeking to avoid armed conflict with China.”<sup>283</sup> This restraint and reliance upon only the Coast Guard and MLE force was stressed once again several weeks later with the Defense Minister gave a speech at IISS’ Shangri-la Dialogue in Singapore.

It was there that at the height of the confrontation over the HYSY 981 oil rig that General Thanh inexplicably began his comments on the crisis by describing Vietnam’s relations with “friendly neighboring country China,” as one that had continued to “experience growth.”<sup>284</sup> He noted that the relationship had experienced “friction from time to time” such as the oil rig incident, but strongly implied that this type of friction occurred from time to time amongst brothers, or within a “family.” “In reality, in each nation, even each family, there are contradictions and differences, let alone amongst neighboring countries with border, territorial disputes that can lead to friction.”<sup>285</sup> This language implied that senior military leadership regarded the standoff as a temporary tension in the relationship to be managed more than it was a serious and immediate threat to Vietnam’s national security. This was at odds with statements by civilian leaders such as Prime Minister Dung or even President Sang. Particularly coming from the military, such contradictory messages may have undermined any deterrent capability platforms such as the Kilos might theoretically provide.

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<sup>283</sup> Thanh Nien News. “Vietnam Vows to Avoid Violence in Dispute with China,” May 21, 2014. <http://www.thanhniennews.com/politics/vietnam-vows-to-avoid-violence-in-dispute-with-china-26500.html>

<sup>284</sup> General Phung Quang Thanh, Minister of National Defense, Vietnam. “Managing Strategic Tensions,” Third Plenary Session, Shangri-La Dialogue. May 31, 2014.

<sup>285</sup> General Phung Quang Thanh, Minister of National Defense, Vietnam. “Managing Strategic Tensions.”

The fact that it was after a visit to China by a military delegation headed by General Thanh that the relationship began to move back in a more positive direction in October 2014 suggests that the military to military ties between the two countries remain strong.<sup>286</sup> It also suggests that at least the leadership in the military may view this sorts of confrontations as inevitable, periodic tests that will occur from time to time and must be managed. Rather than attempt to prevent them from occurring in the first place, Vietnam's military strategy may be mostly reactive, seeking to manage crises once they reoccur until tension can be de-escalated through traditional party to party or military to military ties. If so, Vietnam is playing directly into China's strategy and may have little chance of deterring China from enforcing its jurisdiction in disputed areas of the South China Sea. True, it may successfully deter China from seizing islands in the Spratlys. But this is almost beside the point at the moment, for China currently displays no intention to seize any new features. As China likely regards its current MLE strategy as successful, it will continue incrementally enforcing its jurisdiction throughout the entirety of the nine dash line. This will necessitate some serious strategic thinking not presently reflected in the comments of senior leaders such as General Thanh if Vietnam is truly committed to deterring China from this.

At the height of the oil rig crisis there also however emerged rumblings of what might be termed "new strategic thinking" or new strategic concepts to deal with the perceived threat emanating from Chinese actions occurring around the time. The Defense Minister's comments at Shangri-La were at odds with a pervasive sense of crisis that had

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<sup>286</sup> Carl Thayer. "China-Vietnam Defense Hotline Agreed: What Next?" *The Diplomat*. October 20, 2014. <http://thediplomat.com/2014/10/china-vietnam-defense-hotline-agreed-what-next/>

emerged within the Vietnamese strategic community around that time. This sense of crisis gave rise to some unusually frank public discussion about serious strategic considerations, including a seeming acknowledgment that the new military acquisitions may not by themselves prove capable of deterring China. According to Vietnamese government officials and security specialists, in response to the oil rig crisis Vietnam had begun “drawing up a long term strategy to deter China from similar acts of aggression in the future.”<sup>287</sup>

Instead of confronting China during the crisis, the thinking went, Vietnam would attempt instead to deter China from similar actions in the future. The requirements gave rise to some new strategic thinking that centered around several emerging concepts- the most important of which was greater movement toward external balancing (though stopping short of any outright alliances). These new strategic concepts demonstrate new thinking in the Vietnamese strategic community toward China, and suggest that Vietnam is now beginning to grapple with the difficult choices China’s more assertive strategy in the South China Sea will inevitably confront it with. It should be stressed that these seemed to be ideas that were being floated rather than actual government policy, though they may be an indication of future policy movement should similar incidents continue to take place.

The first new idea that was floated fell into what might be traditionally defined as external balancing, though for a number of reasons including its historic experience Vietnam is increasingly pursuing what might best be termed forming an “indirect alliance” with the US. There are two parts to this “indirect alliance” strategy, which

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<sup>287</sup> Carl Thayer. “Vietnam Mulling New Strategies to Deter China,” *The Diplomat*. May 28, 2014. <http://thediplomat.com/2014/05/vietnam-mulling-new-strategies-to-deter-china/>

primarily stresses building stronger relationships with US allies in the region such as Japan and the Philippines. though it also includes more direct engagement with the US.<sup>288</sup> According to one Vietnamese analyst a direct relationship with the US, while challenging, is also “the most promising.”<sup>289</sup> It is not clear the extent to which this thinking is more widely reflected in the Vietnamese government, due to ongoing domestic sensitivities in many quarters surrounding concerns over US efforts to democratically subvert the VCP, through what is often referred to as “peaceful evolution.”<sup>290</sup> Due to these exaggerated concerns, the indirect aspect of the relationship is likely to remain particularly pronounced and may move ahead quicker than any direct relationship.

The primary focus of the “indirect alliance” on building relationships with US allies such as the Philippines and Japan is intended to indirectly bring Vietnam under the security umbrella of the US. The object is to deter China from military escalation through the presence of US allies during a time of crisis. The strategic concept envisions regular joint exercises, training, and even possibly joint patrols with US allies in the South China Sea. This would essentially provide a “continuous naval and air presence to deter China from using coercion or intimidation against Vietnam”<sup>291</sup> Vietnamese officials now apparently expect China to conduct assertive actions in the South China Sea every year between the months of May and August, and the joint cooperation would be intended to

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<sup>288</sup> Thayer. “Vietnam Mulling New Strategies to Deter China,”

<sup>289</sup> Hiep Le, “Vietnam’s Strategy Against China,” p. 358

<sup>290</sup> My thanks to Carl Thayer for pointing out the commonly used term “peaceful evolution.”

<sup>291</sup> Thayer. “Vietnam Mulling New Strategies to Deter China,”



span across those months. While emphasis seemed to be given to US allies, it is possible that the US may also be asked to participate in such joint efforts during this time.

The other part of the “indirect alliance” strategy includes a more direct approach to the US itself. Options range from stepping up the scope of existing US Coast Guard training that is already occurring in Vietnamese waters, all the way to joint Intelligence, Surveillance and Reconnaissance (ISR) patrols in the South China Sea.<sup>292</sup> The latter could include US military observers flying on Vietnamese planes, as well as the other way around with US maritime patrol aircraft being rotated through Vietnam from other areas including the Philippines. This direct approach would be much more palatable to US policymakers, who are likely to perceive any “indirect” efforts not directly coordinated with the US as potentially problematic developments. At the same time though, it remains to be seen how far the more direct relationship with the US will be allowed by more conservative members in the VCP to develop due to the previously stated concerns.

The importance of increasing Vietnam’s ties directly to the US had been noted by Vietnamese analysts, suggesting an awareness of the reality of the balance of power. According to Hiep, the Vietnamese analyst at ISEAS, “the United States is the only country capable of challenging and effectively constraining China’s military ambitions.”<sup>293</sup> Given the fact that the ‘indirect alliance’ strategy was itself a response to a perception in the Vietnamese strategic community that the 2014 oil rig confrontation was not as isolated incident but rather was “part of a longer term strategy by China to assert its dominance over the South China Sea,”<sup>294</sup> such balance of power considerations might

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<sup>292</sup> Thayer. “Vietnam Mulling New Strategies to Deter China,”

<sup>293</sup> Hiep Le, “Vietnam’s Strategy Against China,” p. 359

<sup>294</sup> Thayer. “Vietnam Mulling New Strategies to Deter China,”

seem inevitable. Yet Vietnam continues to maintain its policy of ‘no alliances’, reiterated even by advocates of strengthening the relationship such as PM Dung when he gave his speech at the 2013 Shangri-La Dialogue,<sup>295</sup> and there is little reason to think this would change short of outright military conflict between Vietnam and China.

There is clear overlap in the interests of the US and Vietnam in the advancing maritime security in the South China Sea, certainly more so than countries like Russia whose strategic interests are moving further and further out of alignment with Vietnam. Though the ‘no alliance’ policy is likely to remain in place, this ultimately does not mean that there is not room however to advance the relationship between the two extremes of ally or adversary. Recent incidents like the 2014 oil rig confrontation suggest that Vietnam may not be able to sufficiently balance or deter growing Chinese military power on its own through internal means alone. Effective deterrence may require not just new purchases in military hardware, but more robust relationships with US allies and even the US itself. The fact that the US partially lifted its arms embargo on Vietnam in October 2014 to allow for the supply of defense material related to Vietnam’s maritime security requirements bodes well for the relationship,<sup>296</sup> but it will depend on decisions made by the Vietnamese leadership, which may be divided on this and other issues.

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<sup>295</sup> Vietnam News. “PM Calls on Dialogue Partner to Build Trust,” June 1, 2014. <http://vietnamnews.vn/politics-laws/240176/pm-calls-on-dialogue-partners-to-build-trust.html>

<sup>296</sup> Michael R. Gordon. “US Eases Embargo on Arms to Vietnam,” The New York Times. October 2, 2014. [http://www.nytimes.com/2014/10/03/world/asia/us-eases-embargo-on-arms-to-vietnam.html?\\_r=0](http://www.nytimes.com/2014/10/03/world/asia/us-eases-embargo-on-arms-to-vietnam.html?_r=0)

## *Conclusion*

Due to its geographic proximity Vietnam has been at the forefront of increased tensions with China in the South China Sea and was the first country to be at the receiving end of the new MLE strategy. This proximity and the growing importance of maritime resources to Vietnam's economic development inevitably brought the two countries into ever greater contact at sea, resulting in a number of confrontations and crises of increasing severity. Culminating in the HYSY 981 oil rig incident of 2014, these crises magnified Vietnamese threat perception regarding China.

In the case of Vietnam, threat perceptions have been magnified by its shift toward maritime Asia. China's claims and MLE strategy in the SCS are the primary challenge to Vietnam's ability to implement this shift and exploit its maritime economic potential. Vietnamese threat perception re-emerged earlier than in other countries under study in this thesis, and ultimately allowed Vietnam something of a head start in developing its strategic response to that perception.

Vietnam's strategic response has leaned heavily on internal balancing efforts, which have been the most effectively executed in Southeast Asia. Military acquisitions such as Kilo class submarines and coastal defense cruise missile (CDCM) batteries have been part of Vietnam's effort to develop its own asymmetric capabilities in order to deter the increasingly assertive Chinese behavior. This asymmetric military modernization has been combined with impressive efforts to simultaneously expand and modernize Vietnam's relevant coast guard capabilities, which are intended to directly confront China's own maritime paramilitary presence in the South China Sea. It seems readily apparent that these acquisitions are an attempt to mirror China's own strategy of putting

coast guard forces at the forefront of its efforts while providing ever more capable military power as an over the horizon deterrent.

Vietnam's strategic thinking about the employment of these capabilities has lagged behind the procurement of the new platforms, as new capabilities require new thinking about what ultimately remain foreign concepts. Foremost amongst these is the concept of deterrence, which remains underdeveloped amongst Vietnamese strategic thinkers and analysts. Questions remain about whether or not Vietnam's traditional approach toward dealing with China, including close ties between members of the Communist parties and the two militaries, will allow for the kind of effective communication required for a successful deterrent posture. Other more recent strategic concepts including an "indirect alliance" with the US may prove problematic without establishing greater trust and transparency between the two countries, particularly if Vietnam were to focus its efforts on US allies without sufficiently consulting the US. Ultimately, greater engagement with the US will likely be required if Vietnam is to effectively deter China from further aggressive actions in the South China Sea.

Vietnam's own domestic political environment is likely to constrain the direction to which the relationship can develop, certainly keeping things well short of an outright alliance between the two countries. These constraints are in turn likely to place greater pressure on the internal balancing components of Vietnam's strategy, which while effectively implemented over the last five to ten years, are unlikely to provide a sufficient deterrent to Chinese coercive actions stopping short of conflict. Greater strain will be placed on Vietnamese Coast Guard and MLE forces, which as evident in the oil rig crisis

of 2014, will be at the forefront of Vietnam's efforts to respond to China's strategy in the South China Sea.

## Chapter 4

### The Philippines: Turning to the US as Internal Shortcomings

#### Persist

##### ***Introduction***

The Philippines' strategy toward China has been and continues to be predominantly one of hedging, displaying a preference for diplomatic initiatives while also moving toward more pronounced efforts at balancing. The weight given to diplomatic engagement in the hedging strategy has however markedly diminished in recent years, as the country has shifted toward a stronger effort to push back against what is seen as an increasingly assertive and often times aggressive Chinese presence in the maritime areas off the Philippine coast. Philippine officials have reacted strongly to an ongoing number of standoffs and confrontations involving Chinese MLE vessels operating in the South China Sea, and the end result of these various incidents has been an increasing level of threat perception in the country surrounding China's current and future intent in the region.

Philippine strategy continues to be primarily diplomatic in nature and has been shaped largely by the Department of Foreign Affairs (DFA), under the direction of Albert Del Rosario, the now former Secretary of Foreign Affairs. According to one Philippine scholar, though the country has attempted to introduce balancing elements into the strategy, diplomatic approaches have remained the primary focus of attempts to deal with

a rising China.<sup>297</sup> What was at one time a diplomatic focus on engaging China has however shifted in a more confrontational direction in recent years, using institutions and norms to attempt to more proactively shape China's behavior through the use of international opinion and moral suasion. China is no longer required to be a participant in these efforts, as it had previously under ASEAN and efforts to achieve a Code of Conduct in the South China Sea. In fact, ASEAN as an organization is no longer the institutional focus of Philippine diplomatic efforts, which have become markedly more international in nature.

The main thrust of the diplomatic effort since 2013 has been the massive legal effort launched by the Philippines that year to take China to court over its claims in the South China Sea.<sup>298</sup> After much uncertainty, the Permanent Court of Arbitration (PCA), an international court based at the Hague and empowered under the United Nations Convention on the Law of the Sea (UNCLOS), ruled in October 2015 that it had jurisdiction to take up the Philippine case submitted against China.<sup>299</sup> According to Paul Riechler, a Washington DC based lawyer who is the lead counsel for the Philippines in the arbitration, a ruling could come as early as June of 2016. Now that the court has upheld its jurisdiction, the ruling is unlikely to be well received in China, which continues to

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<sup>297</sup> Aileen Baviera. "China ASEAN Conflict and Cooperation in the South China Sea: Managing Power Asymmetry," in *The Study of National Security at 50: Re-awakenings*. Eds. Fermin R. De Leon Jr. and Ernesto R. Aradanas. Manila: National Defence College of the Philippines, 2013, pp. 216-218

<sup>298</sup> Government of the Philippines, Department of Foreign Affairs. *Notification and Statement of Claims*. Submitted to Embassy of the People's Republic of China, Manila January 22, 2013. The notification was submitted the same day that the Philippines instituted arbitral proceedings against China under UNCLOS.

<sup>299</sup> David Brunnstrom. "South China Sea Ruling in Hague Could be Mid 2016-Philippines Lawyer," Reuters. October 31, 2015.  
<http://in.reuters.com/article/2015/10/31/philippines-china-arbitration-lawyer-idINKCN0SP03O20151031>

refuse to participate formally in the case, despite publishing official responses outside of the legal proceedings.<sup>300</sup> The outcome of the case could potentially alter the trajectory of events in the South China Sea over the near to medium term, and the ruling is likely to prove a historic one no matter the outcome.

With that said, while the ruling may be legally binding in theory, China has already repeatedly gone on record refusing to recognize the authority of the court and stating that it will not abide by the ruling.<sup>301</sup> This raises at least the possibility, if not the probability, that regardless of Philippine legal efforts to constrain Chinese actions in the South China Sea through diplomatic measures, Beijing may nevertheless persist in executing its current strategy in the South China Sea. That possibility in turn raises further questions about wider Philippine maritime defense efforts to deter or persuade China away from its current course of action.

Parallel strategic initiatives on the defense side including movement toward more pronounced balancing efforts, both internally through military and coast guard modernization and externally through deepening ties to the US, a treaty ally, have made progress but ultimately continue to be constrained by various domestic factors. Despite readily apparent increased levels of threat perception over the last several years and a determined push by the President himself, Philippine balancing efforts are coming up

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<sup>300</sup> Ministry of Foreign Affairs, People's Republic of China. "Position Paper of the Government of the People's Republic of China on the Matter of Jurisdiction in the South China Sea Arbitration Initiated by the Republic of the Philippines." Submitted to the Permanent Court of Arbitration on February 19, 2013. Full text available online at- [http://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1217147.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1217147.shtml)

<sup>301</sup> Despite the insistence of the Court that its ruling must be executed immediately and cannot be appealed, there is in reality no binding enforcement mechanism that exists to force a country such as China to abide by the ruling.



short, and are likely to require greater reliance on external support from the US in order to realize the country's strategic goals toward its much larger neighbor.

### ***Threat Perception***

Similar to many of its ASEAN neighbors, Philippine threat perception regarding China has fluctuated over time. Most scholarly analyses have divided relations between the countries into three or four distinct historical periods, the more recent of which have corresponded roughly with China's own strategy and behavior in the South China Sea.<sup>302</sup> For analytical purposes, the pivotal periods can be broken down as follows: 1) an elevation in Philippine threat perception beginning in the late 1980's or early 1990s, 2) a reduction in that threat perception, during what some have termed a "Golden age" in the two countries' relations, from the mid to late 2000s, and 3) the current period from 2010, which has witnessed a pronounced resurgence of concern that surpasses even the earlier levels of threat from the first period. The focus below will be on the first and third periods, with predominant focus given to the third. There are obvious parallels however with the earlier period, and patterns of threat perception have persisted across time. These patterns have revolved specifically around Chinese actions in Philippine claimed areas of the South China Sea.

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<sup>302</sup> See Ian Storey. *Southeast Asia and the Rise of China: The Search for Security*. New York: Routledge, 2011 and Aileen Baviera. "Perceptions of a China Threat: A Philippine Perspective," in *The China Threat: Perceptions, Myths and Reality*. Eds. Herbert Yee and Ian Storey. London: Routledge Curzon, 2002. Baviera uses three periods corresponding to fluctuations in Philippine threat perception of China, while Storey explains the wider evolution of the relationship between the two countries by using four separate periods beginning from 1949 with the founding of the PRC.

In the first period, what had previously been largely positive relations began to devolve rapidly beginning with China's increased assertiveness in the South China Sea, specifically its armed clash with Vietnam in 1988 and subsequently the occupation by Chinese forces of Mischief Reef in 1995. Unlike its close neighbor Malaysia (see next chapter), there is little indication of substantial support from China to the various domestic insurgent groups operating in the Philippines during the Cold War, and concern about a China threat was much less pronounced as a result.<sup>303</sup> Despite some relatively widespread notions of the ethnic Chinese minority in the Philippines posing a direct or indirect threat to national security, either through serving as a fifth column or through their control of the economy, China itself was never seriously considered as either a real or potential threat during that time. Concerns did exist over China's long term intentions in the region, but these were overshadowed by what was an almost wholly internal focus of successive Philippine governments. This general lack of an external threat perception was enabled by the security guarantee provided by US forces stationed in the Philippines as part of their alliance arrangements. With the one exception of the US alliance, which intersected with and featured prominently in domestic politics in the country, one study from the 1980s concluded that up until that point "foreign affairs has never been a matter of great concern to the Filipino elite."<sup>304</sup>

This began to change however by the late 1980s, as Chinese actions in the South China Sea came to more directly affect Philippine national security. Authors differ on the

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<sup>303</sup> Robert O. Tilman. *Southeast Asia and the Enemy Beyond: ASEAN Perceptions of External Threats*. Boulder: Westview Press, 1987. p. 94

<sup>304</sup> Tilman, *Southeast Asia and the Enemy Beyond*, p. 52

precise timing of the shift in Philippine threat perceptions toward China,<sup>305</sup> but the initial undercurrents can be traced back to the late 1980s following the naval skirmish with Vietnam and a smaller scale confrontation involving Philippine forces the following year. In April of 1988, one month after the battle at Johnson South Reef, recently elected President Cory Aquino met with Deng Xiaoping, who attempted to reassure her about Chinese intentions in the area. These attempts appear to have been unsuccessful, as upon her return to Manila Aquino ordered the Philippine navy to “anticipate events brewing in the southwestern frontiers.”<sup>306</sup> Her concerns were not unfounded- the following year, ten months after the meeting with Deng, an exchange of gunfire occurred between Philippine and Chinese naval vessels operating in the Spratlys.

While these earlier incidents may have provided momentum toward a shift in Philippine threat perception, the real shift occurred in 1995 following the Chinese occupation of Mischief Reef, a submerged feature lying within the Philippine EEZ some 130 miles west of the Philippine province of Palawan. Mischief Reef is one of a number of features claimed by the Philippines in the South China Sea, most of which are located in the Spratly island chain. While unlike China or Vietnam, the Philippines does not claim the entire Spratly island chain, it does claim a total of approximately 50 features which it refers to as the Kalayaan Islands Group (KIG). An original claim was made by a Filipino citizen named Thomas Kloma in 1956 and was formalized in 1978 by

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<sup>305</sup> It is generally agreed that the major turning point was the occupation of Mischief Reef in 1995. While this is undeniably true, it is also likely that concern had been building for a number of years following the earlier incidents that occurred prior to 1995, such as the exchange of gunfire in 1989 following Aquino’s visit to Beijing.

<sup>306</sup> Storey. *Southeast Asia and the Rise of China*, p. 254

Presidential decree. The claims were also made explicit in the 1987 Constitution, which designated the KIG as Philippine territory.<sup>307</sup>

Nine of the claimed features are currently occupied by the Armed Forces of the Philippines (AFP). These include: Flat Island (Patag), Nanshan Island (Lawak), West York Island (Likas), Lankiam Cay (Panata), Loaita Island (Kota), Commodore Reef (Rizal Reef), Second Thomas Shoal (Ayungin Shoal), and the largest and most developed feature, Pag-asa (Hope in Tagalog) or Thitu Island, which possesses a naval detachment and a runway maintained by the 570<sup>th</sup> Composite Tactical Air Wing of the Philippine Air Force (PAF).<sup>308</sup> In addition to Pag-asa, all the other features listed above have military detachments, most interesting of which is Ayungin Shoal, where the Philippines beached an old World War two era amphibious landing craft in 1999 (more in section below).<sup>309</sup> Mischief Reef was never among these and had until 1995 been an unoccupied feature, though it was claimed by the Philippines as falling within its EEZ.

The Chinese presence at Mischief Reef was discovered in January 1995 after having detained a number of Filipino fishermen who happened upon them. Having arrived several months prior to their discovery, the Chinese forces had covertly built small wooden shelters on the reef. Their ability to remain undetected for several months at the reef owed largely to the poor state of the Philippine military forces, who had extremely limited maritime domain awareness at the time. Limited military capabilities also meant that the Philippines was unable to respond effectively following the discovery,

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<sup>307</sup> Storey. *Southeast Asia and the Rise of China*, p. 254

<sup>308</sup> Rommel Banaloi. "Philippines-China Security Relations: Current Issues and Emerging Concerns," Yuchengo Center De La Salle University, Manila, 2012, p. 71

<sup>309</sup> Banaloi, "Philippines-China Security Relations," p. 72

forced to rely on diplomatic efforts alone after concluding that it was not in a position to respond militarily.<sup>310</sup>

This inability to respond effectively to the encroachment only served to magnify Philippine threat perception. The discovery of the Chinese occupation has been accurately described by prominent Philippine scholars as a “turning point” in the two countries’ relations, a “watershed in Philippine perceptions of China.”<sup>311</sup> According to another analysis, “China’s establishment of an armed outpost so close to Philippine territorial waters in 1995 radically altered elite perceptions of China in the Philippines—from a distant friend to nearby threat.”<sup>312</sup> It is clear that China’s occupation of Mischief Reef was a pivotal event that fundamentally altered Philippine threat perception of a rising China, reviving what had previously been latent concerns over future Chinese intentions in the region, and raising the specter of a potential hegemon bent on enforcing its “irredentist claims.”<sup>313</sup>

Despite repeated assurances from China that these were civilian features, shelters built for the safety of fishermen operating in the area, Philippine officials continued to remain concerned that the occupation would eventually take on a military dimension. Their concern proved well founded. By 1998 “the original structures had given way to multi-story concrete buildings with visible gun emplacement platforms” and a helicopter landing pad.<sup>314</sup> Chinese military vessels began regularly operating in the vicinity. China’s dual track strategy of engaging in diplomatic discussions while simultaneously expanding

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<sup>310</sup> Storey, *Southeast Asia and the Rise of China*, p. 256

<sup>311</sup> Baviera, “Perceptions of a China Threat,” p. 260

<sup>312</sup> Storey. *Southeast Asia and the Rise of China*, p. 258

<sup>313</sup> Baviera, “Perceptions of a China Threat,” p. 260

<sup>314</sup> Baviera, “Perceptions of a China Threat,” p. 259

its military footprint in the Spratlys proved imminently frustrating for Filipino officials dealing with the issue. One such official, the Secretary of Defense at the time, Orlando Mercado, famously described the strategy as “talk and take.”<sup>315</sup> This perception of Chinese strategy, as one of ‘talk and take,’ continued to be reflected in official Philippine assessments as late as 2002. A leaked internal report from that time described China’s strategy in the following way: “Beijing uses negotiating tactics to keep neighboring governments hopeful of a peaceful compromise while the Chinese military continues to build up its permanent fortresses in the Spratlys.”<sup>316</sup> The report concluded that China’s behavior made the Spratlys “the greatest potential flashpoint for conflict in Southeast Asia.”

The 1998 Philippine Defense White Paper reflected these sentiments, noting that the country was “deeply concerned” about the developments in the South China Sea.<sup>317</sup> The document noted that the sensitivity of the Spratlys as a flash point, the sensitivity of which “was demonstrated by the alarm bells set off around the region” following the occupation of Mischief Reef. These developments were compounded by the wider long term trends of a rising China, which had recently emerged “as an economic colossus with increasing military capabilities.”<sup>318</sup> While noting China’s diplomatic efforts around the time, uncertainty continued to persist surrounding the exercise of its rising power, amplified in no small part by its claims and recent actions in the South China Sea.<sup>319</sup>

“Will China decide to pursue hegemony and carve out a sphere of influence on its own?”

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<sup>315</sup> Storey. *Southeast Asia and the Rise of China*, p. 258

<sup>316</sup> Quoted in Storey. *Southeast Asia and the Rise of China*, p. 259

<sup>317</sup> Department of National Defence, Philippines. *In Defense of the Philippines: 1998 Defense Policy Paper*. Manila, 1998, p. 12

<sup>318</sup> *In Defense of the Philippines*, p. 8

<sup>319</sup> *In Defense of the Philippines*, p. 18

the White Paper asks rhetorically at one point.<sup>320</sup> No answer was provided to this question, but the fact that such a question was even being asked speaks volumes about an elevated Philippine threat perception toward China during this period of time.

While the earlier discussion shows that this threat perception continued even after the publication of the White Paper, evident in internal assessments by the armed forces from as late as 2002, by this time a real shift had begun to occur in Philippine thinking. The same year the internal document was leaked, ASEAN and China reached agreement on the Declaration on Conduct (DOC) of Parties in the South China Sea.<sup>321</sup> This agreement provided breathing room for President Gloria Arroyo to gradually begin shifting the relationship back toward more solid footing by the middle of the decade. Economic ties began to flourish and by 2005 the Joint Marine Seismic Undertaking (JMSU) was signed with China.<sup>322</sup> The diplomatic agreement, designed to facilitate joint exploration of disputed parts of the South China Sea, was hailed as a great success by Arroyo, who declared around this time that Philippine-China relations had entered a “golden age.”<sup>323</sup> If the Spratlys was indeed a “litmus test” of China’s rise as a great

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<sup>320</sup> *In Defense of the Philippines*, p. 9

<sup>321</sup> ASEAN Secretariat. “DECLARATION ON THE CONDUCT OF PARTIES IN THE SOUTH CHINA SEA,” Signed November 4, 2002.

[http://www.asean.org/?static\\_post=declaration-on-the-conduct-of-parties-in-the-south-china-sea-2](http://www.asean.org/?static_post=declaration-on-the-conduct-of-parties-in-the-south-china-sea-2)

<sup>322</sup> China National Offshore Oil Corporation (CNOOC), Vietnam Oil and Gas Corporation, and Philippine National Oil company. *A Tripartite Agreement for Joint Marine Scientific Research in Certain Areas in the South China Sea*. Draft Text available online-[http://nghiencuubiendong.vn/en/database-on-south-china-sea-study/cat\\_view/132-legal-documents/154-joint-development-agreements](http://nghiencuubiendong.vn/en/database-on-south-china-sea-study/cat_view/132-legal-documents/154-joint-development-agreements)

<sup>323</sup> Storey. *Southeast Asia and the Rise of China*, p. 263-264

power, as her predecessor Joseph Estrada had claimed,<sup>324</sup> for Arroyo and many members of her government, China was at that point in time passing the test.

This golden age, however, proved short lived. By 2008 the JMSU had unraveled amidst a plethora of allegations of corruption surrounding Chinese aid tied to the agreement and revelations of what some claimed were sweeping concessions made under its framework pertaining to Philippine claims in the South China Sea.<sup>325</sup> Arroyo herself was at the center of the storm, with some alleging that she and her family had directly benefited from Chinese financing provided as part of the deal.<sup>326</sup>

### ***Resurgent Threat Perception (2010-2015)***

Just as the ‘golden age’ drew to an abrupt close, China had begun to push out into the South China Sea once again. It took some time for this push to be felt in the Philippines, but by 2010 a growing Chinese presence was being taken note of. As had been the case with the initial shift in threat perception in 1995, a major incident or crises proved to be the turning point once again. While the first of these occurred in 2011, in the more recent phase there have however been multiple crises that have compounded one upon the other over time, elevating Philippine threat perception to a level that far surpassed anything in the earlier period.

This time, the initial impetus occurred in 2011 at a little known submerged feature called Reed Bank. Reed Bank is a large seamount West of the Philippines island of

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<sup>324</sup> While President, Estrada stated that the Spratlys was a “litmus test of whether China, as a great power, intends to play by the rules, intends to play by international rules or make its own.” Quoted in Storey. *Southeast Asia and the Rise of China*, p. 258

<sup>325</sup> Barry Wain. “Manila’s Bungle in The South China Sea,” *Far Eastern Economic Review*. January? February 2008

<sup>326</sup> Storey. *Southeast Asia and the Rise of China*, p. 264-265



Palawan that lies within the country's EEZ.<sup>327</sup> Reed (or Recto, as the Philippines refers to it) Bank is in fact the largest feature in the Spratly Island chain. As a seamount the bank does not lie above water at high tide and is thus not entitled to the legal status of an island under international law.

In March 2011 two Chinese patrol boats confronted the *MV Veritas Voyager*, a survey vessel that had been contracted by the Filipino government, stating that the vessel was in Chinese waters and forcing it to turn around and leave the area.<sup>328</sup> There are thought to be significant oil and gas reserves located in the area, which the Philippine vessel was surveying for at the time of the incident. Forum Energy, the UK based energy firm to which the *MV Veritas Voyager* belongs and to which a license had been given in 2005 by the Philippine government, to conduct exploration in the area. The exploration uncovered the presence of up to 3.4 trillion cubic feet (tcf) of natural gas and in 2010 the license was upgraded to a service contract. According to the company's website, from "mid-January to mid-March 2011" Forum Energy collected two and three dimensional seismic data in the area with the goal of locating appraisal wells, an activity it was carrying out at the time of the Reed Bank incident.<sup>329</sup> The intervention of the Chinese vessels brought this survey work to an abrupt halt, coercively preventing the *Voyager* from carrying out its contractual obligation. According to one analysis by a prominent Philippine scholar, the incident at Reed Bank dramatically altered the threat perception of

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<sup>327</sup> Storey, Ian. "China and the Philippines: Implications of the Reed Bank Incident," China Brief Volume: 11 Issue: 8 May 6, 2011. Available online at: [http://www.jamestown.org/programs/chinabrief/single/?tx\\_ttnews%5Btt\\_news%5D=37902&tx\\_ttnews%5BbackPid%5D=25&cHash=31e224a22e4a1dad429e5b71c7d8682a](http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews%5Btt_news%5D=37902&tx_ttnews%5BbackPid%5D=25&cHash=31e224a22e4a1dad429e5b71c7d8682a)

<sup>328</sup> Storey, "Implications of the Reed Bank Incident."

<sup>329</sup> Forum Energy website: <http://www.forumenergyplc.com/operations/oilandgas/reed-bank.aspx>

the new President, Benigno Aquino, and it was at that point that he realized that his country was “was on a direct collision course with China in the South China Sea.”<sup>330</sup>

The definitive event in shifting Philippine threat perception occurred a year later however at Scarborough Shoal, in the midst of what became a months long standoff between the two countries. On April 8, 2012 Philippine naval personnel spotted eight Chinese fishing vessels moored inside Scarborough Shoal, a disputed feature 124 nm west of Luzon referred to by the Filipinos as Pantag Shoal, and responded by dispatching the Philippine Navy (PN) frigate BRP Gregorio Del Pilar (more on this ship in later section) to inspect the vessels on April 10.<sup>331</sup> After being boarded by Filipino Marines, one of the Chinese ships was found to be in possession of protected marine life including endangered turtles, giant clams, and a large amount of coral, all of which was in violation of Philippine law. Before these fishermen were able to be arrested however, two Chinese Marine Surveillance (CMS) vessels maneuvered themselves blocking any approach from the PN ship and preventing PN personnel from enforcing Philippine law, culminating in a standoff between the CMS vessels and the Del Pilar.

Some experts have argued that the Philippines “may have erred tactically by dispatching a naval warship to engage in fishery law enforcement.”<sup>332</sup> Such sentiment was apparently shared by the Philippine Coast Guard (PCG), with some PCG officers

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<sup>330</sup> Renato De Castro. “The Aquino Administration’s 2011 Decision to Shift Philippine Defense Policy from Internal Security to Territorial Defense: The Impact of the South China Sea Dispute,” *The Korean Journal of Defense Analysis*, Vol. 24 No. 1 (March 2012), p. 80

<sup>331</sup> Dona Z. Pazzibugan. “32 Chinese Ships in Shoal, Bar Filipino Fishers.” *Philippine Daily Inquirer*, May 9th, 2012.

<sup>332</sup> Carlyle A. Thayer. “Standoff at Scarborough Shoal: Implications for US-China Relations,” *China-US Focus*. May 9, 2012.  
<http://www.chinausfocus.com/print/?id=15784>

having arguing at the time that the enforcement of maritime laws was the responsibility of the Coast Guard, not the Navy. This was not only a tactical but a strategic mistake, which was seized upon by the Chinese for propaganda value, ultimately attempting to alter the facts on the ground in a way that painted the Philippine response in an aggressive light and the Chinese as acting with restraint. “We did not aggravate the situation at all... it is the Philippine Navy that pointed their guns at our fishermen. We have not sent our Navy yet, but only civilian ships,” Zhang Hua, spokesman for the Chinese embassy in Manila was quoted at the time as saying.<sup>333</sup>

The Del Pilar was subsequently withdrawn and replaced by Philippine Coast Guard and Fisheries ships, which were themselves subsequently withdrawn as part of a secret agreement with the Chinese whereby both sides would withdraw from the shoal in order to deescalate the situation.<sup>334</sup> The precise nature of this agreement remains unclear, with some reports suggesting backchannel negotiations at the time by a Filipino Senator, which were conducted without the knowledge of the Philippine Secretary of Foreign Affairs Alberto Del Rosario, in an attempt to reduce economic repercussions from the standoff with China.<sup>335</sup> Other reports have senior US and Chinese officials Kurt Campbell

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<sup>333</sup> Pia Lee Brago. “China to Phl: We’ve acted with restraint,” The Philippine Star April 23, 2012.

<http://www.philstar.com/Article.aspx?articleId=799784&publicationSubCategoryId=63>

<sup>334</sup> Jerry Esplanada. “Chinese Ships Stay in Pantag Shoal,” Philippine Daily Inquirer, June 19th, 2012. <http://globalnation.inquirer.net/40487/china-not-pulling-out-7-vessels-around-scarborough-shoal>

<sup>335</sup> Richard Javad Heydarian. “China Splits Philippine Politics,” Asia Times. Oct 10, 2012. [http://www.atimes.com/atimes/Southeast\\_Asia/NJ10Ae02.html](http://www.atimes.com/atimes/Southeast_Asia/NJ10Ae02.html)

and Fu Ying meeting at a Virginia hotel in June 2012 to secretly agree on the withdrawal of the vessels.<sup>336</sup>

If either such agreement did exist, it was however not honored by the Chinese. Instead of permanently withdrawing their ships, the Chinese quickly returned.<sup>337</sup> Efforts to control the Scarborough have included numerous fishing vessels erecting a barrier at the entrance to the shoals, preventing Philippine fishermen from entering.<sup>338</sup> While obviously unsuccessful, the backchannel negotiations did serve to expose a divide within the Aquino administration, as well as the potency of Chinese economic leverage over decision making. In combination with the strategic mistake of sending a naval instead of coast guard vessel, what seem to be potentially conflicting backchannel negotiations from both the Philippines and its ally in the US served to undercut Philippine prospects for maintaining access to the shoal.

Whatever the causes, the outcome was immediately clear- the Chinese ships and the barrier remained in place and the Chinese later in the year put their Filipino counterparts on notice that they intended for this presence to become permanent.<sup>339</sup> And this is precisely what Chinese forces have done in the years since, effectively executing a de-facto annexation of Scarborough Shoal without firing a single shot. Philippine fishermen continued to be denied access to what had been their traditional fishing

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<sup>336</sup> Geoff Dyer. "US Strategists Face Dilemma Over Chinese Claims in the South China Sea," *Financial Times*. July 9, 2014. <http://www.ft.com/intl/cms/s/0/b2176dea-0732-11e4-81c6-00144feab7de.html#axzz3tfVTgMPs>

<sup>337</sup> Dyer. "US Strategists Face Dilemma Over Chinese Claims in the South China Sea,"

<sup>338</sup> *Philippine Daily Inquirer*. "32 Chinese Ships in Shoal, Bar Filipino Fishers," May 9, 2012. <http://globalnation.inquirer.net/36035/32-chinese-ships-in-shoal-bar-filipino-fishers>

<sup>339</sup> Greg Torode. "China the 'dictator' in Shoal dispute; Philippine minister says Beijing told Manila it aims to permanently station ships in disputed territory, creating an 'impossible' situation," *South China Morning Post*. November 30, 2012

grounds, and in April of 2015 reports surfaced that CCG vessels operating in the area had sprayed them with water cannons and subsequently boarded their boats, throwing away their catches.<sup>340</sup> Though China has not physically occupied the shoals or attempted to construct facilities there, the effective permanent presence of CCG vessels operating there is sufficient to exert their jurisdictional control over a feature which is almost entirely submerged.

In addition to China's permanent rotational presence at Scarborough Shoal, CCG vessels have since 2013 been operating on a similar basis around another disputed feature, Second Thomas (Ayungin) Shoal. This presence, while initially passive, has since taken on a decidedly coercive character, and led to a number of confrontations between Philippine and Chinese forces in early 2014. This included an attempt to blockade, preventing the rotation and resupply of a small Filipino Marine detachment stationed at the shoal. Though the Philippines does not have an outpost there, in 1999 the decision was made to intentionally beach a world war two era Landing Ship Tank (LST), known as the BRP Sierra Madre.<sup>341</sup> The ship remains there today, and despite its' severely deteriorating condition, continues to be guarded by the small Marine detachment.

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<sup>340</sup> Reuters. "China Defends Vessels' Actions Against Philippines in South China Sea," April 22, 2015. <http://www.reuters.com/article/2015/04/22/us-southchinasea-china-philippines-idUSKBN0ND0XA20150422#6GfL7tg0SfAMA8bK.97>

<sup>341</sup> According to Department of Foreign Affairs spokesman Raul Hernandez, the Sierra Madre was intentionally grounded at Ayungin in 1999 "to serve as a permanent Philippine government installation in response to China's illegal occupation of Mischief Reef in 1995." Associated Press. "Philippines Defies China, Refuses to Move Grounded Navy Vessel," March 14, 2014. <http://www.firstpost.com/world/philippines-defies-china-refuses-to-move-grounded-navy-vessel-1434867.html>

The deliberate beaching of Sierra Madre at Ayungin Shoal, which is now the closest Philippine occupied feature to Mischief Reef, was a response to the Chinese occupation of the reef several years earlier, in an attempt to dissuade further Chinese expansion or occupation of additional features in the area, as well as to keep track of Chinese activity at the new facilities there. According to a former Chief of the Philippine Navy, surveillance of Chinese activities at Mischief Reef was the primary consideration in the decision.<sup>342</sup> Specifically, there was concern in the Philippine government at this time that Chinese activities might expand out from there, including to areas closer to the shores of Palawan such as Reed Bank. Having been caught off guard once already, the desire was to prevent the same thing from happening again at another feature in the areas nearby. This remains the case today.

At no time in the years following the beaching of the Sierra Madre at Ayungin in 1999 did China maintain a regular presence close to the feature nor attempt to interfere with resupply or rotation of personnel there. From 2013 this changed, as China began to maintain a regular presence around Ayungin. In May of that year the Philippines filed a diplomatic protest over the presence of two CMS ships and a PLAN vessel.<sup>343</sup> The PLAN vessel was reportedly escorting a flotilla of Chinese civilian fishing boats that were also operating around the shoal. According to reports sourcing classified military documents, in 2013 China established a new ‘maritime surveillance patrol route’ throughout the

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<sup>342</sup> Interview with Philippine Navy Vice Admiral (ret.) Eduardo Santos. Manila, March 2015. As Flag Officer in Command (FOIC) from 1996 until his retirement in 1999, Admiral Santos would have had direct knowledge of the decision-making in this period leading up to the action.

<sup>343</sup> Pia Lee Brago and Alexis Romero. “China Sends Ships to Another Phl Shoal,” *The Philippine Star*, May 22, 2013. <http://www.philstar.com/headlines/2013/05/22/944871/china-sends-ships-another-phl-shoal>

entirety of its claims in South China Sea, including deployment of PLAN ships to the vicinity of Second Thomas Shoal from February of that year.<sup>344</sup>

This new patrol pattern reportedly swept as close as 85 nautical miles off the coast of Palawan province, and also included Reed Bank. The report further asserted that Mischief Reef, barely more than twenty nautical miles from Second Thomas Shoal, had become “the Chinese Navy’s most active base and command center in the South China Sea.”<sup>345</sup> Chinese frigates, patrol ships and civilian fishing boats were reported to be sighted there regularly, and at least four MLE ships (at that time CMS and FLEC) and two frigates maintained a constant presence in the area at that time. Reflecting the earlier comments about the historical role of Ayungin for Philippine surveillance efforts, the report described the shoal as a particularly strategic location, giving the Philippines “a sentry advantage in stopping other countries' occupation of features nearest to the Philippines.”<sup>346</sup>

On March 9, 2014 the Chinese presence suddenly became very active and achieved an effective blockade of Ayungin Shoal through new tactics of naval diplomacy, preventing the resupply and rotation of the Philippine Marine detachment

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<sup>344</sup> *Kyodo News International*, “Chinese Navy launches new patrol route in South China Sea,” August 5, 2013. <http://www.globalpost.com/dispatch/news/kyodo-news-international/130805/chinese-navy-launches-new-patrol-route-the-s-china-sea>

<sup>345</sup> Kyodo, “Chinese Navy launches new patrol route in South China Sea.”

<sup>346</sup> Kyodo, “Chinese Navy launches new patrol route in South China Sea.” Due to this similarity and the general focus of the article, it seems likely that the leaked report may have come from the Philippines.

there.<sup>347</sup> This action was officially protested by the Philippine government several days later.

Second Lieutenant (LT) Earl Pama, the commanding officer of the new detachment of Marines that was attempting to rotate in, decided to abandon the mission after several close calls with much larger CCG vessels. According to LT Pama, “we were stopped by four coast guard ship. We were evading each other for almost four hours, from 9am to 1300.”<sup>348</sup> As the CCG boats began to front the bow of their small fishing boat (referred to locally as a banca), approaching within twenty meters at times, Pama was forced to make the difficult decision to abort the mission. The aggressive Chinese maneuvers had led him to fear for the safety of his men: “If we get hit, probably our boat will be damaged and the lives of my men will be in danger.”<sup>349</sup> The aggressive actions of the CCG vessels had achieved their goal; they had effectively coerced a small group of Filipino Marines from continuing on with their mission. They had done this without firing a shot, intimidating the men with the sheer size of their vessels and the threat of capsizing the Marines through their aggressive maneuvering.

Almost immediately after Pama and his men returned to base Philippine officials announced their intention to send a civilian ship back in for resupply.<sup>350</sup> Several weeks

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<sup>347</sup> Louis Bacani. “Philippines Protests Ayungin Incident,” *The Philippine Star*. March 11, 2014. <http://www.philstar.com/headlines/2014/03/11/1299682/philippines-protests-ayungin-incident>

<sup>348</sup> Transcript of interview conducted by Eric Campbell with Second Lieutenant Earl C Pama, commanding officer of Marine detachment on board BRP Sierra Madre. April 2014, during filming of episode for Foreign Correspondent, “Reef Madness.” Transcript in possession of author, used with permission.

<sup>349</sup> Eric Campbell, Interview Lt Pama, April 2014.

<sup>350</sup> Reuters. “Philippines to Challenge China Blockade in South China Sea,” March 13, 2014. <http://www.reuters.com/article/2014/03/13/us-philippines-southchinasea-idUSBREA2C0UW20140313?feedType=RSS&feedName=worldNews>



later, on March 29<sup>th</sup> Philippine military forces launched an operation that resulted in the successful rotation and reprovisioning of the Marine Detachment at Ayungin. According to LT Pama, this operation included the use of two separate boats, one of them being used as a decoy. “The first boat, I used that as a decoy so we can get in. The first boat was the one the Chinese chased.”<sup>351</sup> What boat Pama is referring to is unclear, because a boat full of Philippine journalists and “Philippine military officers in civilian clothes” arrived successfully at Ayungin that afternoon, after having outmaneuvered two CCG vessels, hull numbers 3401 and 1127.<sup>352</sup> Despite being intercepted by these two much larger CCG vessels, the Philippine boat made for the shallower waters around the reef where the draft of the CCG vessels risked running aground. A US Navy P8 Poseidon was observed flying at low altitude by journalists transiting on the boat, as were a Philippine military plane and a Chinese plane at various intervals.

The head of this mission was Navy LT (s.g.) Ferdinand Gato, Logistics Officer Naval Forces West (NAVFORWEST).<sup>353</sup> According to one reporter present on the vessel, LT Gato remained visibly concerned throughout the night of the 29<sup>th</sup>, despite

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<sup>351</sup> Eric Campbell, Interview Lt Pama, April 2014.

<sup>352</sup> Erik De Castro. “Philippines Dodges China Blockade to Reach South China Sea Outpost,” Reuters. March 31, 2014. <http://www.reuters.com/article/2014/03/31/us-philippines-china-reef-idUSBREA2U02720140331>  
CCG Hull numbers- 3401:BBC News. “China-Philippines Navy spat captured on Camera,” 30 March 2014. <http://www.bbc.com/news/world-asia-26806924>  
CCG 1127: GMA News TV. Video states CCG 1127 also present, visible in footage. <https://www.youtube.com/watch?v=2dG4FyirCpQ>

<sup>353</sup> Niko Dizzon. “Mission Possible to Ayungin Shoal: Get Around China to revisit ‘LT 57,’ Philippine Daily Inquirer. April 6, 2014. <http://globalnation.inquirer.net/101718/mission-possible-to-ayungin-shoal-get-around-china-to-revisit-lt-57>

having safely arrived at the shoal earlier in the day.<sup>354</sup> He explained this by stating he was anxious about getting back out the next day, but he did not explain why Chinese vessels continuously scanned the waters around the Sierra Madre with floodlights into the night. The obvious explanation would be that they were looking for additional vessels attempting to make their way to the shoal. LT Pama's own telling of the story suggests that the CCG boats were looking for him and his men, who went in on a separate smaller boat later that night.

What is clear is that Pama's boat was also pursued that night, illuminated with two large floodlights, blinding them and impeding their ability to navigate, causing them to run aground on the reef. "We can't see in front of us, as it was so bright... we ran into a coral reef where we got stuck."<sup>355</sup> As Pama tells it, he then ordered his men out of the boat, at night, into shark infested waters with no ability to see what they are stepping out into. Upon seeing them abandon ship the Chinese ceased their pursuit, and Pama and his men eventually were able to reach their objective. While it is not clear if the boat full of journalists that arrived earlier in the day was in fact the decoy of which Pama spoke, the fact that he and his men went in later that night in a separate boat, as well as the evident concern of LT Gato on board the earlier boat, do suggest that this may in fact have been the case.

The need for such elaborate deception may be explained by press reporting that even the successful mission on March 29<sup>th</sup> was apparently compromised due to Chinese

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<sup>354</sup> Chiara Zambrano. "Mission to Ayungin Shoal: On Board the BRP Sierra Madre," ABS-CBN News. <http://www.abs-cbnnews.com/specials/sierra-madre>

<sup>355</sup> Eric Campbell, Interview Lt Pama, April 2014.

intelligence collection efforts aimed at Palawan.<sup>356</sup> China is reportedly capable of intercepting and monitoring all Philippine communications coming out of Palawan and the surrounding areas, including telephone conversations of military officials at the Philippine Western Command (WESCOM) located there, as well as ships under its command out at sea.<sup>357</sup> The AFP is aware of China's surveillance activities around Palawan, and has attempted to counter them by improving its information security protocols. These efforts have included the use of air gapped computers never connected to the internet, prohibitions of use or possession of cell phones, and using physical couriers to deliver memos by hand rather than transmitting them electronically. The efforts have been particularly focused within WESCOM's chain of command.<sup>358</sup>

It seems however that Philippine counter-intelligence methods have thus far not been successful at ensuring operational security. According to a source in the AFP, there was evidence of both electronic intercepts as well as more traditional spying methods being used in the lead up to the operation on March 29th.<sup>359</sup> The more traditional methods include the use of human intelligence assets physically located on Palawan, who often "pose as businessmen, vendors, or even fishermen."<sup>360</sup> One indication of the mission being compromised, according to this source, was that the CCG vessels apparently knew which ship to target. Despite the presence of a large number of

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<sup>356</sup> Nikko Dizon. "AFP Uses Couriers to Foil China Spies," *Philippine Daily Inquirer*. April 29, 2014. <http://globalnation.inquirer.net/103076/afp-uses-couriers-to-foil-china-spies#ixzz30GNRFIQm>

<sup>357</sup> Jaime Laude. "China Easedropping on Phl Maritime Activities?" *The Philippine Star*. April 20, 2014. <http://www.philstar.com/headlines/2014/04/20/1313973/china-eavesdropping-phl-maritime-activities>

<sup>358</sup> Armando J. Heredia. "Tensions in South China Sea Growing," *USNI News*. May 22, 2014. <http://news.usni.org/2014/05/22/tensions-south-china-sea-growing>

<sup>359</sup> Dizon. "AFP Uses Couriers to Foil China Spies."

<sup>360</sup> Dizon. "AFP Uses Couriers to Foil China Spies."

Philippine fishing vessels around the shoal that day, the Chinese ships knew which ship had left the military's jump off point back on Palawan, and targeted the vessel accordingly.

The Philippine military has reportedly concluded at the time that the Chinese "were actually waiting for two Philippine ships."<sup>361</sup> That the military possibly knew their operational security was compromised would explain to a large degree the need for an elaborate deception operation of the sort implied by Pama. That the Chinese apparently knew Pama and his men were coming at night on a separate boat, even after the other boat had successfully arrived earlier in the day, would clearly suggest an incredible amount of detailed knowledge acquired beforehand on behalf of the Chinese forces operating in the area.

That these ongoing confrontations and incidents are having a pronounced effect on Philippine threat perceptions toward China is readily apparent from statements made since 2010 by senior officials from the President, to the Secretaries of Defense and Foreign Affairs, on down to the operational command of the military. In contrast to other countries examined in this thesis, it could not be more apparent that the Philippines currently views China as at least a potential, if not more likely an immediate threat to its national security. Most astonishingly, President Aquino has himself, on multiple occasions, compared China to Nazi Germany in public statements. He first did so in an interview in 2014 and then again in June 2015, specifically arguing that China's recent

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<sup>361</sup> Dizon. "AFP Uses Couriers to Foil China Spies."

actions in the South China Sea resembled Nazi expansionism preceding World War II.<sup>362</sup>

This would support the analysis by Philippine scholars quoted above that since the Reed Bank incident of 2011 Aquino has seen himself and his country as being on a ‘collision course’ with China in the South China Sea.

In January of 2013, not long after Scarborough Shoal was lost to China, Foreign Secretary Albert Del Rosario described China’s actions as “very threatening” to the Philippines in particular, and as “a threat to the stability of the region” more broadly.<sup>363</sup> In June of that year he repeated this sentiment, stating that the growing Chinese civilian and military presence in these areas posed “threats to efforts to maintain maritime peace and stability in the region.”<sup>364</sup> Until his retirement in March 2016, Del Rosario was reportedly the architect of Philippine strategy in the South China Sea, and President Aquino was said to be “fully on board” with the policy he has crafted.<sup>365</sup> This suggests that not only Del Rosario, but the Foreign Ministry, is particularly influential in the formulation of the Philippines strategy in the South China Sea. Del Rosario’s perception of Chinese actions likely to a large extent to drove Philippine policy and strategy in the

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<sup>362</sup> Kyoshi Takenaka. “Philippine’s Aquino Revives Comparison Between China and Nazi Germany,” Reuters. June 3, 2015. <http://www.reuters.com/article/2015/06/03/us-japan-philippines-idUSKBN0OJ0OY20150603>

<sup>363</sup> Agence France Press. “Philippines Warns of Very Threatening Actions by China in South China Sea,” January 10, 2013. <http://www.scmp.com/news/asia/article/1124710/philippines-warns-very-threatening-actions-beijing-south-china-sea>

<sup>364</sup> Agence France Press. “Philippines: Chinese Military in South China Sea Threatens Peace,” June 30, 2013. <http://www.defensenews.com/article/20130630/DEFREG03/306300006/Philippines-Chinese-Military-South-China-Sea-Threatens-Peace>

<sup>365</sup> Chico Harlan. “Philippines Pushes Back Against China,” The Washington Post. July 23, 2013. [https://www.washingtonpost.com/world/asia\\_pacific/philippines-pushes-back-against-china/2013/07/23/4dfa6058-f043-11e2-bed3-b9b6fe264871\\_story.html](https://www.washingtonpost.com/world/asia_pacific/philippines-pushes-back-against-china/2013/07/23/4dfa6058-f043-11e2-bed3-b9b6fe264871_story.html)

area until he stepped down in 2016, and even without him, the ministry can be expected to play a similar role going forward.

In addition to the President and former Secretary Del Rosario, the military has also been vocal in communicating its concerns about the threat from the Chinese presence and their actions in the South China Sea. During a trip to Pag-Asa island in February 2015, WESCOM commander Vice Admiral Alexander Lopez said in a speech given to military and coast guard personnel stationed there: “Your stay here will sustain our effective presence... we will not let this territory slip Philippine sovereignty. Come hell or high water, it will remain as such. We will fight until our last breath.”<sup>366</sup> In case there was any doubt about the threat perception implied by such a commitment, in a separate speech given in August of 2014 at WESCOM headquarters in Palawan, VADM Lopez stated that “the threat of occupation and even the desecration of our maritime resources in the western part of our country is as clear as sunshine.”<sup>367</sup> Lopez’s position as WESCOM commander had been slated to go to an Air Force officer until Gregorio Catapang, the Chief of Staff of the Armed Forces at the time, decided at the last minute it needed to go to a Navy officer due to the need for naval power projection in the area.

The threat perception in the Navy has been particularly pronounced, likely due to their involvement on the front lines of the confrontations that have been occurring with China. In May of 2014, shortly after the Chinese blockade of Ayungin Shoal, the Chief of

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<sup>366</sup> Frances Mangosing. “Wescom Chief: We will fight for Pag-asa island ‘until our last breath,” *Philippine Inquirer*, February 26, 2015. <http://globalnation.inquirer.net/119021/wescom-chief-we-will-fight-for-pag-asa-island-until-our-last-breath>

<sup>367</sup> Carmela Fonbuena. “New Guard of West Philippine Sea: Rear Admiral Alexander Lopez,” *Rappler*, August 16, 2014. <http://www.rappler.com/nation/66112-western-command-alexander-lopez>

Navy at the time, VADM Jesus Milan stated that threats to Philippine national security and territorial integrity were “real and present.”<sup>368</sup> The year before that, in April 2013, his predecessor VADM Jose Alano described China’s actions in the South China Sea, specifically the use of non-military ships to assert its claims, as both “aggressive and excessive.”<sup>369</sup> The leaked military report cited above demonstrated that this presence had begun increasing dramatically several months prior to Alano’s comments. Collectively these statements demonstrate the pronounced levels of threat perception toward China that existed in Philippine national security circles. This threat perception is directly correlated with the various confrontations that have occurred with China in the South China Sea and has become more pronounced over time. The end result has been a significant shift in the Philippines’ strategic response to China’s rising maritime power, though efforts to balance more effectively against this threat remain very much a work in progress.

### ***Philippine Strategic Response- Increased Balancing Amidst Internal Inertia***

The strategic response of the Philippines to these varying levels of threat perception continues to be one primarily of diplomatic efforts and hedging, but balancing

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<sup>368</sup> Alexis Romero. “Navy: Threats to Territorial Integrity Real and Present,” The Philippine Star. May 27, 2014.  
<http://www.philstar.com/headlines/2014/05/27/1327951/navy-threats-territorial-integrity-real-and-present>

<sup>369</sup> Jose Katigbak. “Phl Navy Chief Slams Chinese Maneuvers in Disputed Seas,” The Philippine Star. April 27, 2013.  
[http://www.philstar.com/headlines/2013/04/27/935429/phl-navy-chief-slams-chinese-maneuvers-disputed-sea?utm\\_source=Sinocism+Newsletter&utm\\_campaign=83a54ecd67-Sinocism05\\_01\\_13&utm\\_medium=email&utm\\_term=0\\_171f237867-83a54ecd67-3627837](http://www.philstar.com/headlines/2013/04/27/935429/phl-navy-chief-slams-chinese-maneuvers-disputed-sea?utm_source=Sinocism+Newsletter&utm_campaign=83a54ecd67-Sinocism05_01_13&utm_medium=email&utm_term=0_171f237867-83a54ecd67-3627837)

efforts have always played an important role in the wider strategy. These balancing efforts, both internal and external, however, have been ineffectively executed. Despite improvements in strategic thinking and defense planning, the efforts continue to be hindered by a lack of adequate funding for internal modernization. What funding is available has not always been optimally allocated for territorial defense due to the persistence of a traditional focus on internal threats and the legacy of the Army being the dominant service in the AFP. Perhaps partially as a result of these shortcomings, external balancing has taken on a more pronounced role in the wider strategy in recent years as the Philippines seeks to reinvigorate its defense ties with the US through their longstanding but at times troubled alliance.

Momentum has been developed in recent years and there has been a clear intent to shift the focus of the military modernization program toward territorial defense. This shift first began in 1995 as a result of the Chinese occupation of Mischief Reef, but due to subsequent developments and declining threat perception never amounted to much (see next section). The efforts were then resurrected in 2011 as a result of heightened threat perception following the Reed Bank incident,<sup>370</sup> and have moved forward in fits and starts since that time, culminating most importantly with the formulation of the Active Archipelagic Defense Strategy (AADS) in 2013.

The AADS is an impressive document that displays a new level of maritime strategic thinking not clearly present in previous official Philippine publications. The document attempts to discern the most appropriate force requirements for medium to long

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<sup>370</sup> De Castro. "The Aquino Administration's 2011 Decision to Shift Philippine Defense Policy from Internal Security to Territorial Defense," p. 68



term planning based on most likely defense scenarios.<sup>371</sup> It advocates for a shift from internal security to territorial defense, and places territorial integrity as the primary “core security challenge” the country is currently facing.<sup>372</sup> Foremost amongst these challenges are “the recent developments in the West Philippine [South China] Sea,” and the document describes the Spratlys and Scarborough Shoal as “areas of concern.”<sup>373</sup> In case there is any doubt as to the impetus for these concerns, China is specifically identified as “the principal security challenge to Philippine maritime interests.”<sup>374</sup>

The shift to territorial defense did not begin with the AADS however, and the strategy reflects an emerging consensus present in earlier planning documents. While internal security operations continued to retain top priority even up to the publication of the Internal Peace and Security Plan “Bayanihan” in 2010,<sup>375</sup> subsequent national security policy documents and strategic guidance suggest that a shift in threat perception is occurring as a result of Chinese actions in the South China Sea, effectively leading to the elevation of external security as the top priority in Philippine defense planning by 2011.

This shift was already starting to emerge by the time the new *National Security Policy* was submitted to President Aquino’s cabinet in November 2010, which though still giving priority to internal security operations, made more prominent mention of

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<sup>371</sup> Headquarters, Philippine Navy. *Active Archipelagic Defense Strategy*. Office of the Assistant Chief of Naval Staff for Plans. Manila, 2013, p. 4. Work on the AADS document officially began in 2011, but the ideas as well as the name itself had been in gestation for some time, with official PN workshops on the concept occurring as far back as 2009. See- Rommel Banaloi. “Philippine Naval Modernization: Nature, Causes and Consequences,” in *Naval Modernization in Southeast Asia: Nature, Causes and Consequences*. Eds. Geoffrey Till and Jane Chan. New York: Routledge, 2014, p. 162

<sup>372</sup> Philippine Navy. *Active Archipelagic Defense Strategy*, p. 8, 12

<sup>373</sup> Philippine Navy. *Active Archipelagic Defense Strategy*, p. 8

<sup>374</sup> Philippine Navy. *Active Archipelagic Defense Strategy*, p. 21

<sup>375</sup> General Headquarters, Armed Forces of the Philippines. *Internal Peace and Security Plan “Bayanihan,”* Quezon City, Philippines, 2010.

external security concerns, including China's rise in the region as well as its "more active presence in the West Philippine Sea (WPS)".<sup>376</sup> The document went on to direct the country to "develop a defense capability to protect our sovereignty and strategic maritime interests," through a "comprehensive border protection plan" that emphasized building the surveillance, deterrent, and border patrol capabilities of the coast guard, naval, and air forces.<sup>377</sup>

By the time the *Defense Planning Guidance* was released in October of 2011, territorial defense had become the number one "core security concern," having gained "greater prominence in light of recent developments in the WPS that have undermined the Philippines sovereignty in the KIG as well as peace and stability in the region," a not so veiled reference to the Reed Bank incident that had occurred the previous spring.<sup>378</sup> This shift in threat perception and elevation of territorial defense as the primary focus of defense planning subsequently led to an acceleration of the timeline for AFP's transitioning from internal to external defense, placing a new sense of urgency on modernizing the naval and air forces, as well as the Coast Guard.

While the timeline for transitioning to external defense is listed in the AFP's 2010 Bayanihan as occurring sometime after 2016,<sup>379</sup> a new Long Term Capability Development Program (LTCDP) drawn up by the Executive Branch and the AFP calls for an immediate shift to a territorial defense capability, and specifically mentions the

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<sup>376</sup>Office of the President of the Philippines. *Philippines National Security Policy (2011-2016)*. Manila, October 2010, p. 12-13

<sup>377</sup> *Philippines National Security Policy (2011-2016)*, p. 30

<sup>378</sup> Department of National Defence, Office of the Secretary. *Defense Planning Guidance (2013-2018)*. Manila, October 2011, p. 5

<sup>379</sup> Bayanihan, p. V-VI. The plan lists 2014-2016 as the target for handing over internal security operations to government agencies (ostensibly non-mil agencies), "eventually allowing the AFP to initiate its transition to a territorial defense force."

“immediate development of a modest deterrent capability” in the South China Sea territorial disputes.<sup>380</sup> The immediate shift toward external defense envisioned is to be implemented on a three year timetable and was to be completed by 2013, a significant acceleration from that laid out in earlier strategic documents such as Bayanihan.

The only problem with all this is that as 2013 passed, the shift to territorial defense had still not occurred. Despite the broader policy planning documents, including the National Security Strategy that came from the President, the implementation of the strategy was impeded by a lack of funding allocated to the required capabilities to see through such a shift. The scarcity of resources has been further compounded by the historical dominance of the Army and its privileged role as a result of the internal focus. While the AADS represents an astute appreciate of the severe challenges facing Philippine national security in the South China Sea, at the end of the day this is a strategy developed by the Philippine Navy, and the other services are also developing their own strategies.<sup>381</sup> It is not yet clear if the thinking in AADS will be reflected in broader Philippine military or overarching national security strategies.<sup>382</sup>

President Aquino has determined that the dilapidated state of the naval and air forces can no longer be allowed to persist and has made military modernization an urgent priority of his administration in order to protect Philippine sovereignty and jurisdiction in

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<sup>380</sup> De Castro, Renato Cruz and Walter Lohman. “US-Philippines Partnership in the Cause of Maritime Defense” Backgrounder No. 2593, The Heritage Foundation, August 8, 2011, p. 6

<sup>381</sup> For instance, the Philippine Air Force (PAF) is said to also be developing its own strategy document, which may be the service’s own equivalent to the AADS. Interview with Philippine Marine Colonel. Manila, April 2015.

<sup>382</sup> According to interviews conducted in Manila in April 2015, a Philippine National Military Strategy had recently been completed. The author was told that a document would be publicly available, possibly by June 2015, but at time of writing no such document had been publicly released.

the South China Sea. “There was a time when we couldn’t appropriately respond to threats in our own backyard,” the President bluntly admitted in his 2011 State of Union address to the people of the Philippines. “Now our message to the world is clear: what is ours is ours;” and “we must let the world know that we are ready to protect what is ours.”<sup>383</sup> Just as has been the case with the wider shift to territorial defense, no substantial shift in procurement and defense funding toward the navy and air force is as of yet apparent, though progress has been made. Efforts continue apace toward modernizing the AFP, but they are moving too slowly to keep pace with the developments in the South China Sea. As these shortcomings become increasingly evident, the President and his staff are increasingly looking to their US ally for assistance in seeing through this project, as well as achieving their wider strategic objective of deterrence and denial in their near approaches.

### ***Internal Balancing***

Philippine internal balancing efforts through military modernization have proved ineffective, as this process remains more aspirational than actual. According to one analysis, despite laudable strategic planning efforts evident in documents like the AADS, “there remain many gaps between the vision and the reality.”<sup>384</sup> Any progress will be made from a very low bar, as the Philippine air and naval forces have atrophied over decades of neglect. The Philippine Navy (PN) today remains “one of the weakest and

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<sup>383</sup> Delon Porcalla. “P-Noy on West Phl Sea: What is ours is ours.” The Philippine Star July 26, 2011. Accessed online at:

<http://www.philstar.com/Article.aspx?articleId=710020&publicationSubCategoryId=63>

<sup>384</sup> James Goldrick. “Do more than Making Do? The Philippine Navy Faces the Future,” Jane’s Navy International. October 14, 2014, p. 1

least capitalized navies in Southeast Asia,” and is composed primarily of deteriorating World War II era vessels originally transferred by the United States.<sup>385</sup> The Philippine Air Force lacks any air defense capability whatsoever. This neglect was initially due to the dependence of the Philippines upon the US security umbrella and subsequent efforts to overcome this historical legacy continued to be challenged by the predominant focus on internal security and a perennial lack of funding.<sup>386</sup> The Philippine Coast Guard (PCG) has seen its budget expand dramatically in recent years as it seeks to expand in line with Presidential directives, yet its ocean going capability remains limited at present and it will struggle to effectively carry out the more prominent role the President is envisioning for it in the South China Sea (see below).

### ***Military Modernization in the AFP***

The Philippines first attempt at modernizing its military began with the 1995 AFP Modernization Program, passed by Congress shortly after the Chinese occupation at Mischief Reef. The plan focused on modernizing the air and naval forces, and according to one book length study, reflected “a newly expressed priority on external security, driven partly by Chinese activity in the Spratlys.”<sup>387</sup> Combined with the withdrawal of US troops from the Philippines in 1992, the dispute with China proved to be “the crucial factor” that drove the push toward military modernization.<sup>388</sup> Despite an allocation of

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<sup>385</sup> Goldrick and McCaffrie, *Navies of Southeast Asia*, p. 117

<sup>386</sup> De Castro, “The Aquino Administration’s 2011 Decision to Shift Philippine Defense Policy from Internal Security to Territorial Defense,” p. 70

<sup>387</sup> Goldrick, James and Jack McCaffrie. *Navies of Southeast Asia: A Comparative Study*. New York: Routledge, 2013, p. 126

<sup>388</sup> De Castro, “The Aquino Administration’s 2011 Decision to Shift Philippine Defense Policy from Internal Security to Territorial Defense,” p. 71

140.9 Billion pesos (US \$5.5 billion) for the plan, P130 billion of which was to be allocated for acquisitions over a 15 year period, less than one quarter of that (P35 billion) was actually made available during that time (1995-2010).<sup>389</sup> Reasons often cited for the failure of the program include problems of corruption in the procurement process and the 1997 Asian financial crisis.<sup>390</sup> As was the case with the origin of the program, the ‘crucial factor’ was however once again variance in threat perception toward China. As the sense of urgency in the mid 1990s began to fade after the turn of the century, momentum to shift outwards toward building a territorial defense capability slowed to a standstill.

The renewed urgency since 2011 to shift toward territorial defense and modernize the armed forces, embodied in strategic documents and the words of President Aquino, is once again beginning to be reflected in the defense budget and new modernization programs. Some authors have expressed a certain amount of skepticism as to whether these new programs will materialize as planned, citing previous problems with the procurement process and planned acquisitions under the 1995 Modernization program.<sup>391</sup> These authors are right to be cautious about embracing these new plans as straight line projections given the previous history of such programs in the Philippines, and progress has not been as rapid as many, including the President himself, may have hoped.

There are some differences this time, however, that might indicate a greater chance for success. Undoubtedly problems will persist but changes to the procurement process itself, intended to increase efficiency and reduce corruption, combined with the

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<sup>389</sup> *Ben Cal.* “AFP modernization program in full swing – Gazmin,” *Zamboanga Times*. March 18, 2012. <http://www.zambotimes.com/archives/45090-AFP-modernization-program-in-full-swing-Gazmin.html>

<sup>390</sup> Goldrick and McCaffrie, *Navies of Southeast Asia*, p. 128, 132

<sup>391</sup> Goldrick and McCaffrie, *Navies of Southeast Asia*, p. 135

projected steady growth of the Philippine economy at least 5% over the next five years,<sup>392</sup> as well as the likelihood of an improving internal security situation,<sup>393</sup> would suggest that this second round of modernization stands a better chance of succeeding. Most likely, numbers and specific platforms may deviate slightly as the procurement process proceeds, but will generally reflect an expanded and more modern Philippine Armed Forces, increasingly capable of conducting their primary assigned missions including maritime domain awareness (MDA) and interdiction operations in the South China Sea.

The Philippine defense budget, while remaining a small part of the overall budget at around 1% of GDP, has nevertheless been steadily increasing since 2011. Reflecting the heightened threat perception, the official Philippine defense budget nearly doubled in 2011 to \$2.3 billion,<sup>394</sup> and then increased again 12% from the 2012 budget to reach \$2.9 billion for 2013.<sup>395</sup> These increases continued annually into the 2016 defense budget, which was approved by Congress in October 2015 at P172 (\$3.6 billion), a 19% increase

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<sup>392</sup> Australia Defense Intelligence Organization (DIO). *2011 Defense Economic Trends in the Asia Pacific*, p. 21. Available online at:

[http://www.defence.gov.au/dio/documents/DET\\_11.pdf](http://www.defence.gov.au/dio/documents/DET_11.pdf)

<sup>393</sup> The signing of a framework agreement between the government of the Philippines and the Moro Islamic Front (MILF) in October of 2012 represents a particular milestone in internal security efforts, and may allow AFP forces to eventually begin drawing down in Mindanao in order to focus on external operations. See Floyd Whaley, "Philippine Government Signs Pact With Muslim Rebels," NY Times, October 8, 2012

[http://www.nytimes.com/2012/10/16/world/asia/philippine-government-signs-pact-with-muslim-rebels.html?\\_r=1&ref=world](http://www.nytimes.com/2012/10/16/world/asia/philippine-government-signs-pact-with-muslim-rebels.html?_r=1&ref=world)

<sup>394</sup> According to the Australian Defense Intelligence Organization, the 2011 increase was "largely due to the inclusion of pensions that were excluded in previous defense budgets." AUS DIO, p. 21.

<sup>395</sup> Defense Studies. "Indonesia and the Philippines to Increase Spending on Defense in 2013." July 25, 2012

<http://defense-studies.blogspot.com/2012/07/indonesia-and-philippines-to-increase.html>

from the 2015 budget.<sup>396</sup> Very little of the official defense budget actually goes toward procurement however, and what does tends to be allocated toward internal security.<sup>397</sup> The Army also continues to receive the bulk of funding, with roughly three times as much allocated to the service in 2015 compared to the Navy and Air Force.<sup>398</sup>

Several supplemental budgets have been approved by Congress over the years, and are increasingly directed toward the modernization of the naval and air forces for territorial defense. These include the Capability Upgrade Program (CUP) and AFP Long Term Capability Development Plan (LTCDP), which are multiyear funding allocations intended to facilitate the acquisition process. These supplemental budgets themselves have been problematic, and in August of 2015 Defense Secretary Voltaire Gazmin was forced to candidly admit that financial constraints in developing the required military capabilities was a persistent problem.<sup>399</sup>

The CUP was created in 2003 under former President Arroyo, reportedly with US assistance,<sup>400</sup> as an alternative means of funding to offset the shortcomings in the implementation of the AFP modernization plan. The program was divided into three parts

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<sup>396</sup> Defense Studies. "Congress Approves 2016 Budget: Defense Allocation Funding AFP Modernization Included." October 15, 2015. <http://defense-studies.blogspot.com/2015/10/congress-approves-2016-budget-defense.html?m=1>

<sup>397</sup> For instance, 47.2 billion pesos of the 2013 defense budget was to be allocated to the article "internal security," while only 2.1 billion pesos would go to the "territorial defense initiative." Defense Studies. "Indonesia and the Philippines to Increase Spending on Defense in 2013."

<sup>398</sup> Jon Grevatt. "Philippines Proposes 29% Defence Budget Increase," *Jane's Defence Weekly*. August 1, 2014.

\*Of the P100 billion in the 2015 defense budget, P41.2 billion went to the Army, with only P14.6 billion and 13.3 billion going to the Navy and Air Force respectively.

<sup>399</sup> Alexis Romero. "Minimum Credible Defense: Still a Long Way to Go," *The Philippine Star*. August 18, 2015. <http://www.philstar.com/headlines/2015/08/18/1489364/minimum-credible-defense-still-long-way-go>

<sup>400</sup> De Castro and Lohman. "US-Philippines Partnership," p. 2-3



and, despite previous problems implementing the 1<sup>st</sup> phase of the program similar to the AFP modernization program, is now entering the second phase (2012-2018), for which some P40 billion (just under \$1 billion) has been allocated over the next five years. Future acquisitions targeted under the 2<sup>nd</sup> phase of the program include “air defense surveillance radar, surface attack aircraft, close air support aircraft, and long range patrol aircraft.”<sup>401</sup> Previous and ongoing acquisitions covered under the CUP include the procurement of three Hamilton class cutters from the US for the PN (more detail in later section), which may eventually be armed with Harpoon anti-ship missiles for the ships, as the program also reportedly includes “sea and air based missile systems.”<sup>402</sup> In addition to helicopters, the CUP is also intended to fund the “installation of radar and communications networks along the coast of Palawan” as part of the Coast Watch System (more in PCG section below).<sup>403</sup>

In 2012 reports emerged that the long range patrol aircraft might be two CN-235 Maritime Patrol Aircraft (MPA) manufactured by Indonesian Aerospace firm PT Dirgantara (PT-DI) under joint venture agreement with Spanish Airbus.<sup>404</sup> According to the Department of National Defense (DND), the CN-235 aircraft “would be devoted

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<sup>401</sup> De Castro and Lohman. “Philippine Air Force,” p. 6

<sup>402</sup> Defense Studies Forum. “Indonesia and the Philippines to Increase Spending on Defense in 2013.”

<sup>403</sup> Alexis Romero. “DND puts on hold plan to get third warship from US,” The Philippine Star. November 01, 2012  
<http://www.philstar.com/Article.aspx?articleId=865572&publicationSubCategoryId=63>

<sup>404</sup> Leithen Francis. “Philippines Protecting South China Sea Interests,” Aviation Week. November 05, 2012 [http://www.aviationweek.com/Article.aspx?id=%2Farticle-xml%2FAW\\_11\\_05\\_2012\\_p42-512226.xml](http://www.aviationweek.com/Article.aspx?id=%2Farticle-xml%2FAW_11_05_2012_p42-512226.xml)

solely to conducting maritime surveillance.”<sup>405</sup> The aircraft would reportedly be operated by the PAF,<sup>406</sup> but no contract has been reported to date. If it did, the CN-235’s would be well suited to conduct maritime surveillance missions in the South China Sea when deployed from Palawan, with a range of 2,730 nm extended even further by their ability to take off and land from the runway at Pag-Asa island in the Spratlys due to their STOL (Short Take-off and Landing) capability. This would likely require the upgrade of the air field there (known as Rancudo airfield), which has been planned since 2011 but has not yet occurred.<sup>407</sup>

The source of funding for the second phase of the CUP program, however, remains unclear. It was committed by the Executive Branch’s Department of Budgetary Management (DBM), with some reports suggesting that it may be sourced from the Executive’s share of the Malampaya gas fields,<sup>408</sup> while others suggest that the funds might be allocated by Congress annually at 8 billion pesos (\$195 million) over the next five years.<sup>409</sup> This lack of clarity regarding funding sources likely emerged from the Executive branch’s urgent commitment to modernization and their uncertainty if this sense of urgency was shared by the Congress. The passage by Congress of a second

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<sup>405</sup> The Manila Star. “DND plans to purchase Indonesian spy plane,” September 11, 2012. Available online at: <http://philippinedefensereview.wordpress.com/2012/09/11/defense-department-eyes-a-long-range-maritime-surveillance-aircraft-for-the-armed-forces/>

<sup>406</sup> Leithen Francis. “Philippines Protecting South China Sea Interests.”

<sup>407</sup> Carlyle A. Thayer, “China’s Naval Modernization and U.S. Strategic Rebalancing: Implications for Stability in the South China Sea,” Paper to Panel on Militarization and Its Implications, 4<sup>th</sup> International Workshop on the South China Sea, co-sponsored by the Diplomatic Academy of Vietnam and the Vietnam Lawyers’ Association, Ho Chi Minh City, Vietnam, November 18-21, 2012, p. 20

<sup>408</sup> Philippine Defense Forum Blog. “What is the Capability Upgrade Program?” June 22, 2011. Thread available online at: <http://www.timawa.net/forum/index.php?topic=6304.75>

<sup>409</sup> De Castro, Renato Cruz and Walter Lohman. “Getting the Philippines Air Force Flying Again: The Role of the U.S.–Philippines Alliance,” Heritage Foundation Backgrounder No. 2733. September 24, 2012, p. 6

modernization plan for the AFP is likely to have reduced this concern somewhat, though questions continue to persist regarding the earlier CUP program.

The Long Term Capability Development Plan (LTCDP) drawn up by the AFP and Executive Branch has now been funded by Congress under the new AFP Modernization Program (House Bill 6410), a final report on which was ratified by a bi-cameral panel and submitted to the President for signature on November 13, 2012.<sup>410</sup> The new modernization program accepted in entirety the requirements listed in the LTCDP, almost down to the exact dollar amount requested.<sup>411</sup> The new program will allocate P428 billion (\$105 billion) over 15 years, of which “at least” P75 billion (\$1.8 billion) will be allocated over the first five years of the program, “with more than a third each” going to the PAF and PN.<sup>412</sup> The acquisitions listed for the first five years reflects this division and are heavily biased toward naval and air forces, including a large number of aircraft and two naval frigates. The acquisitions that are geared toward the Philippine Army (PA) under the program, such as the acquisition of land based coastal defense cruise missile (CDCM) platforms,<sup>413</sup> go toward supporting external defense initiatives with potential application to the South China Sea.

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<sup>410</sup> Philippine House of Representatives. “House Bills@Download Center”. HB06410: AN ACT AMENDING REPUBLIC ACT NO. 7898, OTHERWISE KNOWN AS THE AFP MODERNIZATION ACT, AND FOR OTHER PURPOSES. Available online at: <http://www.congress.gov.ph/download/index.php?d=billstext>

<sup>411</sup> The new House Bill would actually provide the AFP with P2 billion more than the P426 billion requested envisioned under the Long Term Capability Development Plan: De Castro and Lohman. “US-Philippines Partnership,” p. 6

<sup>412</sup> “AFP Submits Initial Wishlist for Modernization,” Inquirer.net July 5th, 2012 <http://newsinfo.inquirer.net/224071/afp-submits-initial-wish-list-for-modernization>

<sup>413</sup> Alexis Romero. “DND orders military to look into possible acquisition of anti-ship weapons,” The Philippine Star. January 01, 2012. <http://www.philstar.com/Article.aspx?articleId=763897&publicationSubCategoryId=63>

Despite announcements made in 2013 for the acquisition of two 2,000 ton light frigates, no contract has yet been signed on the deal.<sup>414</sup> Only \$380 million (P18 billion) was allocated for the acquiring the ships themselves, with an additional \$53 million (P2.5 billion) later announced in May 2014 weapons systems and armaments.<sup>415</sup> The President now seems intent on acquiring a new build, despite earlier discussion of acquiring two Italian ex-Maestrale class frigates second hand.<sup>416</sup> At an estimated overall cost of \$250 million (P11.7 billion), the Maestrale's would have represented a more realistic, cost effective approach to the acquisition. They reportedly would have possessed anti-surface (ASUW), anti-air (AAW) and anti-submarine (ASW) warfare capabilities, including “modern radars and missile systems.”<sup>417</sup>

The PN still does not possess such a capability on any of its ships and “has yet to acquire the weapons and sensors or command, control, and surveillance capabilities common to many of its neighbors.”<sup>418</sup> A second hand acquisition like the Maestrale's might have helped to remedy that shortcoming, but the Philippines will likely be hard pressed to find such a capability offered in a new build of ships under the current budget. Such problems might be suggested by the fact that despite July 2014 being announced as the date for an expected decision, additional potential contractors were given a second chance to make their case only two months prior to that.<sup>419</sup>

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<sup>414</sup> Philippine Daily Inquirer. “AFP Submits Initial Wishlist for Modernization.” July 5th, 2012. <http://newsinfo.inquirer.net/224071/afp-submits-initial-wish-list-for-modernization>

<sup>415</sup> Goldrick, “The Philippines Navy Faces the Future,” p. 3

<sup>416</sup> Alexis Romero. “DND puts on hold plan to get third warship from US,” The Philippine Star. November 01, 2012. <http://www.philstar.com/Article.aspx?articleId=865572&publicationSubCategoryId=63>

<sup>417</sup> Romero. “DND puts on hold plan to get third warship from US,”

<sup>418</sup> Goldrick and McCaffrie, *Navies of Southeast Asia*, p. 117

<sup>419</sup> Goldrick, “The Philippines Navy Faces the Future,” p. 3

A contract for two Landing Ship Platform Docks (LPD) was signed in June 2014 with Indonesian shipbuilder PT PAL.<sup>420</sup> The ships, referred to locally as Strategic Sealift Vessels (SSV), are based on the Makassar class LPD's that PT PAL built for the Indonesian Navy, though the SSV's are slightly smaller at 120 meters in length and a displacement of 7000 tons. Though reduced in size, the ships will still be capable of significant sealift capacity, including carrying a battalion of troops as well as numerous tanks and trucks, not to mention the capability to embark two helicopters from their flight deck.<sup>421</sup> According to former Chief of Staff for the Philippine Navy VADM Jesus Milan, in addition to their sealift capacity, the two vessels can also serve as capable command and control platforms.<sup>422</sup> The ships will be armed with a 76mm gun on the foredeck, as well as several 25mm guns on the sides.<sup>423</sup> Reports as of August 2015 stated that construction of each vessel was advancing smoothly, and both were on target to be delivered in May 2016 and May 2017 respectively.

One real asset of both the SSV's and the frigates would be their capability to embark helicopters at sea. The announcement of planned acquisitions for a number of such helicopters was a welcome addition, with initial reports indicating this would include four search-and-rescue (SAR) and four anti-submarine (ASW) multirole naval

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<sup>420</sup> Jane's Defence Weekly. "Indonesia's PT PAL signs Contract to Supply Strategic Sealift Vessels to the Philippines." July 17, 2014.

<sup>421</sup> Jakarta Post. "PT PAL Kicks Off Production of Warships for the Philippines," January 22, 2015. <http://www.thejakartapost.com/news/2015/01/22/pt-pal-kicks-production-warships-philippines.html>

<sup>422</sup> Defense Studies. "SSV's Can Act as Command and Control Centers, Floating Government Centers," June 15, 2015. <http://defense-studies.blogspot.com.au/2015/06/ssvs-can-act-as-command-and-control.html?m=1>

<sup>423</sup> Jane's Defence Weekly. "PT Pal Outlines Weapons Fit for Philippine Navy SSV's." August 14, 2015.

helicopters.”<sup>424</sup> Later reports from 2012 indicated that the numbers for the SAR and ASW helos had deviated slightly, at five SAR and two ASW helos.<sup>425</sup> The final two of five Augusta Westland 109E “Power” helicopters was delivered in August 2015, completing the order for the five SAR helicopters.<sup>426</sup> While the first three were solely fitted with maritime air surveillance capabilities, the final two were armed with rockets and .50 caliber machine gun pods. Despite the announcement in March 2014 of P5.4 billion (\$120 million) being allocated to fund the acquisition of the two ASW helos, rumored to be the Augusta Westland AW159 Wildcat, no contract had been signed as of December 2015.<sup>427</sup>

The frigate and SSV acquisitions are significant procurements that will greatly increase the seagoing and naval combat capability of the PN. Combined with the acquisition of naval helicopters, specifically those geared toward ASW, would mark an evolution in the development of the force. Combined with the helicopters’ ISR function and the apparent command and control capability of the SSVs, important progress is being made toward acquiring the types of capabilities present in many other navies in the region but for so long lacking in the Philippines. Progress has been slow, and often halting, but the general direction is moving toward a more modern and capable Philippine

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<sup>424</sup> Micheal Cohen. “Philippine Congress approves ambitious defense procurement budget,” Jane’s Defense Security Report. October 1, 2012.

<http://www.janes.com/products/janes/defence-security-report.aspx?id=1065971900>

<sup>425</sup> Alexis Romero. “Military to buy 2 anti-submarine choppers,” The Philippine Star. November 19, 2012. <http://www.philstar.com/headlines/2012/11/19/868597/military-buy-2-anti-submarine-choppers>

<sup>426</sup> Defense Studies. “Armed 109E Commissioned; Two Australian Donated LCH’s Blessed.” August 10, 2015. <http://defense-studies.blogspot.com.au/2015/08/armed-aw-109es-commissioned-2.html?m=1>

<sup>427</sup> Defense Studies. “AW159 Likely to be PN’s First ASW Helicopters.” August 5, 2014. <http://defense-studies.blogspot.com.au/2014/08/aw-159-likely-to-be-pns-first-asw.html?m=1>

Navy that will undoubtedly play an important role in defending Philippine claims in the South China Sea.

The current thrust of acquisitions are however more traditional and capital intensive naval platforms, which stand in contrast to the “asymmetric approach” advocated for in the AADS, which would utilize maneuver based warfare at sea to gain local superiority over a hostile attacking force and deliver long range precision strikes upon them “from multiple directions, in a deliberately structured, coordinated and convergent manner.”<sup>428</sup> With a top speed of 16 knots and armament limited to a single high caliber deck gun, the SSV’s hardly fit the bill for this type of asymmetric, maneuver based warfare. The Fast Attack Craft armed with missiles (FAC-M) specifically mentioned in the AADS are much more fitting for such an operational concept, cheaper to acquire in greater numbers so that they might become “multiple small, highly mobile and networked forces, which can attack and withdraw, and re-attack if required.”<sup>429</sup> The Philippine Navy did at several times throughout its history attempt to acquire these types of smaller, more mobile and lethal ships, but these acquisitions never materialized and no announcement has yet been made about plans to acquire such vessels in the immediate future.

If AADS is truly an accurate reflection of the future direction of the Philippine naval, and possibly wider joint forces, it may represent a potentially more effective asymmetric strategic approach to countering China’s ever increasing combat and paramilitary capabilities in the South China Sea. It is not clear if all of the various services are on the same page in regard to the development of such asymmetric

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<sup>428</sup> Philippine Navy. *Active Archipelagic Defense Strategy*, p. 19

<sup>429</sup> Philippine Navy. *Active Archipelagic Defense Strategy*, p. 19

capabilities however, with the CDCM's listed under the Army portion of the LTCDP now in doubt. In July 2015 it was announced that the CDCM contract, which had reportedly been concluded in December 2014 after several years of negotiation with the Israeli Defense Ministry, had been scuttled.<sup>430</sup> Newly installed AFP Chief of Staff General Hernando Iriberry had supported giving priority instead to the procurement of rifles and other equipment for internal security.

The scrapping of the CDCM purchase further suggests that progress moving toward a territorial defense capability continues to remain in tension with internal security concerns, with a possible divide between the various services and the Army continuing to favor an internal focus. This divide makes sense from an organizational perspective, since the Army potentially stands to lose funding from a shift toward maritime and air operations, an operational environment it will by definition have little role in. The development raises the prospect of emerging inter-service rivalry over the future of direction of the AFP and its corresponding strategic framework.<sup>431</sup> While the Navy and the Air Force clearly support the President in ordering a shift toward territorial defense, the Army may prefer a continued focus on internal security. It may take some time for the Army to learn it has to evolve to stay relevant given the current strategic trends shaping the region. Indeed, it may be essential for the next President to convince the Army of this, as Army participation and support for territorial defense will nevertheless be essential.

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<sup>430</sup> Renato Cruz De Castro. "Is the Philippine's Military Modernization Dead in the Water?" *The Diplomat*. July 28, 2015. <http://thediplomat.com/2015/07/is-the-philippines-military-modernization-dead-in-the-water/>

<sup>431</sup> For more on inter-service rivalry in the AFP, and how this might affect future naval modernization, see: Banaloi. "Philippine Naval Modernization," p. 167



In line with the focus on the South China Sea articulated in recent strategic documents, many of the new advanced platforms that are being acquired can be expected go to the AFP Western Command (WESCOM). In 2012, then Chief of the AFP, General Jessie Dellosa, stated that WESCOM would be given priority in the ongoing military modernization program.<sup>432</sup> This has largely been the case with key acquisitions made since that time, though as noted above actual procurements continue to fall short of stated ambitions. The priority is directly related to the importance attached to WESCOM's mission. WESCOM not only oversees security in the South China Sea but was created in 1976 specifically to "keep the occupation in the KIG and to defend the existing oil exploration" in the area.<sup>433</sup> The Headquarters of the command is located at Puerto Princessa city, Palawan, in close proximity to the KIG and the occupied islands, reefs, and atolls. Operational command for the naval detachments there and the airfield at Pag-Asa resides with WESCOM, which according to the WESCOM chief, Lt. General Juancho Sabban is now "the main concern of the AFP," due to issue in the WPS.<sup>434</sup> This concern and the priority allocated to WESCOM is already reflected in plans to upgrade not only the airfield on Pag-ASA, but also the base facilities located at Puerto Princessa, including the air base, Antonio Batista (ABAB), there which is adjacent to not only

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<sup>432</sup> ABS-CBN News. "Japanese ships to boost PH Navy vs China: report." May 17, 2012. <http://www.abs-cbnnews.com/nation/05/17/12/japanese-ships-boost-ph-navy-vs-china-report>

<sup>433</sup> Major General Francisco "Diego" N. Cruz, "Strategy of Indirect Pressure: A National Security Strategy on the West Philippine Sea," September 2011, p. 3. The author is current AFP Deputy Chief of Staff for Intelligence, J2.

<sup>434</sup> ABS-CBN News. "Japanese ships to boost PH Navy vs China: report."

facilities of WESCOM and Naval Forces West (NAVFORWEST), but also the civilian airport there, with which as of 2011 ABAB still shared “certain resources.”<sup>435</sup>

Upgrading base facilities on Palawan and the air field at Pag-asa would enable the Philippines to increase its maritime domain awareness capabilities in the South China Sea, particularly through the 570<sup>th</sup> Tactical Composite Air Wing of the PAF, that has primary responsibility for maintaining the airfield at Pag-asa, as well as aerial surveillance over the Spratlys and South China Sea.<sup>436</sup> The 570<sup>th</sup> and their newly upgraded base at ABAB could thus be reliably expected to receive at least one of the CN-235 MPAs if they are acquired, as well as additional lift capacity.

The conjoining naval base at Puerto Princessa for NAVFORWEST was highly inefficient for naval patrolling due to its location on the eastward facing part of the island, and the corresponding long patrol times to navigate around the Palawan shorelines in order to reach the South China Sea and Spratly islands. These logistical considerations led to a decision to relocate the headquarters of NAVFORWEST to the western side of Palawan fronting Ulugan Bay, and to significantly upgrade two existing naval facilities in the area, one in Ulugan and another in nearby Oyster Bay.<sup>437</sup> In 2014 P500 million (\$11 million) was allotted to construction in Ulugan, and a separate P300 million (\$7 million) for improving the existing pier, harbor and various associated support facilities at Oyster Bay. According to the Commander of NAVFORWEST at the time, Commodore Natalio

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<sup>435</sup> Philippine Information Agency (PIA). “Plans to improve air base in Palawan underway,” Government press release; August 29, 2011. Available online at: <http://www.timawa.net/forum/index.php?topic=28887.0>

<sup>436</sup> Banaloi, Rommel. “Philippines-China Security Relations,” p. 71

<sup>437</sup> William B. Depasupil. “DND to Develop Second Naval Facility in Palawan,” The Manila Times. March 6, 2014. <http://www.manilatimes.net/dnd-to-develop-second-naval-facility-in-palawan/80586/>

Abinuman, the new facilities would better enable the AFP to respond to any contingencies in the South China Sea. It was estimated that the new facilities would save around 20,000 liters of fuel, and 32 hours transit time for deployments into the South China Sea.<sup>438</sup>

In May 2014 President Aquino visited the new NAVFORWEST headquarters that had been built in Ulugan at Naval Station Carlito Cuanan, where a new command center had been constructed featuring “secure communications equipment and a satellite based vessel tracking system.”<sup>439</sup> The President noted that the naval station was the Navy’s “primary operational command guarding the West Philippine Sea,” and that NAVFORWEST was “at the forefront of our territorial defense operations in the Kalayaan Island Group.”<sup>440</sup> Similar to WESCOM, NAVFORWEST’s mission is to guard and defend Philippine territory in the South China Sea, specifically in the KIG. The new command center and other supporting facilities will better enable them to carry out this mission.

The following year, in May 2015 AFP Chief of Staff General Catapang stated that the facilities at Oyster Bay had become the AFP’s “number one priority,” a priority

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<sup>438</sup> Francisco Tuyay. “Navy changes Tactic, Eyes More Sea Bases Amid Sea Row,” Manila Standard. May 26, 2014. <http://manilastandardtoday.com/news/-main-stories/top-stories/148329/navy-changes-tactic-eyes-more-bases-amid-sea-row.html>

<sup>439</sup> Christian V. Esguerra and Niko Dizzon. “Show of Force: Aquino Flying to Palawan on Thursday,” Philippine Daily Inquirer. May 27, 2014. <http://newsinfo.inquirer.net/605797/show-of-force-aquino-flying-to-palawan-tuesday>

<sup>440</sup> Christian V. Esguerra. “Aquino Rallies Troops in Face of Sea Dispute,” Philippine Daily Inquirer. May 28, 2014. <http://newsinfo.inquirer.net/606103/aquino-rallies-troops-in-face-of-sea-dispute>

which had resulted from what he termed “the emerging security situation.”<sup>441</sup> At the same time he was also forced to admit that the project had been delayed due to a lack of funding, and that more than five times the initial allocation would be required to turn the facility into a major operating base. This would reportedly include the construction of a “secure helipad, barracks, and amphibious jungle warfare training center,” as well as a Coast Watch radar and communications center to be built on top of a hill overlooking bay.<sup>442</sup> By the following month an 18km access road had been completed, which would facilitate the transport of construction materials to the site, a clear sign of progress that is likely to expedite development there. In combination the upgraded facilities in Ulugan and Oyster Bay would provide a significant improvement for the PN’s patrol capabilities and response times to the KIG, enabling a more regular presence and increased maritime domain awareness (MDA) in the South China Sea.

Given these obvious benefits and an increasingly prominent role of the Philippine Coast Guard in the country’s wider defense strategy, it is possible that PCG ships might also be based and collocated at either of the upgraded facilities. A joint base would be in congruence with the larger strategic objective of joint operations and coordination between PN and PCG forces outlined in previous planning documents. The LTCDP drawn up by the AFP, which is now embodied in the new AFP Modernization Program, specifically called for development of the ability for the Philippine Navy to conduct “joint maritime surveillance, defense and interdiction operations in the South China

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<sup>441</sup> Manuel Mogato. “New Naval Base is Philippine Military’s Top Priority: Armed Forces Chief,” Reuters. May 11, 2015. <http://www.reuters.com/article/2015/05/12/us-southchinasea-philippines-navy-idUSKBN0NX06K20150512#ZZcqckgfrHae21Qy.97>

<sup>442</sup> Michael Cohen. “Philippines Making Progress with New Navy Base Near Spratlys,” Jane’s Navy International. June 2, 2015.

Sea.”<sup>443</sup> This program was to be run jointly between the PN, PCG, and also PAF, with the ultimate goal of extending surveillance and patrol capabilities out into the furthest reaches of Philippine maritime and territorial claims, a capability that is currently sorely lacking, but could more efficiently and rapidly be overcome through effective coordination and closer cooperation between the various forces.

### ***Philippine Coast Guard***

In addition to the AFP, the PCG has also been receiving an increasing amount of attention and funding from the government, specifically from President Aquino, who has made expanding and modernizing the organization a presidential priority. The AADS also emphasizes inter-agency cooperation between military and civil law enforcement agencies, specifically the PCG, which according to the document will eventually “assume responsibility over the constabulary role that has been delegated to the Philippine Navy.”<sup>444</sup> This would allow the PN to focus on the higher end warfighting and deterrent roles outlined for it in the strategy, and potentially place the PCG in the lead in law enforcement contingencies such as that at Scarborough Shoal in 2012, where deployment of PN assets was a strategic misstep.

Previously part of the Navy dating from the time of its inception, in 1998 the Coast Guard became a civilian organization underneath the Department of Transportation and Communication (DOTC), though in wartime would be reattached to the DND.<sup>445</sup> As of 2014 the agency had a total of around 7,000 personnel, with only 606 officers and

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<sup>443</sup> De Castro and Lohman. “US-Philippines Partnership,” p. 7

<sup>444</sup> Philippine Navy. *Active Archipelagic Defense Strategy*, p. 18

<sup>445</sup> “Philippines Coast Guard Law of 2009” (Republic Act No. 9993). Available at: [http://www.lawphil.net/statutes/repacts/ra2010/ra\\_9993\\_2010.html](http://www.lawphil.net/statutes/repacts/ra2010/ra_9993_2010.html)

6,143 enlisted to crew nine functioning patrol boats.<sup>446</sup> The goal was to increase these numbers to 10,000 by the time the President's term ends in 2016, taking in roughly 1,000 new recruits per year over three years.

When the PCG was first separated from the Navy it inherited all of the PN's vessels under 20m and its role for inshore operations, while the PN continued to remain committed to law enforcement missions offshore, ostensibly out to the defined limits of the Philippine EEZ as well as in disputed areas.<sup>447</sup> While many of these smaller boats are now inoperable the acquisition of new larger oceangoing vessels suggests that the PCG may now be attempting to broaden its patrol range to the full extent of the EEZ, including in disputed areas of the South China Sea.

Owing to its separate civilian structure the PCG is not included in the defense budget or military modernization programs, and receives its funding from elsewhere in the government. In 2013 the Department of Planning provided the PCG with a budget of P1.8 billion pesos (\$44 million), reportedly “a 62% increase from FY 2012.”<sup>448</sup> An additional P1.6 billion (\$39 million) that year was “expressly ordered by President Aquino” in order to “boost its emergency response and archipelagic defense capabilities” through the acquisition of “assets and equipment such as ships, platforms, aircraft, and air surveillance.”<sup>449</sup> By 2014 the budget had more than doubled from 2010 and stood at P4.3

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<sup>446</sup> Jerry E. Esplanada. “Coast Guard Beefing Itself Up Within Next Three Years,” *Philippine Daily Inquirer*. June 18, 2014. <http://newsinfo.inquirer.net/612286/coast-guard-beefing-itself-up-within-next-3-years>

<sup>447</sup> Goldrick, James and Jack McCaffrie, p. 129

<sup>448</sup> Defense Studies. “Indonesia and the Philippines to Increase Spending on Defense in 2013.”

<sup>449</sup> Edu Lopez. “Coast Guard Gets P1.6B To Boost Search And Rescue Capability,” *Manila Bulletin*; February 4, 2012.

billion (\$91 million).<sup>450</sup> The rapid growth of the PCG reflects this Presidential priority for it to play a greater role in archipelagic defense, specifically in the South China Sea.

According to statements made in 2012 by Coast Guard Commandant Rear Admiral Edmund Tan, the acquisition of aircraft for the PCG outlined by the President that year would include “seven helicopters in all under the program, with two being delivered before the year ends, while the others will be delivered within a three year timeframe.”<sup>451</sup> The two helicopters were rumored to be the Eurocopter EC 145, which have a range of 370 nm.<sup>452</sup> Reports from May 2015 suggested that plans still existed for the acquisition of two helicopters, though it had not yet occurred, and there was no mention of the additional five.<sup>453</sup> If the acquisition of all seven helicopters does finally occur, it will be a much needed supplement and eventual replacement for a current inventory of four aging BO 105C helicopters and two Islander surveillance planes already thought to be in service with the PCG.

The acquisition of new ships is in keeping with statements by PCG fleet Commander Rear Adm. Rodolfo Isorena that the organization actually required as many as 60 new ships, but that they would settle for “at least thirty,” due to a recognition of fiscal constraints.<sup>454</sup> Subsequent statements by other PCG officers, including Rear

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<http://www.mb.com.ph/articles/350329/coast-guard-gets-p16b-to-boost-search-and-rescue-capability>

<sup>450</sup> Esplanada. “Coast Guard Beefing Itself Up Within Next Three Years,”

<sup>451</sup> Lopez. “Coast Guard Gets P1.6B To Boost Search And Rescue Capability,”

<sup>452</sup> Kates V. Allas. “Philippine Coast Guard to get 1, 2 Eurocopters EC145 to boost search and rescue operations,” Zambo Times. February 12, 2012.

<http://www.zambotimes.com/archives/43251-Philippine-Coast-Guard-to-get-1,-2-Eurocopters-EC145-to-boost-search-and-rescue-operations.html>

<sup>453</sup> Defense Studies. “PCG to Acquire Two Helicopters,” May 14, 2015. <http://defense-studies.blogspot.com/2015/05/pcg-to-acquire-2-helicopters.html>

<sup>454</sup> Philip C. Tubeza. “Coast Guard Needs 30 More Ships,” Philippine Daily Inquirer

Admiral Luis Tuason, Coast Guard officer in charge and commandant for operations, suggest this number could be anywhere from thirty to thirty five, which is necessary to maintain the fleet as three older ships retire and the number of operational PCG ships shrinks to fourteen.<sup>455</sup> There are currently plans to acquire an additional 15 new ships over the next several years, including five vessels from France and ten from Japan. The five vessels from France include an 82 meter vessel as well as four smaller 24 meter ships, all of which were initially expected to be delivered in 2014 and would “be used to patrol the West Philippine Sea.”<sup>456</sup> As 2014 (and 2015) passed delivery had still not occurred however, and the entire French project may now be in doubt.

Though also delayed for a time, the project with Japan began gathering pace in 2015, and in April of that year a contract was awarded by the DOTC to the Japan Marine United (JMU) corporation to build ten new 44 meter Multi-Role Response Vessels (MRRV).<sup>457</sup> The PCG later decided it wanted two of the vessels to be larger 80 meter variants in order to increase patrolling range, and the contract may have been amended in June to reflect this. The deal is being implemented as an Official Development Assistance (ODA) project through a soft loan of \$161.7 million by the Japan International Cooperation Agency (JICA), with the Philippine government investing the balance of

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September 15th, 2012 <http://newsinfo.inquirer.net/271328/coast-guard-needs-30-more-ships>

<sup>455</sup> Joel E. Zurbano. “PH to buy 5 French patrol boats,” Manila Standard Today Oct. 30, 2012. <http://manilastandardtoday.com/2012/10/30/ph-to-buy-5-french-patrol-boats/>

<sup>456</sup> Zurbano. “PH to buy 5 French patrol boats,”

<sup>457</sup> Defense Studies. “PCG wants Two 80m MRRV’s for Longer Patrols,” May 14, 2015. <http://defense-studies.blogspot.com.au/2015/05/pcg-wants-two-80-meter-mrrvs-for-longer.html?m=1>



\$31.5 million.<sup>458</sup> Delivery of the vessels is slated to take place over a two year period beginning in August 2016, though reflecting the operational demands currently being placed on the limited PCG fleet, there may be interest on the Philippine side in speeding the delivery timeline.

The ability to acquire capable seagoing ships from countries such as Japan that might not be as amenable to transferring naval vessels was a primary impetus behind the PCG becoming a civilian organization in 1998.<sup>459</sup> The acquisitions from France and Japan will follow on previous acquisitions from countries like Australia, from whom the PCG has acquired the majority of its current operational fleet, including four 56m and four 35m vessels manufactured by the Australian firm Tenix. The 56m San Juan Class are a fairly capable, modern vessels that were commissioned between 2000 and 2003, are equipped with a helicopter landing pad capable of supporting PCG helos including the BO 105C and newer EC 145, and have a 3000 mile operational range.<sup>460</sup> The smaller 35m Ilocos Norte class have a much shorter operational range, but are reportedly armed with .50 caliber deck mounted machine guns. These ships make up the brunt of the current PCG fleet and play an important role in current operations, as was evident in the

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<sup>458</sup> Defense Studies. "Philippine Coast Guard Capability Progresses," July 31, 2015. <http://defense-studies.blogspot.com.au/2015/07/philippine-coast-guard-capability.html?m=1>

<sup>459</sup> The PCG website candidly admits this motive: "Its civilian character has allowed the PCG to receive from other governments offers of vessels, equipment, technology, services, cooperation and other needed assistance, something which they would not readily offer to a military agency." *Official Website, Philippine Coast Guard. "Legacies of the Philippine Coast Guard," Available at-* [http://www.coastguard.gov.ph/index.php?option=com\\_content&view=article&id=50&Itemid=56](http://www.coastguard.gov.ph/index.php?option=com_content&view=article&id=50&Itemid=56)

<sup>460</sup> Jane's Fighting Ships (2011-2012), p. 618

deployment of the EDSA II, one of the 56m San Juan Class, to Scarborough Shoal in order to replace the PN's BRP Gregorio Del Pilar.

As evidenced at Scarborough Shoal in 2012 and also suggested by planned procurement of larger ocean going vessels from France and Japan, the PCG might be beginning to take more of a prominent role in maritime law enforcement further out into the South China Sea, including in disputed territories, and can likely be expected to be involved in future incidents with Chinese MLE vessels there. According to PCG Rear Admiral Tuason, the PCG may also be involved in the new base in Palawan at Ulugan Bay, which like the Navy, would enable a quicker response time for PCG vessels in support of maritime law enforcement activities in the South China.<sup>461</sup> This is undoubtedly true as all previous PCG bases or stations in the area were limited to either the Northern or Eastern parts of Palawan, meaning that like the PN, PCG ships required a longer transit time to reach areas such as the Spratlys.<sup>462</sup>

In the short term the PN seems likely to retain the lead in MLE missions out into the EEZ, with the PCG playing a more active but ultimately supporting role. This role is reflected in the Philippine Coast Guard Law of 2009, which directed the PCG to "assist in the enforcement of applicable laws within the maritime jurisdiction of the Philippines."<sup>463</sup> In the medium term, over the next several years it is however possible that as some of the new larger ships come online the PCG's role may continue to evolve and the organization

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<sup>461</sup> Joel E. Zurbano. "PH to buy 5 French patrol boats," Manila Standard Today

<sup>462</sup> According to the PCG website, the Philippines previously had 4 Coast Guard Stations on Palawan, including the HQ at Puerto Princessa. has three Coast Guard Stations (CGS) include: CGS Coron and CGS Brooke's Pointe and CGS Liminangcong. Philippine Coast Guard Website. "Coast Guard District Palawan," at-  
[http://www.coastguard.gov.ph/index.php?option=com\\_content&view=article&id=59&Itemid=62](http://www.coastguard.gov.ph/index.php?option=com_content&view=article&id=59&Itemid=62)

<sup>463</sup> "Philippines Coast Guard Law of 2009" (Republic Act No. 9993).

might find itself in a position to begin to take the lead from the PN in MLE missions, which would allow the PN to focus more on traditional warfighting and deterrent roles. In addition to the PCG's "assistance" role in MLE missions, the 2009 legislation would also seem to indicate a basis for the PCG to begin extending its operations further out from shore into other areas claimed as part of the country's maritime jurisdiction, areas where only the Navy had previously operated, including the EEZ.

The broadening of the scope of the PCG's law enforcement function to eventually include assuming the lead in such operations would naturally be supported by the PCG, and indeed PCG officers had argued during Scarborough shoal that this should already be the case, but in order for the shift to occur it would largely depend upon PN willingness to let go of its previous role in order to concentrate on the more traditional naval roles outlined above. Incidents like Scarborough suggest that this may become a strategic necessity not only for the PN, but for the Philippines as a nation, if it is to successfully defend its claims in the South China Sea against the subtle and nuanced Chinese MLE strategy there.

### ***The Coast Watch System- Bringing it All Together***

In September 2011 what had previously been referred to as Coast Watch South (CWS) became the National Coast Watch System (NCWS), per Executive Order (EO) 57 issued by President Aquino.<sup>464</sup> The expansion of the Coast Watch system was an initiative led by the DND and AFP to serve as a "central inter-agency mechanism for a more coordinated approach on maritime issues and maritime security operations,"

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<sup>464</sup> Delon Porcalla. "Aquino forms National Coast Watch System," Phil Star September 12, 2011

synchronizing “policies, programs, and activities on intelligence work, border control, interdiction, and law enforcement” conducted by the PAF, PN, PCG and other agencies. The Coast Watch system was first conceptualized in 2006, and first became operational in November of 2008.<sup>465</sup>

While Coast Watch was initially a defense led initiative, EO 57 directed the creation of a National Coast Watch Center, which was to be headed by the PCG.<sup>466</sup> The NCWC will “gather and disseminate” information relevant to maritime security, “coordinate the conduct of maritime surveillance,” as well as plan and coordinate operations at sea.<sup>467</sup> This means that the operational arrangements of Coast Watch are ostensibly under civilian leadership, significantly enhancing the position of the PCG and serving as further evidence for the President’s personal ambitions for the organization.

The NCWC would take direction and guidance from a National Coast Watch Council, formed by Secretaries from multiple agencies including DND, DOTC, the Ministry of Foreign Affairs (MFA), and Department of Energy (DOE), which was tasked with formulating strategic and policy guidance for the NCWC. When requested to do so by the Council, the NCWC was additionally tasked to “coordinate multinational and cross border cooperation on maritime security.”<sup>468</sup> In keeping with the leadership role

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<sup>465</sup> Angel Rabasa, Peter Chalk. *Non-Traditional Threats and Maritime Domain Awareness in the Tri-Border Area of Southeast Asia: The Coast Watch System of the Philippines*. RAND Occasional Paper, 2012, p. 21

[http://www.rand.org/pubs/occasional\\_papers/OP372.html](http://www.rand.org/pubs/occasional_papers/OP372.html)

<sup>466</sup> President of the Philippines, Executive Order 57: *Establishing a National Coast Watch System, Providing for Its Structure and Defining Roles and Responsibilities of Member Agencies in Providing Coordinated Inter-agency Maritime Security Operations*. Malancang Palace, Manila. September 2011, p. 4-5

<sup>467</sup> Executive Order 57: *Establishing a National Coast Watch System*, p. 4

<sup>468</sup> Executive Order 57: *Establishing a National Coast Watch System*, p. 4

assigned to the Coast Guard, the NCWC building was officially inaugurated on April 28, 2015 at PCG headquarters in Manila.<sup>469</sup>

The initial goal of the NCWS is to increase MDA, but the system has ambitious long term goals in addition to improving coordination and interoperability between the military and civilian organizations. According to some analysts the long term goal of the program is a kind of regional fusion of awareness, linked with similar initiatives in Indonesia and Malaysia “to create a sub-regional regime of MDA that can then be tied into broader Asia Pacific multilateral arrangements, such as the Information Fusion Center in Singapore.”<sup>470</sup> In the language of EO 57, the immediate functions of the system are to “develop a common operating picture (COP) to enhance maritime situational awareness” in areas falling under Philippine jurisdiction.<sup>471</sup> Some analysts believe this to include facilitating real time information sharing to support “cueing, locating, interdiction, apprehension, and prosecution” of violations of Philippine law in these areas.<sup>472</sup>

The area of responsibility (AOR) is grouped into four main stations, with key South China Sea facing stations based in Luzon (CWS North) and Palawan (CWS West). Fusion centers in each AOR essentially act as information “hubs for offshore radar platforms that fall within their jurisdiction.”<sup>473</sup> The offshore radar platforms equipped with not only radars but also an “Automated Information System (AIS), 5 UHF band

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<sup>469</sup> Philippine Coast Guard. “National Coast Watch System Officially Inaugurates in Manila,” PCG Website. <http://www.coastguard.gov.ph/index.php/news/11-news/745-national-coast-watch-center-officially-inaugurates-in-manila>

<sup>470</sup> Rabhasa and Chalk, *The Coast Watch System of the Philippines*, p. 21

<sup>471</sup> Executive Order 57: *Establishing a National Coast Watch System*, p. 4

<sup>472</sup> Rabhasa and Chalk, *The Coast Watch System of the Philippines*, p. 21

<sup>473</sup> Rabhasa and Chalk, *The Coast Watch System of the Philippines*, p. 22

radio, high powered binoculars and infrared and color cameras.” It was reported at one time that one of the Coast Watch stations was located at Ayungin Shoal, though interviews conducted in March 2015 suggest that this is not likely to be the case anymore.<sup>474</sup> A surveillance role would have been in keeping with the initial intent behind beaching the Sierra Madre there, but it is more likely that the current focus for MDA arrangements is back on Palawan island itself. The installation of a coast watch site and command center as part of the new facilities at Oyster Bay seems much more likely over the near term. This new facility may either supplement or replace the former Regional Command Center for CWC West, which appears to have been located previously at Puerto Princessa.<sup>475</sup>

Reports from sources in the PN indicate that President Aquino is personally committed to the NCWS, and it is reportedly receiving a significant amount of funding specifically because of this fact.<sup>476</sup> This commitment is made all the more convenient by the relative affordability of these platforms, providing maximal coverage for minimal cost, a “relatively cheap system of surveillance for a large expanse of maritime territory around the Philippines.”<sup>477</sup> While it might not be possible for the PN or PCG to effectively cover such a massive area on their own at present, operating in conjunction with the Coast Watch stations that can cue them to locations of potential targets of interests allows them to more efficiently allocate what remain limited resources. Fusing

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<sup>474</sup> Interview with retired Philippine Navy Officer. Manila, April 2015. While the radars on BRP Sierra Madre would have initially been functional, like much of the rest of the deteriorating conditions on board the ship, the operational capability of the radars at present is doubtful.

<sup>475</sup> Rabhasa and Chalk, *The Coast Watch System of the Philippines*, p. 22

<sup>476</sup> Rabhasa and Chalk, *The Coast Watch System of the Philippines*, p. 24

<sup>477</sup> Rabhasa and Chalk, *The Coast Watch System of the Philippines*, p. 25

all these various resources and the intelligence generated by their capacity to conduct surveillance and reconnaissance into a Common Operating Picture (COP) that spreads between all maritime security forces, including both the PAF and PN, as well as the PCG, would lead to a significant improvement in overall MDA. This would allow the various forces to respond to potential security concerns in a more timely and effective manner. In its totality, if effectively implemented the Coast Watch System has the potential to integrate the various assets across civilian and military maritime organizations and provide for a much more capable response to ongoing Chinese actions in the South China Sea.

Integrating the various forces will not be easy, and institutional barriers and resistance are likely to persist for the foreseeable future despite significant progress being made. Additional assistance from the United States, the Philippines' only treaty ally, has also been instrumental in the development of the Coast Watch System. Tellingly, when the NCWC building was inaugurated in April 2015, it was US Ambassador Philip Goldberg who helped cut the ribbon to officially mark its opening.<sup>478</sup> According to the US Embassy, \$20 million had been provided in assistance up to that date for the NCWC. Previous funding had also been provided for coast watch sites, which was provided through the US Department of Defense's 1207 fund, which essentially uses Defense money for State Department purposes.<sup>479</sup>

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<sup>478</sup> Official Website: Embassy of the United States, Manila-Philippines. "US Ambassador Helps Open National Coast Watch Center to Enhance Philippine Maritime Domain Awareness." April 30, 2015. <http://manila.usembassy.gov/press-photo-releases-2015/ambassador-goldberg-helps-open-national-coast-watch-center-enhance-philippine-maritime-domain-awareness.html>

<sup>479</sup> Florante S. Solmerin. "Military to install radars on nine Spratly islands," The Philippine Standard March 8, 2011 at: <http://www.intellasia.net/philippines-military-to->

This assistance was not a recent development, and planning for Coast Watch had been going on for some time between the two allies. During President Aquino's trip to Washington D.C. in June of 2012, Secretary of State Hillary Clinton announced that the US would be assisting the Philippines with the creation of a National Coast Watch System, part of wider efforts to "increase information and intelligence exchanges and coordination on maritime domain issues" between the two allies.<sup>480</sup> According to Clinton this assistance would include "the construction, outfitting, and training of a new National Coast Watch Center in the Philippines." Following Aquino's visit, the US military announced later that month that it would provide powerful land based radar to the Philippines that would track the movements of ships at sea as part of the NCWC the Secretary had discussed during the 2012 visit.<sup>481</sup>

In addition to its assistance with building Coast Watch, the US has also been providing assistance building the capability of the PCG as well as the AFP. For the PCG this has included the Inter-agency Maritime Technical Training Program, which will offer maintenance, engineering and other courses taught by US instructors to PCG personnel.<sup>482</sup> The program is being implemented over three years from 2014 to 2016, and

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install-radars-on-nine-spratly-islands-150334 March 8, 2011 at:  
<http://www.intellasia.net/philippines-military-to-install-radars-on-nine-spratly-islands-150334>

<sup>480</sup> Jojo Malig. "Clinton: US to help build PH Coast Watch Center," ABS-CBNnews. 06/09/2012 <http://www.abs-cbnnews.com/nation/06/08/12/clinton-us-help-build-ph-coast-watch-center>

<sup>481</sup> Agence France-Presse. "US to help Philippines with radar: Pentagon," 06/13/2012 <http://www.abs-cbnnews.com/global-filipino/world/06/12/12/us-help-philippines-radar-pentagon>

<sup>482</sup> Delon Porcalla. "Coast Guard to Get Ten More Vessels with Japan Loan," The Philippine Star. December 16, 2013.  
<http://www.philstar.com/headlines/2013/12/16/1268607/coast-guard-get-10-more-vessels-japan-loan>



will include the participation of 1200 PCG personnel in total. It will significantly help the PCG as it attempts to bring in additional new recruits during that timeframe. The primary focus of cooperation and capacity building between the two countries has traditionally been in the armed forces however, and a partnership has been expanding rapidly in recent years following broader developments in the regional security environment and in the alliance in particular.

### ***External Balancing- Enhancing the US Alliance***

Until the US withdrawal from its bases in the Philippines in 1992, there had been little reason for the AFP to modernize its forces, since the US presence essentially guaranteed Philippine security from external threats. While the ongoing internal balancing efforts were required following that withdrawal, the US continues to play a prominent role in the national security and defense policies of the Philippines. In fact some Filipino scholars have argued that the US retains a preeminent role in Philippine defense strategy, asserting that “Filipino territorial defense is predicated on the US assertion as the dominant naval and military power in the Pacific Ocean,” and that “Filipino capabilities merely complement the deterrence provided by US forward deployment and its other bilateral alliances in the region.”<sup>483</sup> This analysis is supported by interviews conducted in the Philippines in April 2015, during which a serving General in the AFP candidly admitted that the force was currently incapable of providing a deterrent

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<sup>483</sup> Renato Cruz De Castro. “Future Challenges in the US-Philippines Alliance,” Asia Pacific Bulletin Number 168, East West Center, June 25, 2012  
<http://www.eastwestcenter.org/publications/future-challenges-in-the-us-philippines-alliance>

capability against potential external threats through its own forces alone, and continued to rely on allies while developing its own capability.<sup>484</sup>

Though US forces are unlikely to return to their bases in the country permanently, they are returning to areas such as Subic Bay and Clark Air Force base once again as an ally and partner to Philippine forces, albeit on a semi-permanent basis that emphasizes joint exercises and a rotational US presence in the country.<sup>485</sup> This conception of the future direction of the alliance was formalized with the signing of the Enhanced Defense Cooperation Agreement (EDCA) shortly before President Obama's visit to Manila in April 2014. The agreement authorized US forces access to agreed locations in the Philippines "on a rotational basis" during joint exercises or combined training activities.<sup>486</sup> The agreed upon activities that will be undertaken at the locations will include refueling, maintenance and communications for US forces, as well as the "prepositioning of equipment, supplies, and materiel."<sup>487</sup> In effect, the agreement would allow US forces to build infrastructure in the Philippines such as logistics warehouses and fuel depots, after consulting with and on the condition that their Philippine counterparts had full access to these areas.<sup>488</sup>

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<sup>484</sup> Interview with Philippine Army General, Manila. April 2015.

<sup>485</sup> Michael Cohen and James Hardy. "Philippines, US confirm US Navy's return to Subic Bay," Jane's Defence and Security Report. October 12, 2012. <http://www.janes.com/products/janes/defence-security-report.aspx?ID=1065972334&channel=defence>

<sup>486</sup> *Agreement between the Government of the Republic of the Philippines and the Government of the United States of America on Enhanced Defense Cooperation* (Hereafter *Enhanced Defense Cooperation Agreement*). Quezon City, Manila. April 28, 2014. Article 1, Section 1, subparagraph b, Art. 1, 1(b) and Art. 1, 3

<sup>487</sup> *Enhanced Defense Cooperation Agreement*, Art. 3, Section 1

<sup>488</sup> *Enhanced Defense Cooperation Agreement*, Art. 3, Section 5 states that the Philippines "shall have access to the entire area of the agreed locations."

Parts of the agreement met with fierce opposition from a vocal nationalist minority in the Philippines, who succeeded for a time in stalling the agreement by taking it to the Philippine Supreme Court,<sup>489</sup> though the Supreme Court ultimately ruled the agreement constitutional in a January 2016.<sup>490</sup> Nationalist sentiment in the Philippines being directed toward the US is by no means a new development. Nationalism had been a major factor in domestic politics surrounding the US presence in the country since the end of the second World War, growing in intensity in the period leading up to the US withdrawal from its bases in 1992.<sup>491</sup> This nationalist sentiment is primarily a product of the historical relationship between the two countries, and the US colonial legacy there. According to one former US military officer who wrote a book in the late 1980s on the subject of the US bases in the country, “for many Filipinos, the bases are representative of the colonial legacy and American dominance over their country.”<sup>492</sup>

Philippine nationalism has at times acted as a constraint upon the country’s strategic options, though this constraint has been less pronounced than in other countries such as Indonesia or Vietnam. While the Philippines alliance with the US has existed for over half a century, domestic constraints have affected the extent to which external balancing arrangements can be effectively operationalized. Concomitant with changing threat perceptions, these constraints have however also fluctuated over time. For instance,

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<sup>489</sup> Manuel Mogato. “New US-Philippine Military Deal, Already on Ice, Could Face Further Delays,” Reuters. June 17, 2015. <http://www.reuters.com/article/2015/06/17/us-southchinasea-philippines-usa-idUSKBN0OX2RV20150617#xptuimQFSidzYRW2.97>

<sup>490</sup> Tech Torres Tupas. “Supreme Court Upholds Legality of EDCA,” The Philippine Daily Inquirer. January 12, 2016. <http://globalnation.inquirer.net/134880/supreme-court-upholds-legality-of-edca>

<sup>491</sup> William E. Berry. *US Bases in the Philippines: The Evolution of the Special Relationship*. Boulder: Westview Press, 1989, p. 307. See also pp. 289, 296.

<sup>492</sup> Berry. *US Bases in the Philippines*, p. 310

as threat perception increased in the mid-1990s this constraint once again however became less decisive in actual policy decisions, and cooperation between the two allies began to increase steadily once again from that point forward.

Following the closure of the bases in 1992, the US-Philippine alliance continued to function under the August 1951 Mutual Defense Treaty (MDT), though US forces were no longer present in the country.<sup>493</sup> Shifting Philippine threat perceptions soon changed that however. In 1997, two years after the Mischief Reef incident, the US and the Philippines signed the Visiting Forces Agreement (VFA), which effectively allowed US troops to conduct joint exercises and training with their Philippine counterparts inside the country once again. According to one eminent Philippine scholar, “perceptions of a China Threat did subsequently pave the way” for the VFA and its eventual ratification by the Senate in 1999 despite decision less than a decade before to effectively kick US forces out of the country.<sup>494</sup> The Philippine President at the time, Joseph Estrada, stated that the VFA would serve as a “potent deterrent” that would make nations such as China “think twice” about further expanding their presence in the Spratlys.<sup>495</sup> Defense Secretary Orlando Mercado went even further, arguing that the VFA would facilitate US presence in region, which would in turn serve to “balance” China.

It seems likely that some frustration existed on both sides of the alliance following the closure of the bases, first evident around the time of Mischief Reef in 1995. Following the discovery of the Chinese presence there the Philippines approached the US for security assurances in the South China Sea under the auspices of the Mutual Defense

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<sup>493</sup> Berry, *US Bases in the Philippines*, p. 80

<sup>494</sup> Baviera, “Perceptions of a China Threat,” p. 258

<sup>495</sup> Storey, *Southeast Asia and China’s Rise*, p. 258

Treaty (MDT), specifically whether or not the treaty could be invoked in event of armed conflict between the Philippines and China over the Spratlys. The Philippines was however less than reassured by the US response at the time, which reportedly amount to the clarification that since the Philippines had made its claims in the Spratlys after the MDT had been signed, the area was not covered under the agreement.<sup>496</sup>

This was not the first, nor would it be the last, of Philippine efforts to urge greater security commitments from its US ally pertaining to the South China Sea. Similar requests for clarification and coverage of the Spratlys under the MDT were again made in 2011 following Chinese assertiveness and the recent incidents in the South China Sea. The situation largely mirrored that in 1995 as “the Philippines sought assurances from the United States, while Washington sought to avoid entrapment.”<sup>497</sup> Specifically there continued to be concern raised from the Philippine side over whether Article V of the MDT included the Spratlys. Article V pertains to “an armed attack on the metropolitan territory of either of the parties or on the island territories under its jurisdiction in the Pacific or on its armed forces, public vessels, or aircraft in the Pacific.”<sup>498</sup> While the US had earlier made clear that the Spratly islands were not themselves covered under the MDT, an armed attack on Philippine ships or aircraft operating in the area would almost

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<sup>496</sup> Storey, *Southeast Asia and the Rise of China*, p. 257

<sup>497</sup> Carlyle A. Thayer, “Will the Guidelines to Implement the DOC Lessen Tensions in the South China Sea? An Assessment of Developments Before and After Their Adoption,” Paper to 3<sup>rd</sup> International Workshop on the South China Sea co-sponsored by the Vietnam Lawyers’ Association and the Diplomatic Academy of Vietnam. Hanoi, November 3-5, 2011, p. 6-8

<sup>498</sup> *Mutual Defense Treaty Between the United States and the Republic of the Philippines*. August 30, 1951. Article V. Text available online through Yale University Law Library-  
[http://avalon.law.yale.edu/20th\\_century/phil001.asp](http://avalon.law.yale.edu/20th_century/phil001.asp)

certainly be covered, though there has never been an official US clarification to that effect.

In this context, additional concern has been expressed from the Philippine side over Article IV of the MDT, specifically whether or not the US would be ‘treaty bound’ to come to the Philippine defense in times of crisis. Article IV states that “each Party recognizes that an armed attack in the Pacific Area on either of the Parties would be dangerous to its own peace and safety and declares that it would act to meet the common dangers in accordance with its constitutional processes.”<sup>499</sup> Much attention has been given to the qualification of the defense commitments made being “in accordance with constitutional process,” which has been viewed as somewhat of a less robust commitment than made by the US under other treaties, including that with NATO. However, numerous senior officials have over the years responded that “an attack on the Philippines would constitute a *causus foederis* for implementing the treaty- that is, the US would respond with force.”<sup>500</sup> While US officials do not regard the Spratlys themselves as falling under the Treaty, this language does suggest that an armed attack on Philippine ships or aircraft operating in that area would be considered grounds to implement the treaty commitments.

These types of issues are evident in many alliances, and ultimately have not impeded much progress that has been made in re-invigorating the alliance following the ratification of the VFA in 1999. In fact, a fairly substantial historical precedent for the current planned arrangements under EDCA has been built over the past decade or more

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<sup>499</sup> *Mutual Defense Treaty*, Article IV

<sup>500</sup> Fred Greene. *The Philippines Bases: Negotiating for the Future*. New York: Council on Foreign Relations. 1988, p. 37-38. These Officials included Secretaries of State John Foster Dulles in 1954 and later Cyrus Vance in 1979.

during cooperation between the two allies focused on internal security operations within the country, and recent developments would suggest that if handled appropriately, this model can be taken and applied to continue assisting Philippine forces as they transition toward external security operations.

Following the events of September 11<sup>th</sup>, 2001 cooperation was once again strengthened between the US and the Philippines, specifically in the areas of counter-terrorism and insurgency. Foreshadowing recent developments with EDCA, US troops served with the AFP on the ground as advisors and established the Joint Special Operations Forces- Philippines (JSTOF-P) Task Force in 2002. The JSTOF-P had reportedly constructed forward operating bases (FOB's), "semi-permanent US military stations and facilities," throughout areas of Southern Mindanao, and were also at one time reported to be making use of "a more permanent facility in Manila."<sup>501</sup> Through the JSTOF-P the military deployed one or two ships and a P3C Orion to provide intelligence and surveillance support to AFP military operations in Mindanao."<sup>502</sup> Suggestive of a wider shift toward external defense cooperation and progress made in internal security operations through the arrangements over the preceding thirteen years, in February 2015 the task force was officially deactivated, though some elements would remain behind in an advisory capacity.<sup>503</sup>

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<sup>501</sup>De Castro. "Balancing Gambits in Twenty First Century Philippine Foreign Policy," p. 242

<sup>502</sup>De Castro. "Balancing Gambits in Twenty First Century Philippine Foreign Policy," p. 240

<sup>503</sup>Sam LaGrone. "US Officially Ends Special Operations Task Force in the Philippines, Some Advisors May Remain," USNI News. February 27, 2015.  
<http://news.usni.org/2015/02/27/u-s-officially-ends-special-operations-task-force-in-the-philippines-some-advisors-may-remain>

As Philippine defense strategy began to shift toward external defense from 2011 onwards so did the US alliance, which began to focus on developing new areas of cooperation and security assistance that included externally oriented threats posed by aggression or coercion from foreign countries, including China. The Philippines has indicated that the US could play a potentially significant role in helping it achieve the new defense goals and has asked for Washington's help in reaching them. The US has been responsive so far to Philippine requests, evident not only through joint consultation on possible threats, but new levels of assistance in line with the goal of achieving a territorial surveillance and defense capability. Events and the situation in the South China Sea was discussed by the US and the Philippines at the 2010 meeting of the Mutual Defense Board (MDB), a body empowered by the 1951 MDT to coordinate the two countries defense policies against potential security threats. The following year, in January of 2011, the two countries held the first ever US-Philippine Bilateral Strategic Dialogue, intended to "affirm the alliance and discuss new areas for cooperation."<sup>504</sup>

As Assistant Secretary for East Asia and Pacific Affairs, Kurt Campbell was present at the inaugural Strategic Dialogue in 2011 and conveyed US willingness to help assist the Philippines in increasing patrol capabilities in the maritime domain, promising the delivery of a Hamilton class cutter.<sup>505</sup> The vessel was delivered several months later, complete with a Filipino crew who had been training on the vessel in the US up until the point of delivery, and was commissioned as the BRP Gregorio Del Pilar. Early reports

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<sup>504</sup> Thayer, "Will the Guidelines to Implement the DOC Lessen Tensions in the South China Sea?" "p. 8

<sup>505</sup> Pia Lee-Brago. "China seeks discussion of South China Sea issue with Philippines," The Philippine Star. April 06, 2011.  
<http://www.philstar.com/Article.aspx?articleId=673464&publicationSubCategoryId=63>



suggested the ship would be used specifically to boost patrols in and secure claims in the Spratlys,<sup>506</sup> which proved to be the case when it was deployed during the 2012 standoff at Scarborough Shoal. A second Hamilton class cutter was transferred in 2013 and was commissioned as the BRP Ramon Alcaraz.<sup>507</sup> Standing aboard the Del Pilar in November 2015, President Obama announced that two additional vessels would be transferred to the Philippines, including one additional former Coast Guard cutter.<sup>508</sup>

The two ships already transferred displace 3,250 tons and possess significant armaments, including a 76 mm Oto Melara cannon controlled by the MK92 fire control system.<sup>509</sup> Though the initial 20mm CIWS (Close In Weapons Support) was removed from the Del Pilar before delivery, both the Del Pilar and Ramon Alcaraz were both later outfitted with Mk38 Mod 2 chain guns under an October 2012 US Foreign Military Sales (FMS) contract.<sup>510</sup> The Mk 38 is an improved version of the 25mm Bushmaster that was removed from the vessels, capable of firing 180 25mm projectiles per minute. It was designed to counter high speed maneuvering surface targets and was reportedly installed on all US Navy ships in 2015.<sup>511</sup>

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<sup>506</sup> Agence France Press. "Philippines to boost Spratly patrols," April 15, 2011.  
<http://www.abs-cbnnews.com/nation/04/15/11/philippines-boost-spratly-patrols>

<sup>507</sup> GMA News. "Ramon Alcaraz to Arrive In Manila On Aug. 3-DFA," July 4, 2013.  
<http://www.gmanetwork.com/news/story/315928/news/nation/brp-alcaraz-to-arrive-in-phl-on-aug-3-dfa>

<sup>508</sup> Michael D. Shear. "China in Mind, Obama Pledges Military Aid to Allies in Southeast Asia," The New York Times. November 17, 2015.  
[http://www.nytimes.com/2015/11/18/world/asia/obama-philippines-south-china-sea-military-aid-ship.html?ref=world&\\_r=0](http://www.nytimes.com/2015/11/18/world/asia/obama-philippines-south-china-sea-military-aid-ship.html?ref=world&_r=0)

<sup>509</sup> Global Security "WHEC 378' Hamilton class," Online Site Accessed Nov 2011.  
<http://www.globalsecurity.org/military/systems/ship/whec-378.htm>

<sup>510</sup> Rodney Jaleco. "PH gets guns for US-supplied ships," ABS-CBN North America News Bureau 10/15/2012

<http://www.abs-cbnnews.com/nation/10/15/12/ph-gets-guns-us-supplied-ships>

<sup>511</sup> Rainier Allen Ronda. "Navy ship to get new weapons systems." The Philippine Star.

Reports have emerged sporadically over the last several years that the vessels would also be outfitted with Harpoon anti-ship cruise missiles, though this has yet to occur.<sup>512</sup> If and when it does, it would mark a significant increase in the combat capability of the Philippine Navy, though it must also be taken into consideration that the two ships are now over forty years old and are likely nearing the end of their life cycle. Anything involving these ships represents an important but at best temporary stopgap measure as the PN continues its efforts to bring online newer and more capable platforms. Along with the Coast Watch program (see above) the ships are nevertheless symbolic of the wider assistance being provided to the Philippines by the US with the intention of first improving maritime domain awareness and eventually helping to build a more credible defense capability in the AFP.

In addition to capacity building efforts the US also continues to provide a direct capability aggregation role in Philippine defense strategy. The signing of EDCA was an important achievement in moving this dimension of the alliance forward and while issues still remain regarding implementation, agreement was reached in March 2016 on five locations where US troops and security supplies could be stationed under EDCA. These locations included Antonio Bautista Air Base on Palawan, Basa Air Base in Pamapagna, , Fort Magsaysay in Nueva Ecija, Lumbia airport in Cagayan De Oro, and Mactan-Benito Ebuen air base in Mactan.<sup>513</sup> As previously mentioned ABAB is a key air facility fronting

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October 29, 2012

<http://www.philstar.com/Article.aspx?articleId=864536&publicationSubCategoryId=63>

<sup>512</sup> Defense Studies. "Navy Flagship to be Equipped with Missile System," July 30, 2015. <http://defense-studies.blogspot.com/2015/07/navy-flagship-to-be-equipped-with.html?m=1>

<sup>513</sup> Jose Katigbak. "US Philippines Agree on Five Base Locations Under EDCA," the Philippine Star. March 20, 2016.

the South China Sea, but many of the other locations surprised some analysts as being heavily focused on air power while seemingly lacking a maritime component.<sup>514</sup>

The is at odds with details that had previously emerged in the press about specifically what the rotational and semi-permanent US presence authorized under the agreement might look like. Reports from 2012 stated that this would specifically mean that old US bases such as the naval base at Subic Bay “will be hosting a lot of US hardware and will also act as a support and servicing center for the US Navy.”<sup>515</sup> Reports that the US would likely have forward deployed bulk storage in these areas, including at Subic Bay International Airport, formerly Naval Air Station Cubi Point, now seem premature. The March 2016 agreement on locations suggests that former US bases such as Subic will continue to act primarily as a support and servicing center, rather than as a location for prepositioning material, at least until agreement is reached otherwise. That the Philippines had initially offered eight bases, including both Subic and Clark air Base, is however intriguing.<sup>516</sup> Since the Philippines had previously offered these facilities to the US, it seems possible that the US chose not to include them out of awareness of the intensity of nationalist sentiment attached to them in the Philippines, and to instead keep the US presence there purely rotational.

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<http://www.philstar.com/headlines/2016/03/20/1564662/us-philippines-agree-5-base-locations-under-edca>

<sup>514</sup> Armando J. Heredia. “New US-Philippine Basing Deal Heavy on Airpower, Light on Naval Support,” March 22, 2016. <https://news.usni.org/2016/03/22/analysis-new-u-s-philippine-basing-deal-heavy-on-air-power-light-on-naval-support>

<sup>515</sup> James Hardy. “Back to the Future: The U.S. Navy Returns to The Philippines,” *The Diplomat*. October 16, 2012 <http://thediplomat.com/2012/10/16/just-like-old-times-us-navy-returns-to-philippines/2/?all=true>

<sup>516</sup> Katigbak. “US Philippines Agree on Five Base Locations Under EDCA,”

After having languished in limbo for several years awaiting the Supreme Court ruling, after it finally came in 2016 momentum for the increased US rotational force posture in the Philippines began to build rapidly. When the agreement had been reached in March 2016 on the five locations, US Ambassador Philip Goldberg was quoted as stating that the movement of supplies and US personnel to these locations would begin “very soon.”<sup>517</sup> And soon they did. Following the annual US-Philippine Balikatan bilateral defense exercise several weeks later in April 2016, US Secretary of Defense Ash Carter announced a substantial increase in US military presence in the country, including a contingent of 200 airmen from the US Pacific Air Forces to be stationed at Clark Air Base along with nine aircraft, as well as 75 US Marines that would remain behind after the exercise “to support increased operations in the region.”<sup>518</sup>

While the announcement of the new deployments of USAF personnel and aircraft to Clark might seem to indicate that it had been added to the list of agreed upon locations, this seems unlikely. The most likely explanation seems to be that there is a legal distinction under EDCA between rotational US forces temporarily using Philippine bases and US forces constructing permanent structures or prepositioning material.<sup>519</sup> Under the terms of EDCA outlined above, specific agreement is required for the prepositioning of US material, and as such, this is likely to remain limited to the agreed upon locations announced in March 2016. The list of locations for this could still expand pending subsequent agreements between the two countries, something that would become more

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<sup>517</sup> Katigbak. “US Philippines Agree on Five Base Locations Under EDCA,”

<sup>518</sup> Yeganeh Torbati. “US Announces Ramped Up Military Presence In the Philippines,” April 14, 2016. <http://www.reuters.com/article/us-southchinasea-philippines-carter-idUSKCN0XB0QY>

<sup>519</sup> Refer to relevant EDCA passages highlighted in footnotes 485 and 486.

likely depending on future Chinese actions in the SCS and corresponding Philippine threat perception.

While US officials have publicly stressed the role of Humanitarian Assistance and Disaster Relief (HADR) missions when it comes to prepositioning material, a role that is certainly fitting with the Philippines ongoing vulnerability to natural disaster, prominent Philippine scholar Renato De Castro has noted any potential US response to events in the South China Sea “depends upon whether US forces are prepositioned to provide immediate and timely assistance.”<sup>520</sup> De Castro goes on to note that “the United States can only effectively guarantee Filipino external defense if it has access to facilities near the South China Sea from which it can rapidly deploy in the event of an armed confrontation.”<sup>521</sup> It is important to note that he does so while at the same time openly recognizing the limitations of the MDT, as well as noting the potential for domestic backlash brought about by prominent nationalist sentiment surrounding an American presence in the country and concerns over such a presence negatively effecting Philippine economic relations with China. The US military and strategic planners would do well to take these considerations into account, and recent indications such as the agreed upon locations suggest that they are.

Further indications of what the future rotational presence in the Philippines might look like could also lie in the details of what the past rotational presence in the country has looked like, such as the semi-permanent arrangements utilized by JSOC advisors in Mindanao. The US had reportedly developed Cooperative Security Locations (CSL) “in strategic parts of the country that can be utilized by American forces in the event of any

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<sup>520</sup> De Castro, “Future Challenges in the US-Philippines Alliance.”

<sup>521</sup> De Castro, “Future Challenges in the US-Philippines Alliance.”

crisis in East Asia.”<sup>522</sup> Philippine and US scholars have suggested deploying a Navy or Marine fighter squadron to one of these CSL’s on a six month rotational basis to advise and train their Filipino counterparts.<sup>523</sup> While recent precedent for such a proposal is limited, an additional suggestion that the US deploy a squadron of P8s on a similar basis to be flown by a joint US-Filipino crew does. According to Admiral Jonathan Greenert, the current US Chief of Naval Operations (CNO), the US is already undertaking “cooperative air surveillance missions” with Philippine, Thai and Australian counterparts “where we build our shared awareness of activities on the sea by either bringing partner personnel on board or sharing the surveillance information with them.”<sup>524</sup> The CNO also announced the US intention to expand these missions in the future, as well as to “increase our deployments of aircraft there.”

Training Philippine counterparts on either the P-3 or newer P-8 platforms would also familiarize them with MPA operations more broadly for when they acquire their own MPA’s. Serving in such a training and advisory capacity provides an excellent example of opportunities to extend cooperation and assistance to support the shift toward external defense in the AFP strategic priorities and could serve as a basis for further cooperation in the future. As was the case in the past with JSTOF-P in Mindanao, the most important aspect of US assistance to their Philippine allies may continue to be in a training and advisory capacity, utilizing a low footprint approach and a rotational presence that respects the concerns of our Philippine hosts while also helping them to realize their

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<sup>522</sup> De Castro, “Gambit in Philippine Foreign Policy,” p. 248

<sup>523</sup> De Castro and Lohman. “Philippine Air Force,” p. 9-10

<sup>524</sup> Admiral Jonathan Greenert. “Sea Change: The Navy pivots to Asia,” Foreign Policy. November 14, 2012, p. 2  
[http://www.foreignpolicy.com/articles/2012/11/14/sea\\_change?page=0,1](http://www.foreignpolicy.com/articles/2012/11/14/sea_change?page=0,1)

goals of military modernization and national security. While US advisors from the Air Force or Navy including pilots and other personnel would not be from the special forces necessarily, they would have a lot to learn from these forces' successful cooperation with their Philippine allies over the last decade and should seek to replicate this model, built on understanding not only the needs of their partners, but local history and cultural atmospherics as well.

As it is implemented in the years ahead, EDCA will no doubt provide a pivotal contribution to not only AFP capacity building efforts but also to deterring an increasingly assertive Chinese maritime presence. Though EDCA has finally been given the green light to go forward, the nationalist sentiment driving the previous delay will remain an important variable in the US alliance going forward. Nationalism in the Philippines will continue to act as a constraint on the future of the alliance, and will pose challenges for developing a truly joint warfighting capability, including detailed command and control arrangements between the two forces in the event of a crisis.

Increasing threat perception and a widespread recognition that a successful Philippine defense strategy depends at least partially on the relationship with the US will also however militate against the salience of nationalism as a constraint upon the strategic trajectory of the relationship overall. If the US can acknowledge and seek to manage the historical baggage that is an inseparable part of the alliance, EDCA may soon become the cornerstone of the Philippines wider balancing efforts toward a rising China. Actions from Philippine domestic courts will be required to begin implementing the agreement, which will almost certainly be essential if the Philippines were to try to enforce any eventual ruling coming from international courts.

## *Conclusion*

Along with Vietnam, the Philippines has been on the “front lines” so to speak of China’s increasingly assertive efforts to enforce its claims in the South China Sea. Developments in this area over the past several decades have stripped the Philippines of the luxury it once had to remain solely focused on its own internal affairs within the country, with little regard for the external security environment developing on its maritime doorstep. Concern began to grow amongst the Filipino leadership following China’s action in the Spratlys from the late 1980s, and reached an initial climax following the discovery of Chinese forces at Mischief Reef in 1995. Following a brief upswing in relations between the two countries in the early part of the 21<sup>st</sup> century, by 2010 the trends had decidedly swung back in the other direction. Subsequent confrontations such as those at Reed Bank, Scarborough and most recently Second Thomas Shoals have shifted Philippine threat perception to previously unparalleled levels. In contrast to countries such as Indonesia and Malaysia which have taken a more subtle line, the concern of Philippine officials all the way to the President could not be made more apparent in public comments over the last several years.

Along with these shifts in threat perception, a decidedly more pronounced balancing effort has become increasingly evident as part of the wider Philippine hedging strategy. These balancing efforts first became apparent following Mischief Reef in the mid-1990s, with the passage of the initial AFP modernization law and the Visiting Forces Agreement (VFA) with the US. Philippine efforts at internal balancing have until recently made little progress as the country remained primarily focused on internal security



challenges and the dominance of the Army meant that little of an already limited defense budget went to the Navy and the Air Force.

Improvements became evident following the decision by the President in 2010 to shift the country's defense posture toward external defense, but the implementation of this shift remains incomplete. Despite the transfer of the two former coast guard cutters from the US, the Philippine Navy remains one of the weakest and most underfunded naval forces in Southeast Asia. Recent attempts to expand the Philippine Coast Guard are proceeding but are unlikely in the short term to create a force capable of relieving the navy of its burden in maritime law enforcement operations. In short, Philippine internal balancing efforts remain a work in progress at best. In contrast to the earlier problems implementing the AFP modernization plans, current problems owe not to a lack of threat perception but to resurgent internal security problems and conflicting bureaucratic priorities within the AFP, where the Army remains dominant. These problems have served to exacerbate the persistent constraint of limited funding provided by Congress.

Partly as a result of limitations in developing its own internal capabilities, the Philippines is increasingly turning to external balancing efforts in the form of a reinvigorated alliance with the United States. President Aquino has achieved a bold new vision for the future direction of the alliance, embodied in EDCA, but the implementation of the agreement was held hostage by a vocal minority of Philippine nationalists for most of his presidency until a Supreme Court ruling in 2016. This nationalist sentiment has at times acted as a constraint upon the strategic options available to Philippine decision makers, but is not likely to prove a long term impediment to increasing ties between the two countries. Indeed, following the favorable ruling momentum for increasing US

rotational presence in the Philippines has been rapidly gaining and a number of important announcements were made shortly thereafter. With rotational arrangements already expanding, the US alliance will almost certainly come to play an increasingly important part in the Philippines wider strategy toward China in the future, and would be essential if the Philippines were to attempt to enforce any favorable ruling handed down in the ongoing international arbitration.

## Chapter 5

# Movement in Malaysian Strategy: From Quiet Diplomacy Toward Quietly Balancing Chinese Power

### ***Introduction***

Like much of the wider literature on regional responses, the academic literature on Malaysia's response to Chinese power has tended to emphasize engagement and hedging as the defining components of its strategy. In Malaysia's case, part of its engagement strategy toward China eventually evolved into a reticence to publicly label China as a security threat. The Malaysian strategy continues to simultaneously hedge against possible future problematic behavior, while remaining wary of Chinese intentions in areas such as the South China Sea where the two have overlapping territorial and maritime boundary claims.<sup>525</sup>

In keeping with the other ASEAN countries examined in this thesis, most of the scholarship on Malaysia's approach to the South China Sea has tended to focus on its diplomatic approach to dealing with the disputes and with China. Indeed, according to Prime Minister Najib Razak, diplomacy is Malaysia's "first line of defense" on all security challenges that the country faces, including those in the South China Sea.<sup>526</sup> Malaysia has displayed a clear preference to keep this diplomacy out of the public

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<sup>525</sup> Ian Storey. *Southeast Asia and the Rise of China*. New York: Routledge, 2011; Cheng Chwee Kuik. "The Essence of Hedging: Malaysia and Singapore's responses to a Rising China," *Contemporary Southeast Asia* Vol. 30 No. 2 (2008), p. 159-185.

<sup>526</sup> Najib Razak. *Defending Malaysia: Facing the 21<sup>st</sup> Century*. London: ASEAN Academic Press LTD, 2001, p. 57

spotlight, downplaying any tension with China and largely carrying out its efforts behind closed doors. For this reason Malaysia's approach has often been labeled one of "quiet diplomacy."<sup>527</sup>

According to the existing literature, Malaysia has at the same time continued to hedge against possible uncertainty by seeking to enmesh China within an evolving regional security architecture that maintains an ASEAN-centric orientation, as well as helping to facilitate the presence and engagement of the United States in the region and in these organizations.<sup>528</sup> In this respect Malaysia's approach to hedging future uncertainty actually overlaps with and is built upon diplomatic engagement, with all actors including China and the US, in an effort to sustain a stable balance of power within the region.

Beginning with the creation of the ASEAN Regional Forum (ARF) in 1993-4, Malaysia has utilized multilateral security institutions as part of the wider attempt at "managing the rise of China and its effects on the regional balance of power."<sup>529</sup> This approach has since expanded to include new organizations such as the ASEAN Defense Minister's Meeting-Plus (ADMM+) and the East Asia Summit (EAS). Malaysia has been encouraging US participation in these institutions, including the EAS, as part of greater overall US strategic engagement in the region.<sup>530</sup> Malaysia not only reversed a previous position of limiting EAS membership, but became a vocal supporter of US membership

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<sup>527</sup> See Prashanth Parameswaran. *Playing it Safe: Malaysia's Approach to the South China Sea Disputes and Implications for the United States*. Washington, DC: Center for a New American Security (CNAS) Maritime Strategy Series, February 2015.

<sup>528</sup> On this point see- Storey, *Southeast Asia and the Rise of China*, p. 223 and Kuik, "The Essence of Hedging," p. 173

<sup>529</sup> Quoted in Storey, *Southeast Asia and the Rise of China*, p. 223

<sup>530</sup> John Lee. "Malaysia 'Punching Above Its Weight... and Finally Hitting the Target,'" in *Southeast Asian Affairs 2011*, eds. Daljit Singh. Singapore: Institute for Southeast Asian Studies, p. 166

in EAS, playing a key role in convincing other ASEAN countries to also support US inclusion in the organization.

Malaysia has repeatedly raised the issue of the South China Sea in these forums, including at ARF in 2010 and 2011, as well as the ADMM plus meeting in October 2011, and in fact urged the US to take a more prominent public position on the SCS in the lead up to the 2010 ARF.<sup>531</sup> At the 2011 EAS Summit, the first with the US as a member, Prime Minister Najib Razak joined President Obama and 14 other leaders, a total of 16 out of 18 EAS member countries, in raising the issue and argued, contrary to China's viewpoint, that it was an appropriate topic for inclusion on the EAS agenda.<sup>532</sup>

As ASEAN chair in 2015 Malaysia was expected to “play a strong diplomatic role behind the scenes in encouraging China to be more forthcoming” on the negotiations,<sup>533</sup> though little progress was publicly evident by the time it passed the chair to Laos in 2016. According to one recent analysis of Malaysia's broader response in the South China Sea, in addition to private or back channel diplomacy, Kuala Lumpur has continued to work through ASEAN, both publicly and privately to advance its interests there. The author of the report noted that since 2012 a newfound sense of urgency had emerged in Malaysia

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<sup>531</sup> Ibid, p. 166

<sup>532</sup> The White House, Office of the Press Secretary. “Background Briefing by a Senior Administration Official on the President's Meetings at Asean and East Asia Summit,” November 19, 2011:

<http://www.whitehouse.gov/the-press-office/2011/11/19/background-briefing-senior-administration-official-presidents-meetings-a>

\*The only two countries who did not directly address the issue at the meeting were Cambodia and Burma

<sup>533</sup> Carlyle Thayer. “Malaysia as ASEAN Chair,” Background Briefing, Thayer Consultancy, 9 February 2015, p. 1

for bringing “to a speedy conclusion” negotiations over a binding Code of Conduct (CoC) in the South China Sea.<sup>534</sup>

This sense of urgency continues to pervade comments by Prime Minister Najib,<sup>535</sup> as well as Minister of Defense Hishamuddin Hussein,<sup>536</sup> who have reiterated the importance of achieving this goal as part of Malaysia’s wider diplomatic strategy. Yet there is little cause for optimism that should such an agreement eventually be reached, itself an unlikely prospect, that the substance of the agreement would serve to effectively constrain Chinese behavior.

It has become increasingly clear that Malaysia’s diplomatic strategy is failing to achieve its strategic objectives in the South China Sea. These failures raise questions about Malaysia’s wider strategy, and the harder elements of its hedging approach that have always included elements of both internal and external balancing. Comparatively little serious study has been devoted to these harder forms of balancing in the case of Malaysia, which stems largely from the wider government policy of ‘quiet diplomacy.’ Since discussing China openly as even a potential threat became taboo in the country beginning in the early to mid 1990s, serious discussion of the military and defense strategic components of Malaysia’s approach almost disappeared completely (addressed in detail below).

Public documents and statements made by the Malaysian leadership before this time however indicate that not only was China, and specifically its actions in the South

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<sup>534</sup> Parameswaran, *Playing it Safe*, p. 6

<sup>535</sup> Bernama. “Transcript of Interview with Najib on the 26<sup>th</sup> ASEAN Summit,” 23 April 2015. <http://www.thestar.com.my/News/Nation/2015/04/23/Asean-Summit-Bernama-Najib-Transcript/>

<sup>536</sup> Defense Minister Hishamuddin Hussein. “Preventing Conflict Escalation,” Speech Before 14<sup>th</sup> Shangri-La Dialogue. May 30, 2015, p. 4

China Sea, previously regarded as a potential threat, but that a primary component of Malaysia's military strategy revolved around planning for contingencies in that regard. Though 'quiet diplomacy' continues to remain Malaysia's approach to China and the disputes, Chinese actions in the South China Sea since 2010, including in areas comprising the EEZ of the East Malaysian states of Sabah and Sarawak, have once again given rise to the perception of China as a potential threat. This resurgent threat perception has led to more discussion of changes in the Malaysian defense posture in these areas, which has occurred alongside more pronounced balancing efforts, both internally through the modernization of the Malaysian Armed Forces (MAF) and the creation of the Malaysian Maritime Enforcement Agency (MMEA), as well externally through Malaysia's 'quiet alliance' with Australia as part of the Five Power Defense Arrangements (FPDA).

### ***Threat Perception***

Though Malaysia's public pronouncements and current scholarship generally reflect a view of China as a benign power,<sup>537</sup> there is clearly a historical concern that a powerful China could become a potential security threat. The eminent Southeast Asian security scholar Amitav Acharya concluded in a study undertaken in the late 1990's that a divide had emerged earlier that decade between the country's declaratory policy and the actual views of its defense planners and security analysts. While the political elite tended to downplay any potential threat from China, "Malaysian defense and security planners

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<sup>537</sup> Storey, *Southeast Asia and the Rise of China*, p. 229

are much more forthcoming than its political leaders in voicing concerns about the rising power of China.”<sup>538</sup>

According to one author, while the declaratory policy remains largely intact, the view that China could emerge in the future as a security threat continues to persist to the present day.<sup>539</sup> Recent Malaysian scholarship has drawn the same conclusion.<sup>540</sup> There is an increasing amount of evidence to support this view, emerging in official testimony provided by senior Malaysian officials before Parliament since 2014 (discussed in later section). Statements by these officials suggest that concern is once again rising within the Malaysian leadership, and is beginning to result in a heightened threat perception toward a growing Chinese presence in these areas.

### ***China, the Origins of MAF Modernization, and Mahathir***

China’s expansive claims in the South China Sea, “reaching barely fifty miles off the coasts of Malaysia, Vietnam and the Philippines” according to one Malaysian analyst, have long been a source of great concern in the country.<sup>541</sup> In 1979 Malaysia had published a map laying claim to twelve insular features in the Spratly island chain,<sup>542</sup> all of which were disputed and also claimed by China. Malaysia currently occupies a total of

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<sup>538</sup> Amitav Acharya. “Containment, Engagement, or Counter Dominance? Malaysia’s Response to China,” in *Engaging China: The Management of an Emerging Power*. Eds. Alastair Ian Johnston and Robert S. Ross, New York: Routledge, 1999, p. p. 131

<sup>539</sup> Lee, “Malaysia ‘Punching Above Its Weight,’” p. 161

<sup>540</sup> Thomas Benjamin Daniel. “The Balance of Threat Approach in Assessing Malaysia’s Response to China in the South China Sea.” MA Thesis- University of Nottingham, Malaysia Campus, September 2014, p. 33. The author is currently an analyst in the Foreign policy and Security Studies section of the Institute for Strategic and International Studies (ISIS), Malaysia.

<sup>541</sup> Mak, “Chinese Navy and South China Sea,” p. 157

<sup>542</sup> Storey, *Southeast Asia and the Rise of China*, p. 221



five of these features.<sup>543</sup> Three of these were occupied during the 1980s: Swallow Reef (Pulau Layang Layang), Ardasier Reef (Terumbu Ubi) and Mariveles Reef (Terumbu Mantanani); and two more, Erica Reef (Terumbu Siput) and Investigator Shoal (Terumbu Peninjau), were occupied in 1999.<sup>544</sup> Malaysia has since built naval bases on five of these occupied features, and most include communications/ control towers, helipads, and gun emplacements.<sup>545</sup> In addition to a resort type hotel, a diving center, and civilian housing, Swallow Reef also has a runway “capable of supporting C-130 transport aircraft and a dock allowing the RMN’s patrol crafts to dock there.”<sup>546</sup> The Malaysian Armed Forces (MAF) have been assigned the mission of maintaining the bases and securing Malaysia’s sovereignty over these claimed features.

Concern over China literally began with the birth of Malaysia, dating back to Malaysian independence in 1957. From this time until 1989 it is clear that China was viewed as the ‘biggest threat’ to Malaysia’s national security, due primarily to Beijing’s

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<sup>543</sup> Mohd Nizam Basiron. “Recent Developments in the South China Sea: A Malaysian Perspective and Options,” Presentation at MIMA Conference on the South China Sea. Kuala Lumpur, Malaysia, December 12-13 2011. Slides online at:

[http://www.mima.gov.my/images/stories/ResourceCentre/PR/2011/12-13.12.2011/session\\_1/4.mohd%20nizam%20basiron.pdf](http://www.mima.gov.my/images/stories/ResourceCentre/PR/2011/12-13.12.2011/session_1/4.mohd%20nizam%20basiron.pdf)

<sup>544</sup> Amboyna Cay was also occupied by Malaysian Special Forces in 1978, but the feature is now occupied by Vietnam. Mohd Nizam Basiron, MIMA Presentation, December 2011

<sup>545</sup> Rommel C. Banaloi. “Clash of Sovereignties in the Spratlys,” *philstar.com* June 30, 2011.

<http://www.philstar.com/Article.aspx?articleId=701324&publicationSubCategoryId=200>

\*With the exception of Swallow Reef, all the Naval Stations are referred to by the military phonetic equivalent of the first letter of their corresponding Malaysian name. For example, Terumbu Ubi= Naval Station “Uniform”, Terumbu Mantanani= Naval Station “Mike”, etc. Mohd Nizam Basiron, MIMA Presentation, December 2011

<sup>546</sup> Dzirhan Mahadzir. “Slow Progress on Capability Growth,” *Defence Review Asia*, November 22, 2011,

<http://www.defencereviewasia.com/articles/140/Slow-progress-on-capability-growth>

support of the Communist Party of Malaya (CPM), a domestic insurgent group.<sup>547</sup> During the 1980s the modernization and increasing reach of the People's Liberation Army into the South China Sea also began to influence this threat perception as well. China ended support for the CPM in 1989 but it is clear that the country continued to be viewed with suspicion after this point. Scholarship from Malaysia published before the mid 1990s frankly discussed China as being "a potential, direct military threat."<sup>548</sup> By the late 1980s and early 1990s the "fear of China as a military power" had begun to eclipse any domestic concerns and this "externalization" of the threat became "centered on the resource-rich South China Sea, in particular the Spratly islands."<sup>549</sup> This fear stemmed largely from China's growth as a military power during the 1980s, particularly the growth of the PLA-Navy and changes in PLA doctrine that outlined new roles for the navy further from China's shores, including in the South China Sea.<sup>550</sup>

By the mid-1980s this threat perception had begun to impact Malaysia's defense strategy and planning process, which shifted from its prior focus on counter-insurgency to conventional warfare, particularly focusing on the maritime domain. As part of this shift, in 1986 Vice Admiral Abdul Wahab bin Haji Nawawi had first raised the new strategic concept of 'forward defense.' VADM Nawawi had pressed the need to prepare for contingencies in the South China Sea, and the concept envisioned the deployment of a robust asymmetric approach through the use of submarines to counter a rising Chinese

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<sup>547</sup> Storey, *Southeast Asia and the Rise of China*, p. 173

<sup>548</sup> J.N. Mak. "The Chinese Navy and the South China Sea: A Malaysian Assessment," *The Pacific Review* Vol. 4 No. 2 (1991), p. 150-151

<sup>549</sup> Mak, "Chinese Navy and South China Sea," p. 151

<sup>550</sup> Mak, "Chinese Navy and South China Sea," p. 152

power.<sup>551</sup> Though the China factor was not directly articulated by the admiral, according to one Malaysian defense analyst, “it was the rising power of China that warranted a forward defense strategy with asymmetric weapons such as the submarine.”<sup>552</sup> The requirement for submarines was based on an assessment of the future operational environment whereby a more powerful foe would dominate the maritime and aerial domains in the South China Sea, and “surface ships would find it difficult to survive in face of enemy air superiority.”<sup>553</sup>

The March 1988 naval battle at Johnson South Reef between China and Vietnam had an important impact on the thinking of Malaysian strategic analysts and defense planners about defending their own outposts in the Spratlys. According to the Chief of Defense Force at the time, General Hashim Mohamed Ali, by July 1988 the Spratlys had become a “top priority” for the MAF, with one assessment at the time describing China as a “central influence in the MAF’s defense planning.”<sup>554</sup> One prominent defense scholar described the events of 1988 as “an important reminder for any defense force in the region, particularly those in the overlapping territorial claims, that the new contingency is real.”<sup>555</sup> The evidence suggests that it served as exactly that for Malaysia, which soon

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<sup>551</sup> James Goldrick and Jack McCaffrie. *Navies of Southeast Asia: A Comparative Study*. Routledge, 2013, p. 101

<sup>552</sup> Nizam Basiron and L.C. Kia. “The Royal Malaysian Navy: Challenges, Trends, and Implications,” in *Naval Modernisation in Southeast Asia: Prospects, Causes and Consequences*. Eds. Geoffrey Till and Jane Chan, Routledge 2014, p. 142

<sup>553</sup> Quoted in Goldrick and McCaffrie. *Navies of Southeast Asia*, p. 101

<sup>554</sup> The quote from the Chief of Defence, as well as the analysis originate from- Jane’s Defence Weekly. “Malaysia: Preparing for Change,” 29 July 1989.

<sup>555</sup> K.S. Balakrishnan. “Malaysia’s Defence Policy, Military Modernization, and National Security,” in *Malaysia’s Defence and Security since 1957*. Eds. Abdul Razak Baginda, Malaysian Strategic Research Center, 2009, p. 130

after announced that it would increase patrols in its own areas of the Spratlys in response.<sup>556</sup>

The need to take seriously the threat of conflict with China over the Spratlys had become apparent to Malaysian defense planners by this time, and the need to plan for potential contingencies there had begun to influence the actual defense procurement and acquisition process for the MAF by the end of the decade. Abdul Razak Baginda, an influential defense analyst and close associate of the former Defense Minister and current Prime Minister Najib Razak, concluded that the developments in the Spratlys at that time were “an important and genuine security consideration for defense planners in Malaysia,” and noted that “scenarios involving the Spratlys were part of the procurement process.”<sup>557</sup> Given Baginda’s close connections to the defense establishment and his sourcing of the information from interviews with defense planners at the time, his account suggests that not only did Chinese activities in the South China Sea have an impact on Malaysian threat perception, but that this threat perception actually influenced the defense planning process and eventual procurement decisions in the late 1980s.

In September of 1988, the same year as the clash at Fiery Cross Reef and only months after the statement that the Spratlys had become a ‘top priority’ for defense planning, Malaysia announced that it had signed a multi-billion dollar memorandum of understanding (MOU) with Britain, the largest single arms deal in Malaysian history (including up to the present). Some authors have described this deal as representing the beginning of the modernization of the Malaysian Armed Forces.<sup>558</sup> Others have noted that

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<sup>556</sup> Goldrick and McCaffrie. *Navies of Southeast Asia*, p. 101

<sup>557</sup> Baginda, “Malaysian Perceptions of China,” p. 241-242

<sup>558</sup> Baginda, “Malaysian Perceptions of China,” p. 241

the 1988 MOU embodied the shift to conventional defense and the maritime domain, with the Navy and Air Force set to benefit most from the new procurements.<sup>559</sup>

Since this shift in defense strategy, including the development of new strategic concepts such as forward defense, resulted from an increase in threat perception toward China, the very origins of the modernization of the MAF could arguably be traced to the same threat perception. While it is undeniably true that there were other factors involved, the above analysis strongly indicates that China, and specifically contingencies in the Spratly islands involving the Chinese military, were a primary determinant of the shift in Malaysian defense planning and thus ultimately decisions on how to modernize the force.

During the early to mid 1990s there was clearly a rhetorical shift in the Malaysian government regarding the manner in which it publicly characterized China. Beginning with then Prime Minister Mahathir's denunciation of the 'China threat theory', public rhetoric shifted instead to emphasizing the immense opportunities that a rising China offered to countries like Malaysia, including economic cooperation and growth. "We do not look at China as our potential enemy," the Prime Minister stated in 1993. "We look at China as a country which has great potential for becoming an economic power."<sup>560</sup> This was the origin of the divide between declaratory policy and actual perception in the defense establishment noted by Acharya. The emergence of China as an economic power had never really been in doubt though. It was the potential for Chinese economic power to be converted into military power, which might then be applied in the Spratlys, that had

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<sup>559</sup> JN Mak. "The Modernization of the Malaysian Armed Forces," *Contemporary Southeast Asia*. Singapore: Institute for Southeast Asian Studies (ISEAS) Vol. 19 No. 1 (June 1997), p. 40

<sup>560</sup> Baginda, "Malaysian Perceptions of China," p. 242

driven concerns in the defense planning establishment during the 1980s. Mahathir had decided to eliminate this latter part of the debate from the public discourse.

However it took some time before the defense establishment was completely in sync with the Prime Minister's new declaratory policy. Concern continued to be expressed by senior MAF officials throughout the mid 1990s, though this was often done outside the purview of the general public, during conference presentations from which the papers were never published or other speeches which were never given publicity in the media. For example, at a conference held in Kuala Lumpur in 1996 the then Chief of the Navy Vice Admiral Rahmad Ramli Hanj. Mohd. Nor raised questions about the implications of the rise of China, noting that there existed a degree of uncertainty surrounding how China would behave once it had arisen to great power status. "Will she conform to international or regional rules or will she be a new military power which acts in whatever way she sees fit?" the Admiral asked, before stating that the "main challenge" to the region would be maritime in nature.<sup>561</sup>

The previous year, also speaking at a conference in Kuala Lumpur, the Chief of the Malaysian Army had been more direct in his assessment of the long term trajectory of China's rise. Despite China's reassurances otherwise, the Chief of Army concluded that China's growing naval power "immediately focuses attention on the most sensitive territory in Southeast Asia- the Spratlys Islands," and that the "long term aim is dominance."<sup>562</sup>

A comment made a year before that, in April 1994, by the then Chief of Navy Vice Admiral Mohd Shariff Ishak did not specifically mention China by name, but is

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<sup>561</sup> Quoted in Acharya, "Malaysia's Response to China," p. 131

<sup>562</sup> Quoted in Acharya, "Malaysia's Response to China," p. 132

perhaps the most direct articulation by a senior military official of the Malaysian defense establishment's concern about a rising China either during this time period or since.

Describing a “real and close threat” in the South China Sea, the comments are worth quoting in full:

“In maritime terms, there is a real and close threat which we must be prepared to deal with- one being the territorial disputes in the resource rich South China Sea. Issues of territorial disputes could be used as a façade for the pursuance of a regional superpower role by those harboring hegemonic ambition. It would be naïve for us to disregard the worst that could evolve from these developments.”<sup>563</sup>

Though it is clear from the comments that the Chief of Navy considered a hegemonic China to be a potential long term threat, he was speaking of a worst case scenario. In his opinion it would be naïve to disregard that potential from a strategic and defense planning perspective. This is natural given his profession as a member of the military and his position at the time as Chief of Navy. His comments on the proximity of the threat posed at the time are perhaps most noteworthy. Without mentioning China by name, the comments make it abundantly clear that it was China, and specifically the territorial disputes in the South China Sea, which represented a ‘real and direct threat’ that the MAF must be prepared to respond to if required.

While some Malaysian defense analysts, including Abdul Razak Baginda, publicly continued to discuss China as a potential threat into the early 1990s, by the middle of the decade it became increasingly clear that they were expected to toe the line of the official position. A 1995 article on the external maritime dimension of ASEAN

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<sup>563</sup> Baginda, “Malaysian Perceptions of China,” p. 239

security written by two prominent Malaysian maritime defense analysts is telling and captures well the evolution in this regard. In the article the authors tread carefully in their references to China, limiting their comments to describing an “uncertainty” in the strategic environment, and noting that while China continued to “figure prominently in ASEAN’s strategic calculations,” it “is no longer regarded as a direct or immediate security threat.”<sup>564</sup>

Most telling of all is the fact that the footnotes at the end of the article contain perhaps the most interesting and important bit of information in it. In the footnote, the authors state that though Baginda had publicly described China as a threat as recently as 1991, and this view remained representative of the wider views of the MAF even at the time of writing in 1995, “these views have been subsequently revised.”<sup>565</sup>

The footnote then references a speech given by current Prime Minister Najib Razak in August 1994 at a forum in Kuala Lumpur where he argued that China was no longer a threat to Malaysia. Najib was at the time Defense Minister, and this was not the only speech he gave that year to this effect. At a separate speech given in Singapore in September of that year, Najib stated point blank that “we no longer regard China as a threat.” He continued: “on the contrary, China is rapidly becoming a close friend of ours.”<sup>566</sup>

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<sup>564</sup> JN Mak and BA Hamzah. “The External Maritime Dimension of ASEAN Security,” *Journal of Strategic Studies*. Vol. 18 No. 3 (1995), p. 128

<sup>565</sup> Mak and Hamzah, “The External Maritime Dimension of ASEAN Security,” p. 144, footnote number 14

<sup>566</sup> Najib Razak. “Asia Pacific’s Strategic Outlook: The Shifting of Paradigms,” in *Asia Pacific’s Strategic Outlooks: The Shifting of Paradigms*. Pelanduk Publications, the Malaysian Strategic Research Centre, 1995, p. 16



This statement is reminiscent of Prime Minister Mahathir's from the previous year, and reflects his dominance over the foreign policy process at the time. While some MAF officials might have continued to air their views in semi-public forums through the middle of the decade, eventually it became clear that the word had come down from on high, and their comments would have to account for the new policy. When Najib spoke up as Defense Minister, the MAF listened. There is a stark difference between the comments made by the respective Chiefs of Navy before and after Najib's speech. Slowly but surely, concerns within the defense establishment about China disappeared from public view.

Despite a genuine shift in perceptions of China within the political elite following Mahathir's new declaratory policy toward China and the subsequent growth in the economic relationship between the two countries, concern over China's long term intentions continues to linger within the defense planning community, particularly in the MAF.<sup>567</sup> This would be natural given their tasking to defend Malaysian outposts and its wider claims in the South China Sea. Though MAF public statements since the late 1990s have tended reflect the declaratory policy on China, the defense posture and operational actions undertaken by the military speak louder than words.

At the same time Najib began to publicly state China was not a threat, the MAF had begun posturing in defense of Malaysia's claims in the South China Sea. During the early to mid 1990s the MAF responded to a series of what were seen as provocative Chinese actions in the South China Sea by declaring their resolve and readiness to defend the country's claims in the Spratlys, increasing patrols, and even conducting a large scale

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<sup>567</sup> Kuik. "The Essence of Hedging: Malaysia and Singapore's responses to a Rising China," p. 172, 175

military exercise in the area following the Chinese occupation of Mischief Reef in 1995.<sup>568</sup> After nearly a decade of absence from the public debate, over the last several years the views of the Malaysian defense establishment have once again entered into the public sphere, triggered by a growing Chinese presence in Malaysian claimed areas of the South China Sea, as well as a number of incidents and confrontations which have resulted.

### *Chinese Shifts and a Recent Resurgence in Threat Perception*

Since 2008 there has been a steady increase in the presence of Chinese military and maritime paramilitary assets in areas of the South China Sea near East Malaysia, beginning in the Spratly Islands and eventually shifting closer to the shores of the East Malaysian states of Sabah and Sarawak.<sup>569</sup> By 2012 the Chinese MLE presence had pushed south into new areas close to Sarawak including the North and South Luconia Shoals, leading to an appreciable resurgence in threat perception amongst the Malaysian foreign policy elite. The growing Chinese presence has brought the maritime security forces of the two countries into ever closer proximity, a new development that has resulted in a number of incidents and confrontations since 2010.

Though Malaysia's approach of 'quiet diplomacy' is likely to have limited the reporting of encounters or incidents involving Chinese vessels, it is possible to piece together an accounting of Chinese activities in these areas from publicly available sources. According to one Malaysian security analyst, between 2008 and 2012 as many

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<sup>568</sup> Storey, *Southeast Asia and the Rise of China*, p. 223-224

<sup>569</sup> Scott Bentley. "Malaysia's 'Special Relationship' with China and the South China Sea: Not So Special Anymore," The Asan Forum. July 25, 2015.

as 35 ships from the PLA Navy and what were at the time the various Chinese MLE agencies had “been observed in Malaysia’s EEZ in the Spratlys.”<sup>570</sup> By 2010 it was clear that this new presence was leading to tense encounters and even confrontations at sea.

One such incident that received little publicity took place in April of that year between a Chinese maritime enforcement vessel and the MAF near one of the five features occupied by Malaysia. According to a report issued by the National Institute for Defense Studies in Japan, the Chinese Fisheries Law Enforcement Command (FLEC) patrol boat Yuzheng 311 was challenged by the Royal Malaysian Navy (RMN) after it approached Swallow Reef, ostensibly for “surveillance purposes.”<sup>571</sup> A Malaysian fast attack craft-missile (FAC-M), supported by patrol aircraft, was dispatched to confront the vessel and continued to track its movements for a period of eighteen hours before disengaging.

The limited press coverage for this incident likely reflects Malaysia’s desire to avoid publicizing such matters in order to avoid escalating tensions, but might also suggest that there had been other unreported incidents in the area around the time,<sup>572</sup> and that the MAF had been quietly confronting what were ostensibly civilian Chinese vessels

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<sup>570</sup> Sumathy Permal. “The Rising Turbulence in the South China Sea,” MIMA Sea Views No. 3, 15 April 2013, p. 3

<sup>571</sup> NIDS China Security Report 2011. National Institute of Defense Studies, Japan, p. 18-19  
[http://www.nids.go.jp/english/publication/chinareport/pdf/china\\_report\\_EN\\_web\\_2011\\_A01.pdf](http://www.nids.go.jp/english/publication/chinareport/pdf/china_report_EN_web_2011_A01.pdf)

<sup>572</sup> ‘Global Military Forum’ Blog. “Malaysia navy boat sank while attempting to face chinese frigate in south china sea.” September 30, 2011  
<http://www.globalmilitaryforum.com/Thread-Malaysia-navy-boat-sank-while-attempting-to-face-chinese-frigate-in-south-china-sea>

While the author could not confirm this report nor track down its original source, combined with the other incident such reports do seem at least possibly credible. The report mentions that the Malaysian vessel did not however sink, as the title would imply, but rather suffered mechanical difficulties that forced it to turn back.

attempting to conduct surveillance of their occupied features. Such actions may have contributed to an increase in threat perception toward China at the time. According to one report, events in 2010 “reinforced and even heightened Kuala Lumpur’s fears of Beijing’s intentions in the region.”<sup>573</sup> 2010 can therefore be viewed as the baseline for a resurgence in Malaysian threat perception toward China, a perception that intensified over the coming years as these incidents became more commonplace, eventually moving further south toward the shores of East Malaysia.

By 2012 Chinese maritime paramilitary patrol ships had begun operating further away from the Spratlys and much closer to the coast of Sarawak, including in areas such as North and South Luconia Shoals, as well as James Shoal. In August 2012 two vessels from what was formerly China Marine Surveillance (now part of CCG) “came in contact with Malaysian owned survey vessels operating off James Shoal and North Luconia Shoals.”<sup>574</sup> By January of the following year, similar incidents had occurred “involving Chinese ships and a Shell contracted survey vessel” in areas proximate to South Luconia Shoals.

Though prior to 2012 the Chinese presence seems to have remained primarily focused around the Spratlys, by 2013 it was clear that the CCG presence in particular had shifted strongly to the southwest focusing particularly on South Luconia Shoals. This relatively unknown reef complex might be one of the most resource rich areas anywhere in the South China Sea, with large populations of fish as well as potentially substantial

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<sup>573</sup> Lee, “Malaysia ‘Punching Above Its Weight,’” p. 163

<sup>574</sup> Permal. “The Rising Turbulence in the South China Sea,” p. 3

deposits of both oil and natural gas.<sup>575</sup> This potential is already being exploited by Malaysia, which operates active oil and gas fields in the area, including Central Luconia Gas Field.<sup>576</sup> This particular gas field is connected to Sarawak via pipeline which lies less than thirty kilometers from the shoals.<sup>577</sup>

Concern began to amplify rapidly within the Malaysian government as they struggled to find an appropriate response. The Chinese patrols had by October of that year “set off alarm bells among senior Malaysian officials” and US intelligence assessments had reportedly begun referring to the South Luconia Shoals in particular as a “new regional challenge.”<sup>578</sup>

This concern has only amplified since 2013 as what at one point might best have been described as periodic Chinese patrols in the South Luconia Shoals became a permanent presence there. The permanence of this presence was hinted at by the local news coverage of a press conference given on June 2, 2015 by Shahidan Kassim, a Minister in the Cabinet of Malaysian Prime Minister Najib Razak. According to the reports, a CCG vessel photographed during an aerial patrol Minister Kassim had flown on

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<sup>575</sup> Ashley Roach. “Malaysia and Brunei: An Analysis of Their Claims in the South China Sea,” Center for Naval Analyses (CNA), August 2014, p. 14.

<https://www.cna.org/sites/default/files/research/IOP-2014-U-008434.pdf>

<sup>576</sup> US National Geospatial Intelligence Agency (NGA). *Publication 163, Sailing Directions Enroute: Borneo, Jawa, Sulawesi and Nusa Tenggara*. Thirteenth Edition, 2015, p. 330

<sup>577</sup> Victor Robert Lee. “South China Sea: Satellite Images Show Pace of China’s Subi Reef Reclamation,” *The Diplomat*, 19 June 2015. <http://thediplomat.com/2015/06/south-china-sea-satellite-images-show-pace-of-chinas-subi-reef-reclamation/>

<sup>578</sup> Washington Times. ‘Inside the Ring: Shutdown slows down Obama’s pivot to Asia,’ 2 October 2013. <http://www.washingtontimes.com/news/2013/oct/2/inside-the-ring-shutdown-slows-down-obamas-pivot-t/?page=all>

“had been anchored in the area for about two years.”<sup>579</sup> While that particular vessel, CCG hull number 1123, is unlikely to have been in the area for that length of time without returning to port, field research undertaken by the author in Malaysia during 2015 corroborates the recent establishment of what is in effect a permanent Chinese presence around South Luconia Shoals.<sup>580</sup> Subsequent statements from Minister Shahidan in August 2015 confirm this to be the case.<sup>581</sup>

To reinforce this fact, satellite imagery from February 2015 shows the previously unannounced presence of a much larger CCG vessel of the 4,000 ton “3401 class” stationed 3.5 kilometers (km) from South Luconia Shoals at that time.<sup>582</sup> Anchored 2.7km northwest of the vessel is a RMN *Kedah* class offshore patrol vessel (OPV), conducting surveillance and demonstrating its presence. This close proximity has come to be a recurring trend that is becoming both more common and more pronounced. According to a Facebook post by Minister Shahidan about the June 2015 sighting of the CCG vessel, Malaysian maritime enforcement ships had similarly been deployed in response to its presence, and were at even closer proximity than that suggested by the satellite imagery, less than one nautical mile apart.<sup>583</sup>

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<sup>579</sup> Borneo Post Online. “Chinese Coast Guard Vessel Found at S Luconia Shoals,” 3 June 2015. [http://www.theborneopost.com/2015/06/03/china-coast-guard-vessel-found-at-luconia-shoals/?utm\\_content=bufferd6bb1&utm\\_medium=social&utm\\_source=twitter.com&utm\\_campaign=buffer](http://www.theborneopost.com/2015/06/03/china-coast-guard-vessel-found-at-luconia-shoals/?utm_content=bufferd6bb1&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer)

<sup>580</sup> Interviews conducted in Malaysia by the author, March 2015.

<sup>581</sup> The Straits Times. “China Ships Trespassing off Sarawak for Two Years: KL.” August 16, 2015. <http://www.straitstimes.com/asia/se-asia/china-ships-trespassing-off-sarawak-for-two-years-kl>

<sup>582</sup> Lee, “South China Sea: Satellite Images Show Pace of China’s Subi Reef Reclamation.”

<sup>583</sup> Facebook Post by Shahidan Kassim, 2 June 2015. <https://www.facebook.com/ybdssk/posts/799976780117499>

The CCG vessels involved in executing the Chinese presence at the feature have by no means been passive bystanders, and their actions have led to what amounts to an ongoing multi-year confrontation there with Malaysian forces. The Malaysian forces like the Kedah class OPV that have been deployed to the area have tended to conduct active surveillance, or shadow, rather than confront the Chinese vessels.<sup>584</sup> The Chinese vessels, on the other hand, have at times actively sought to undermine the jurisdiction and enforcement capacity of the Malaysians, interfering in their efforts to detain and prosecute Chinese fishermen operating illegally in these areas.<sup>585</sup> This activity in effect amounts to a continuous confrontation not dissimilar to that experienced by the Philippines at Scarborough Shoal in 2012.

In testimony given separately before the Malaysian Parliament on March 20, 2014, Shahidan stated that increase in Chinese presence since 2013 had not only been confined to areas such as South Luconia Shoals vessels, but extended to other features in the area such as James Shoal.<sup>586</sup> According to Shahidan, during 2013 alone there had been seven different ‘intrusions’ conducted by sixteen different assets belonging to either the PLA Navy or China Coast Guard. As the comments would suggest, the Chinese presence has not always been limited to coast guard or MLE vessels, and at times has included military assets belonging to the PLA Navy.

This has particularly been the case at James Shoal, where sovereignty demonstrations conducted by the PLAN in 2013 and 2014 were widely publicized and

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<sup>584</sup> Bentley. “Malaysia’s ‘Special Relationship’ with China and the South China Sea.”

<sup>585</sup> Bentley. “Malaysia’s ‘Special Relationship’ with China and the South China Sea.”

<sup>586</sup> Minister Shahidan Kassim. Testimony before House of Representatives (*Dewan Rakyat*), 20 March 2014. ‘Register of Official Statements’ (*Senarai Penyata Rasmi*), commonly referred to as the ‘Hansard,’ p. 21-22

had a discernible impact on the threat perception within the country. Tang Siew Mun, the former Director of the Foreign Policy and Security Studies section at Malaysia's Institute of Strategic and International Studies (ISIS), called the deployments a "wake up call" for the country with regard to China's conduct in the South China Sea.<sup>587</sup> Whereas previously Chinese activities had been limited primarily to its northern neighbors Vietnam and the Philippines, Malaysia could no longer take for granted that its geographic buffer would shield it from Chinese assertiveness. Shahrman Lockman, a senior analyst at ISIS Malaysia, has recently spoken of a "new reality," whereby China's current artificial island building activities in the South China Sea "will inevitably bring the operations of Chinese and Malaysian maritime forces into ever closer proximity."<sup>588</sup> This 'new reality' is creating ever greater strain on the relationship and is likely to erode any 'special relationship' Malaysia may have had with China.

In the case of James Shoal, the growing PLAN presence seems not only to have had an appreciable affect on Malaysian threat perception, but led to an immediate and direct response in terms of force posture. In October of 2013 Malaysia announced plans to build a naval base in Bintulu, the closest area of Sarawak to James Shoal, which lies just some 80km offshore.<sup>589</sup> Reports also suggested that a new Marine Corps would be

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<sup>587</sup> Stuart Grudgings. "Insight- China's Assertiveness Hardens Malaysian Stance in Sea Dispute," Reuters. February 26, 2014. <http://uk.reuters.com/article/2014/02/26/uk-malaysia-china-maritime-insight-idUKBREA1P1Z020140226>

<sup>588</sup> Shahrman Lockman. "The 21st Century Maritime Silk Road and China-Malaysia Relations," Dialogue on China-Malaysia Relations: Strengthening Partnership, Deepening Regional Cooperation." Chinese People's Institute of Foreign Affairs (CPIFA) Tuesday, 14 April 2015. [http://www.isis.org.my/attachments/presentations/2015/Shahrman\\_21stCMSRd\\_China-Msia\\_Relations\\_\(CPIFA\\_14Apr2015\).pdf](http://www.isis.org.my/attachments/presentations/2015/Shahrman_21stCMSRd_China-Msia_Relations_(CPIFA_14Apr2015).pdf)

<sup>589</sup> Grudgings, "Insight- China's Assertiveness Hardens Malaysian Stance in Sea Dispute."



created, modeled on and perhaps even trained by its US counterpart, and that it would be stationed at the new naval base.

In March 2015 the Deputy Defense Minister Abdul Rahim Bakri further announced that there would also be a shift in the defense posture toward Sabah and Labuan (another island off coast of East Malaysia) because “we want to increase surveillance in the South China Sea” (*kita ingin mempertingkatkan pengawasan di kawasan Laut China Selatan*).<sup>590</sup> According to the Deputy Defense Minister, ships would be provided to the Navy and Coast Guard forces in the area in order to “constantly monitor” (*memantau sentiasa*) several important “hotspots,” which the Minister specifically mentioned included North and South Luconia Shoals. Taken together, it is clear that Malaysia is not only concerned about recent Chinese activities in these areas, but is also slowly beginning to respond to them.

In addition to immediate responses such as the new naval base in Bintulu and a shift in the wider defense posture toward Sabah and Sarawak, Malaysia has continued quietly building up its armed forces. The modernization of the armed forces has continued to focus on developing naval and maritime capabilities, and the more recent creation of a Coast Guard force responsible for carrying out many of the missions previously assigned to the Navy was intended to allow them to focus more intensively on their warfighting function.

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<sup>590</sup> Deputy Defense Minister Abdul Rahim Bakri. Testimony before House of Representatives (Dewan Rakyat), 23 March 2015. ‘Register of Official Statements’ (Senarai Penyata Rasmi- Hansard), p. 154

### ***Malaysia's Strategic Response- Moving Back Toward Balancing***

Malaysia's National Defense Policy divides its interests into three broad categories: 1) Core Areas, 2) Economic Interests and 3) Strategic Waterways and Airspace.<sup>591</sup> Included in the definition of core areas is the defense of Sabah and Sarawak, as well as the territorial waters and airspace surrounding them. The South China Sea falls under both of the second and third categories, given Malaysian economic interests there in the form of natural resources, and the fact that it is also regarded as a strategic waterway due to the importance of securing the sea lines of communication (SLOC) between Peninsular and East Malaysia. Malaysia has a "special interest" in securing the SLOCs in the South China Sea, which originates from the country's unique geography, specifically the separation of the two parts of Malaysia by the body of water. Any threat or obstruction to the SLOCs in the South China Sea "could jeopardize the integrity of the two territories and Malaysia as a whole."<sup>592</sup>

Emphasis is placed in Malaysia's official defense policy on 'self reliance,' which as of 2010 remained the "overriding principle" of its wider defense strategy.<sup>593</sup> This includes building the military capability of the MAF so that it is capable of responding to any military contingency that might arise. The beginning of the modernization of the MAF from 1988, specifically the shift toward developing air and naval power, was premised on this requirement. As was discussed above, this shift was driven in large part by contingencies involving Chinese power projection into the South China Sea. This

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<sup>591</sup> Malaysian Government, Ministry of Defence. *Malaysia's National Defence Policy*, 2010, p. 3

<sup>592</sup> Ministry of Defence, *Malaysia's National Defence Policy*, 2010, p. 3-4

<sup>593</sup> Ministry of Defence, *Malaysia's National Defence Policy*, 2010, p. 1

internal balancing effort has and continues to represent the main thrust of Malaysia's strategic response to the rise of China.

Internal balancing does not however represent the totality of Malaysia's strategy. There has also been an external dimension to Malaysia's balancing efforts, which have revolved primarily around what might best be termed Malaysia's 'quiet alliance' with Australia. This alliance functions within the framework of the Five Power Defense Arrangements (FPDA), a regional defense pact to which both are party that is little known outside Southeast Asia. Similar to the China policy, there is also a divide between what Malaysia says and what it actually does in respect to these external arrangements. At the declaratory level, the 2010 National Defense Policy states that Malaysia's national defense "has to be based on self confidence and not depending on external parties."<sup>594</sup> Yet in reality, Malaysia's actual defense policy continues to depend on its ability to seek external assistance should a contingency arise beyond the level of its limited self defense capability. The contributions made by the FPDA to building Malaysia's self defense capability are noted in the 2010 Defense Policy, as are its usefulness as a "conflict management tool."<sup>595</sup> But what is most interesting about the arrangement is what goes unmentioned, including an even less well known operational dimension (discussed in later section).

The desired strategic effect of these efforts, both internal and external, is deterrence. Along with the concept of forward defense, deterrence remains a "pillar" of the nation's strategic defense. Malaysia's deterrence based defense strategy is intended to "reduce enemy self confidence and prevent it from undertaking direct and indirect

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<sup>594</sup> Ministry of Defence, *Malaysia's National Defence Policy*, 2010, p. 16

<sup>595</sup> Ministry of Defence, *Malaysia's National Defence Policy*, 2010, p. 16

military action against Malaysia.”<sup>596</sup> The concept of forward defense is intended to reinforce this deterrent posture, and if deterrence fails, ensure that “the conflict occurs away from Malaysian territory.”<sup>597</sup>

The current Prime Minister of Malaysia, Najib Razak, has recognized deterrence as a central tenet of the policy, and stated that “for deterrence to work it has to be credible.”<sup>598</sup> Having previously served numerous terms as Defense Minister, there is a discernibly Realist streak to Najib’s thinking, and in speeches given in the early 2000’s he repeatedly emphasized the dictum that “if you want peace, prepare for war.”<sup>599</sup> In the Prime Minister’s view, defense capability is key to the credibility for deterrence to function, as deterrence “rests on your potential threats believing that you have the ability to attack, when provoked, and prevail when attacked.”<sup>600</sup>

As the internal part of the balancing effort, or ‘self reliance,’ continues to be the main thrust of Malaysia’s defense strategy, it is a useful starting point to determine whether or not Malaysia’s deterrent strategy is in fact credible, before turning later to a similar analysis of the external dimension of the balancing effort through the FPDA.

### ***Internal Balancing and the Modernization of the MAF***

Malaysia’s economic growth has enabled it to steadily increase its defense budget for the last decade, with the budget more than doubling from \$1.67 billion in 2000 to

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<sup>596</sup> Ministry of Defence, *Malaysia’s National Defence Policy*, 2010, p. 26

<sup>597</sup> Ministry of Defence, *Malaysia’s National Defence Policy*, 2010, p. 27

<sup>598</sup> Najib Razak. *Defending Malaysia: Facing the 21<sup>st</sup> Century*, pp. 57, 80

<sup>599</sup> Najib Razak. *Defending Malaysia: Facing the 21<sup>st</sup> Century*. p. 80. The thinking underlying this phrase appears in different forms throughout this book of his collected speeches, also pp. 36, 40 and 58.

<sup>600</sup> Najib Razak. *Defending Malaysia: Facing the 21<sup>st</sup> Century*. p. 80

\$3.47 billion in 2008.<sup>601</sup> Following a brief decline in real terms in 2009 and 2010 (corresponding with a decline in GDP in 2009), the defense budget began climbing again in 2011 to \$4.8 billion, a 19.3% increase on 2010.<sup>602</sup> Annual increases continued in 2012, 2013 and 2014, with the 2015 budget reaching \$5.4 billion.<sup>603</sup> This represented a 10% year on year increase from 2014, the largest since 2011.

The Royal Malaysian Navy (RMN) and Air Force (RMAF) have benefited substantially from this growth and both are in the process of continuing to modernize and upgrade their forces. While there is a clear relationship between strategic planning and concerns over a potential China threat (which is particularly evident in the concept of forward defense outlined above and the corresponding plans to procure submarines), this planning has not always translated into actual procurement in the past. There may in fact be a disconnect in Malaysia between strategic planning and acquisition, with many procurements being the result of ad hoc or “opportunistic” purchasing decisions.<sup>604</sup> While these decisions may make sense in terms of short term cost savings, they may not always be the appropriate choice in strategic terms. In the long term they may not even be more economically sound, as they introduce a number of logistical and training related issues due to a tendency to source platforms from multiple countries.

Defense procurements since 2008 have been focused on expanding and enhancing maritime domain awareness and include aerial as well as surface patrol assets in both services. Previous priority had been allocated particularly to surface forces fulfilling these

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<sup>601</sup> Lee, “Malaysia ‘Punching Above Its Weight,’” p. 162

<sup>602</sup> Australia Defense Intelligence Organization (DIO). *2011 Defense Economic Trends in the Asia Pacific*, p. 18-19: [http://www.defence.gov.au/dio/documents/DET\\_11.pdf](http://www.defence.gov.au/dio/documents/DET_11.pdf)

<sup>603</sup> Jane’s Sentinel Security Assessment- Southeast Asia. “Defence Budget Overview: Malaysia,” Updated January 28, 2015.

<sup>604</sup> Goldrick and McCaffrie. *Navies of Southeast Asia*, p. 104-105, 116

requirements, but over the last several years a shift back toward more capable warfighting platforms has been evident. In view of the recent resurgence in threat perception, this shift is likely to be part of a renewed internal balancing effort. One recent Malaysian analysis strongly suggested as much, arguing that “the rise of China appears to be a catalyst in Malaysia’s decision to upgrade its naval capability and revise its naval strategy.”<sup>605</sup>

This has most clearly been the case with the long delayed acquisition of the submarine capability first envisioned in the strategic revision of forward defense that the authors are referring to, though the numbers of these platforms do not approach what would be required for the asymmetric capability that the concept had called for. Funding issues continue to plague the RMN in particular, referred to by one book length study on regional navies as a “service under strain.”<sup>606</sup> In short, while there is evidence to indicate internal balancing efforts toward China, in the case of Malaysia these efforts have not been effectively executed, and have given way to more immediate domestic political considerations over the last several decades.

The Royal Malaysian Airforce (RMAF) plays an important role in the maritime domain, and is expected to receive a number of new assets over the next several years including new weapons and radars that will improve the maritime surveillance and air defense capability of the force.<sup>607</sup> The RMAF took delivery of new ground based mobile air defense radars in 2012, likely the Thales Groundmaster system. Malaysia already

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<sup>605</sup> Basiron and Kia. “The Royal Malaysian Navy: Challenges, Trends, and Implications,” p. 142

<sup>606</sup> Goldrick and McCaffrie. *Navies of Southeast Asia*, p. 92

<sup>607</sup> Bernama. “RMAF to Receive Delivery of New Assets from Early 2012,” 1 June 2011 <http://defense-studies.blogspot.com/2011/06/rmaf-to-receive-delivery-of-new-assets.html>

possesses a number of land based fixed wing surveillance aircraft that are operated by the Air Force, including four Beechcraft 200T Superking twin turbo prop planes. In 2010 a request for information was released regarding the procurement of Airborne Warning and Control System (AWACS) early warning aircraft.<sup>608</sup> These assets would also allow the RMAF to conduct more efficient surveillance of disputed territory, including in the South China Sea.

In addition to conducting surveillance, the RMAF will also “deal with encroachment into Malaysia’s maritime boundary and airspace,” according to RMAF chief Gen. Tan Sri Rodzali Daud.<sup>609</sup> The RMAF is tasked with defending Malaysia’s sovereign territory and airspace, and already possesses one of the more capable fighter wings in Southeast Asia, including eight F/A-18D fighter bombers equipped with Harpoon anti-ship missiles (ASM) and twelve Hawk fighters equipped with the Sea Eagle ASM.<sup>610</sup> During his March 2015 testimony, Deputy Defense Minister Bakri announced that six of the Hawks (one squadron) would be transferred to Labuan as a result of the wider shift in defense posture toward the South China Sea. Just one example of a number of “important assets” (*aset yang penting*) that Prime Minister Najib had ordered moved to the area, the intention of this shift in defense posture according to Bakri was “to create a deterrent” (*mewujudkan suasana deterrent*).<sup>611</sup> Given the recent developments involving Chinese forces operating in this area, it can be safely assumed that this effort to create a stronger deterrent is aimed squarely at China, particularly its future potential to begin

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<sup>608</sup> Philipp Saunders. *Jane’s Fighting Ships* (2010-2011), p. 501

<sup>609</sup> Bernama, “RMAF to receive delivery of new assets,”

<sup>610</sup> *Jane’s Fighting Ships*, p. 501

<sup>611</sup> Deputy Defense Minister Abdul Rahim Bakri. Testimony before House of Representatives (Dewan Rakyat), 23 March 2015, p. 154

projecting airpower more consistently into the Spratlys and the maritime areas off the Malaysian coast.

The Royal Malaysian Navy has also been steadily modernizing its surface fleet over the last decade, including the recent and long delayed acquisition of a submarine capability. The fleet has grown steadily to include thirty nine surface ships and two submarines at present, though given the expanse of maritime territory currently claimed by Malaysia and the concomitant missions response area, some analysts have argued that it currently remains undersized.<sup>612</sup> Previous plans for expansion, including acquisition of submarines in the 1980s, as well as more recently frigates and a multi purpose support ship (MPSS), have at times fallen victim to domestic political considerations and the projects were either canceled or put on hold.<sup>613</sup> This has continued to be the case despite the RMN voicing an urgent requirement for these acquisitions.

Funding shortfalls persisted into 2015, with a wide gap remaining between military requests and actual procurement funding outlays. For instance, of an initial request of \$1.4 billion in the 2012 budget, only a fraction of that, \$243 million, was eventually allocated to the service for acquisitions. These funding shortfalls have continued to impact the long term development plans and force structure. The Chief of the RMN, Admiral Aziz Jafaar, announced in January 2015 that he had requested \$2.86 billion under the 11<sup>th</sup> Malaysian plan (2016-2020) for some 36 programs, but recent

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<sup>612</sup> Dzirhan Mahadzir. "Slow Progress on Capability Growth," Defence Review Asia, November 22, 2011: <http://www.defencereviewasia.com/articles/140/Slow-progress-on-capability-growth>

<sup>613</sup> Mahadzir. "Slow Progress on Capability Growth,"



economic difficulties in the country place this level of funding as well as many of the programs in doubt.<sup>614</sup>

Despite these setbacks a number of notable recent and planned acquisitions stand out, including two *Scorpene* class submarines (SSK) and six Kedah class Corvettes. The Scorpene submarines are armed with torpedo tube launched Exocet missiles and came with the option of retrofitting an Air Independent Propulsion (AIP) system at a later date.<sup>615</sup> Following sea trials the second sub arrived in Malaysia in July 2010 and both subs are now operational, though questions about the extent of their operational capability have been raised.<sup>616</sup> According to Admiral Tan Sri Abdul Jafaar, the Chief of the RMN, over the last three years the subs “have passed stringent operational tests, including that in tropical waters, and taken part in military exercises (more below) and high performance special operations.”<sup>617</sup> In 2012 Admiral Jafaar announced that the navy was also planning to procure additional submarines, though this was not likely to occur in the near term, and no additional subs have since been acquired.<sup>618</sup> Numbers aside, the forward defense concept and the strategic assessment behind it continue to be reflected in Malaysian analysis, with two defense analysts describing submarines in a 2014

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<sup>614</sup> Dzirhan Mahadzir. “Malaysian Navy Chief Announces 5 Year Funding Request of \$2.86 Billion,” Jane’s Defence Weekly, January 7, 2015.

<sup>615</sup> Jane’s Fighting Ships, p. 496

<sup>616</sup> Goldrick and McCaffrie. *Navies of Southeast Asia*, p. 110

<sup>617</sup> Adrian David. “Military diplomacy can ease tension,” New Straits Times Thursday, Apr 26, 2012:  
<http://www.asiaone.com/News/AsiaOne%2BNews/Malaysia/Story/A1Story20120426-342143.html>

<sup>618</sup> Bernama. “Navy plan to buy more submarines,” 26 April 2012:  
<http://www.nst.com.my/latest/navy-plan-to-buy-more-submarines-1.77968#ixzz1t8gK67Cp>

publication as “an important asymmetric capability to acquire against a far stronger naval opponent such as China in the South China Sea.”<sup>619</sup>

The most significant acquisition for the RMN surface fleet in recent years was the procurement of six *Kedah* class Corvettes, two of which were delivered from Germany in 2006, with the remaining four subsequently built domestically in Malaysia. They had originally been fitted for anti-ship missiles, though an upgrade to this effect continues to be carried further into the future given ongoing budgetary constraints. The principal tasks of the *Kedah* class is reportedly “maritime patrol duties and surveillance in the Malaysian EEZ.”<sup>620</sup> Acquisition of a further six corvettes was announced in 2008, with a contract signed in 2011.<sup>621</sup> The construction of the first of six was slated to begin in March 2015 with plans to commission the vessel by 2019.<sup>622</sup> Early reports suggested that the navy intended these vessels to have much greater combat capability, possibly including the MM40 Exocet Block 3 surface to surface missile.<sup>623</sup> Combined with the submarines, these more recent acquisitions seem to mark a return to building a more credible warfighting (and ultimately deterrent) capability within the RMN force structure.

Elsewhere in the RMN surface fleet, the shipbuilding portion of the South Korean conglomerate Daewoo (DSME) has agreed to build three training vessels for the RMN

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<sup>619</sup> Basiron and Kia. “The Royal Malaysian Navy: Challenges, Trends, and Implications,” p. 137

<sup>620</sup> Jane’s Fighting Ships, p. 499

<sup>621</sup> Navy Recognition. “Royal Malaysian Navy Selects DCNS’ Gowind Corvette for Its Littoral Combat Ships (LCS) Program” 07 December 2011  
[http://www.navyrecognition.com/index.php?option=com\\_content&task=view&id=233](http://www.navyrecognition.com/index.php?option=com_content&task=view&id=233)

<sup>622</sup> Mahadzir, “Malaysian Navy Chief Announces 5 Year Funding Request of \$2.86 Billion,”

<sup>623</sup> Goldrick and McCaffrie. *Navies of Southeast Asia*, p. 114

and reportedly the two are in negotiations over the construction of a LPD.<sup>624</sup> The United States Navy also offered to sell the RMN recently or soon to be retired frigates and LPDs, likely of the Austin (LPD) and Oliver Perry (frigates) classes, which might provide a more cost efficient alternative to speed up procurement of these acquisitions, both of which have been previously delayed, should the navy decide to accept the offer.<sup>625</sup> Little news has been reported publicly on either acquisition however, and it seems likely that at least for now they have given way to harsh budget realities.

In addition to these more recent procurements, the RMN also possesses a number of fast attack craft (FAC), both missile (8) and gunboat (6) versions, as well as two *Lekiu* class Frigates. The Lekiu frigates arrived in 2000 and are armed with sea skimming Exocet Block II ship to ship missiles (SSM) and are also equipped with a flight deck capable of supporting the Westland Superlynx helicopters, six of which are operated by the navy.<sup>626</sup> In addition to maritime surveillance, the *Super Lynx* helicopters are also tasked with Anti-surface (ASuW) and submarine (ASW) warfare roles, and to this end are equipped with torpedoes and anti-ship missiles as well as two 12.7mm miniguns.<sup>627</sup> They are also equipped with Seaspray radar, forward looking infrared (FLIR) and electronic warfare (EW) capabilities. It is not clear if the sensor package actually includes an ASW fit, such as a dipping sonar, without which torpedoes would be relatively useless short of cooperation with additional subsurface surveillance assets or platforms. A plan

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<sup>624</sup> Asian Defence Journal. "DSME: The Korean Shipbuilding Giant," Defense and Security 2012. Issue No. 3 (March 8, 2012), p. 7

<http://news.ubmthailand.com/newsletter/2012/def/showday3/ShowDaily3.pdf>

<sup>625</sup> Marhalim Abas. "RMN updates 2012," Malaysian Defence Blog, April 26, 2012.

<http://www.malaysiandefence.com/?p=2352>

<sup>626</sup> Jane's Fighting Ships, p. 497

<sup>627</sup> Ibid, p. 501

for a further six ASW helicopters was reportedly included in Malaysia's 10<sup>th</sup> five year plan (2011-15) by the navy for more capable versions with longer range and endurance, though by the end of this period no acquisition had been made.<sup>628</sup> The Lockheed Martin/Sikorsky MH-60R Seahawk or Augusta Westland AW159 were mentioned as potential candidates, should the funding for the purchase materialize.

The Navy is divided into three separate command areas (COMNAV I, II and III), with COMNAV II generally being regarded as the most important of the commands and also the largest operational challenge.<sup>629</sup> COMNAV II is based at Kota Kinabalu in Sabah province and covers the coastlines of both Sabah and Sarawak extending outward to include all of Malaysia's claimed maritime territory and EEZ east of 109E longitude.<sup>630</sup> This operational area also includes the Spratly islands, referred to by the RMN as the "Gugusan Semarang Peninjau (GSP)," or loosely translated, the "frontier reconnaissance island chain."<sup>631</sup> The importance of the command area is signified by the decision to base both of the new submarines there, as well as the first two of the Kedah class Corvettes, as well as it being the location of a series of recent exercises.

This exercise, the Operation Sea Training Exercise (OSTEX), was conducted in both 2010 and 2011 in the South China Sea. The 2010 exercise included one of the new Scorpene subs as well as an additional 10 ships including Leiku frigates and Kedah class corvettes units which conducted training exercises in coordination with a number of

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<sup>628</sup> Leithen Francis. "Asian Countries Look To Counter Chinese Submarine Presence," Aviation Week, May 20, 2011  
[http://www.aviationweek.com:80/Article.aspx?id=/article-xml/asd\\_05\\_20\\_2011\\_p01-02-325482.xml](http://www.aviationweek.com:80/Article.aspx?id=/article-xml/asd_05_20_2011_p01-02-325482.xml)

<sup>629</sup> Dzirhan Mahadzir. "Slow Progress on Capability Growth"

<sup>630</sup> Jane's Fighting Ships, p. 495

<sup>631</sup> Dzirhan Mahadzir. "Slow Progress on Capability Growth"

aerial assets and personnel from the RMAF. Lasting a little over a week, from July 29 to August 6, 2010, according to an official RMN spokesperson, the stated purpose of the exercise was to assess fleet readiness and interoperability between RMN and RMAF in conjunction with the new submarine, as well as to “highlight the RMN’s presence in the South China Sea and to test contingency plans for the defense of the RMN’s outposts in the Spratlys.”<sup>632</sup>

Originally three exercises were held annually but since 2010 these three have been combined into the one due to budgetary shortfalls.<sup>633</sup> That the chosen location of the exercises has each year since, in both 2010 and 2011, been in the South China Sea is significant and likely reflects, as some analysts have speculated, an ongoing and even possibly heightened concern within the RMN over Malaysia’s claims in the Spratly islands.

The recent acquisition of higher end combat capability and the stationing of the submarines near disputed parts of the South China Sea suggests that there is not only concern, but that Malaysia is seeking to establish a more credible deterrent through asymmetric lines of effort drawn from its forward defense concept and situated within the broader national defense strategy. In addition to the recent acquisitions, Malaysia has also attempted to better enable the RMN to focus its operations and training on building its traditional warfighting role by relieving it of some of its previous duties in terms of maritime law enforcement. A new coast guard was created roughly a decade ago to this end, though shifting the entirety of the burden remains a work in progress.

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<sup>632</sup>Dzirhan Mahadzir. “Slow Progress on Capability Growth”

<sup>633</sup> Ibid

### ***Malaysian Maritime Enforcement Agency (MMEA)***

In addition to the Malaysian Armed Forces, Malaysia's maritime area and airspace is also patrolled by the Malaysian Maritime Enforcement Agency (MMEA), or in Malay, the *Agensi Penguatkuasaan Maritim Malaysia* (APMM). In contrast to the RMN's three commands, the MMEA is organized into five maritime regions which are then subdivided into eighteen various maritime districts. The headquarters of the agency, located at Putrajaya, is considered separate from this structure. The Maritime regions are divided between mainland Malaysia, with a 1) Northern, 2) Southern, and 3) Eastern Peninsular commands, then the final two regions being 4) Sarawak and 5) Sabah and Labuan.<sup>634</sup> As with the RMN, the Sabah region is also headquartered at Kota Kinabalu, with bases there, in Labuan, Kudat, Sandakan, and Tawau, though Sabah and Sarawak are considered separate regions, while under the Navy's COMNAV II they are combined. Like COMNAV II regional command 5 of the MMEA is also important due to the fact that it includes the Spratly islands, and command 4 is of increasing importance given recent developments off the coast of Sarawak.

Commencing operations on November 30, 2005, the MMEA was formally established in May 2004 under the MMEA Act.<sup>635</sup> According to the agency's own website, it was established in order to "overcome the overlapping functions, jurisdiction and operating areas at sea" of as many as eight different maritime agencies, including the

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<sup>634</sup> Jane's Fighting Ships, p. 505

<sup>635</sup> Malaysian Maritime Enforcement Agency Act 2004. Available online at: <http://www.agc.gov.my/Akta/Vol.%2013/Act%20633.pdf>

RMN and RMAF as well as Marine Police, Customs, Fisheries and others.<sup>636</sup> This is true, but the deciding factor in establishing the MMEA seems to have been a perceived need for the RMN “to focus more on their warfighting duties and less on constabulary ones.”<sup>637</sup> The primary mission of the agency is to “protect and safeguard peace, security and national sovereignty”<sup>638</sup> in the Malaysian Maritime Zone (MMZ).<sup>639</sup> The formation of MMEA is part of the larger regional trends whereby coast guard or maritime paramilitary forces are increasingly taking security functions traditionally carried out by militaries and navies, most clearly evident in the formation of the CCG.<sup>640</sup> Since its creation the MMEA has been the principal agency tasked with law enforcement in the MMZ, and while it was reported that it would emerge as the “sole agency” in charge of law enforcement by 2011, uncertainty continues to persist regarding overlap with mission areas of the MAF.<sup>641</sup>

The MMEA has effectively taken over the previous functions and jurisdiction of many of the smaller civilian agencies such as Customs and Fisheries, but the RMN has continued to take the lead role in law enforcement further out at sea, as evidenced by the

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<sup>636</sup> MMEA website. “Why was MMEA created?”. FAQ page. Accessed 6 May, 2012 [http://www.mmea.gov.my/index.php?option=com\\_content&view=article&id=76&Itemid=64&lang=en](http://www.mmea.gov.my/index.php?option=com_content&view=article&id=76&Itemid=64&lang=en)

<sup>637</sup> Basiron and Kia. “The Royal Malaysian Navy: Challenges, Trends, and Implications,” p. 145-146

<sup>638</sup> Jane’s, p. 505

<sup>639</sup> The MMZ is defined in the 2004 MMEA Act as “the internal waters, territorial sea, continental shelf, EEZ and the Malaysian fisheries waters,” and “includes the air space over the Zone.” MMEA Act 2004, p. 6.

\*The lack of differentiation between authorities in the territorial sea and those further out at sea, including in the EEZ, is potentially problematic from the standpoint of current international law, including that embodied in UNCLOS.

<sup>640</sup> Christian Le Miere. “Policing the Waves: Maritime Paramilitaries in the Asia Pacific,” *Survival*, 53:1, 133-146.

<sup>641</sup> Bernama. “Maritime agency to take over as sole enforcement unit soon,” 9 June 2011 <http://thestar.com.my/news/story.asp?file=/2011/6/9/nation/8862253&sec=nation>

aforementioned April 2010 incident involving the Chinese FLEC vessel Yuzheng 311 which was confronted by an RMN missile patrol boat. The MMEA ambition to take over these functions remains more aspirational than actual, but the aspiration is clearly there.

In the MMEA's own mission statement, law enforcement is viewed as important in maintaining the security and sovereignty of the state, a mission that had previously fallen to the MAF. The role of MMEA forces in sovereignty protection and the relation to law enforcement was clearly articulated in a speech given in June of 2010 by a former head of regional enforcement in the MMEA, Admiral Zulkifli bin Abu Bakar, where he stated that "a lack of enforcement portrays lack of display of authority and eventually, sovereignty," and furthermore that "the absence of an effective law enforcement mechanism invites intervention by the security forces from other States."<sup>642</sup>

Admiral Zulkifli's speech seemed to be engaging in a delicate dialogue over the issue of whether or not the MMEA would be the "sole" agency responsible for law enforcement. The reason for this, according to the Admiral, was that some were of the view that "the military, in particular, navies, may want to focus on its warfighting role."<sup>643</sup> This comment reaffirms the analysis outlined above, that the need for the RMN to focus on its warfighting role may have been the deciding factor in establishing the MMEA. The Admiral further points out that "engaging in law enforcement duties requires a substantial commitment of time and effort in terms of training, execution and court duties," before concluding that "ultimately, it is up to the stakeholder (assumed to be the Malaysian government) to decide on the eventual role."

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<sup>642</sup> Zulkifli Bin Abu Bakar. "Enhancing Maritime Security: Law Enforcement in Malaysia," Presentation at 24<sup>th</sup> Asia Pacific Roundtable; Kuala Lumpur, June 7-9, 2010, p. 4

<sup>643</sup> Abubakar, "Enhancing Maritime Security", p. 11



Another possible arrangement going forward would be that the MMEA will continue to maintain the principal role in law enforcement in the MMZ, with the RMN and RMAF evolving to focus less on law enforcement as a “secondary” function, an arrangement Admiral Zulkifli seems to suggest in his speech.<sup>644</sup> The trends are moving in this direction, but for now the greatest success following the formation of MMEA has been the strengthened coordination amongst the various agencies, particularly with the RMN, an aim from its inception which seems to have been largely accomplished. The two services work very closely together, and in the view of the Admiral the two in fact “complement each other.”<sup>645</sup> If managed and coordinated properly the two respective services could in fact strengthen one another in critical mission areas during peacetime, though this needs to be balanced better with RMN’s traditional warfighting role. In the event of “war, special crisis or emergency,” the MMEA would be placed under the command of the MAF and the two forces would operate in conjunction.<sup>646</sup>

In addition to law enforcement and the maintenance of maritime safety and security, the MMEA is also tasked with maritime search and rescue (SAR) and surveillance operations, as well as the prevention and suppression of illegal acts including human trafficking, drug smuggling and piracy.<sup>647</sup> In order to carry out these missions the agency is granted the power to board, inspect, search and detain any vessel or aircraft suspected of illegal behavior, as well as to “expel any vessel which it has reason to be detrimental to the interest of or to endanger the order and safety in the MMZ”.<sup>648</sup> The

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<sup>644</sup> Ibid, p. 9

<sup>645</sup> Ibid, p. 10

<sup>646</sup> MMEA Act, p. 15

<sup>647</sup> MMEA Act, p. 9

<sup>648</sup> MMEA Act, p. 10

MMEA's missions and enforcement powers are derived from a maritime security strategy that is based on maritime domain awareness, visible deterrence, the ability to swiftly respond and remain ever present, retain a forward reach, and maritime community cooperation.<sup>649</sup> The MMEA is empowered not just to conduct presence missions and surveillance but if necessary to forcibly deal with intrusions into and illegal acts in the MMZ with the goal of ultimately acting in a deterrent capacity.

The agency has been growing steadily in terms of size and manpower since 2005 and seems set to continue to grow in the years ahead. The MMEA Director General Admiral Mohd Amdan Kurish, announced in 2011 plans to obtain more patrol ships, aircraft, and other assets from the government going forward.<sup>650</sup> After these plans repeatedly stalled in the face of budgetary problems, in March of 2015 Minister Shahidan Kassim admitted that the government was "aware that the assets and personnel of the MMEA are definitely inadequate to cope with enforcement activities."<sup>651</sup> He noted that many of the assets in MMEA's inventory are aging, and that the service had been forced to retire seven recently that had exceeded fifty years. In order to compensate for these problems, the construction of six new boats had been included in the 2015 budget, and will reportedly include the capability to deploy UAV's.<sup>652</sup> This would indicate that these ships would be larger than many of the other ships currently in service with MMEA, likely an ocean going vessel capable of sustained patrols on the high seas, a capability which the organization is currently in dire need of. The recent transfer of two ex-Bay

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<sup>649</sup> Jane's Fighting Ships, p. 505

<sup>650</sup> Bernama. "Maritime agency to take over as sole enforcement unit soon,"

<sup>651</sup> Bernama. "MMEA Personnel, Assets Will be Increased- Shahidan," March 21, 2015.

<sup>652</sup> Ridzwan Rahmat. "Malaysia Mulls UAVs for New MMEA Vessels," Jane's Navy International. November 12, 2014.

class patrol vessels from Australia, the second of which was received in May 2015, have had a more immediate impact on increasing MMEA's offshore patrol capability.<sup>653</sup>

The MMEA currently has 130 vessels, eight aircraft, and approximately 4,000 personnel. According to First Admiral Adon bin Shahlan, head of MMEA's Southern Region, the personnel numbers are expected to more than double to 9,000 over the coming years.<sup>654</sup> Many of the vessels are ships measuring less than 20 meters in length, including 53 Rigid Hull Inflatable Boats (RHIBs), but keeping with the trends evident in the recent and planned acquisitions discussed above, a growing number are larger boats, many of which are over 30 meters. The majority of the vessels in the MMEA fleet are armed, many heavily. While many of the boats were transferred from the previous civil maritime agencies such as the Marine Police or Fisheries, several boats, including two Langkawi Offshore Patrol Vessels (OPVs), were transferred to the MMEA from the Navy and one of which is based in Sabah.

The *Langkawi* OPVs are by far the largest vessels in the MMEA inventory and measure 75 meters in length, displacing over 1,300 tons and have a range of 5,000 miles.<sup>655</sup> Their armaments include in addition to a 157mm gun, two electronic 30mm miniguns capable of firing 1,200 rounds per minute. The OPVs are also equipped with a helicopter platform capable of supporting Sikorsky 61A helicopters operated by the RMAF. The *Sipadan* and *Gagah* class vessels are each over 30 meters and heavily armed. Fifteen *Sipadan* class vessels were also transferred from the Navy in 2006 and are armed

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<sup>653</sup> Bernama, "MMEA Receives Another Bay Class Patrol Vessel from Australia," May 8, 2015.

<sup>654</sup> Rahmat, "Malaysia Mulls UAVs for New MMEA Vessels."

<sup>655</sup> Jane's Fighting Ships, p. 506

with Bofors 40mm/ 70 guns.<sup>656</sup> Fifteen Gagah vessels were transferred from the Marine Police in 2005 and are armed with 20mm Oerlikon anti-aircraft guns.

The aircraft operated by the MMEA are all land based but include both rotary and fixed wing assets. According to First Admiral Zammani Mohd Amin, the agency's director of Air Wing operations, the air wing has already and will continue to expand into the future.<sup>657</sup> Future requirements are likely to include both fixed and rotary aircraft with longer range. Currently, in addition to three Eurocopter Dauphins, the MMEA also recently acquired three more Augusta Westland *AW-139* helicopters. Both the Dauphin and AW139 are multipurpose designs intended for a multitude of different roles, including maritime law enforcement, interdiction, general surveillance and special operations. The AW139s are expected to be based in Sabah at Kota Kinabalu.<sup>658</sup> The MMEA also possesses two Bombardier *CL 415MP* twin turboprop planes, which were recently equipped with more advanced surveillance equipment, the Swedish Space Systems MSS 600.<sup>659</sup>

According to SSC's website, the MSS 6000 "is a fully integrated system including SLAR (Side-Looking Airborne Radar), still and video cameras, AIS (Automatic Identification System), IR/UV (Infra-Red/ Ultra-Violet) scanner; FLIR (thermal imaging) and communication via high speed satellite data link (SATCOM) and HF radio." The SLAR is described on the website as "the ideal sensor for large area

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<sup>656</sup> Ibid, p. 505

<sup>657</sup> Ibid, p. 508

<sup>658</sup> Defense Studies Blog. "MMEA to Add AW139 Helicopter," 10 February 2011 <http://defense-studies.blogspot.com/2011/02/rm6b-2-bio-usd-beli-kapal-tldm-rasional.html>

<sup>659</sup> Defense Studies Blog. "MMEA to Add AW139 Helicopter,"

surveillance for very small vessels, target types that are difficult at best, and often impossible, to detect with traditional radar technology.”<sup>660</sup>

Such a capability would make it easier for the MMEA to carry out their assigned mission to detect activities in Malaysian waters by smaller foreign maritime enforcement agency or even civilian fishing vessels. All information obtained during patrols can be saved and then uplinked via satellite communications to “a command center or cooperating units.”<sup>661</sup> Not only will the planes be able to link vital information in real time to other ships operating on the ground but also to a central command. The system will significantly increase the maritime domain awareness of the MMEA, as well as potentially improve interoperability between the various forces by offering easier information sharing between the coast guard and armed forces. This capability was on display in June 2015 when Malaysian Minister Shahidan flew on board the surveillance flight conducted by one of the aircraft over the South Luconia Shoals.

Cooperation between the MMEA and MAF is already occurring and continues to mature in operational terms. Cooperation with the RMAF is evident in the operation of all MMEA’s aerial assets, all of which are flown by RMAF pilots.<sup>662</sup> This cooperation may also be reflective of MMEA’s lack of capable pilots at present, though cooperation with the RMAF has also extended to surveillance, beginning with the transfer of a network of radar surveillance sites, referred to as Remote Sensing Sites (RSS), at Lumut on mainland Malaysia. The RSS network has also recently expanded to include three

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<sup>660</sup> SSC website at: <http://www.sscspace.com/products-services/maritime-surveillance-systems/the-mss-6000-sensors-applications-and-functionality/slar>

<sup>661</sup> SSC website at: <http://www.sscspace.com/products-services/maritime-surveillance-systems/the-mss-6000-sensors-applications-and-functionality/slar>

<sup>662</sup> Defense Studies Blog. “MMEA to Add AW139 Helicopter,”

more sites expected to cover the Western parts of Sabah, located at Pulau Balambangan (in North near Palawan), Pulau Gaya (off Kota Kinabalu), and Mariveles Reef (Pulau Mantanani), one of Malaysia's claimed features in the Spratlys.<sup>663</sup>

The three new RSS sites became operational in 2012, and significantly all are situated in close proximity to and facing the Spratly islands, with Mariveles Reef actually being part of the dispute. A further seven RSS sites are planned that are intended to cover all of Sabah and expand to Sarawak as well. The MMEA has been sharing information gained from the RSS network with the MAF, which operates its own radar network, and the two services plan to integrate their two systems "under one interfacing platform."<sup>664</sup> Such cooperation bodes well for Malaysia's ability to continue to maintain maritime domain awareness in disputed areas in the South China Sea including the Spratly islands and, if necessary, to respond in a timely manner to the increasing Chinese presence in the area.

At the moment the MMEA, like its naval counterpart in the RMN, remains a 'service under strain.' Its aging ships and limited longer range maritime patrol capability have prevented it from realizing its ambitions to fulfill its initial mandate of assuming responsibility for Malaysia's maritime law enforcement requirements. These limitations have been bluntly acknowledged by members of the government, and plans have been announced to bring capabilities more in line with its ambitions. Given previous plans to similar effect, it remains to be seen if the budgetary environment will allow for the current plans to be implemented, though it seems likely that the higher priority being

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<sup>663</sup> New Straits Times. "Making Sabah less vulnerable to security threats from the sea," 15 March, 2012, <http://www.nst.com.my/latest/making-sabah-less-vulnerable-to-security-threats-from-the-sea-1.60675>

<sup>664</sup> New Straits Times. "Making Sabah less vulnerable to security threats from the sea,"

given to MMEA by the leadership may bode well for its future. MMEA involvement in recent confrontations with China in areas of the South China Sea extending from Sabah and Sarawak indicate an urgent requirement for more ocean going capability, and it seems possible that for the first time since its inception, MMEA might be receiving new build vessels to this effect. Such a capability might allow RMN to finally begin focusing more on its warfighting role, and would generally strengthen Malaysia's broader deterrent capacity in the South China Sea.

### ***External Balancing- FPDA and the Quiet Alliance with Australia***

Increased cooperation between the MAF and the MMEA will be an essential component of any effective Malaysian strategic response to the rise of China, but internal balancing is unlikely to in and of itself provide a sufficient capability to deter China's increasingly assertive presence in the maritime domain. As illustrated by other case studies discussed in this thesis, an effective balancing strategy would also require a more pronounced external component. In Malaysia's case this component already exists, provided under a little known defense pact that originated several decades ago out of the country's Commonwealth heritage. Even less well known is the nature and extent of Malaysian cooperation that occurs with Australia under the common framework of that heritage, comprising a relationship that is in effect a 'quiet alliance' between the two countries.

The surprising extent of Malaysia's defense cooperation with Australia, including in the South China Sea, can be glimpsed in comments made in 2014 by the current Australian Ambassador to the US, Kim Beazley. While serving as a moderator on a panel

at an event in Washington DC on the US-Australia alliance, Beazley made a point of mentioning an altogether separate set of arrangements that few in the room would have been familiar with. Discussing specifically recent Chinese activity in the South China Sea, the Ambassador felt it pertinent to point out to the audience that “we [Australia] *are responsible for Malaysia’s air defense*, and regularly surveil, with all sorts of aircraft, the South China Sea” (emphasis mine).<sup>665</sup> He then went on to note that Chinese enforcement of its claims in the South China Sea could potentially conflict with these commitments and activities, specifically if China was to attempt to implement an Air Defense Identification Zone (ADIZ) over these areas. Any attempt by China to do so would “run into a whole range of activities by other military powers. Not just the United States; *it will run into us*” (again my emphasis).

These comments may have surprised many in the room at the time, but they do not reflect an Ambassador speaking off the cuff with little knowledge or regard for what he is talking about. Rather, they reflect the considered analysis of a former Minister of Defense, who during his tenure in that position in the mid to late 1980s was a strong advocate for the Australian defense relationship with Malaysia.<sup>666</sup> The relationship, which continues to be conducted as part of the Five Power Defense Arrangements

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<sup>665</sup> Kim Beazley. Comments as Moderator at “US-Australia: The Alliance in an Emerging Asia,” held by Center for Strategic and International Studies (CSIS) Washington DC. January 2014. (Comments from 44:00) <http://csis.org/multimedia/audio-us-australia-panel-2>

<sup>666</sup> A debate occurred within the Australia Defence Community in the mid to late 1980s, and as Defence Minister Beazley came down firmly on the side of protecting Australia’s robust defense engagement with Malaysia, as well as Singapore under FPDA. For more on the debate see-Phillip Methven. *The Five Powers Defence Arrangements and Military Cooperation Among ASEAN States: Incompatible Models for Security in SE Asia?* Canberra Papers on Strategy and Defence no. 92, Strategic and Defence Studies Centre (SDSC) Australia National University, 1992, p. 12-16, 21



(FPDA), in fact underwent a ‘revitalization’ during his tenure in that position (discussed below). The revitalization of the relationship with Australia was an important part of Malaysia’s response to increasing threat perception at the time, and continues to be an integral component of its wider strategic response to a rising China. The commitments outlined by Beazley in 2014 originate in and have evolved under the FPDA over the last several decades.

The FPDA is generally regarded in the literature as a “loose consultative arrangement,” and not a formal alliance.<sup>667</sup> This is due primarily to the lack of a formal treaty and an undue emphasis being placed on language contained in the Communique issued by the five members (Australia, Malaysia, Singapore, UK and New Zealand) in 1971 that announced the formation of the Arrangements. Though the FPDA is undoubtedly ‘consultative’ by nature, when examined in light of Walt’s definition of an alliance provided in chapter one, it is clear that the Communique also provides a clear commitment for mutual military support against an external threat under specified circumstances.<sup>668</sup>

The specific language states that in the event of an externally organized attack, or threat of attack, on either Malaysia or Singapore “their [all FPDA members] Governments would immediately consult together for the purpose of deciding what measures should be taken together or separately in relation to such an attack or threat.”<sup>669</sup>

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<sup>667</sup> On this point see- Gavin Keating. “The Five Power Defence Arrangements: A Case Study in Alliance Longevity,” *Australian Defence Forces Journal* no. 170 (2006), p. 49

<sup>668</sup> As other scholars have noted, generally robust agreements commonly referred to as alliances are also inherently ‘consultative’ in nature, including amongst others, the US alliance with Australia.

<sup>669</sup> Quoted in Carlyle A. Thayer. “The Five Power Defence Arrangements: The Quiet Achiever,” *Security Challenges* Vol. 3 No. 1 (February 2007), p. 79

While much has been made over the ‘consultative’ nature of this commitment, there is reason to believe that a tacit understanding exists between Malaysia and Australia that is more definitive in nature regarding mutual defense commitments. According to an official submission to the Australian Parliament provided by the Department of Defense, the FPDA “commits” Australia, along with the other FPDA members, “to assist Malaysia and Singapore against external aggression.”<sup>670</sup> The point is not to get bogged down in the legal technicalities of the wording, since as Walt would remind us, even formal treaties often say “relatively little about the actual degree of commitment.”<sup>671</sup> The point here is that the language implies a level of commitment to mutual defense that may in fact exceed that embodied in the 1971 Communique. The potential for a more robust commitment is also reflected in Ambassador Beazley’s 2014 comments regarding Australia’s role in Malaysia’s air defense. While this commitment is not found in the Communique, it was nevertheless incorporated later through the practical implementation and institutionalization of the Arrangements.

Despite varying degrees of commitment from the five members of the Arrangements, Australia has always played the key role in the organization. Though it is essentially Commonwealth (UK) led, from the beginning it was Australia, and in the words of Kim Beazley, “it’s really been the Australians ever since.”<sup>672</sup> The relationship between Australia and Malaysia under FPDA can most accurately be characterized as an

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<sup>670</sup> Australian Government, Department of Defence (DoD). “Submission No. 13: Inquiry into Australia’s Relationship with Malaysia,” submitted to Foreign Affairs Subcommittee Inquiry, Joint Standing Committee Foreign Affairs, Defence and Trade, Australian Parliament. 2007, p. 5

<sup>671</sup> Walt. “Why Alliances Endure or Collapse,” p. 157

<sup>672</sup> Beazley. Comments as Moderator at “US-Australia: The Alliance in an Emerging Asia,”

‘informal alliance,’ again using Walt’s definition. An ‘informal’ alliance, but an alliance nonetheless. Beyond the official language, the “tangible form of commitment” that exists between the two members is extraordinarily robust. This includes not only an extensive program of joint military exercises, but also an operational dimension that is unique within the wider Southeast Asian defense and security architecture. The operational dimension of FPDA exists primarily between the Australia-Malaysia dyad of the partnership, and will be discussed in greater detail below. In the view of Australia, it is this operational dimension that makes the arrangement particularly unique, as it is “the only multilateral arrangement with an operational dimension in Southeast Asia.”<sup>673</sup>

Due largely to Malaysian sensitivities, this cooperation has been conducted in a low key manner with little publicity, leading one scholar to label the Arrangements “the quiet achiever.”<sup>674</sup> When examined in detail, it becomes clear that as has been the case in other respects, there is a gap between Malaysia’s declaratory policy and the actual strategy regarding external balancing. While the declaratory policy has stressed ‘self reliance,’<sup>675</sup> in reality Malaysia has increased levels of cooperation and continued to rely on ‘the quiet alliance’ with Australia as an assurance against higher levels of external threat.

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<sup>673</sup> Thayer. “The Five Power Defence Arrangements: The Quiet Achiever,” p. 80

<sup>674</sup> Thayer. “The Five Power Defence Arrangements: The Quiet Achiever,” p. 80. According to RAAF Group Captain Allan Crowe, keeping cooperation low key was part of the official FPDA “public relations guidelines” from 1972. These guidelines apparently “required that statements on FPDA activities should be low key and any comment should be in response to enquiries rather than initiate discussion or invite further exploration of FPDA activities.” In Crowe’s final assessment- “Looking back, the choice of a low key approach was most wise.” Allan Crowe. *The Five Power Defence Arrangements*. Percetakan Konta Sdn Berhad, 2001, p. 15

<sup>675</sup> Thayer, “The Five Power Defence Arrangements: The Quiet Achiever,” p. 93. Thayer is correct to point out that Malaysia views the FPDA as a “supplement” to the ‘self reliance’ policy.

According to First Admiral (ret.) Sutarji Bin Kasmin, the former MAF Director of Defense Operations and Commandant of the MAF Defense College, Malaysia's ability to rely on self defense is contingent upon the level of threat it is facing. At higher threat levels self defense may no longer be a feasible option, and allied support would be required. "Should the threat level be beyond the capability of the local force, Malaysia has to seek external assistance."<sup>676</sup> This is an unusually blunt assessment, particularly coming from a senior Malaysian defense thinker such as Sutarji. Though more careful with his wording regarding the precise form of external assistance that would be sought, he makes it clear that FPDA would be the primary avenue.

The tension between relying on self defense or seeking external assistance highlights the important institutional aspects of the alliance through FPDA, which have served to assist Malaysia in building up its own self defense capability, ultimately increasing the range of threats to which it can adequately respond on its own. According to Group Captain (RAAF) Allan Crowe, the original intent behind the FPDA was for it to be a transitional arrangement, which would allow Singapore and Malaysia "to develop their capabilities through increased involvement in FPDA exercises," eventually providing their own self defense capability.<sup>677</sup> Though the 'transitional' nature of the arrangements have long been in doubt, as they have endured for over four decades now, it is nonetheless clear that the emphasis on interoperability and capacity building has been there from the start, and remains in place.

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<sup>676</sup> Sutarji Bin Kasmin, "The Malaysian Armed Forces After 50 Years of Independence," in *Malaysia's Defence and Security Since 1957*, Eds. Abdul Razak Baginda. Kuala Lumpur: Malaysia Strategic Research Centre, 2009 p. 151. Amongst other positions and accolades, Admiral Sutarji is also known as the founding father and former commander of the Malaysian equivalent of the US Navy SEALs, Pasukan Khas Laut (PASKAL).

<sup>677</sup> Crowe, *The Five Power Defence Arrangements*, p. 5

While it has been a process and did not happen right away, over the last several decades the arrangements between Australia and Malaysia under FPDA have become remarkably well institutionalized. Initial attempts proved halting, but there were some notable successes from the start, the most important of which was creation of the Integrated Air Defense System (IADS). IADS was established “within the framework of FPDA to assume responsibility for the air defense of Malaysia and Singapore,” and its headquarters (IADS HQ) was declared operational in September 1971.<sup>678</sup> The Commander of IADS (CIADS) has always been an Australian Vice Air Marshal, who has been assisted by a Deputy rotating between Malaysia and Singapore.<sup>679</sup>

Remarkably, when the position was first created, CIADS was given emergency powers “to employ assigned forces, including those assigned by all five countries, against a surprise attack.”<sup>680</sup> Though it is unclear how truly institutionalized the command and control arrangements later became under IADS, official Australian accounts have stated that in practice CIADS authority was primarily limited to IADS HQ. This reportedly did not include authority over “the forces required to respond to any threat,” though at the same time IADS has remained “the operational cornerstone of the FPDA.”<sup>681</sup>

A proposal by Singapore in 1989 for a ‘Military Committee of the FPDA’ would have addressed problems in the chain of command directing requisite forces during crisis situations, but ultimately was not adopted due to resistance from Malaysia (possibly fed

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<sup>678</sup> Crowe, *The Five Power Defence Arrangements*, p. 6

<sup>679</sup> Thayer. “The Five Power Defence Arrangements: The Quiet Achiever,” p. 84

<sup>680</sup> Crowe, *The Five Power Defence Arrangements*, p. 6

<sup>681</sup> Crowe, *The Five Power Defence Arrangements*, p. 6

by concerns from Indonesia).<sup>682</sup> According to one analysis from the early 1990s, the FPDA at that time still did not possess a joint command structure.<sup>683</sup> This suggests that the initial emergency powers may have eventually been circumscribed, and that issues surrounding command and control arrangements in crisis scenarios within the alliance may still be unresolved.

While Malaysian sensitivities over actual crisis response situations have at times been evident, this has been less apparent with regard to command and control arrangements for the various military exercises conducted under FPDA. Short of war or conflict, in peacetime CIADS is responsible for planning and conducting exercises “in preparation for conflict.”<sup>684</sup> It is through the regular and increasingly robust program of exercises conducted under the FPDA that Malaysia’s external balancing strategy has placed the most emphasis. While the exercises focused initially for the first decade on air defense of peninsular Malaysia and Singapore, by the 1980s they had increased in both scope and complexity, moving toward the maritime domain and specifically into the South China Sea.<sup>685</sup>

Just as Malaysian threat perception surrounding China’s actions in the South China Sea began to peak toward the end of the 1980s, a ‘revitalization’ of the FPDA began to occur, including new institutional arrangements and dramatic changes to the exercise program. From 1985 the maritime exercises began to become more advanced,

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<sup>682</sup> Methven, *The Five Powers Defence Arrangements and Military Cooperation Among ASEAN States* p. 121, 125-126

<sup>683</sup> Chin Kin Wah. “The Five Powers Defence Arrangement: Twenty Years After,” *The Pacific Review* Issue 4 No. 3, 1991, p. 194-195

<sup>684</sup> Thayer. “The Five Power Defence Arrangements: The Quiet Achiever,” p. 84

<sup>685</sup> Crowe, *The Five Power Defence Arrangements*, p. 27. This evolution also noted by current Prime Minister of Malaysia, Najib Razak. “Asia Pacific’s Strategic Outlook: The Shifting of Paradigms,” p. 50

first introducing submarines that year and then electronic warfare in 1987.<sup>686</sup> 1988 would prove to be a watershed year for FPDA, beginning with exercise LIMA BERSATU, which was the largest air and maritime defense exercise held up until that point. The exercise was carried out in the airspace of Malaysia and Singapore, as well as in the South China Sea. The scenario involved a potential aggressor “which had sought to secure territory from the two in order to further its position in a dispute over resources in the South China Sea.”<sup>687</sup> The air and naval exercises that took place were unprecedented in their scope, and the air forces of all five members for the first time “operated as a single entity.”<sup>688</sup> Significantly, it marked the return of UK forces after a fifteen year absence, with a full naval task force that included the aircraft carrier HMS Ark Royal and its complement of Sea Harriers.<sup>689</sup> This was the first time an aircraft carrier had been included in the exercises, and also marked the first time Australia’s new FA-18s participated.

While the Malaysian Deputy Defense Minister had at one point characterized the FPDA prior to 1988 as “dead wood,”<sup>690</sup> from that point on Malaysia considered the arrangements to have been rejuvenated, with their deterrent value enhanced.<sup>691</sup> In addition to the perceived deterrent role of the joint exercises, Malaysia had also decided to move forward to further institutionalize the arrangements, though as the issues with command

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<sup>686</sup> Thayer. “The Five Power Defence Arrangements: The Quiet Achiever,” p. 84

<sup>687</sup> Methven, *The Five Powers Defence Arrangements and Military Cooperation Among ASEAN States* p. 113

<sup>688</sup> Methven, p. 113

<sup>689</sup> Chin Kin Wah. “The Five Powers Defence Arrangement: Twenty Years After,” p. 196-197. Thayer. “The Five Power Defence Arrangements: The Quiet Achiever,” p. 86

<sup>690</sup> Chin Kin Wah. “The Five Powers Defence Arrangement: Twenty Years After,” p. 195

<sup>691</sup> Methven, *The Five Powers Defence Arrangements and Military Cooperation Among ASEAN States* p. 114

and control discussed above suggest, there were limits. Despite this, significant progress was made revitalizing the consultative process, with agreement reached in 1988 that meetings between the five Defense Ministers as well as the Chiefs of Defense would be held every three and two years respectively.<sup>692</sup>

The first IADS Air Defense Seminar was held the following year in November, and comments by senior Malaysian officials during speeches given there make clear not only Malaysia's threat perception during this time, but that regional security cooperation and specifically the FPDA were a key part of their response. In a speech given at the seminar in 1989 the MAF Commander, General Hashim, laid out the necessity of regional defense cooperation in the face of possible external threats, specifically those pertaining to aggression coming from an unnamed 'communist nation.'<sup>693</sup> While this ambiguity may have allowed other nations to pick and chose which communist nation represented such a threat to them, it is clear from the above analysis that in the mind of Malaysian defense thinkers and General Hashim, this anonymous nation was China.

Interestingly, reporters and defense attaches from non-FPDA ASEAN countries were invited to the seminar, marking a shift in the intra-FPDA approach to publicity that had been in place from 1972 until that time.<sup>694</sup> As this policy was designed largely to account for Malaysian sensitivities, when combined with the content of the General's speech and a recently revitalized FPDA, the shift in publicity can be seen as part of a wider shift in Malaysia's approach to the organization during this period. This shift was

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<sup>692</sup>Keating. "The Five Power Defence Arrangements: A Case Study in Alliance Longevity," p. 49

<sup>693</sup> Methven, *The Five Powers Defence Arrangements and Military Cooperation Among ASEAN States* p. 106

<sup>694</sup> Crowe, *The Five Power Defence Arrangements*, p. 34-35



not merely rhetorical either, as the ever larger and more complex exercises conducted from 1988 onwards show. Another such exercise was held in July 1989, several months prior to the IADS seminar, involving 24 ships, 18 aircraft and 3,000 personnel conducting three dimensional maritime warfare drills (ASW, ASUW, and AAW). This exercise, codenamed STARFISH, was said by one analyst to be the “largest and most complex exercise to date.”<sup>695</sup>

Two years previously another important but easily overlooked institutional achievement had taken place, when in June of 1987 a separate agreement was reached to establish an Air Defense Operations Center (ADOC) at IADS. This agreement highlights another less well known aspect of the FPDA- namely, its operational dimension. The establishment of the new ADOC at IADS entailed an upgrade of the communications and equipment there, while also formalizing the training program and courses that had until that time been conducted on an ad hoc basis.<sup>696</sup> It is worth noting, however, that this was not the first time that communications and equipment had been upgraded at IADS. Similar upgrades, “to the Operations Room and communications facilities,” had also been undertaken at Butterworth in March of 1980 as part of “operational support activities” intended to facilitate the operational component of the FPDA and IADS, known as Operation Gateway.<sup>697</sup>

Operation Gateway has its origins in Australian commitments under the ANZUS alliance with the US and its involvement in maritime intelligence operations conducted at

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<sup>695</sup> Thayer. “The Five Power Defence Arrangements: The Quiet Achiever,” p. 86

<sup>696</sup> Crowe, *The Five Power Defence Arrangements*, p. 32-34

<sup>697</sup> Air Power Development Center, Royal Australian Air Force. “Operation Gateway: Prosecuting Soviet Naval Movements in the Cold War,” Pathfinder Issue 162, November 2011, p. 1

the height of the Cold War. While Australian maritime patrol aircraft had conducted limited, ad hoc patrols out of Malaysia since 1974,<sup>698</sup> this was nothing in comparison to the robust operational cooperation that emerged between Australia and Malaysia in the 1980s under Operation Gateway. An agreement was reached between the two governments in December 1980, and several months later on February 1, 1981 Operation Gateway commenced with the arrival at RMAF Butterworth of the first detachment of 35 personnel from RAAF No. 11 Squadron onboard a P-3 Orion.<sup>699</sup> The plane was one of up to three P3's that the Malaysian government had agreed would be deployed "under the provisions of the FPDA,"<sup>700</sup> and along with No. 12 and 295 Squadrons, RAAF personnel began to operate regularly out of RMAF Butterworth in 30 day rotational deployments. The P3's operated under the direct command of an RAAF Group Commander who is the commanding officer of Detachment A, No. 92 Wing RAAF, an arrangement which became permanent in 1982 and continues to this day.<sup>701</sup>

While regular training in maritime surveillance was provided to the RMAF through the detachment,<sup>702</sup> its primary role from the beginning was operational. Detachment A is composed of maritime surveillance aircraft, currently RAAF AP-3C Orions, that regularly surveil an area that stretches from the Northern Indian Ocean, through the Malacca Straits, into and across the South China Sea. The original purpose of

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<sup>698</sup> Crowe, *The Five Power Defence Arrangements*, p. 28

<sup>699</sup> Air Power Development Center, "Operation Gateway: Prosecuting Soviet Naval Movements in the Cold War," p. 1

<sup>700</sup> Australian Government, Defence Honours and Awards Appeals Tribunal. *Report on the Inquiry into Recognition of Service Under Operation Gateway*. February 2013, p. 7

<sup>701</sup> Crowe, *The Five Power Defence Arrangements*, p. 28; Air Power Development Center, "Operation Gateway: Prosecuting Soviet Naval Movements in the Cold War," p. 1

<sup>702</sup> Crowe, *The Five Power Defence Arrangements*, p. 28

the program, “as part of Australia’s intelligence contribution to the Western alliance,” was to monitor and later aggressively prosecute Soviet shipping, particularly submarines, transiting through these areas.<sup>703</sup> This included both conventional and nuclear Soviet subs, as well as destroyers, cruisers and Soviet logistics ships, which were surveilled at extremely close distances, with closure rates regularly approaching one hundred feet.

In contrast to aerial surveillance, ‘prosecution’ involved the use of radar and sonobuoys to detect, identify and track Soviet subs.<sup>704</sup> This was often done in cooperation with allied US assets operating in the region, which would pick up the contacts from their RAAF counterparts once the target had exited the Area of Operations (AOR). According to one account, these missions “were carried out with all the determination that would normally be associated with attacking enemy surface and subsurface targets during time of war, short of live weapons release.”<sup>705</sup> While it is unclear if RMAF personnel directly participated in the flights, senior military leaders in the MAF seem to have not only been aware of the nature of these missions, but the intelligence role that they played in conjunction with the US alliance.<sup>706</sup> Even if RMAF personnel did not directly participate

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<sup>703</sup> Australian Office of Air Force History. “RAAF Participation in Operation Gateway,” Oral History Program, Snippets No. 5. Air Power Development Center, RAAF. <http://airpower.airforce.gov.au/Contents/About-APDC/About-APDC/Office-of-Air-Force-History/154/RAAF-Oral-Histories.aspx>

<sup>704</sup> Air Power Development Center, “Operation Gateway: Prosecuting Soviet Naval Movements in the Cold War,” p. 2

<sup>705</sup> Air Power Development Center, “Operation Gateway: Prosecuting Soviet Naval Movements in the Cold War,” p. 2

<sup>706</sup> Zakaria Ahmad. “A Quasi Pact of Enduring Value,” in *Five Power Defence Arrangements at Forty*. Eds. Ian Storey, Daljit Singh and Ralf Emmers. Singapore: Institute for Southeast Asian Studies (ISEAS), 2011, p. 103. A footnote cites a conversation with a retired former Chief of the RMAF, where he stated that FPDA had a role in containing Communist influence and also “provided surveillance capabilities and information to the US.”

in the missions, the extent of operational cooperation between Australia and Malaysia during this time period was profound.

Following the collapse of the Soviet Union and the end of the cold war, the operational tempo slowed down considerably, though Operation Gateway remains ongoing. From the 1990s operational sorties, previously as regular as five or six days a week during each deployment,<sup>707</sup> had slowed to “about four to five per year,” with five being flown between 2010 and 2011.<sup>708</sup> Over the last several years these numbers have increased, but only modestly, with six sorties being conducted in between 2013 and 2014.<sup>709</sup> The surveillance flights that are made have continued to operate across the entirety of the South China Sea, including the eastern areas proximate to the Philippine coast.<sup>710</sup>

In December 2015 it was revealed that Gateway flights involving RAAF AP-3C aircraft routinely operate in areas of the South China Sea proximate to features occupied by China in the Spratlys. After a AP-3C’s radio transmission to Chinese forces was overheard by a BBC reporter flying near Mischief Reef, the Australia Department of Defense (DoD) confirmed the encounter, stating that the RAAF plane was conducting “a routine maritime patrol.”<sup>711</sup> According to Australian press reporting from around that

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<sup>707</sup> Air Power Development Center, “Operation Gateway: Prosecuting Soviet Naval Movements in the Cold War,” p. 1

<sup>708</sup> Australian Government, *Report on the Inquiry into Recognition of Service Under Operation Gateway*, p. 7

<sup>709</sup> Australian Government, Department of Defence. *Defence Annual Report 2013-14, Volume 1: Performance, Governance, and Accountability*. October 2014, p. 79

<sup>710</sup> Australian Government, *Report on the Inquiry into Recognition of Service Under Operation Gateway*, p. 7

<sup>711</sup> Andrew Greene and Bill Birtles. “South China Sea: Audio reveals RAAF plane issuing warning to Chinese Navy during 'freedom of navigation' flight,” ABC News. December

time, the tempo of Gateway patrols had increased over the previous twelve to eighteen months, and the statement of ‘routine’ operations could be taken to indicate Australia’s commitment to continue conducting such operations despite Chinese protests.<sup>712</sup>

While this encounter does give some indication of the nature of the Gateway patrols conducted in the South China Sea, publicly available sources do not articulate the details of current operations, and have tended to vaguely emphasize Australia’s contribution to ‘maritime security’ more broadly and to “the preservation of regional stability and security.”<sup>713</sup> In addition to confirming the December 2015 encounter near Mischief Reef, the Australian DoD also reiterated this language, noting they were part of “Australia's enduring contribution to the preservation of regional security and stability in South East Asia.”<sup>714</sup>

There exists in the history of the Gateway operations however a precedent for the monitoring of Chinese surface and submarine traffic from the base at RMAF Butterworth. Such precedent might potentially become a reality were the two allies to decide there was a need to conduct such operations, perhaps in light of recent developments in the South China Sea and growing Malaysian concern over Chinese activities there. The December 2015 revelations indicate that this remains a distinct

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14, 2015. <http://www.abc.net.au/news/2015-12-15/audio-captures-raaf-challenging-chinese-navy-in-south-china-sea/7030076>

<sup>712</sup> David Wroe and Philip Wen. “South China Sea: Australia steps up air patrols in defiance of Beijing,” *The Sydney Morning Herald*. December 15, 2015. <http://www.smh.com.au/federal-politics/political-news/south-china-sea-australia-steps-up-air-patrols-in-defiance-of-beijing-20151215-gloc2e.html>

<sup>713</sup> Australian Government, Department of Defence. “Operation Gateway,” *Global Operations: South China Sea and Indian Ocean*. <http://www.defence.gov.au/Operations/SouthChinaSeaIndianOcean/>

<sup>714</sup> Greene and Bill Birtles. “South China Sea: Audio reveals RAAF plane issuing warning to Chinese Navy during 'freedom of navigation' flight,”

possibility, if not already a reality. The fact that a RAAF maritime patrol was operating near Mischief Reef suggests that Australia is already monitoring Chinese surface activity in the Spratlys.

Despite the operational component of the alliance slowing down after the end of the Cold War, the program of joint exercises between Malaysia and Australia continued to evolve and the institutional mechanisms grew stronger. Even as Prime Minister Mahathir was moving toward a new policy on China, the Malaysian defense community was publicly articulating the value of the FPDA, and it was clear that the shift toward greater emphasis on the arrangements that began in 1988 would continue. The foremost public proponent was Najib Razak, who regularly discussed the FPDA in a series of speeches given between 1992 and 1994 when he was still Defense Minister at the time.

The FPDA, Najib noted in 1993, had “played an important role in the maintenance of peace and stability in the region,” and for this reason the arrangements would “continue to play an important role in the future.”<sup>715</sup> In this speech and in another given the following year, he stressed the capacity building function, and repeatedly affirmed Australia’s commitment to Malaysia’s defense. “Malaysia is very pleased with the high level of cooperation between the members of FPDA over the years,” the Prime Minister stated, before elaborating that “Australia, in particular, has been most consistent in its commitment to the FPDA and to the defense of Malaysia.”<sup>716</sup> The relationship with Australia was “historical in nature,” and Australia’s shared sacrifices with Malaysia during a series of conflicts from World War II to Confrontation with Indonesia were seen as “evidence of Australia’s firm commitment to Malaysia’s defense.” These comments

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<sup>715</sup> Najib Razak. “Asia Pacific’s Strategic Outlook: The Shifting of Paradigms,” p. 37-38

<sup>716</sup> Najib Razak. “Asia Pacific’s Strategic Outlook: The Shifting of Paradigms,” p. 51

suggest that not only does Australia view its own commitment to Malaysia's defense as being more robust than the original FPDA Communique would suggest, but that Malaysia also shares this view, believing it to be a historical and persistent truth.

Bi-lateral cooperation between the two countries received a boost with the signing of the Malaysia-Australia Joint Defense Programme (MAJDP) in 1992. According to Najib, both countries at the time "saw a need to formalize and streamline the bilateral activities under a formal structure," the end result of which became the MAJDP.<sup>717</sup> The agreement strengthened the direct operational connections between the ADF and the MAF, including through long term exchanges or attachments between their respective officer corps.<sup>718</sup> These attachments included senior positions for ADF personnel not only in Malaysia's defense colleges, but the permanent cross posting of Australian officers in important positions within the MAF. Most significant of these is an Army Lieutenant Colonel located in the MAF headquarters, the only non-Malaysian officer physically located within MAF HQ, as well as an RAN Lieutenant Commander serving as principal warfare officer instructor at RMN Tactical Training Centre, Lumut.<sup>719</sup>

From the initial revitalization of the alliance in 1988 up to the present the program of defense exercises under FPDA, as well as those conducted bilaterally under MAJDP, continued to evolve toward joint and increasingly complex scenarios. At the 1990 FPDA Defense Ministers' Meeting it was decided that the exercises would move toward more

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<sup>717</sup> Najib Razak. "Asia Pacific's Strategic Outlook: The Shifting of Paradigms," p. 37

<sup>718</sup> Australian High Commission, Malaysia. "History of the Malaysia-Australia Defence Relationship," p. 10.

<http://malaysia.highcommission.gov.au/files/klpr/History%20of%20the%20Australia%2d%20Malaysia%20Defence%20Relationship%2epdf>

<sup>719</sup> Aus DoD, "Submission No. 13," p. 6, Annex C.

joint and combined capabilities.<sup>720</sup> From this time the maritime and air defense portions of the exercises began to merge, culminating in the 1997 FLYING FISH exercise, which was the first “first truly joint and combined exercise conducted under the FPDA umbrella.”<sup>721</sup> This evolution in the FPDA was institutionalized in 2000, when air and maritime defense were merged into ‘Area’ defense, making IADS the Integrated Area Defense System.<sup>722</sup> This change has been characterized as the single largest transformation in the history of the FPDA, and reflects the enlargement of Australia’s defense commitments to Malaysia to include maritime as well as air defense, effectively extending these commitments out into the South China Sea.

The emphasis on area defense several years later began to overlap with a growing focus on non-traditional maritime security challenges and law enforcement issues arising in the EEZ, and by 2004 exercise scenarios reflected this. This included the involvement of civilian maritime agencies in exercises such as BERSAMA LIMA 2005 and BERSAMA PADU 2006, where the scenario involved a ship being interdicted in the South China Sea for weapons trafficking.<sup>723</sup> These type of scenarios would continue to be reflected in subsequent exercises, including BERSAMA LIMA 2013, which was conducted in the South China Sea, with a planning phase taking place first at Butterworth under IADS.<sup>724</sup>

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<sup>720</sup> Crowe, *The Five Power Defence Arrangements*, p. 39

<sup>721</sup> Crowe, *The Five Power Defence Arrangements*, p. 46-47

<sup>722</sup> Crowe, *The Five Power Defence Arrangements*, p. 51

<sup>723</sup> Carl Thayer. “The Five Power Defence Arrangements Exercises and Regional Security,” in *Five Power Defence Arrangements at Forty*. Eds. Ian Storey, Daljit Singh and Ralf Emmers. Singapore: Institute for Southeast Asian Studies (ISEAS), 2011, p. 57

<sup>724</sup> Australian Government, Department of Defence. “Exercises: Bersama Lima 13.” <http://www.defence.gov.au/Exercises/bersamalima13/>



Considering the totality of the institutional and operational arrangements that have evolved within FPDA over the last forty years, it is clear that the arrangements between Malaysia and Australia meet the criteria to be defined as an alliance. This helps provide conceptual clarity, but actually tells us very little about the impact of that alliance on the broader regional security environment. Some authors have concluded that the FPDA “provides a credible deterrent to a potential aggressor,”<sup>725</sup> specifically acting as a psychological deterrent in terms of conventional military power.<sup>726</sup> Official Australian assessments have drawn similar conclusions, describing it as contributing to “effective deterrence.”<sup>727</sup> Recent Malaysian analysis has also reflected this belief in the deterrent capability of the FPDA (psychological or otherwise), noting that “the deterrence value of the FPDA is still appreciated” by defense planners there.<sup>728</sup> According to Ahmad Zakaria, the FPDA remains “a key consideration in Kuala Lumpur’s strategic planning.”<sup>729</sup> Even though self reliance continues to remain the principal foundation of Malaysian defense policy, this policy also rests on the assumption articulated by Admiral Sutarji that Malaysia could seek external assistance in the event of any serious contingency.

Some scholars have however questioned the actual deterrent capability of the FPDA. First, the FPDA is “an incomplete alliance,” as it does not extend to the East Malaysian states of Sabah and Sarawak.<sup>730</sup> These authors also note that the FPDA

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<sup>725</sup> Thayer, “The Five Power Defence Arrangements Exercises and Regional Security,” p. 61

<sup>726</sup> Thayer. “The Five Power Defence Arrangements: The Quiet Achiever,” p. 92

<sup>727</sup> Crowe, *The Five Power Defence Arrangements*, p. 53

<sup>728</sup> Zakaria Ahmad. “A Quasi Pact of Enduring Value,” p. 102

<sup>729</sup> Zakaria Ahmad. “A Quasi Pact of Enduring Value,” p. 102

<sup>730</sup> Chin Kin Wah. “The Five Powers Defence Arrangement: Twenty Years After,” p. 195. The reason for this seems to pertain largely to the dispute with the Philippines over Sabah, and Malaysia not having wanted to exacerbate the situation by including East

remains “an untested alliance,” as it has never had to respond to a real crisis or conflict scenario during its four decades of existence. In their view, “the peace has kept the alliance as much as the alliance... has kept the peace.”<sup>731</sup>

These questions are not without merit. The incomplete nature of the alliance is particularly important in light of the recent developments in the South China Sea, which have been occurring primarily off the coast of Sabah and Sarawak. It is unclear if the alliance even applies to contingencies in this area, much less what the threshold for intervention would be. More than likely, the FPDA would not apply to the challenges posed by the increasingly aggressive Chinese civilian presence there, though Ambassador Beazley’s comments do suggest the potential for an Australian role in these areas were China to take aggressive military action, including any attempts to implement an ADIZ in the South China Sea.

Beyond this, serious questions stem from the untested nature of the alliance and its actual capability to respond to a crisis scenario, were the political decision made to do so. Singapore’s proposal to enhance command and control arrangements under potential crisis scenarios would have been a step in the right direction of a stronger conventional military deterrent, but this was resisted by Malaysia. At present, it seems more likely that current command and control arrangements are limited to exercises and operations run out of IADS. This is an impressive accomplishment that should not be overlooked, yet it

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Malaysia under FPDA. There likely would also be Indonesian sensitivities to any changes in this direction, given the ongoing dispute with Malaysia over land borders in Borneo and the maritime dispute over Ambalat.

<sup>731</sup> Chin Kin Wah. “The Five Powers Defence Arrangement: Twenty Years After,” p. 195.

must be admitted that C2 arrangements are less clear in a crisis scenario, particularly those involving high levels of military threat.

### ***Conclusion***

Given that China's current MLE strategy in the South China Sea is premised on its ability to exploit ambiguity in defense relationships and alliance commitments, controlling the level of escalation and keeping it below that required for military intervention, the incomplete and untested nature of Malaysia's quiet alliance with Australia may ultimately prove an insufficient deterrent. China is likely to attempt to exploit shortcomings in these areas through utilization of grey zone operations involving use of CCG coercion short of war, and the alliance may wake up at some point to find that China has achieved its strategic objectives unless this possibility is taken more seriously. It will give rise to uncomfortable and difficult questions about the nature and future direction of the alliance, questions that Malaysian defense planners and political officials have preferred remain unasked until now.

The previous shift in Malaysia's approach to FPDA does suggest that as threat levels continue to increase once again, Malaysia may be more willing to reexamine some of these assumptions. The decision to revitalize the alliance in 1988 was taken at the same time that threat perception in the Malaysian defense community was reaching its peak. There is no evidence yet that a similar reevaluation is underway today, but there may nonetheless be growing potential for this in the future should current trends continue and correspondent threat perception become more acute. It is clear that Malaysian defense planners and officials continue to regard the FPDA as a critical aspect of their

defense policy, and appreciate the contributions that the training and exercises conducted under FPDA make to building their own self defense capability. The tension between self defense and external assistance may however be more pronounced than many are willing to admit, whether publicly or privately, given the continued strain on their naval warfighting capability.

Clear evidence began to emerge in the mid 1980s with the strategic reorientation toward forward defense that there was an intent to internally balance growing Chinese power projection capability and its potential employment in the South China Sea. The operational concept of confronting a superior military power through asymmetric employment of submarine and other naval forces was novel and well ahead of its time. The effect of this concept on Malaysia's actual procurements and corresponding force structure has however been uneven, with the first two submarines only being acquired more than two decades later. Even if these two subs are exploited to their furthest potential, their small number will not reach the robust operational capability envisioned for forward defense. Not to mention that the relative power asymmetry with China has become infinitely larger than it was thirty years ago, and the challenge today represents a whole other order of magnitude.

As China's increased maritime presence began to increase in the Spratlys from 2010, then pushing down into areas off Sarawak including South Luconia Shoals by 2013, a corresponding threat perception began to be subtly but clearly articulated by the Malaysian leadership. This threat perception was particularly evident in public statements made by senior officials, as well as corresponding shifts in defense posture announced after that time. While concerns about China's intent in the South China Sea had likely

persisted, particularly in the military, this was the first time since the mid-1990s that senior officials were publicly articulating this sentiment. It continued to be overshadowed by the ‘quiet diplomacy’ of decades past, and a persistent belief by senior leaders that a ‘special relationship’ existed with China, but the beginnings of a strategic shift are becoming increasingly evident. Budgetary constraints have however continued to stymie any serious new efforts at internal balancing, a constraint that seems likely to persist into the near future as the Prime Minister continues to grapple with domestic issues.

Further and immediate investment in naval and coast guard capability would be a prerequisite for any serious strategic response to China’s rise as a maritime power. The investment in new ships and capabilities for MMEA would have the added effect of finally allowing the RMN to shift its focus to naval warfighting, the whole reason the coast guard was created in the first place. Yet, even in the event of substantially increased Malaysian investment in these areas, something that seems at present unlikely, there is just simply no way that Malaysia would be able to compete with the Chinese behemoth militarily on its own. For this reason, any effective balancing strategy would by its nature have to take on a more pronounced external component.

The FPDA exercises could make important contributions to building Malaysia’s capability to respond on its own to grey zone contingencies with the CCG in areas such as South Luconia Shoals, by providing training and ideas for new operational concepts that would more effectively address this challenge. Given the prior introduction of maritime security scenarios and the involvement of civilian maritime agencies over the past decade through exercises such as BERSAMA LIMA, future iterations of the exercise could involve scenarios built squarely around the current operational challenges. Such a

scenario might include efforts by other civilian MLE vessels to impede the ability of their Malaysian counterparts to enforce their jurisdiction over illegal fishermen operating in the Malaysian portions of the South China Sea. The exercise could then simulate controlled escalation and the corresponding involvement of military forces from over the horizon. The precise content would not need to be publicized, though publicity might at the same time contribute to strengthening deterrence, providing a clear yet subtle communication of strategic intention.

This alone is however unlikely to provide a sufficient deterrent against an increasingly determined Chinese actor, and may require equally difficult questions to be asked in the strategic and defense planning communities of Canberra. What are Australia's national interests in the region, and what is it willing to do in support of these interests? Ambassador Beazley's comments, as well as those by other government officials, suggest that Australia has a clear interest in the continued freedom of navigation in the South China Sea, specifically in its ability to continue conducting maritime surveillance flights over these areas, as it has been doing for several decades now.

The changing strategic dynamics in the region and China's strategy in the South China Sea will increasingly test the quiet alliance between Canberra and Kuala Lumpur. The 'untested alliance' will become a thing of the past. Significant changes and difficult decisions will have to be made in both capitals if they are to respond to these new challenges effectively. Malaysian policymakers will have to find the right balance in their strategy between internal and external initiatives, moving both forward simultaneously in a mutually reinforcing manner. The FPDA has demonstrated since its inception its ability

to contribute substantially in both these areas, and seems set to continue doing so well into the future if the right decisions are made.

## Chapter 6

### Slowly but Surely: China's Rise and The Emergence of Indonesia as a Regional Maritime Power

#### ***Introduction- Indonesia Rising?***

Beyond the rise of China, there has been a growing amount of discussion within academic and government affiliated think tanks over Indonesia's rise as a regional power in its own right, with conferences being held and full book length studies published recently on the topic. In a chapter in one such recent book length study, one of the foremost Indonesian experts in the US, Donald Emmerson, argues that Indonesia is in fact rising, but that this rise is "led by the country's prominence and lagged by its performance."<sup>732</sup> According to Emmerson, the gap between the two may also be narrowing in the midst of a more activist foreign policy orientation. This trend is likely to continue under the Jokowi administration, which is taking a more results oriented approach to all things including foreign policy, than did the previous Yudhoyono administration.

Emmerson did not believe at the time of writing that Indonesia's rise included a military component, citing the available SIPRI definition of rising military powers during the timeframe under investigation and Indonesia's low spending on defense as a

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<sup>732</sup> Emmerson, Donald K. "Is Indonesia Rising? It Depends," in *Indonesia Rising: The Repositioning of Asia's 3<sup>rd</sup> Giant*, Ed. Anthony Reid. Singapore: Institute of Southeast Asian Studies, 2012, p. 72



percentage of GDP.<sup>733</sup> This thesis will argue however that this is beginning to change, and Indonesia is likely to re-emerge as the foremost defense spender in Southeast Asia by the end of the decade. We may very well be witnessing the beginning of Indonesia's rise as not just a regional economic and diplomatic power, but the rise of a regional naval power, with these different facets of Indonesia's rise overall mutually supporting one another.

The Global Trends 2030 report published by the US National Intelligence Council (NIC) in late 2012 referred to Indonesia as an emerging power likely to increase in importance over the coming decade, a trend that many international financial firms including Goldman Sachs have also highlighted.<sup>734</sup> Indonesia's importance will extend beyond merely the economic realm into geopolitical and strategic issues, including the situation in the South China Sea.

Though Indonesia is not itself a claimant in the South China Sea, the overlap of China's nine dash line map with the oil rich resource blocks located in Indonesia's claimed EEZ northeast of Natuna Besar has long generated concern in Jakarta. The long term strategic concern from this potential dispute has led many scholars in the region to characterize Indonesia's relationship with China as one of persistent ambivalence despite significant improvements between the two countries following the fall of Suharto and the beginning of Reformation (*Reformasi*) in 1998.<sup>735</sup>

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<sup>733</sup> Emerson, p. 52

<sup>734</sup> United States National Intelligence Council (NIC). *Global Trends 2030*, p. 64

<sup>735</sup> See Ian Storey, *Southeast Asia and the Rise of China*, chapter 5. A similar argument is also made by the Indonesian scholar Evan Laksmana: "Dimensions of Ambivalence in China-Indonesia Relations," *Harvard Asia Quarterly*, Spring 2011 (13:1), p. 24-31.

Recent incidents between Indonesian naval and security forces and Chinese MLE vessels, which have actually been some of the most severe anywhere in the South China Sea, might suggest that this ambivalence is giving way to outright concern in the Indonesian foreign policy community. This concern has become so pronounced that one Indonesian analyst, Ristian Atriandi Supriyanto, recently questioned if “geopolitical realities might soon prod Jakarta to re-align itself, especially if the situation in the SCS deteriorates.”<sup>736</sup> Indonesia’s long term security strategy may have to deal with some very tough questions according to analysts like Supriyanto, including the age old strategic question of whether to balance against or bandwagon with a rising power.

As Realist theorists like Walt would predict, it is beginning to look more likely that Indonesia will inevitably balance against the rise of China. The tension created by two rising powers, and the existence of fundamentally opposed interests in the South China Sea, will increasingly push Indonesia toward balancing strategies over the coming years. Indeed there is a growing body of evidence, in the Indonesian language press and elsewhere, that elements of such a strategy are already emerging and that balancing behavior, primarily internal balancing through military modernization, is becoming a more pronounced part of Indonesia’s overall strategy to deal with a rising China. Though efforts to reform its maritime law enforcement sector initially owed to other factors, there is also increasing evidence that this process may have been accelerated by growing threat perception within the Navy, and the recent acquisition of larger MLE ships is likely a direct response to encounters with Chinese vessels.

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<sup>736</sup> Ristian Atriandi Supriyanto. “Indonesia’s South China Sea Dilemma: Between Neutrality and Self Interest,” *Eurasia Review*, July 18, 2012.  
<http://www.eurasiareview.com/18072012-indonesias-south-china-sea-dilemma-between-neutrality-and-self-interest-analysis/>

While Indonesia will continue to engage China both for its own pragmatic reasons and in an attempt to integrate a rising China into a regional security architecture as part of an overall hedging strategy, China's actions and the long term prospects of increased confrontation in the South China Sea have begun to exacerbate previously existing concern among Indonesia's civilian and military leadership over China's long term regional ambitions. This concern has placed China firmly as the foremost security concern in Indonesian strategic thinking, a development that is sure to shape if not drive the direction of its future naval modernization, and the country's emergence as a maritime power.

### ***Threat Perception***

According to Rizal Sukma, former Senior Advisor to President Jokowi and current Ambassador to London, "for Southeast Asian countries, the most important question is not what China has in its arsenal, but what it is going to do with it."<sup>737</sup> In other words, while material capabilities are important, the intentions of a state are equally if not more important when trying to determine the potential threat, or lack of threat, posed by another country. Such an understanding is consistent with Walt's theory on the 'balance of threat' and the theoretical framework of this thesis.

Indonesian scholars and security analysts have long noted the potential for China to pose a direct threat to their security interests (see below). This threat perception was most clearly articulated in public during the Suharto era (1965-1998), where the initial

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<sup>737</sup> Sukma, Rizal. "Indonesia's Security Outlook and Defense Policy 2012," The National Institute for Defense Studies (NIDS) Tokyo, p. 11.  
[http://www.nids.go.jp/english/publication/joint\\_research/series7/pdf/01.pdf](http://www.nids.go.jp/english/publication/joint_research/series7/pdf/01.pdf)

focus on internal threats of subversion posed by Maoist China's revolutionary policies later gave way to concern over the South China Sea and China's growing military power in the region. The 1995 Indonesian Defense White Paper (DWP) warned in no uncertain terms that a rising China could become the preeminent military power in the region,<sup>738</sup> and by the mid-1990s the Indonesian military had concluded that China was "the greatest potential direct threat to Indonesia's sovereignty."<sup>739</sup> These conclusions were driven largely by China's increasingly aggressive actions in the South China Sea from the late 1980s onward and a number of corresponding incidents, which were interpreted as evidence of a larger Chinese expansionist agenda in the region.

While there has long been tension between various segments of the Indonesian government over policy toward China and the South China Sea, particularly between the military and the Ministry of Foreign Affairs, inter-governmental divisions played out in an unusually public way beginning in 2014. Since that time at the end of the Yudhoyono administration and continuing after President Jokowi took office, it has often been difficult to distinguish what the official Indonesian government policy is on these issues, and what is merely a personal or institutional position. However, despite these challenges, it is still possible to discern a general resurgence in Indonesian threat perception toward China in recent years. This threat perception began to become more pronounced in 2010 and has steadily risen since that time, largely in response to a

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<sup>738</sup>Both the 1995 and 1997 White Papers argue that China's economic growth will enable it to become the 'pre-eminent country in the region,' not only economically but also militarily. See Ministry of Defence and Security, Republic of Indonesia. *The Policy of the State Defence and Security of the Republic of Indonesia*, 1997, p. 7.

<sup>739</sup>Laksmana, Evan. "Dimensions of Ambivalence in China-Indonesia Relations," p. 29. For a similar conclusion see Robert Lowry. *Armed Forces of Indonesia*. Allen and Unwin, 1996.

growing number of incidents with Chinese MLE ships in disputed areas of the South China Sea.

### ***Historic Perception of China- Natural Rivals?***

The Indonesian perception of an expansionist China predates modern China and stretches all the way back into its imperialist history. According to former Defense Minister (2004-2009) Juwono Sudarsono, “China has strong notions that the South China Sea is its sphere of influence. The fact that China maintains its claim based on the ancient notions of cultural primacy rather than modern day sovereignty makes the issue even more perplexing.”<sup>740</sup>

Some members of the Indonesian elite take this a step further and draw parallels with China’s 13<sup>th</sup> century Yuan Dynasty naval expeditions, when Kublai Khan sought to extend Beijing’s hegemony across Southeast Asia, including into the South China Sea and onto the shores of present day Java. Instead of bowing to Chinese pressure, the Javanese resisted, cutting off the ear of Kublai Khan’s envoy to demonstrate their determination and subsequently expelled the Chinese naval expedition. Such stories of resistance to Chinese expansionism “are still passed down through school textbooks,”<sup>741</sup> and are reportedly part of the standard curriculum at Indonesian junior high schools.

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<sup>740</sup> Novotny, Daniel. *Torn Between America and China: Elite Perceptions and Indonesian Foreign Policy*. Singapore: Institute of Southeast Asian Studies (ISEAS), 2010, p. 184

<sup>741</sup> Laksmana, “Dimensions of Ambivalence in China-Indonesia Relations,” p. 29

According to Sukma, this narrative “constitutes a basic element of Indonesia’s perception of traditional China, namely the image of China as an expansionist power.”<sup>742</sup>

This image of China as an expansionist power is not limited to this one historical instance alone, nor has the narrative always been that of the victor, capable of resisting. Indonesia has also times fallen victim to this historical tendency toward Chinese expansionism. Indonesian authors point specifically to the end of the Sriwijaya Kingdom as evidence of the victimization at the hands of an expansionist Imperial China, asserting that Palembang, the capital of the Kingdom, had fallen under Chinese colonial administration by the late 14<sup>th</sup> century.<sup>743</sup> Whether or not Chinese forces had physically occupied the capital city as a colonial outpost, recent analyses by Western historians have argued that the growth in Chinese naval power and the country’s ability to conduct their own naval expeditions was an important factor in the downfall of Sriwijaya.<sup>744</sup>

In addition to the downfall of Sriwijaya, growing Chinese naval power is also thought to have played an important role in the decline of the Majapahit Kingdom. Between 1403 and 1433AD the Chinese eunuch admiral Zheng He made several voyages to the Indonesian archipelago, living in Java for a period of one year early on during that time. In addition to civil war and succession struggles raging within the kingdom, the voyages of Zheng He are argued to have been “particularly detrimental to Majapahit domination overseas,” ultimately playing a key role in eroding central control over

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<sup>742</sup> Rizal Sukma. “Indonesia’s Perceptions of China,” p. 189. See also Michael Leifer, “Indonesia and the Dilemmas of Engagement,” p. 91

<sup>743</sup> Sukma, “Indonesia’s Perceptions of China,” p. 189

<sup>744</sup> Munoz, *Early Kingdoms of the Indonesian Archipelago and the Malay Peninsula*, p. 168-9

peripheral territories.<sup>745</sup> The presence of the Chinese fleets allowed the Majapahit vassals to cease paying tribute to the Kingdom, using these finances to send embassies instead to China. One Indonesian historical text even asserts that during the expeditions Zheng He had captured a number of Southeast Asian kings, including the King of Palembang, thereby “implicitly suggesting that Indonesia itself is the victim of Chinese expansionism.”<sup>746</sup>

This impression of China as an expansionist, even arrogant and aggressive power plays a pivotal role in determining modern day Indonesia’s threat perception regarding China. According to Sukma, “from a historical point of view, therefore, it is understandable why Indonesia has been concerned with the so-called ‘China threat’ to the region. In the eyes of many Indonesians, China has always tried to establish a ‘sphere of influence’ in Southeast Asia, and will continue to do so.”<sup>747</sup> The modern Indonesian concern is ultimately not so much with China’s perception of itself as the ‘middle kingdom’ (*zhongguo*) or ‘center of the world,’ as it is with the demand for tribute from countries in Southeast Asia and the corresponding expansionist Chinese empire that such a perception created.

Though often unstated by Indonesian authors, the underlying issue is that Indonesia itself shares a similar outlook to the extent that it sees itself at the center of Southeast Asia, a perception which leaves little place for China to expand either its power or sphere of influence into the region. Because of the shared outlook as ‘middle kingdoms’ in their own regions, Michael Leifer came to the conclusion in the late 1990s

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<sup>745</sup> Munoz, p. 285

<sup>746</sup> Sukma, “Indonesia’s Perceptions of China,” p. 189

<sup>747</sup> Sukma, “Indonesia’s Perceptions of China,” p. 189

that any expansion of Chinese power into Southeast Asia would lead to the two becoming “natural geopolitical rivals.”<sup>748</sup>

While during the Suharto era Chinese power was principally projected into the region through proxy rebel forces intent on internal subversion, by the 1990s Indonesian security concerns about China were becoming steadily more traditional, focused on growing Chinese conventional military capabilities and specifically on the South China Sea maritime territorial disputes.<sup>749</sup> Regarding the latter, over a decade ago Leifer made an observation in regard to the latter so astute, the implications of which are potentially so profound, that it is worth quoting in full:

“Should China ever be able to extend its jurisdiction so as to realize in full its irredentist agenda in the South China Sea, a revolutionary geopolitical fusion of Northeast and Southeast Asia would occur. Such a worst-case fusion would make the People’s Republic [of China] as much of a Southeast Asian state as Indonesia, with the prospect of its being able to contend for command of the maritime heart of the region.”<sup>750</sup>

It is precisely in this sense that Leifer meant that China and Indonesia were ‘natural geopolitical rivals.’ Though he could not have known it at the time, China is today doing exactly that, attempting to extend its jurisdiction to the full extent of its irredentist claims in the South China Sea. These developments are creating the fusion between Northeast and Southeast Asia of which Leifer spoke, leaving China a de-facto Southeast Asian state and a growing Chinese naval power to contend for the maritime heart of the region, located in the South China Sea.

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<sup>748</sup> Leifer, p. 99

<sup>749</sup> Sukma, “Indonesia’s Perceptions of China,” p. 186

<sup>750</sup> Leifer, p. 90



China's growing military power projection capabilities, further enabled by ongoing artificial island construction in the Spratlys, has long been of great concern in Jakarta for those very reasons. Though the 'China threat' may no longer be viewed in terms of exporting revolution, since before the turn of the century the country was already being seen as a territorially revisionist state. According to Leifer China was seen by the Indonesian elite as a country "which cannot be trusted to respect the regional status quo, and which might, in time, employ its rising power to advance its irredentist ends."<sup>751</sup> China's assertive actions in recent years in the South China Sea has served to largely validate these previously existing historical concerns about an expansionist and potentially hegemonic China. With the effective fusion of the North and Southeast Asian sub-regions into one, defined by the growing Chinese presence as far south as the maritime areas off Indonesia's Natuna islands, Leifer's predictions of an incipient geopolitical rivalry between the two countries may be coming to fruition.

### ***Indonesia and the South China Sea***

Not a direct claimant itself to the disputes in the South China Sea over the Spratly islands, Indonesia has long positioned itself as a neutral arbiter in the disputes there between China and several other Southeast Asian countries. These efforts dated back as early as 1990, when it began a series of informal workshops intending to build confidence and momentum toward an eventual agreement on the disputes. This neutrality and non-claimant status was however called into question in 1993, when the Chinese delegation at one of the workshops organized by Indonesia produced a map, reportedly

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<sup>751</sup> Leifer, p. 90

the now infamous “9 dash line map,” of which one of the dashes overlapped with part of Indonesia’s claimed EEZ north of Natuna island.<sup>752</sup>

This area was viewed by Indonesia as strategically important after significant reserves of natural gas, estimated at some 46 trillion cubic feet (TCF), had been discovered in this area in the 1970s, and at the conclusion of the workshop the Indonesian Foreign Ministry reportedly “requested China clarify its claims in the Natunas.”<sup>753</sup> China responded to this request two years later in 1995 when it stated that despite recognizing Indonesia’s sovereignty over the Natuna islands themselves, the two countries needed to negotiate their overlapping maritime boundaries.

Indonesia in turn responded by stating that there was nothing to negotiate and by staging an unprecedented large military exercise the following year that took place in the Natuna islands and included some “20,000 troops, 50 warships and 40 aircraft.”<sup>754</sup> According to one former high ranking Indonesian military officer, the military was at this time “very much concerned about the defense of the Natunas,”<sup>755</sup> and the exercise was interpreted by many to be a show of force intended to clearly convey Indonesia’s message to China that there was in fact nothing to negotiate. While the foreign ministry chose to play down the dispute, the military was of the mindset that it should be clearly communicated to China that it was prepared to defend itself against any excessive claims

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<sup>752</sup> Storey, *Southeast Asia and the Rise of China*, p. 199

<sup>753</sup> Ibid, p. 199

<sup>754</sup> Laksmana, “Dimensions of Ambivalence in China-Indonesia Relations,” p. 29

<sup>755</sup> Novotny, p. 176

in the area. This was the beginning of a divide on the issue between the two organizations that has persisted into the present.<sup>756</sup>

Despite the apparent conflict of national interest with China, Indonesia continued to present itself as a neutral arbiter in the disputes. Despite some debate to the contrary, this remains the current policy of the Indonesian government.<sup>757</sup> This policy was forcefully articulated in March 2014 by then Foreign Minister Marty Natalegawa, when he stated that ‘it must be made crystal clear that between Indonesia and China there are no outstanding or overlapping maritime territorial disputes.’<sup>758</sup> It was most recently restated in March 2016 by the current Foreign Minister, Retno Marsudi, who stressed that “Indonesia is not a party to the South China Sea dispute,” only days after a serious incident had occurred in the area of overlap with the nine dash line (more below).<sup>759</sup>

While Minister Retno’s comments were made in response to an incident, Marty’s comments were made in response not to an incident, but to a series of statements that had

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<sup>756</sup> Greta Nabbs Keller, ‘Is Indonesia Shifting its Policy on the South China Sea,’ Lowy Interpreter, 16 April 2014, <http://www.lowyinterpreter.org/post/2014/04/16/Indonesia-Natuna-shift-south-china-sea-policy.aspx?COLLCC=1774851409&>

<sup>757</sup> For more on the debate that emerged during this time over Indonesian policy on the South China Sea, see Ann Marie Murphy. “The end of strategic ambiguity: Indonesia formally announces its dispute with China in the South China Sea,” PacNet #26, Center for Strategic and International Studies (CSIS), 1 April 2014, <http://csis.org/publication/pacnet-26-end-strategic-ambiguity-indonesia-formally-announces-its-dispute-china-south-c>

Also, Evan Laksmana. “Why There is no New Maritime Dispute Between Indonesia and China,” The Strategist, Australian Strategic Policy Institute (ASPI), 4 April 2014, <http://www.aspistrategist.org.au/why-there-is-no-new-maritime-dispute-between-indonesia-and-china/>

<sup>758</sup> Jakarta Globe, ‘TNI Worries Over Asia Arms Race, Territorial Tensions,’ 3 April 2014, <http://thejakartaglobe.beritasatu.com/news/tni-worries-asia-arms-race-territorial-tensions/>

<sup>759</sup> Chris Brummit. “Frantic Phone Call Failed to Halt China-Indonesia Sea Spat,” Bloomberg News. March 22, 2016. <http://www.bloomberg.com/news/articles/2016-03-22/frantic-phone-call-failed-to-contain-china-indonesia-sea-spat>

come out of the TNI around that time, beginning on March 12, 2014 with comments made by Air Commodore Fahru Zaini during a visit to the Natuna islands. Air Commodore Zaini, who at the time was the Assistant Deputy (Defense Strategic Doctrine) to the Coordinating Minister for Security, stated publicly for the first time that the nine dash line map did in fact overlap Indonesia's claimed EEZ in the South China Sea. Furthermore, Zaini concluded that this claim would "have a large impact on the security of Natuna waters."<sup>760</sup> Given Air Commodore Zaini's role working on strategy within the Coordinating Ministry for Security, it is likely that he was attempting to bridge the perceptual divide that had existed between the military and the foreign ministry since the issue first emerged in the 1990s.

From a military standpoint, it is necessary to acknowledge this overlap as part of the threat assessment process and contingency planning that would be required as a result. The Foreign Ministry's refusal to acknowledge the dispute, while understandable from a strictly legalistic standpoint, may be perceived by the military as tying their hands and even preventing them from carrying out their duty to defend the nation from any and all threats to its national security.

As a ranking TNI officer, Zaini may have been perceived by the foreign ministry as attempting to advance the TNI's position in public on what in their view should have remained an internal policy debate (one which they are likely to have resented military involvement in). Despite the apparent continuity of Indonesian policy, its neutrality has long been called into question by the extent of China's claims off the Natunas and more

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<sup>760</sup> Antara, 'China Includes Part of Natuna Waters in Its Map,' 13 March 2014, <http://www.antaranews.com/en/news/93178/china-includes-part-of-natuna-waters-in-its-map>

recently so has the policy of neutrality itself, with Indonesian analysts such as Supriyanto asserting that it “may soon become untenable” given the continually deteriorating security situation in the South China Sea.<sup>761</sup>

Writing somewhat prophetically in 1995, Jusuf Wanandi, co-founder and current Senior Fellow at CSIS in Jakarta, wrote that “in the end, if China is not willing to play according to the rules of the game and her own promises, then ASEAN’s attitude toward her will sour and ASEAN will take a stronger stand toward China in the future. It is even possible that a resurgence of the perception of a China ‘threat’ will again seep into ASEAN in their calculations.”<sup>762</sup> This could not capture better the current dynamics taking place today, as concern grows that China is increasingly playing not by the rules of the game, but by its own rules, enforcing its expansive claims in the South China Sea through the use of its growing MLE forces which are in turn reinforced by the growing power projection capability of the PLA. As Wanandi predicted, this behavior is resulting in an appreciable “resurgence” of the perception of a China “threat” not just in certain capitals of its northern ASEAN neighbors, but in Jakarta in particular.

In the post-reformasi period, Indonesian military and civilian leaders have been more reluctant to publicly refer to China as a potential threat, though according to Evan Laksmana, an Indonesian security scholar also with CSIS in Jakarta, “the substance of their security concerns has not changed much, especially not in regard to geopolitics. Nothing is more sensitive than China’s ambitions in the South China Sea.”<sup>763</sup> Despite the signing of a ‘Strategic Partnership’ with China in 2005 (more on this in later section),

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<sup>761</sup> Supriyanto. “Indonesia’s SCS Dilemma,”

<sup>762</sup> Wanandi, Jusuf. *Asia Pacific After the Cold War*. Jakarta: Center for Strategic and International Studies (CSIS), 1996, p. 137.

<sup>763</sup> Laksmana, “Dimensions of Ambivalence in China-Indonesia Relations,” p. 29

Indonesian analysts like Supriyanto have pointed to a “closeted yet persistent anxiety toward Beijing’s ambitions” in the South China Sea.<sup>764</sup> According to one Western analyst who recently wrote a book length study on the opinions of the Indonesian elite and foreign policy toward China, the consensus among them is that they consider China to be “the number one long term external threat that needs to be constrained or balanced.”<sup>765</sup>

While there is no direct reference in the 2008 Indonesian Defense White paper to concern over China’s military expansion or the extent of its claims off the Natuna islands, it does mention concern over territorial disputes more generally, including those in the South China Sea, which the Indonesian language version states “remains a potential conflict that could involve several countries (*klaim ini tetap menjadi potensi konflik yang dapat melibatkan beberapa negara*).”<sup>766</sup>

The same year as the publication of the 2008 White Paper, the Indonesian military held the largest ever tri-service exercise in several areas in or near the South China Sea, including the Natuna islands. The exercise, dubbed ‘*Yudha Siaga*’ (Battle Ready), reportedly involved more than 30,000 troops and was attended not only by President Yudhoyono, but also Chiefs of Staff for the military command as well as all three

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<sup>764</sup> Supriyanto. “Indonesia’s SCS Dilemma,”

<sup>765</sup> Novotny, p. 309

<sup>766</sup> Departemen Pertahanan Republik Indonesia (Defense Department of the Republic of Indonesia). *Buku Putih Pertahanan Indonesia 2008 (Indonesian Defense White Paper 2008)*, p. 16. The quote is a translation from the Indonesian language version of the 2008 WP, though there is a discrepancy in the official English language translation, which employs the somewhat softer language of “this conflict has the potential to affect countries in the region.” The quoted passage in the official English language translation by the Indonesian Defense Department. For English language translation see Department of Defence of the Republic of Indonesia. *Defence White Paper Indonesia 2008*, p. 15.

services (Army, Navy and Air Force).<sup>767</sup> It was the first such joint exercise taking place in the South China Sea since the previous one was held in 1996, and while the Indonesian leadership may have moderated its public discussion of concern over China's claims in the area in the post-refomasi period, the reported "foreign maritime invasion scenario"<sup>768</sup> involved in the 2008 Yudha Siaga exercise would support the conclusions of various analysts that this concern had nonetheless persisted.

### ***Recent Incidents in the South China Sea (2010-2016)***

A number of recent incidents between Indonesian naval and security forces and Chinese MLE agencies have led to an increase in the threat perception of civilian and military leadership in Indonesia and a more publicly vocal articulation of their concern over the South China Sea and China's long term ambitions in the region. Incidents between Chinese fishermen and Indonesian maritime security forces can be traced back at least a decade, but involvement of Chinese state security agencies in these incidents did not occur until 2010. While the full extent of these incidents is not known and the numbers may be higher due to an Indonesian preference to downplay such incidents, at least three incidents have occurred over the last five years in the waters off Natuna. All of these incidents involved the use of coercive tactics by Chinese MLE agencies in order to secure the release of Chinese fishing crews. All attempts at coercion were successful, resulting in Indonesian forces standing down for fear of escalation, succumbing to increasingly severe Chinese coercive tactics and techniques at sea.

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<sup>767</sup> Antara. "Yudhoyono to observe Yudha Siaga joint exercise," June 15 2008. <http://www.thejakartapost.com/news/2008/06/15/yudhoyono-observe-yudha-siaga-joint-exercise.html>

<sup>768</sup> Laksmana, "Dimensions of Ambivalence in China-Indonesia Relations," p. 30

The most recent of these incidents, in March 2016, was also the most severe in terms of coercive tactics employed, and involved the ramming of a Chinese fishing vessel that was at the time under the command of personnel from the Surveillance Ship Directorate (*Direktorat Kapal Pengawas*, DKP) of the Ministry for Maritime Affairs and Fisheries (*Kementerian Kelautan dan Perikanan*, KKP). According to comments made by KKP Minister Susi Pudjiastuti at a press conference convened after the incident, on March 19th the DKP personnel had apprehended a Chinese fishing boat, the KM Kway Fey 10078, and at the time were towing the boat back to Natuna when it was rammed by a CCG ship.<sup>769</sup> Following the ramming, a second even larger CCG vessel arrived on scene, at which point the DKP personnel made the decision to abandon the fishing boat, out of concern for their safety.

Previous incidents involving Chinese MLE ships also exhibited coercive tactics, including a very similar incident that occurred three years earlier involving the use of electronic warfare capabilities combined with threats to use force. On March 26, 2013 the DKP patrol ship Hiu Macan 001 intercepted and arrested the crew of a Chinese fishing boat operated illegally some 200km northeast of Natuna island in areas Indonesia claims as its EEZ.<sup>770</sup> Upon reporting the arrest to its headquarters back in the Natunas the HM

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<sup>769</sup> Kompas. “Penangkapan Pencuri Ikan di Natuna ‘Diganggu’ Kapal China” (Arrested Fishing Thieves “Harassed” by China Ship). March 20, 2016. <http://bisniskeuangan.kompas.com/read/2016/03/20/191628826/Penangkapan.Pencuri.Ikan.di.Natuna.Diganggu.Kapal.China>

<sup>770</sup> This paragraph is sourced from an after action report by the KKP Captain of Hiu Macan 001, which was leaked on an Indonesian military blog. Garuda Militer Blog. “Kisah Gesekan Di Laut Natuna (Story of Friction in the Natuna Sea). September 25, 2013. <http://garudamiliter.blogspot.com.au/2013/09/kisah-gesekan-di-laut-natuna.html> The report was initially summarized in- Scott Bentley. “Mapping the Nine Dashed Line: Recent Incidents Involving Indonesia in the South China Sea,” *The Strategist*. October



001 began return transit with the Chinese crew for further legal proceedings. It was however prevented from doing so by the Chinese MLE vessel Yuzheng 310, which arrived on the scene several hours following the arrest. Yuzheng 310 immediately set about aggressively harassing HM 001 and demanded the release of the Chinese crew. When the Captain of HM 001 attempted to report the incident back to his HQ he discovered that the Chinese ship was jamming his communications signal. Fearing for the safety of his crew and isolated from his chain of command, the Captain made the decision to release the Chinese boat and crew in the face of Yuzheng 310's coercive tactics.

With the exception of the employment of electronic warfare, two remarkably similar incidents had occurred in the same area several years earlier in 2010. The most serious of these occurred on June 23, 2010 and involved a similar boat from the same Chinese MLE agency- the Fisheries Law Enforcement Command (FLEC)- the Yuzheng 311. In this incident Yuzheng 311 reportedly “pointed a large caliber machine gun at an Indonesian patrol boat which had captured a Chinese fishing boat near the Indonesian held Natuna islands, and compelled it to release the boat.”<sup>771</sup> The arrest occurred following a confrontation with a fleet of 10 Chinese fishing vessels operating without permission in the Indonesian EEZ there, and was not the first such incident to occur.<sup>772</sup>

Another similar incident occurred a month previously in May, which also involved the threat to use force by a Chinese MLE vessel if the Indonesian patrol boat did

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29, 2013. <http://www.aspistrategist.org.au/mapping-the-nine-dash-line-recent-incidents-involving-indonesia-in-the-south-china-sea/>

<sup>771</sup> National Institute of Defense Studies (NIDS), Japan. *China Security Report 2011*, p. 19. Accessible online at- <http://www.nids.go.jp/english/publication/chinareport/index.html>

<sup>772</sup> Kelly Currie. “Why is China Picking Fights with Indonesia?” *The Weekly Standard*, Aug 6, 2010. <http://www.weeklystandard.com/blogs/why-china-picking-fights-indonesia>

not release the Chinese fishermen it was holding. These are serious incidents and the possibility for escalation should not be taken lightly as the Indonesian patrol boats are also armed and chose to release the fishermen only to avoid the likely loss of life on both sides that would have resulted had shots been fired. They represent the only known public instances in which Chinese MLE agencies have physically threatened to open fire with heavy caliber weaponry on other claimants in the South China Sea.

The incidents in May and June of 2010 also mark a turning point in the Chinese response to similar Indonesian law enforcement operations that have occurred in the area dating back at least as early as 2003. There were a series of incidents from 2003-2005 “that occurred in rapid succession in which Chinese fishing boats were captured by the Indonesian Navy while operating in Indonesian waters, and Chinese fishermen or crewmen were killed or wounded.”<sup>773</sup> The reported use of force by Indonesian naval vessels in previous engagements makes it all the more remarkable that the 2010 incidents did not in fact escalate further into a more serious confrontation or even an exchange of gunfire. Additional arrests of Chinese fishermen by Indonesian naval forces in 2008 and 2009<sup>774</sup> would suggest that the 2010 incidents marked a turning point in the Chinese approach to the area, the first time such incidents occurred involving Chinese MLE forces in the furthest reaches of the South China Sea.

Furthermore, the incidents also suggest that Indonesian military forces had been at least temporarily deterred by China’s new MLE strategy, allowing Chinese MLE forces to coercively enforce their claims to jurisdiction in the area while preventing Indonesian

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<sup>773</sup> NIDS *China Security Report 2011*, p. 8

<sup>774</sup> Sukma Rizal. “Indonesia: Security Outlook, Defense Policy, and Regional Cooperation,” The National Institute for Defense Studies (NIDS), Tokyo; 2011, p. 10. [http://www.nids.go.jp/english/publication/joint\\_research/series5/pdf/5-1.pdf](http://www.nids.go.jp/english/publication/joint_research/series5/pdf/5-1.pdf)

forces from enforcing their own. The Indonesian military forces may have been caught off guard by the new Chinese approach, and recent evidence including comments by senior Indonesian military and civilian officials suggests an increased level of threat perceived by the Indonesian national security apparatus stemming from China's actions since 2010 to enforce its claims in the South China Sea.

### *Correspondent Shift in Threat Perception*

The first indications of a shift toward more vocally expressing concern over this situation began to emerge in the summer of 2010 as part of a diplomatic offensive immediately following the second incident in which Chinese MLE vessels had threatened the use of force. In July of 2010, then President Susilo Bambang Yudhoyono expressed concern over the situation in the South China Sea and maintained that no country should emerge in a position where it could dominate the disputed area. He made mention of the relative peace and stability that had been achieved in the area up until that time, but noted in language reminiscent of the 2008 Defense White Paper, that “the region (South China Sea) is a potential source of conflicts.”<sup>775</sup> Given the timing of this statement immediately following the May and June 2010 incidents, the dispute in the waters off the Natuna islands might very well be considered by the President to be included under such a heading.

Earlier that same month the President's emissary to the United Nations had submitted a diplomatic note protesting a previous Chinese note that had included a copy of the “9 dash line map,” marking the first time that China had ever officially tabled the

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<sup>775</sup> Sukma, “Indonesia: Security Outlook, Defense Policy, and Regional Cooperation,” 2011, p. 9

map in an international legal body. The Indonesian note was filed with the UN on 8<sup>th</sup> of July 2010, a little over two weeks after the June incident, and began by stating that “Indonesia is not a claimant state to the sovereignty disputes in the South China Sea,” and noting the “impartial yet active role” that Indonesia had played diplomatically beginning with the workshops in 1990.<sup>776</sup> Such a statement was very much in line with Indonesia’s continued policy of playing the role of ‘neutral arbiter’ in the disputes, yet in a drastic and unprecedented shift in policy the note went on to question the very foundation of China’s claims in the South China Sea and asserted that the Chinese nine dash line map “clearly lacks international legal basis.” Due to this lack of legal basis, the note asserted that China’s claims were in contradiction to and risked upsetting the “fundamental principles” of the United Nations Convention on the Law of the Sea (UNCLOS), as well as encroaching upon “the legitimate interest of the global community.”

The note was clearly intended to communicate the message to the Chinese, and for the first time also to the international community, that there was no maritime boundary to be negotiated between the two countries in the South China Sea. Furthermore, the claims that Chinese MLE vessels were attempting to enforce their jurisdiction over, through coercive threats to use force, had no basis whatsoever under international law and represented a potential threat to the international norms enshrined in the UNCLOS. This seems to highlight the concern long noted by Indonesian analysts

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<sup>776</sup> Permanent Mission of the Republic of Indonesia to the United Nations, 8 July, 2010. An unofficial translation of the note (No. 480/POL-703N11110) is available online through the UN’s website.  
[http://www.un.org/Depts/los/clcs\\_new/submissions\\_files/mysvnm33\\_09/idn\\_2010re\\_mys\\_vnm\\_e.pdf](http://www.un.org/Depts/los/clcs_new/submissions_files/mysvnm33_09/idn_2010re_mys_vnm_e.pdf)

such as Jusuf Wanandi that China might not play by the rules of the game, choosing instead to make up its own.

The response has not been limited to the diplomatic realm either, and since 2010 senior officials in the Indonesian military have become increasingly vocal in public over their concern about the security situation in the South China Sea. This has included the comments discussed above from Air Commodore Zaini, but attention devoted by TNI on the South China Sea by no means began with him. Awareness had been steadily building within the ranks of the Navy and at senior levels of the TNI for several years before that, and is evident in public statements made by its leadership.

At a news conference on January 29, 2013 then Commander of the Indonesian Armed Forces Agus Suhartono addressed the issue of the South China Sea directly, stating that “we need a careful posture. Do not let these claims become claims of territory. We have already protested this with the Chinese.”<sup>777</sup> During the same press conference Commander Suhartono also announced that the government had consented to construction in the Natuna islands, though provided no details on this activity.

Several months earlier in August of 2012 the Chief of the General Staff of the TNI, Vice Marshal Daryatmo, had given an even more detailed speech on the South China Sea disputes, discussing them in the context of vulnerabilities and potential threats that could affect national security, both directly and indirectly. He stated that he (and by extension the TNI) needed to assess the strength of defense and security operations in the

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<sup>777</sup>Detik News. “TNI Waspada! Perkembangan Krisis di Laut Cina Selatan (Military Wary of Development of Crisis in South China Sea),” January 29, 2013. <http://garudamiliter.blogspot.com/2013/01/tni-cermati-perkembangan-kawasan.html> Translated from the original Indonesian: “Memang perlu kita sikapi hati-hati. Jangan sampai klaim tersebut menjadi klaim wilayah. Kita sudah protes dengan Cina masalah ini.”

area, ‘particularly in the North of the Natuna islands,’ in order to “minimize spillover” should conflict in the South China Sea arise, and also to secure “various vital objects in the Indonesian EEZ.”<sup>778</sup> He noted at the time that “this is a situation that we may face in the year 2012 and over the next five years.”<sup>779</sup> The military needed to continually analyze the general trend of the situation in his view, and he challenged the officers to “improve predictive thinking and anticipatory measures in order to establish and maintain strategic priorities.” In addition to improving the estimative intelligence capacity of the TNI, Vice Marshal Daryatmo also called for the formulation of a strategy or practical scenarios for securing Indonesia’s claims in the South China Sea north of the Natunas.

The need to constantly evaluate the trends in the South China Sea was reinforced by comments made by Admiral Marsetio in a speech delivered in December 2012 upon assuming the position as Chief of Staff of the Navy at the time. Admiral Marsetio noted the difficulty of predicting developments in a dynamic regional security environment, particularly in the South China Sea, and the need for the Navy to make certain adjustments in order to more effectively address trends.<sup>780</sup>

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<sup>778</sup> Detik, TNI Waspada Perkembangan Krisis di Laut Cina Selatan (Military Wary of Development of Crisis in South China Sea),”. Translated from original quote in Indonesian: "Hal ini dalam rangka meminimalisasi terjadinya spill over konflik laut Cina Selatan yang muncul. Dan mengamankan berbagai objek vital di zona ekonomi eksklusif Indonesia tersebut,"

<sup>779</sup> Ray Jordan. “TNI: Konflik Laut Cina Selatan Rawan Potensi Ancaman,” (TNI: Conflict Prone South China Sea Potential Threat,” Detik News. August 27, 2012. <http://news.detik.com/read/2012/08/27/131010/1999869/10/tni-konflik-laut-cina-selatan-rawan-potensi-ancaman?9922022>

Quoted passage translated from Indonesian: “Inilah situasi yang mungkin akan kita hadapi di tahun 2012 dan lima tahun ke depan. Saya berharap kepada seluruh perwira agar benar-benar dapat meningkatkan pemikiran prediktif dan langkah antisipatif dalam rangka menetapkan strategi dan memelihara skala prioritas pembangunan.”

<sup>780</sup> Friederich Batari. “KSAL Briefing Perwira TNI AL Wilayah Timur (Navy Chief of Staff Briefing to Navy Officer of Eastern Region) ,” Jurnas.com, 28 December 2012.

This recognition that the development of the military forces, and in particular the Navy, must reflect the regional security environment would suggest that if the regional security environment were to continue to deteriorate, the development of the Navy and operational requirements might have to be adjusted to reflect these regional trends. The focus on the South China Sea in the speech is particularly noteworthy as this speech was delivered to Navy Officers assigned to the Eastern Command; the responsibility for the South China Sea currently resides with the Navy's Western Command and this would not be part of the Eastern Command's normal operational requirements.

During a separate speech given on the occasion of the promotion of Rear Admiral Arief Rudianto as the new Commander of the Western Fleet Command, referred to by its Indonesian acronym Koarmabar (Komando Armada Barat), Admiral Marsetio, who had himself formerly served in that position from 2009-2010, emphasized the importance of the fleet in maritime security operations such as those conducted by the Indonesian patrol boats involved in the two 2010 incidents. He again made direct reference to the South China Sea, describing the strategic environment as "characterized by problems associated with the heating up of the situation in the South China Sea."<sup>781</sup> This area, including the

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[http://www.jurnas.com/news/79143/KSAL\\_%3Cem%3EBriefing%3C\\_em%3E\\_Perwira\\_TNI\\_AL\\_Wilayah\\_Timur/1/Nasional/Hukum](http://www.jurnas.com/news/79143/KSAL_%3Cem%3EBriefing%3C_em%3E_Perwira_TNI_AL_Wilayah_Timur/1/Nasional/Hukum)

See also: Antara. "Lingkungan strategis pengaruhi pembangunan TNI AL (Strategic Environment Effects the Development of the Navy)," January 2, 2013

<http://www.antaraneews.com/berita/351181/lingkungan-strategis-pengaruhi-pembangunan-tni-al>

<sup>781</sup>Pos Kota. "Kasal: Koarmabar Berperan Penting Menegakkan Hukum Laut (Navy Chief of Staff: West Fleet Command Has Important Role in Enforcing Maritime Law)," 23 January 2013. <http://www.poskotanews.com/2013/01/23/kasal-koarmabar-berperan-penting-menegakkan-hukum-laut/>

From original Indonesian: "Menurut Kasal, dinamika perkembangan lingkungan strategis masih diwarnai dengan masalah-masalah yang terkait dengan menghangatnya situasi di Laut China Selatan".

Natuna islands, was and would rightfully remain the focus of the Western Command according to Marsetio, because of the fact that it was “the position which is most vulnerable to escalation.”<sup>782</sup>

These statements by Admiral Marsetio and other TNI officers in senior leadership positions would suggest that the South China Sea has become a primary focus of not only the Western Fleet but the Indonesian Navy and military forces more broadly, which view the disputes as increasingly tense and vulnerable to escalation, from the highest levels of the command staff down to the fleet commanders.

In response to this perceived vulnerability and escalating tension, the Western Fleet has since 2010 stepped up maritime security operations in the Natunas and the South China Sea. These operations are carried out by the Maritime Security Force, Western Fleet, referred to by its acronym Guskamla Armabar (Gugus Keamanan Laut, Armada Barat), which as of October 2012 was under the direct operational command of Commodore Pranyoto S. Pi, who leads the operations from the headquarters ship (kapal markas) KRI 633.<sup>783</sup>

The role of the increased operational tempo in deterring violations at sea in the area was emphasized by the Commander of the Western Fleet, Rear Admiral Arief Rudianto, and embarked vessels have utilized a growing support infrastructure in the

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<sup>782</sup>Koran Jakarta. “Armabar Fokus Jaga Laut China Selatan (Armabar Focus Remains South China Sea),” 23 January 2013.

[http://m.koran-jakarta.com/index.php?id=110930&mode\\_beritadetail=1](http://m.koran-jakarta.com/index.php?id=110930&mode_beritadetail=1)

"Posisi yang paling rawan eskalasinya di wilayah barat adalah Laut China Selatan. Jadi, Armabar masih fokus di sana," kata Kepala Staf TNI AL (Kasal), Laksamana Madya Marsetio

<sup>783</sup> Pos Kota. “Guskamla Koarmabar Tingkatkan Operasi di Perairan Riau dan Natuna (Maritime Security Fleet Forces Command West Region Increase Operations in Riau and Natuna Waters),” 23 October 2012. <http://m.poskotanews.com/2012/10/23/guskamla-koarmabar-tingkatkan-operasi-di-perairan-riau-dan-natuna/>



area, including naval base (Pangkalan Angkatan Laut, or Lanal) Ranai on the main island of Natuna, as well as a smaller naval post (Pos Angkatan Laut, or Posal) on Sabang Mawang, a small island off the Southwestern tip of Natuna island.<sup>784</sup> This increased presence included the September 2012 deployment of five warships from Naval Headquarters (Pangkalan Markas Angkatan Laut, or Lantamal) IV in Batam.

According to Commodore Agus Heryana, former commander of Main Navy Base (Lantamal) IV in Tanjung Pinang, Batam, this was a “strategic deployment” which would operate out of naval base Ranai and was intended to reduce illegal fishing in the area conducted by foreign fishermen, who were reportedly “backed up by security forces” of their respective countries.<sup>785</sup> Commodore Heryana was likely referring here to support from Chinese MLE agencies for Chinese fishermen, as no other country’s fishermen enjoy such operational support from their state security forces.

The ‘strategic’ nature of the deployments continued to receive emphasis in subsequent deployments of Indonesian Navy ships to the Natunas. In November of 2015 it was reported that the total number of ships assigned the task of patrolling the South China Sea had increased from five to seven, with three of them deployed to Natuna and four more on standby at Lantamal IV Batam. The reports characterized the strategic aim of the deployments as having a “deterrent effect.”<sup>786</sup>

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<sup>784</sup> Pos Kota. Koarmabar Tingkatkan Fasilitas Dukungan Operasional Unsur KRI (West Fleet Command Increases Support Facilities of Operational Element Indonesian Warships),” 13 February 2013. <http://m.poskotanews.com/2013/02/13/koarmabar-tingkatkan-fasilitas-dukkungan-operasional-unsur-kri/>

<sup>785</sup> The Jakarta Post. “Warships sent to Natuna Sea to stop rampant illegal fishing,” September 1, 2012. <http://www.thejakartapost.com/news/2012/09/01/warships-sent-natuna-sea-stop-rampant-illegal-fishing.html>

<sup>786</sup> JPNN. “Situasi Memanas, TNI Kerahkan Tujuh KRI )Situations Heats Up, TNI Mobilizes Ships).” October 21, 2015.

Comments by senior officers and the stated rationale of more frequent deployments indicate that the TNI-AL leadership is not only aware of the challenges they are facing from Chinese civilian fishermen and supporting maritime forces, but that they are beginning to work through appropriate responses to these challenges. As a result of several incidents that have occurred since 2010 the Indonesian naval leadership is becoming increasingly vocal on these issues, though movement toward a more effective response has been delayed by disagreements within the government, specifically between the military and the foreign ministry, as well as by problems within the wider process of Indonesia's strategic response itself. An increase in Indonesia's threat perception toward China is increasingly evident, but what remains less clear is the effectiveness of its response to that perception.

### ***Strategic Response- Internal Balancing***

Indonesia provides an interesting case study for the IR debate over arming vs. allying. Historically, the country has chosen to arm rather than ally due to its unique strategic culture. The country's perception of its colonial legacy helped shape the 'free and active' (*bebas aktif*) doctrine, which emerged early on in Indonesia's independent history and stressed avoiding any alliances in the international system. The doctrine continues to shape Indonesia's strategic thinking and has resulted in a foreign and security policy built on 'strategic partnerships' rather than alliances. This is seen as allowing Indonesia to maintain maximum flexibility in its dealings with regional and

global powers, while at the same time minimizing the risk of being drawn in to any extraneous conflicts to which it is not a party.

The ultimate aim of this doctrine was referred to by former Indonesian Foreign Minister Marty Natalegawa as a “dynamic equilibrium.” The concept of ‘dynamic equilibrium’ envisions a regional security environment where no single power would dominate, including China, or what one Indonesian scholar referred to as “the new label for’ *balance of power*’ coined by the Ministry of Foreign Affairs (emphasis added).”<sup>787</sup> Yet it is debatable whether this concept, and the Indonesian understanding and approach to balance of power, adequately reflects the strategic environment Indonesia finds itself in.

The strategic partnerships are undertaken with the aim of improving Indonesia’s own internal military capabilities and increasingly improving Indonesia’s domestic arms manufacturing industry so that it can reduce reliance on foreign partners in its overall military modernization program. This modernization program has increasingly focused on the naval and air forces and has been proceeding apace for at least the last decade, though the process has accelerated in recent years as a result of the growing defense budget. Ultimately the question remains however whether or not Indonesia’s preference and reliance upon internal balancing will be sufficient to deter the expansion of Chinese power. So far the results are not encouraging.

To be sure there are multiple reasons for the acceleration in the Indonesian efforts to modernize its military, including non-traditional security threats such as piracy and smuggling, as well as other traditional security concerns such as territorial disputes with

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<sup>787</sup> Laksmiana, p. 31

other Southeast Asian countries.<sup>788</sup> The previous section would however suggest that maritime territorial disputes, particularly those in the South China Sea, may be exerting a greater influence on Indonesia's strategic calculations and the direction of their military modernization program. What is already at present a primary strategic driver of the direction of this program may, if current trends continue, become *the* primary strategic driver in Indonesia's military modernization program, and might very well presage the rise of a new regional naval power somewhere within the 2020-2030 timeframe.

In response to the growing threat perception in the civilian and military leadership, the defense budget has been growing at an astonishing rate over the last several years, effectively doubling in less than five years. The 2015 defense budget was approved by the Indonesian legislature at 96 trillion rupiah (Rp), already a new high even without the additional five trillion rupiah (\$400 million) that was subsequently requested by the new Defense Minister Ryamizrd Ryacudu.<sup>789</sup> The supplemental funds would bring the 2015 total above Rp 100 trillion, or roughly \$8 billion. This represents a substantial increase from the 2013 defense budget at 81 trillion rupiah,<sup>790</sup> which was itself an effective increase of over 100% from the 2009 budget estimate provided by the

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<sup>788</sup> Indonesia's dispute with Malaysia over the oil rich Ambalat blocks off the Southeastern coast of Borneo is one such example, and has itself been a primary driver in Indonesia's evolving security approach and modernization program.

<sup>789</sup> Kabar24. "Anggaran Pertahanan: Menhan Ryamizard Ryacudu Usulkan Tambahan Dana Rp5,1 Triliun (Defense Budget: Def Minister Proposes Rp 5.1 trillion Supplemental Fund). January 26, 2015. <http://kabar24.bisnis.com/read/20150126/15/395312/anggaran-pertahanan-menhan-ryamizard-ryacudu-usulkan-tambahan-dana-rp51-triliun>

<sup>790</sup> Fadli and Novan Iman Santos. "Third locally made missile ship delivered," The Jakarta Post January 26 2013, <http://www.thejakartapost.com/news/2013/01/26/third-locally-made-missile-ship-delivered.html#.UQTnH9YdtS8.facebook>

Australian Defense Intelligence Organization (DIO) of 38.9 trillion rupiah.<sup>791</sup> While such a growth rate is really unparalleled in Southeast Asia, it is also important to keep such growth in context, as Indonesia is starting from an extremely low baseline in regard to overall military expenditure.

Even with these drastically increased spending levels, the defense budget still remains at roughly 1% of Indonesia's overall GDP, comparatively modest when viewed alongside the top regional defense spender in Southeast Asia, Singapore, which spent as much as 3.7% of its GDP on defense in 2011.<sup>792</sup> With Indonesia's continued favorable forecast for economic growth over the next several years, reports had suggested that if Indonesia were to meet Defense Minister Purnomo Yusgiantoro's stated target of increasing the budget to 1.5% of GDP by 2015, the budget could rise as high as \$14-15 billion by that time.<sup>793</sup> This would have represented a milestone in regional defense spending, with Indonesia overtaking Singapore as the foremost defense spender in Southeast Asia, but it was not to be.

The defense budget has continued to remain below 1% of GDP and is unlikely to increase significantly before 2017. According to the President's Chief of Staff Luhut Panjaitan, Indonesia is unlikely to attain a 7% growth rate before that time, which is significant as that growth rate has been pegged as a requirement to increase defense spending up to 1.5% of the budget. Luhut was more optimistic over the long term, and stated that if economic growth proceeded as expected, the defense budget could grow to

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<sup>791</sup> Australian Defence Intelligence Organization (DIO). *2011 Defence Economic Trends in the Asia Pacific Region (DIO Reference Aid 11-2)*, p. 14. Available online at: [http://www.defence.gov.au/dio/documents/DET\\_11.pdf](http://www.defence.gov.au/dio/documents/DET_11.pdf)

<sup>792</sup> Ibid, p. 22

<sup>793</sup> Trefor Moss. "Indonesia Military Powers Up," *The Diplomat*, January 18, 2012. <http://thediplomat.com/flashpoints-blog/2012/01/18/indonesia-military-powers-up/>

as large as \$20 billion by 2019.<sup>794</sup> Only time will tell if this ambitious goal will be met, but it is almost certain that whatever the number, Indonesia's defense budget will continue its recent upward trajectory over the coming years.

Even before the recent increases in the defense budget regional security scholars had argued that “the sheer size of Indonesia's armed forces suggests that Indonesia is the potential or putative regional power in Southeast Asia.”<sup>795</sup> Measured by numbers alone, the size of Indonesia's armed forces, or *Tentara Nasional Indonesia* (TNI), are indeed impressive, with 302,000 military personnel total, including 233,000 in the Army, 45,000 in the Navy, and 24,000 in the Air Force, as well as a sizable reserve force of 400,000. However, in a regional security environment marked by the proliferation of long range precision strike and targeting platforms, such ‘bean counting’ amounts to very little these days, and in order to operate effectively in this environment the TNI has begun modernizing its forces. The preoccupation with internal security discussed above in relation to threat assessment, and the ground force centric orientation that resulted, left the naval and air forces underfunded and poorly suited for such an operational environment, with outdated platforms and weaponry of often questionable operational status.

The need for reform within the military, including the urgent need to modernize the naval and air forces, was fortunately recognized by the successive Indonesian leaderships following the fall of Suharto, dating back to the administration of Abdurrahman Wahid (familiarily known in Indonesia as Gus Dur), and an increasing

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<sup>794</sup> The Banyan Tree Leadership Forum with Luhut Binsar Panjaitan, CSIS December 9 2014 (from 17:30). <https://www.youtube.com/watch?v=kUnacTZbsYU>

<sup>795</sup> Tan, Andrew T.H. *Security Strategies in the Asia Pacific: The United States' "Second Front" in Southeast Asia*. New York: Palgrave Macmillan, 2011, p. 162.

amount of the overall military budget allocation has shifted to the naval and air forces over the last decade.<sup>796</sup> The growing defense budget has allowed these forces to begin acquiring the sophisticated weaponry needed to maintain a credible deterrent and defense posture in the region today. These acquisitions are part of overall strategic plans that are assumed under the heading of the *Minimum Essential Force (MEF)* required to fulfill these duties, which was initially slated for completion in 2024, but was accelerated in early 2013 and is now being targeted for completion in 2019.<sup>797</sup> According to Defense Minister Yusgiantoro this would have required meeting 50% of the MEF by 2014, an ambitious goal that went unmet.<sup>798</sup> Combined with the expected lag in the defense budget out to 2017, it will be difficult to meet the accelerated timeframe, though ultimately the acquisitions themselves will matter more than what percentage of the generally vague requirements in the MEF are attained.

### ***Indonesian Naval Modernization***

The most ambitious plan of any of the services is that of the Navy (TNI-AL, Angkatan Laut), which since 2005 has officially aspired toward attaining a “Green Water Navy” by 2020.<sup>799</sup> This ‘Green Water Navy’ would theoretically be capable of

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<sup>796</sup> James Goldrick and Jack McCaffrie. *Navies of Southeast Asia: A Comparative Study*. New York: Routledge, 2013, p. 83.

<sup>797</sup> Koran Jakarta. “Kemhan Masih Kaji Pembentukan Kogabwilhan (Ministry of Defense Still Reviewing Formation of Joint Regional Defense Command),” February 20, 2013. <http://koran-jakarta.com/index.php/detail/view01/112917>

From quote by Defence Minister Yusgiantoro, in Indonesian: “Seiring percepatan MEF yang awalnya ditargetkan pada 2024 dan dimajukan menjadi 2019” (With the acceleration of the MEF which was initially targeted at 2024 brought forward to 2019).

<sup>798</sup> Senior officials quoted as stating in 2014 that MEF was at 40%, though it remains unclear exactly what this percentage represents.

<sup>799</sup> Goldrick and McCaffrie, *Navies of Southeast Asia*, p. 85

patrolling and defending the entirety of the Indonesian archipelago, a task TNI-AL is not currently capable of carrying out. This plan was laid out by the Chief of the Navy at the time, Admiral Slamet Soebijanto, but recent comments made by his successor Admiral Soeparno, would suggest that the Navy's ambitions may have evolved since 2005. At a speech given in December 2012 before he stepped down from his post as Chief of the Navy Staff, Admiral Soeparno was reported to have stated that "Indonesia has ambitions to become a major maritime power in Southeast Asia, even the world."<sup>800</sup> While the Green Water Navy remains a near term focus (and a distant goal at that), the country clearly has wider ambitions to become a regional maritime power, though its vision of what such power would entail remains underdeveloped.

These long term ambitions have been embraced by the new President Joko Widodo, who even before assuming office began outlining his strategic vision to turn Indonesia into a "global maritime nexus" (*poros maritim dunia*). This vision has now been translated into an official doctrine, which Jokowi unveiled for the first time in Myanmar at the 2014 East Asia Summit. The fifth pillar of this doctrine focused on building up Indonesia's "maritime defense power,"<sup>801</sup> which according to the Secretary of the President's Cabinet Andi Widjajanto, includes both Navy and Coast Guard forces.<sup>802</sup>

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<sup>800</sup> Koran Jakarta. "RI Mesti Jadi Kekuatan Utama Maritim (Indonesia should be a Major Maritime Power)," 20 Desember 2012. [http://m.koran-jakarta.com/index.php?id=108455&mode\\_beritadetail=1](http://m.koran-jakarta.com/index.php?id=108455&mode_beritadetail=1)

From the original Indonesian: "Kepala Staf TNI AL (Kasal), Laksamana Soeparno, menyatakan Indonesia harus berambisi menjadi kekuatan utama maritim di kawasan Asia Tenggara, bahkan dunia." (Chief of Staff of the Navy (Navy Chief), Admiral Soeparno said Indonesia has ambitions to become a major maritime power in Southeast Asia, even the world")

<sup>801</sup> Joko Widodo. "The Seas Should Unite not Separate Us," English Translation of EAS speech. Jakarta Post 14 November, 2014.



These developments suggest that Indonesia may hold ambitions to become a regional and even global naval power in the timeframe beyond 2020 after the initial goals laid out in 2005 are attained, ambitions which may be encouraged by the concerns over the rise of other regional maritime powers and supported by the increasing defense budget. While any global naval capability remains a distant if currently unthinkable prospect, with Presidential support and initiative Indonesia could very well emerge as a regional naval power within the next ten to fifteen years.

According to the 2008 Defense White Paper, the MEF for the TNI-AL is “at least 274 vessels comprised of various types”, divided into three forces: combat strike, combat patrol, and support.<sup>803</sup> The combat strike force is expected to be composed of ‘Missile Destroyer Escorts’ (essentially a frigate- more below), submarines, fast attack craft (FAC), torpedo boats, and minesweepers. The combat patrol force is “projected to achieve the capability of patrolling and securing Indonesia’s territorial waters with sufficient patrol boats of various types,” while the support force includes vessels like multi-purpose transportation and ocean hydrographic vessels, as well as tankers and ocean tugs.<sup>804</sup> The Navy has proceeded with a number of both obtained and expected acquisitions of vessels in all three forces, including a growing number which are manufactured domestically in Indonesian shipyards, often with assistance from foreign partners through technology transfer deals.

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<http://www.thejakartapost.com/news/2014/11/14/the-seas-should-unite-not-separate-us.html>

<sup>802</sup> Jakarta Post. “Presenting Maritime Doctrine,” 14 November 2014.

<http://www.thejakartapost.com/news/2014/11/14/presenting-maritime-doctrine.html>

<sup>803</sup> Department of Defence of the Republic of Indonesia. *Defence White Paper Indonesia 2008*, p. 110.

<sup>804</sup> *Defence White Paper Indonesia 2008*, p. 110

The bulk of current and planned acquisitions fall under the combat strike force, suggesting a heavy focus at present on building military combat capability in the naval forces. Though acquisition of combat patrol force vessels has and will likely continue to progress, the current focus of acquisitions on the combat strike force assets would suggest that focus is not limited to maritime security operations in the EEZ alone, but rather extends into more traditional warfighting and deterrent roles. The focus on these traditional naval roles may owe a great deal to concern within the Indonesian military and civilian elite over China's rise as a maritime power and increasing assertiveness in the South China Sea, being at least in part a response to maintain a stable balance of power there. The extent to which the Indonesian Navy can truly grow into a regional naval power will depend not only on these acquisitions, but also ultimately the Navy's calculation that maritime security and patrolling functions are best left to civilian law enforcement or coast guard agencies, allowing the navy to focus more on traditional warfighting and deterrence functions.

There is currently little indication that such a calculation has been made, with recently retired Navy Chief Admiral Marsetio continuing to focus on the Navy's role in fulfilling law enforcement missions. Reflecting the President's focus on illegal fishing,<sup>805</sup> current Chief of Navy Admiral Supandi has directed that maritime security operations, specifically those targeting illegally fishing, will receive an even higher priority under his

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<sup>805</sup> Scott Bentley. "Indonesia's 'Global Maritime Nexus': Looming Challenges at Sea for Jokowi's Administration," ASPI's the Strategist. September 24, 2014. <http://www.aspistrategist.org.au/indonesias-global-maritime-nexus-looming-challenges-at-sea-for-jokowis-administration/>

tenure.<sup>806</sup> This calculation will at some point have to change if Adm. Soeparno's ambition that Indonesia should become a regional naval power is ever to be realized, placing heightened importance on the eventual development of an effective coast guard capability, something Indonesia currently lacks (discussed below).

Current planned acquisitions for the combat strike force include frigates (or 'Missile Destroyer Escort'), submarines and FAC, all of which will be either partially or entirely assembled by the domestic Indonesian shipbuilding firm PT PAL in cooperation with its foreign counterparts, under transfer of technology (ToT) agreements for the more sophisticated frigate and submarine projects. Beginning with former President Yudhoyono, Indonesia has made it a priority of buying whenever possible military equipment that is sourced locally, and to the extent that it is not, enabling local defense manufacturing companies to improve their capabilities and enter into ToT arrangements with foreign firms in order to reduce external reliance over the longer term.

This priority is increasingly being resourced with significant government funding for these companies in the form of either cash injections or loan conversion arrangements, in an attempt to turn what had previously been troubled and grossly mismanaged companies into efficient and reliable domestic arms manufacturers.<sup>807</sup> In the case of PT PAL in particular, it has "requested from the government the provision of bail out funds to keep the company afloat," but with this government assistance has proved increasingly capable of producing domestically vessels ranging from fast patrol boats of various sizes to several 125 meter LPD, the second of which was commissioned in

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<sup>806</sup> Antara News. "Navy Chief Orders for Tougher Action Against Illegal Fishing," 23 January 2015. <http://www.antaranews.com/en/news/97503/navy-chief-orders-for-tougher-action-against-illegal-fishing>

<sup>807</sup> Sukma, Rizal. "Indonesia's Security Outlook and Defense Policy 2012," p. 14-15

2011.<sup>808</sup> The experience and expertise gained on these previous projects will be essential for planned ToT arrangements and domestic manufacturing of further vessels in the future, including submarines and frigates.

Indonesia has now signed two contracts with the Dutch shipbuilding firm Damen Schelde for the production of two 2400 ton, 105 meter long Sigma 10514 frigates, referred to locally in Indonesia as a ‘Guided Missile Destroyer Escort’ or ‘*Perusak Kawal Rudal*’ (PKR).<sup>809</sup> The contract for the first PKR was signed with Damen in June of 2012 and includes partial production and assembly at PT PAL’s shipyard in Surabaya.<sup>810</sup> An option for the second vessel was exercised in mid-2013.

Damen stated that delivery of the vessel was slated for 2016, and the director of planning and development at PT PAL, Eko Prasetyanto, had stated separately that construction would begin in January 2013 on PT PAL’s portion of at least one of the vessels.<sup>811</sup> Construction started on the second ship in 2014 and the keel laying ceremony took place in early 2015.<sup>812</sup> According to Jane’s, the delivery timeline has been revised to 2017, with the first ship due for delivery in January and the second in October of that year. At least two more are likely to be acquired, though the contract has yet to be

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<sup>808</sup> RSIS Policy Report. “Revitalizing Indonesia’s Defense Industrial Base: Agenda for Future Action,” July 5, 2012, p. 5. Available online: [http://www.rsis.edu.sg/publications/policy\\_report/Revitalizing\\_Indonesia\\_Defence\\_Industrial\\_Base\\_--\\_Agenda\\_for\\_Future\\_Action\\_5\\_July\\_2012.pdf](http://www.rsis.edu.sg/publications/policy_report/Revitalizing_Indonesia_Defence_Industrial_Base_--_Agenda_for_Future_Action_5_July_2012.pdf)

<sup>809</sup> Philip Saunders. *Jane’s Fighting Ships (2011-12)*. London: IHS Jane’s, 2012, p. 357

<sup>810</sup> Damen Website. “DAMEN SCHELDE NAVAL SHIPBUILDING SIGNS CONTRACT FOR SIGMA 10514 GUIDED MISSILE FRIGATE, PKR - PERUSAK KAWAL RUDAL,” June 5, 2012. <http://www.damennaval.com/nl/news.htm?item=33>

<sup>811</sup> M. Tahir Saleh. “Pal Indonesia Produksi Kapal Perusak Januari 2013 (PT PAL Production on PKR to begin January 2013),” *Bisnis.com* 23 November 2012. <http://www.bisnis.com/articles/pal-indonesia-produksi-kapal-perusak-januari-2013>

<sup>812</sup> Ridwzan Rahmat. “Indonesia Lays Keel for Second PKR Frigate,” *IHS Jane’s Navy International*. 15 December, 2015.

finalized. Reports by Indonesian analysts suggest that the PKR project could ultimately include a total of anywhere from four to sixteen of the vessels to be built in cooperation with Damen.<sup>813</sup>

A press release from Damen stated that the vessel will be equipped with guided missile and gun systems for anti-surface (ASUW) and anti-air (AAW) warfare, as well as torpedoes for anti-submarine warfare (ASW) in order to effectively conduct naval warfare and maritime security missions, though the exact weapons systems were not specified.<sup>814</sup> The ships will also reportedly be capable of embarking the AS565 Panther Helicopters which are to be fitted for ASW operations with the Helicopter Long Range Active Sonar (HELTRAS) dipping sonar and torpedo launch system.<sup>815</sup> The purchase of a total of sixteen of the AS565 Panther's was announced in April 2014, though no details on the contract or timeline for delivery have been released.<sup>816</sup> They will reportedly be manufactured by the Indonesian aerospace firm PT Dirgantara (PTDI) in cooperation with Airbus Helicopters, with PTDI responsible for production of the air frames and dipping sonar equipment.

In addition to the PKR project, Indonesia also purchased three British frigates that had initially been ordered by Brunei. Previously referred to as the Nakhoda Ragam class, the contract had gone to international arbitration after Brunei refused to take delivery. Indonesia's intention to purchase the vessels was conveyed during a meeting with British

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<sup>813</sup> Ristian Atriandi Supriyanto. "Indonesia's Naval Modernization: A Sea Change?" RSIS Commentary; January 27, 2012, p. 2.  
<http://www.rsis.edu.sg/publications/Perspective/RSIS0202012.pdf>

<sup>814</sup> Damen Website. "Damen Signs Contract for SIGMA 10514 Frigate, PKR."

<sup>815</sup> Ridwzan Rahmat. "Indonesia Lays Keel for Second PKR Frigate,"

<sup>816</sup> Ridzan Rahmat and James Hardy. "Indonesia Navy to acquire 16 ASW Helicopters," IHS Jane's Defence Weekly. May 2, 2014.

Defense Minister Philip Hammond in January 2013,<sup>817</sup> with reports suggesting that the frigates were to be bought at 20% of the original price under the Brunei contract.<sup>818</sup> By the end of 2014 all three frigates had been delivered to Indonesia and commissioned under the *Bung Tomo* class. While the armaments on the ships as part of the deal remains to be confirmed, their previous configuration for delivery to Brunei included ASW, AAW, and ASUW capabilities, including Exocet MM40 Block II anti-ship cruise missiles (ASCM) and Seawolf surface to air missiles (SAM), and is equipped with a helicopter flight deck capable of supporting medium sized aircraft such as the S-70B Seahawk.<sup>819</sup> Such capability would allow them to also embark the AS565 ASW Helo's, which reports from October 2014 suggested was now the Navy's intention.<sup>820</sup>

The planned frigate acquisitions will supplement previously existing naval warfare capabilities of the Indonesian navy, which were already strengthened recently through the acquisition of four Corvettes, a separate project in cooperation with Damen on similar though slightly smaller vessels than the PKR. These four smaller 1700 ton corvettes, referred to as the *Diponegoro* class, were commissioned between 2007 and 2009, and are also armed with Exocet ASCM's and SAM's (Mistral) as well as anti-submarine torpedoes.<sup>821</sup>

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<sup>817</sup> News Track India. "Indonesia to buy frigates from Britain," 16 Jan 2013. <http://www.newstrackindia.com/newsdetails/2013/01/16/386--Indonesia-to-buy-frigates-from-Britain-.html>

<sup>818</sup> Investor Daily Indonesia. "Indonesia Bakal Miliki Frigate Inggris (Indonesia to Have British Frigates)," 05 November 2012. <http://www.investor.co.id/home/indonesia-bakal-miliki-frigate-inggris/48113>

<sup>819</sup> Naval-Technology.com. "Nakhoda Ragam Class, Brunei Darussalam," Accessed February 26, 2013. <http://www.naval-technology.com/projects/nakhoda/>

<sup>820</sup> Ridzwan Rahmat. "Indonesian Navy to Equip Bung Tomo Frigates with Panther ASW Helicopters," *Jane's Defence Weekly*. October 7, 2014.

<sup>821</sup> Tan, Andrew T.H. *Security Strategies in the Asia Pacific*, p. 163

Even before the Diponegoro class was acquired Indonesia already possessed a credible naval warfighting capability in six *Van Speijk* class frigates, originally commissioned by the Dutch in the 1960s but then transferred as the Ahmad Yani class frigates. These vessels were originally armed with Harpoon ASCM's, though reports suggest that the armaments might be time expired,<sup>822</sup> and several have been refitted with alternate missile platforms, including the Russian Yakhont ASCM.<sup>823</sup> Despite these older vessels participating in recent exercises and one of them successfully test firing the Yakhont in 2011 and 2012, their operational capability is likely to be reduced by propulsion problems that have persisted despite having their engines being replaced within the last decade.<sup>824</sup>

The previous workhorse of the fleet were three Fatahillah class Corvettes, which according to Jane's, had been the "busiest of the larger warships," though they are also now over 30 years old, having been commissioned between 1979 and 1980.<sup>825</sup> Current and planned acquisitions of additional frigates will allow for these older vessels to eventually be retired from the fleet and will greatly expand the traditional warfighting capabilities of the TNI-AL surface fleet.

In addition to the traditional surface platforms, Indonesia has also been focusing on what are sometimes termed asymmetric naval platforms, such as submarines and fast attack craft, which are likely to be deployed as part of an Anti-Access and Area Denial

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<sup>822</sup> Saunders, "Jane's Fighting Ships," p. 354

<sup>823</sup> Supriyanto. "Indonesia's Naval Modernization," p. 2

<sup>824</sup> Saunders, "Jane's Fighting Ships," p. 354

<sup>825</sup> Ibid, p. 355

(A2AD) strategy.<sup>826</sup> In December of 2011 a \$1.1 billion contract for three *Chang Bogo Type 209* submarines was signed between the Indonesian Ministry of Defense and South Korea's DSME.<sup>827</sup> Delivery is expected to begin in 2016 and be completed by 2018, with the first two subs being manufactured by DSME and the third to be partially built and assembled at PT PAL's shipyard in Surabaya. The new Type 209 subs are reportedly to be 61 meters in length, displacing 1400 tons, and are to be equipped with eight weapon tubes for torpedoes and "other weapons," though it is unclear if this refers to submarine launched missiles.

Indonesia previously had acquired two Type 209 subs from Germany in 1981, both of which were recently overhauled and upgraded by DSME, with the second being completed in early 2012.<sup>828</sup> This upgrade reportedly included new weapons and combat management systems, including submarine launched missiles capable of targeting both air and surface platforms, as well as the ability to "simultaneously fire four wire-guided surface underwater torpedoes in a salvo at four different targets."<sup>829</sup> Despite the lack of official confirmation, the upgrade of the old Type 209's by DSME to include submarine launched missiles would suggest that it is likely the new Type 209's will also be equipped with similar weaponry.

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<sup>826</sup> Official Indonesian doctrinal and strategic documents do not directly use this term, but the planned acquisitions in this area suggest that such thinking may nonetheless be operating amongst Indonesian strategic and defense planners.

<sup>827</sup> Novan Iman Santosa. "Ministry, Daewoo sign \$1b contract for 3 submarines," The Jakarta Post. December 21 2011. <http://www.thejakartapost.com/news/2011/12/21/ministry-daewoo-sign-1b-contract-3-submarines.html>

<sup>828</sup> Wahyoe Boediwardhana. "RI submarines on par with neighbors after overhaul," The Jakarta Post February 06 2012. <http://www.thejakartapost.com/news/2012/02/06/ri-submarines-par-with-neighbors-after-overhaul.html>

<sup>829</sup> Wahyoe Boediwardhana. "RI submarines on par with neighbors after overhaul,"



The submarines will mark an important contribution to the asymmetric side of Indonesia's combat strike force, but regional analysts have argued that they are unlikely to significantly affect the regional balance of power as other neighbors maintain larger numbers and more sophisticated submarines.<sup>830</sup> While this may be true, and South Korea has itself supplanted the Type 209 with more advanced models for its own forces, the capability of these submarines in and of themselves should not be underestimated, particularly if they are armed with sophisticated submarine launched missiles. They are also likely to be only the beginning of a string of submarine acquisitions for Indonesia, with Defense Minister Yuseprianingrat stating in August of 2012 that "at least twelve subs" will be needed merely to meet the required MEF,<sup>831</sup> and current Chief of the Navy Marsetio had previously commented in 2010 that the Navy would need "at least 39" subs in order to properly defend the country in the future.<sup>832</sup> As the defense budget continues to increase in the years ahead, this will likely free up funds for additional and more sophisticated submarines, and while the recent purchase might not significantly affect the regional balance of power, these subsequent acquisitions undoubtedly will.

Building on the expertise gained over the past decade manufacturing patrol boats and other craft, local Indonesian shipyards have begun production of a series of Fast Attack Craft (FAC), locally referred to by the acronym KCR (*Kapal Cepat Rudal*- Fast Missile Ship), that will be armed with anti-ship missiles. The most significant and

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<sup>830</sup> Koh Swee Lean Collin. "Indonesia's Submarine Play," *The Diplomat*. January 19, 2012.

<http://thediplomat.com/flashpoints-blog/2012/01/19/indonesia's-submarine-play/>

<sup>831</sup> Antara News. "Indonesia needs 12 submarines to secure territories: minister," August 29 2012. <http://www.antaranews.com/en/news/84245/indonesia-needs-12-submarines-to-secure-territories-minister>

<sup>832</sup> Sukma, Rizal. "Indonesia's Security Outlook and Defense Policy 2012," p. 15

advanced of the KCR platforms is the Klewang class, built by PT Lundin Industry Invest at their shipyard in Banyuwangi East Java. The Klewang class vessels were built on a wave piercing catamaran design intended to minimize radar and other signatures for maximum stealth capability and speed in the shallow littorals of the archipelago.

The Klewang class program shows great promise but has experienced significant problems in the production process. PT Lundin lost the first completed vessel to a fire only three weeks after it was launched in August 2012.<sup>833</sup> The 63 meter Klewang was built out of carbon sandwich foam composites in order to reduce weight, but the material was apparently highly flammable and the subsequent follow on versions of the Klewang may be constructed out of different material instead, either a different composite or possibly steel.<sup>834</sup> According to Defense Minister Purnomo Yugiantoro, the Klewang had not been transferred to the Navy at the time of the fire and was thus still the responsibility of PT Lundin, so the accident will be covered by the manufacturer's insurance and would not affect the contract for four KCR vessels signed previously, with delivery still expected to be completed by 2014.<sup>835</sup> This deadline however passed, and after a lengthy delay with little information about the program released to the public, it was reported in February 2016 that the program had been indefinitely suspended.<sup>836</sup>

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<sup>833</sup> Defense Update. "KRI Klewang – First Stealthy Trimaran Patrol Vessel for the Indonesian Navy," Accessed February 9, 2013. [http://defense-update.com/20120906\\_kri-klewang-first-stealthy-trimaran-patrol-vessel-for-the-indonesian-navy.html](http://defense-update.com/20120906_kri-klewang-first-stealthy-trimaran-patrol-vessel-for-the-indonesian-navy.html)

<sup>834</sup> JPNN. "KRI Klewang Baru akan Berbahan Baja (New KRI Klewang to be Made of Steel)," October 12, 2012. <http://www.jpnn.com/read/2012/10/12/142993/KRI-Klewang-Anyar-Berbahan-Baja>

<sup>835</sup> Garuda Militer. "PT Lundin Ready to Make KRI Klewang Second," October 1, 2012. <http://defense-studies.blogspot.com/2012/10/pt-lundin-siap-bikin-kri-klewang-kedua.html>

<sup>836</sup> Ridzwan Rahmat. "Singapore Airshow 2016: Indonesia halts Klewang-class stealth attack craft programme," Jane's Navy International. February 16, 2016.

Following the suspension of the Klewang program, it is increasingly clear that the majority of the KCR boats will be built by Indonesian state owned shipyards, primarily by PT PAL in two different 40 and 60 meter versions. A third KCR 40 was delivered to the TNI-AL Western Fleet Command (Koarmabar) on January 26<sup>th</sup>, 2013, along with a fourth vessel to be delivered later in the year by November, as well as an additional twelve vessels by 2014. The fourth ship was part of a 2011 contract for three KCR 60's signed between PT PAL and the Navy, two of which were to be built by PT PAL.<sup>837</sup> In total eight KCR 40's had been delivered to the Navy by the end of 2014,<sup>838</sup> as had all three of the KCR 60s.<sup>839</sup> Comments by Ministry of Defense officials from May 2014 indicated that acquisition of as many as sixteen of each KCR 40 and 60 designs was planned, though subsequent statements indicate that follow on models of the KCR 40 will be built on a larger 50m design to allow for increased firepower.

Significantly, both the KCR 40 and 60 are to be armed with Chinese made C-705 ASCM's, which have a superior range to many current Western models at 150km, and are reportedly to be jointly manufactured as part of a 2011 agreement between Indonesia and China.<sup>840</sup> In May 2014 Deputy Defense Minister Sjafrie Sjamsoeddin told IHS Jane's

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<sup>837</sup> Indonesian Ministry of Defense (Kemhan) Website. "KKIP Menggelar Sidang Pleno Ke-VI di PT. PAL Surabaya (Sixth KKIP Plenary Session Held at PT PAL Surabaya)," May 23 2012.

[http://dmc.kemhan.go.id/index.php?option=com\\_content&view=article&id=1198:kkip-menggelar-sidang-pleno-ke-vi-di-pt-pal-surabaya&catid=36:iptek-a-pendidikan&Itemid=61](http://dmc.kemhan.go.id/index.php?option=com_content&view=article&id=1198:kkip-menggelar-sidang-pleno-ke-vi-di-pt-pal-surabaya&catid=36:iptek-a-pendidikan&Itemid=61)

<sup>838</sup> Ridzwan Rahmat. "IndoDefence 2014: TNI-AL to Acquire Enhanced KCR40 Missile Craft Variant," Jane's Navy International. November 6, 2014.

<sup>839</sup> Ridzwan Rahmat. "Indonesia Commissions 3<sup>rd</sup> KCR60M Missile Craft," Jane's Defence Weekly. September 18, 2014.

<sup>840</sup> Antara. "Indonesia-China hold defense consultation meeting," January 10 2013. <http://www.antaranews.com/en/news/86754/indonesia-china-hold-defense-consultation-meeting>

that a deal had been reached to jointly manufacture C705 missiles with China through Indonesian state arms manufacturer PT Pindad, with an initial batch of 60 units being sought for the KCRs.<sup>841</sup>

Despite the 2011 agreement and the 2014 comments from Sjafrie, it seems possible that the two countries are still in negotiation over the particulars of the ToT arrangement for the C705 missiles, negotiations which are not moving as quickly as Indonesia would prefer. In fact, the negotiations may have run into problems over the ToT arrangements, with the Chinese slow rolling the process, likely reticent to transfer the entirety of missile technology which the Indonesians want, including design and guidance systems. According to the previous comments made in 2013 by the Head of Communications for the Indonesian Ministry of Defense (MoD), Brigadier General Sisriadi, the Chinese were focusing in ongoing negotiations on assembly rather than ToT schemes that would include design and guidance systems.<sup>842</sup> The Chinese had also at one point requested an additional \$35 million for calibration and testing as part of a ToT arrangement, though the MoD insisted that this was covered in the original agreement. Gen. Sisriadi stated at the time only that the Chinese had agreed to supply an undisclosed number of C705 missiles manufactured in China to be deployed on the KCR's, though according to reports by SIPRI ten were expected to be delivered by 2012, part of a total

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<sup>841</sup> Ridzwan Rahmat. "Indonesia Commissions 3<sup>rd</sup> KCR60M Missile Craft,"

<sup>842</sup> Angkasa Reader's Forum (ARC). "Kabar Terbaru C-705 dan KFX/IFX...? (New News on C705 and KFX/IFX?)," February 28, 2013. <http://arc.web.id/artikel/57-hankam/487-kabar-terbaru-c-705-dan-kfxifx.html>

of 350 C705 missiles that are to be either jointly produced or assembled in Indonesia by 2017-2018 under the 2011 agreement.<sup>843</sup>

These reports suggest that the label of a ‘joint production agreement’ may be based primarily on optimistic Indonesian accounts and potentially misleading. Actual joint production and precise details of the ToT arrangement may still not have been agreed upon, and there it seems likely that the agreement will be limited to Chinese provided pre-produced kits that would then be assembled in Indonesia in order to fulfill the agreement. If this is the case, rather than actually increasing Indonesia’s own domestic defense manufacturing capability, the agreement would leave Indonesia dependent on a potential security threat for supply of weaponry.

The joint production agreement is part of an MOU on security cooperation signed in 2005, and if the negotiations are indeed experiencing problems over the ToT issue, this would not be the first time that security agreements between the two countries had failed to meet their promise. Ian Storey, a regional scholar at the Institute for Southeast Asian Studies (ISEAS), noted several years ago that “despite the various declarations, MOUs, and joint agreements since 2005, there has been very little follow through in Sino-Indonesian defense and security cooperation.”<sup>844</sup> It is currently unclear if the agreement on joint missile production will follow this trend, but remarks by senior MoD officials that China attempted to limit the actual transfer of technology would indicate that it

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<sup>843</sup> Stockholm International Peace Research Institute (SIPRI). “SIPRI Report : Transfer Persenjataan ke Indonesia 2012 (Weapons Transfer to Indonesia in 2012),” via Defense Studies. Accessed March 19, 2013. [http://defense-studies.blogspot.com/2013/03/sipri-report-transfer-persenjataan-ke\\_19.html](http://defense-studies.blogspot.com/2013/03/sipri-report-transfer-persenjataan-ke_19.html)

<sup>844</sup> Ian Storey. “China and Indonesia: Military-security Ties Fail to Gain Momentum,” Jamestown Foundation China Brief Volume: 9 Issue: 4; February 20, 2009. [http://www.jamestown.org/single/?no\\_cache=1&tx\\_ttnews%5Btt\\_news%5D=34531](http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=34531)

remains a distinct possibility. Such a conclusion is supported by similar previous observations made by Ian Storey that Beijing was previously “apparently reluctant to invest in Indonesia’s state owned defense industry.”<sup>845</sup>

China may be more than happy to sell missiles and other weaponry to Indonesia, which it likely views as a potentially lucrative export market, but it remains to be seen whether or not the Chinese are willing to transfer the technology to Indonesia in order to enable its own indigenous defense production capabilities. Afterall, with many if not most of the KCR’s being deployed to the western fleet, the possibility that they would end up in a confrontation with a Chinese MLE or military vessel similar to those in 2010 is possible if not probable.

The possibility that China could pose a potentially serious direct threat to Indonesia’s national security interests in the South China Sea and yet has been selected to be a primary supplier of advanced weaponry on its new vessels may seem to present a paradox, and it does. Indonesian officials would argue, however, that this behavior originates from Indonesia’s unique security strategy, which seeks to maintain the ‘free and active’ policy even in procurement decisions. According to the current Chief of the Defense Ministry’s procurement center, Rear Admiral Leonardi, “we implement a free and active policy in weapons procurement.”<sup>846</sup>

Yet this ‘strategy’ may be criticized for its lack of strategic logic, as it is in reality evidence for the absence of a real strategy and a disconnect between the armed services and the MoD in the procurement process. Though the TNI retains control over

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<sup>845</sup> Storey, “China and Indonesia: Military-security Ties Fail to Gain Momentum.”

<sup>846</sup> The Jakarta Post. “RI Retains Prerogative in Weapons Purchases,” March 21, 2016. <http://www.thejakartapost.com/news/2016/03/21/ri-retains-prerogative-weapons-purchases-procurement-chief.html>

operational military forces, following a reorganization in 1985 the Ministry of Defense was created and assumed responsibility for military budgeting and procurement.<sup>847</sup> As a result of this divide, despite concern within the TNI about China as a potential security threat, it is ultimately the MoD not the TNI that makes the decision for actual procurements for naval weaponry. As mentioned above, acquisitions are often made on an ad hoc basis, with little strategic direction or oversight. The ‘free and active’ policy of weapons procurement often translates into taking the best deal being offered at any one point in time, with little regard for the broader strategic implications, or for the logistical and technological burden that multiple weapons suppliers places on the TNI.

To the extent that the ‘free and active’ policy improves Indonesia’s own security, strengthening its domestic defense industry, such an approach is truly a ‘win-win’ situation. Defense cooperation is however inseparable from the larger regional security dynamics, and if current trends continue, tensions and concerns over the South China Sea could potentially affect not only Indonesia’s overall relations with China, but the negotiations over the joint missile production agreement in particular. Anything short of an eventual complete transfer of technology would leave Indonesia vulnerable to a disruption in the supply of defense material from a perceived security threat.

The ongoing modernization of the Indonesian Navy is by no means squarely aimed at China alone; it is the product of numerous other traditional and non-traditional security concerns. China’s rise as a maritime power and its maritime boundary dispute with Indonesia has however generated sufficient concern within the Indonesian military and civilian leadership to become a primary strategic driver of that modernization, and

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<sup>847</sup> Global Security. “HANKAM Ministry of Defense and Security.” Accessed April 30, 2016. <http://www.globalsecurity.org/military/world/indonesia/hankam.htm>

could well become *the* primary strategic driver in the future if recent trends continue. The current focus of modernization efforts on vessels categorized under the combat strike force is part of an effort to increase the traditional warfighting and deterrence capabilities of the TNI-AL, which can be seen at least partially as a response to balance against an increased level of threat perception emanating from China. The naval modernization program has begun accelerating over the last several years in line with a rapidly growing defense budget, and can be expected to accelerate further in the years ahead, particularly if the level of threat perception continues to rise.

If this were to occur, this trend may in turn accelerate Indonesia's near term movement toward becoming a 'green water navy,' as well as longer term ambitions to become a regional naval power in its own right. Such ambitions are almost inevitable given Indonesia's archipelagic geography and vast maritime territory, but the time frame may be approaching sooner than many might think, with current trends beginning to eclipse ongoing problems and cause for skepticism. What might best at present be described as playing 'catch up' with other Southeast Asian naval forces,<sup>848</sup> may eventually lead to the TNI-AL surpassing them once the previous atrophy of its forces is overcome. As Indonesia rises to play a more important leadership role in regional security going forward, part of that role may well include its emergence as the preeminent maritime power in Southeast Asia, making it a critical partner in upholding international rules and norms in the maritime domain over the coming decades.

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<sup>848</sup> Pierre Tran. "Indonesia's Big Procurement Push Is Aided By Lenders," Defense News, March 31, 2013.  
<http://www.defensenews.com/article/20130331/DEFREG03/303310002/Indonesia-8217-s-Big-Procurement-Push-Aided-By-Lenders?odyssey=tab|topnews|text|FRONTPAGE>



### *An Indonesian Coast Guard?*

Unlike its regional counterparts, there is little evidence to suggest that Indonesia's previously unsuccessful efforts to create a national coast guard agency could be considered part of a wider balancing strategy against China. There is however evidence that this might be changing, as concern within the Navy seems to have accelerated movement toward the formation of a unified coast guard, a development which the Navy has long been pushing for (more below).

There remains at present little indication of a grand strategic overarching vision for either the development or employment of coast guard assets with traditional contingencies in mind, and the developments in this space over the last twenty years have owed largely to domestic infighting between the Navy and the Maritime Police (Polair).<sup>849</sup> If current trends continue and Indonesian threat perception becomes more pronounced, it is not outside the realm of possibility that Indonesian coast guard forces could however come to be seen in this light and employed accordingly. Increased threat perception and correspondent strategic re-evaluation in the Navy is likely to carry over into developments with the coast guard if these institutional rivalries can be overcome. Evidence of balancing behavior is already beginning to emerge in the acquisition of larger and more seaworthy ships by Indonesian coast guard agencies, a trend which could potentially accelerate if current trends continue.

At the moment however, what amounts to the Indonesian coast guard is a chaotic collection of competing agencies where little incentive for cooperation or even coordination exists. The separate agencies remain incapable of securing Indonesian

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<sup>849</sup> Jun Honna. "Instrumentalizing Pressures, Reinventing Mission: Indonesian Navy Battles for Turf in the Age of Reformasi," *Indonesia* No. 86 (October 2008), pp. 63-79.

maritime jurisdiction more broadly, let alone responding effectively to contingencies in the South China Sea. Since 2014 there has been a renewed push to overcome many of these previous problems and to create a unified coast guard agency, but progress toward that goal remains halting.

Noting the lack of efficiency and effectiveness generated by multiple agencies with overlapping authorities, Admiral (ret.) Tedjo Edy Purdijatno announced in November of 2014 that a unified coast guard would be created. "We will bring it all under one coastguard," he was quoted as saying at the time.<sup>850</sup> The following month the Maritime Security Agency (Badan Kemanan Laut, or Bakamla) became operational, and is being promoted by the Navy to serve as the equivalent of the Indonesian Coast Guard. This development is the result of over a decade of a wider effort by the Navy to ensure its position in maritime law enforcement and part of a wider competition amongst various agencies at sea, foremost amongst them the navy and the police.

Currently the Coordinating Minister for Politics, Law and Security (Menko Polhukam), Purdijatno had previously advocated for this option during his tenure as Chief of Navy from 2008 to 2009,<sup>851</sup> and is likely to have done so within the Jokowi administration as well. In a book published by the Admiral shortly after stepping down as Chief of Navy, he noted problems with coordination and "overlapping authority" (*tumpang tindih kewenangan*) at sea, devoting an entire section of the book to the need

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<sup>850</sup> Kanupriya Kapoor and Randi Fabi. "Indonesia to create new coastguard, boost defense spending," Reuters. November 13, 2014.

<http://www.reuters.com/article/2014/11/13/us-indonesia-security-idUSKCN0IX10220141113>

<sup>851</sup> Goldrick and McCaffrie, *Navies of Southeast Asia*, p. 85

for a unified coast guard.<sup>852</sup> The ideal solution to this problem, in his view, would comprise “forming a single entity being duly authorized” (*membentuk badan tunggal yang diberi kewenangan penuh*) to have “full command authority” (*wewenang komando penuh*).<sup>853</sup> This command authority would be required to break the impasse of various siloed institutional interests, or “sectoral ego” (*ego sektoral*) as the Admiral terms it.

Admiral Purdijatno is not the only Chief of Navy to address this issue either, suggesting a continuity in strategic thinking at the uppermost echelons of naval leadership regarding the need to reform the prior arrangements at sea. The most recently retired Chief of Navy, Admiral Marsetio, also addressed this issue at length in his 2014 book *Seapower Indonesia*. Raising once more the problem of ‘sectoral ego,’ Marsetio reaffirmed that the ultimate problem was with the absence of a “supreme authority” (*kewenangan yang terbesar*) at sea.<sup>854</sup> The establishment of a coast guard was seen as “very urgent to be realized in Indonesia” (*pembentukan Coast Guard sudah sangat mendesak untuk direalisasikan di indonesia*), but Admiral Marsetio was less absolute in his recommendation for the precise arrangements this would entail.<sup>855</sup>

Recognizing that stiff resistance would likely be encountered regardless of the path chosen to move forward, the Admiral lists two options, providing a new alternative to the formation of a unified coast guard. Instead of a unified coast guard under a single command, the facilities and infrastructure from the various agencies would be pooled under one single lead agency. This later concept was associated with the formation of a

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<sup>852</sup> Admiral (Laksamana) Tedjo Edhy Purdijatno. *Guarding the Border of the Maritime Nation (Mengawal Perbatasan Negara Maritim)*. Jakarta: PT Grasindo (Gramedia Widiasarana Indonesia), 2010, p. 188-189

<sup>853</sup> Purdijatno. *Guarding the Border of the Maritime Nation*, p. 189

<sup>854</sup> Marsetio. *Sea Power Indonesia*. Jakarta: Universitas Pertahanan, 2014, p. 85

<sup>855</sup> Marsetio. *Sea Power Indonesia*, p. 85

Maritime Security Agency (Badan Kemanan Laut, or Bakamla), a concept which was by no means new but had evolved over time in the face of the aforementioned institutional rivalries.

This concept originated with the Navy, and was essentially an evolution of previous arrangements that had emerged under Bakamla's predecessor, Bakorkamla. Bakorkamla was formed in 1972, ostensibly to coordinate policies and activities at sea (hence the KOR- 'Coordinating' in Indonesian), though it also served the dual purpose of sustaining the Navy's dominance in maritime administration under Suharto.<sup>856</sup> At the time this was achieved through the penetration of civilian maritime organizations by naval officers who had been seconded to fill high ranking positions. Bakorkamla was not immune to these arrangements, and its regional divisions were chaired by the Navy's respective geographic commanders. Though changes were made to Bakorkamla's command structure in 2005, when it was removed from the military and placed under the Menko Polhukam, the head of the organization continued to be a Navy admiral.<sup>857</sup>

Though the Navy initially opposed these reforms due to fear that it might lose its control over maritime security to the growing power of the Maritime Police (Polair), it eventually decided to embrace reform. The debate within the upper echelons of Navy leadership quickly shifted from opposition to how best to seize the initiative in developing Bakorkamla, and in December 2006 the Navy headquarters submitted a proposal for the formation of an Indonesian Sea and Coast Guard (ISCG).

According to comments made by Purdijatno in 2007, the Navy was at the time encouraging Bakorkamla "to take further steps to build the ISCG and streamline the

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<sup>856</sup> Honna, "Indonesian Navy Battles for Turf in the Age of Reformasi," p. 67

<sup>857</sup> Honna, "Indonesian Navy Battles for Turf in the Age of Reformasi," p. 74

inefficient structure of maritime authority.”<sup>858</sup> The Navy proposal echoed much of what the Admiral proposed in his book several years later, including the formation of a unified coast guard to serve as the sole agency in charge of maritime security. Reflecting the Navy’s historic relationship with civilian maritime agencies, the new ISCG would be staffed by Navy personnel, and as had been the case with Bakorkamla, it would have served as a “very effective way for the navy to neutralize the role of the police in maritime security.”<sup>859</sup>

Despite 2008 legislation that authorized the creation of the ISCG, the implementation of this legislation has been ineffective and has proven emblematic of the wider institutional rivalries that led to the initial proposal. A 2012 analysis by two Indonesian authors concluded that Bakorkamla’s efforts at coordination continued to be eclipsed by institutional interests, creating an operational environment best characterized as “survival of the fittest,” with each agency vying for resources and authority.<sup>860</sup> Despite an increase in Bakorkamla’s budget in 2011, where it more than tripled from the previous year,<sup>861</sup> the authors concluded that the agency remained “underfunded, underequipped, and understaffed,” with only 100 personnel to oversee the entire archipelago.<sup>862</sup> To compound these problems, the 2008 legislation was also vague about the precise

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<sup>858</sup> Quoted in Honna, “Indonesian Navy Battles for Turf in the Age of Reformasi,” p. 75-76

<sup>859</sup> Honna, “Indonesian Navy Battles for Turf in the Age of Reformasi,” p. 77

<sup>860</sup> Ristian Atriandi Supriyanto and Siswanto Rusdi. “Maritime Security Agencies in Indonesia: More not Merrier,” RSIS Commentaries No. 1 2013, p. 1-2

<sup>861</sup> Justin Jones. “Boost to Indonesian Maritime Security,” Lowy Interpreter. December 7, 2010. <http://www.lowyinterpreter.org/post/2010/12/07/Boost-to-Indonesian-maritime-security.aspx>

<sup>862</sup> Supriyanto and Rusdi, “Maritime Security Agencies in Indonesia,” p. 2

institutional arrangements the ISCG would function under, and a lack of Presidential leadership to clarify this led to continued competition amongst the various agencies.

When Bakamla became operational on December 13, 2014 it was intended to fulfill the aspirations long noted by various Chiefs of Navy to establish an Indonesian Coast Guard imbued with command authority sufficient to overcome these problems. The issuance of Presidential Directive by Jokowi several days prior provided reason for optimism that this time around would be different,<sup>863</sup> yet subsequent developments suggest that Bakamla is unlikely to live up to these ambitions.

The details of the precise institutional arrangements for Bakamla remain a work in progress, but the outcome seems more likely to resemble the second option offered by Marsetio, one of pooling resources under the lead of the agency.<sup>864</sup> Despite the Presidential Directive, leadership from Jokowi has been lacking, and it seems increasingly unlikely that not only will Bakamla fail to function as a single unified coast guard agency, it may fail to function at all. Rather, given this lack of Presidential leadership combined with ongoing legislative obfuscation, Bakamla seems at present more likely to reflect the inadequacies of its predecessor, and there is a real danger that it may become little more than an additional agency amongst the many others already operating out at sea. Despite the ambition to move from coordination to command and

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<sup>863</sup> Peraturan Presiden (Presidential Directive, PerPres) No. 178- “Tentang Badan Keamanan Laut” (About Bakamla). Signed by Jokowi on December 8, 2014.

<sup>864</sup> Interviews with Bakamla Personnel, Jakarta HQ, March 2015.

control at sea, Bakamla officials themselves admitted in early 2015 that they still could not even coordinate the various patrols that were occurring at sea.<sup>865</sup>

The Navy's active support of the new agency, including the announced transfer of up to ten Navy ships,<sup>866</sup> as well as the inclusion of Coast Guard forces as part of the fifth pillar of the new maritime doctrine, suggests that the creation of Bakamla is nevertheless a significant development. The new agency is receiving increased funding, including an additional \$56 million that was approved by the House of Representatives in February 2015.<sup>867</sup> The majority of this funding will be used to acquire new patrol boats for the agency and to upgrade its existing operational facilities including an 'Early Warning System' (EWS). A smaller portion will be allocated to operations, improving the agency's coordination function, and to personnel for the organization. As part of the expansion of the new agency the number of personnel is expected to grow to 2,000 in the coming years, more than five times that of Bakorkamla.

Within the last several years, what is now effectively Bakamla had acquired three new 48 meter offshore patrol vessels, the third of which was launched from PT Batam Expresindo Shipyard in February 2014.<sup>868</sup> One ship was assigned to each of Bakamla's

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<sup>865</sup> Nani Afrida. "Bakamla Trapped in Overlapping Agencies," Jakarta Post. February 03, 2015. <http://www.thejakartapost.com/news/2015/02/03/bakamla-trapped-overlapping-agencies.html>

<sup>866</sup> Afrida, "Bakamla Trapped in Overlapping Agencies."

<sup>867</sup> Antara. "Banggar DPR RI setuju anggaran Bakamla" (House of Representatives Approved the Budget for Bakamla). February 10, 2015. <http://www.antaranews.com/berita/479318/banggar-dpr-ri-setujui-anggaran-bakamla>

<sup>868</sup> Antara. "Menko Polhukam resmikan KN Kuda Laut" (Coordinating Minister Inaugurates KN Kuda Laut). February 8, 2014. <http://www.antaranews.com/berita/418004/menko-polhukam-resmikan-kn-kuda-laut>

three commands: Central, Eastern and Western.<sup>869</sup> In 2015, the fourth, fifth and sixth vessels of this class were launched, bringing the total to six.<sup>870</sup> At the launching ceremony for the final two in November 2015, former head of the Bakamla Vice Admiral Desi Mamahit stated that Bakamla plans to upgrade basing infrastructure at Natuna in 2016, so that it can better monitor the situation in the South China Sea.<sup>871</sup> If previous deployment patterns for the first three ships persist, which is likely, Bakamla will have two ships in the Western region capable of deploying to the South China Sea and operating from newly improved basing infrastructure at Natuna.

There are indications Bakamla ships may in fact already be operating from Natuna, with reports in November 2015 that Bakamla had provided “direct assistance” to expel possible Chinese vessels from waters around Natuna.<sup>872</sup> VADM Mamahit had long been aware of the potential security implications from the overlap with China’s nine dash line claim. Despite China’s lack of clarity surrounding its claims in the South China Sea, he publicly stated in September 2014 that the claims are “clearly a potential real threat for Indonesia” (*potensi ancaman nyata bagi Indonesia*), one that will inevitably impact the country’s national security, and that Indonesia must be prepared to respond to all possible

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<sup>869</sup> The three commands are referred to in Indonesian as: West- Wilayah Barat (Satgas I Tim Korkamla), Central- Wilayah Tengah (Satgas II Tim Korkamla) and Eastern- Wilayah Timur (Satgas III Tim Korkamla)

<sup>870</sup> Muhammad Bunga Ashab. “Head of Bakamla Launches Two Patrols Boats of the Nation” (Kepala Bakamla Luncurkan Dua Kapal Patroli Karya Anak Bangsa). Sindo News. November 21, 2015. <http://nasional.sindonews.com/read/1063342/14/kepala-bakamla-luncurkan-dua-kapal-patroli-karya-anak-bangsa-1448058666>

<sup>871</sup> Ashab. “Head of Bakamla Launches Two Patrols Boats of the Nation”

<sup>872</sup> Tribun News. “Head of Bakamla: In Natuna, Indonesian Fishermen Expelled by Foreign Party (Kepala Bakamla: Di Natuna, Nelayan Indonesia Diusir Pihak Asing). November 18, 2015. <http://www.tribunnews.com/nasional/2015/11/18/kepala-bakamla-di-natuna-nelayan-indonesia-diusir-pihak-asing>



contingencies.<sup>873</sup> “Sooner or later, inevitably, Indonesia will be affected by the South China Sea conflict, either directly or indirectly.”<sup>874</sup> The plans for the new basing infrastructure and reports of recent operations indicate that Bakamla is likely to begin operating within the overlap around Natuna, something that would not even have been possible until recently due to the agency’s prior lack of patrol ships.

In addition to the six 48 meter ships, Bakamla also has ambitious plans to acquire thirty more ships that are to be built locally, all of which would be 48 meters or larger, with additional variants planned to also include 80 and 110 meter classes.<sup>875</sup> According to Bakamla’s ‘Medium Term Development Plan’ (*Rencana Pembangunan Jangka Menengah*, RPJM) from 2015-2019 this will specifically include eight of the 80 meter ships, and four of the 110 meter variant, in addition to fourteen smaller coastal patrol craft.<sup>876</sup> A 110 meter ship is reportedly already under construction at PT Palindo’s shipyard in Batam, with Mamahit strongly implying this during his speech at the November 2015 launching ceremony, and is expected to be completed in 2016.<sup>877</sup>

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<sup>873</sup> Tribun News. “South China Sea Conflict Influential to Indonesia” (Konflik Laut Cina Selatan Berpengaruh ke Indonesia). September 11, 2014. <http://www.tribunnews.com/nasional/2014/09/11/konflik-laut-cina-selatan-berpengaruh-ke-indonesia>

<sup>874</sup> Tribun News. “South China Sea Conflict Influential to Indonesia”

<sup>875</sup> Antara. “Badan Keamanan Laut tambah 30 kapal patroli buatan Indonesia” (Bakamla to Add 30 Patrol Boats Made in Indonesia). February 2, 2015. <http://www.antaranews.com/berita/477742/badan-keamanan-laut-tambah-30-kapal-patroli-buatan-indonesia>

<sup>876</sup> Sucipto. “Patrol Boats Equipped with Combat Capability (*Kapal Patroli Bakamla Dilengkapi Kemampuan Tempur*),” Sindo News. February 10, 2016. <http://nasional.sindonews.com/read/1084274/14/kapal-patroli-bakamla-dilengkapi-kemampuan-tempur-1455103376>

<sup>877</sup> Antara. “Three New Vessels Strengthen Bakamla” (Tiga kapal baru perkuat Bakamla). December 20, 2015. <http://www.antaranews.com/berita/536144/tiga-kapal-baru-perkuat-bakamla>

In addition their size, the armament of Bakamla's new patrol ships is intriguing and potentially significant, as it sheds some light on the possible intent behind the restructuring of the agency, including an apparent wartime reserve function similar to the US Coast Guard. In addition to being armed with 12.7mm deck guns, during wartime Bakamla's new larger ships reportedly will be built in such a way that they could also be upgraded to include missile capabilities as part of Bakamla's wartime reserve function. According to Vice Admiral Dicky Munaf, the acting First Secretary of Bakamla, the boats will be able to accommodate "missile launch pads" which might be used in a state of war in keeping with Bakamla's wartime reserve function.<sup>878</sup>

The larger class sizes for future vessels and significantly increased capability suggest the possibility for emergent strategic thinking within the Navy beginning to shape the future development of Bakamla's fleet structure, and could potentially represent the first signs that the developments in the South China Sea are beginning to lead to tangible responses in the coast guard as well. The clear relation of the capabilities of the new ships to potential crisis scenarios indicates the potential for much more seamless integration between the employment of coast guard and naval power than had previously been the case, and may to a large degree explain Navy support for restructuring the new agency. That the larger variants of the ships could potentially be capable of being armed with missiles in the event of wartime contingencies suggests the close involvement of the TNI-AL with the development of Bakamla's shipbuilding plans.

Indonesia's various coast guard agencies are currently ill equipped to respond to contingencies in the South China Sea, which it should be noted are no longer

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<sup>878</sup> Sucipto. "Patrol Boats Equipped with Combat Capability,"

hypothetical. While even the 48m ships Bakamla currently possesses would be easily outclassed by the much larger variants of the China Coast Guard, building 110 or even 80 meter ships would be an important start in leveling the playing field. The close relationship between Bakamla and the Navy may allow for more effective integration of the agency's new capabilities within a more streamlined command and control structure better able to respond to confrontations at sea with China.

The agency leading Indonesia's responses in the South China Sea has not however been Bakamla, nor the Navy, but a little known organization under the Ministry for Maritime Affairs and Fisheries (*KKP*), the Surveillance Ship Directorate (*Direktorat Kapal Pengawas, or DKP*). The DKP is under the direct authority of the General Directorate for Marine Resources and Fisheries Surveillance (*Kapal Pengawas Direktorat Jenderal Pengawasan Sumber Daya Kelautan dan Perikanan, or Ditjen PSDKP*), which administers its budget and provides general direction. The DKP is in effect the operational arm of the Ditjen PSDKP, and implements KKP policy regarding surveillance and law enforcement activities within the EEZ, with the strategic goal of realizing an Indonesia that is "free from illegal fishing" (*Indonesia bebas illegal fishing*).<sup>879</sup>

The DKP currently possesses some thirty five patrol ships of various sizes, including one 30 meter and one 42 meter vessel acquired in 2013,<sup>880</sup> as well as four 32

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<sup>879</sup> Direktorat Kapal Pengawas. *Performance Accountability Report (Laporan Akuntabilitas Kinerja, or LAKIP) 2013*. Direktorat Jenderal Pengawasan Sumber Daya Kelautan dan Perikanan, Kementerian Kelautan dan Perikanan (KKP), p. 7 <http://djpsdkp.kkp.go.id/index.php/arsip/c/116/>

<sup>880</sup> KKP PSDKP- Report 2013, p. 20

meter patrol ships that were launched in December 2015.<sup>881</sup> These vessels are divided between an Eastern and a Western Command.<sup>882</sup> The entire budget for DKP in 2013 was roughly \$16 million, with the Western Command operating some 13 vessels with a budget barely exceeding \$6 million.<sup>883</sup> DKP operations in the South China Sea are headquartered out of DKP Station (Stasiun) Pontianak, with an operational work unit (Satuan Kerja, or SATKER) at Ranai, Natuna Besar.<sup>884</sup> The SATKER at Natuna is one of ten scattered across the Riau archipelago under the direction of Pontianak Station.

The area of operations for this regional command includes the Karimata Strait, as well as the Natuna Sea and South China Seas, collectively referred to by the acronym WPP-NRI 711.<sup>885</sup> The personnel within the entire Ditjen PSDKP in 2013 numbered less than 1,000, with 57 of them located at Pontianak.<sup>886</sup> These statistics reflect an organization that similar to Bakamla is equally ‘understaffed, undermanned and underfunded,’ though DKP has actually been fairly successful in utilizing its limited resources to meet its mission tasking. The organization has received renewed investment over the last several years, and can be expected to remain a prominent force out in the South China Sea, likely operating either in conjunction or under the direction of Bakamla. Its role in combating illegal fishing is now secure following a May 2015

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<sup>881</sup> Antara. “KKP Inaugurates Four New Ships (KKP Resmikan Empat Kapal Baru),” December 18, 2015. <http://www.antaranews.com/foto/93778/kkp-resmikan-empat-kapal-baru>

<sup>882</sup> DKP, LAKIP 2013, p. 7

<sup>883</sup> DKP, LAKIP 2013, p. 34

<sup>884</sup> KKP PSDKP- 2013 Surveillance Report, p. 158

<sup>885</sup> KKP PSDKP- Report 2013, p. 32

<sup>886</sup> KKP PSDKP- 2013 Surveillance Report, p. 96

Presidential Directive on the KKP,<sup>887</sup> and DKP will continue to grow at least modestly in line with Jokowi's direction.

Similar to Bakamla, DKP also plans to build larger and more capable ships, and a number of these are in fact already finished, with four 60 meter ships being launched in late 2015 and early 2016. Part of the Indonesian Fisheries Inspection Vessel System (SKIPI), the fourth of these *ORCA* class patrol ships was launched in April 2016.<sup>888</sup> KKP Minister Susi Pudjiastuti announced at the launching ceremony that ten of the *ORCA* class would be built in total, with two to three additional vessels being built per year over the next several years. The ships will be divided evenly between the two regional commands, with two operating in the Western region, and one specifically out of Natuna.<sup>889</sup> The ships are reported to have much longer endurance than the other 31 vessels currently in the DKP inventory, and can stay out at sea up to fourteen days.<sup>890</sup> Radar detection capabilities on the boats is also greatly improved to 120 nautical miles (nm), compared to only 36 nm on most of the other vessels.

During an earlier visit to the PT Daya Radar Utama shipyard where the boats were being built at the time, Minister Susi announced that the Ministry might order

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<sup>887</sup> Peraturan Presiden (Presidential Directive) No. 63 2015, "Tentang Kementerian Kelautan dan Perikanan (About the KKP). Signed by President Jokowi May 20, 2015.

<sup>888</sup> Tempo. "Minister Susi Inaugurates Four Fisheries Inspection Vessels," April 8, 2016. <http://en.tempo.co/read/news/2016/04/08/055760958/Minister-Susi-Inaugurates-Four-Fisheries-Inspection-Vessels>

<sup>889</sup> Jakarta Globe. "Indonesia Steps Up Fight Against Illegal Fishing With 4 New Ships,"

<sup>890</sup> Antara. "Empat kapal pengawas perikanan mutakhir beroperasi 2015" (Four Sophisticated Fisheries Surveillance Ships To Become Operational 2015). April 23, 2014. <http://www.antaranews.com/berita/430870/empat-kapal-pengawas-perikanan-mutakhir-beroperasi-2015>

additional vessels from the shipyard if the current contract was successful.<sup>891</sup> These additional vessels were reported to include a much larger 160 meter design, though no further details have become available at time of writing. While the new 60 meter variants mark a significant advance on the rest of the DKP fleet, a 160 meter variant would be a truly remarkable development, should it eventually emerge under construction. It would mark a serious investment in the future of KKP and the DKP in particular, an investment that is not outside the realm of possibility given the apparent attention the President is devoting to the organization.

The trend toward larger ships in both DKP and Bakamla is likely a direct response to the size of Chinese vessels encountered at sea, including directly to incidents in 2010, 2013 and most recently 2016. In discussing potential roles for either DKP or Bakamla going forward, it is necessary to note the continued efforts of the Navy to establish its own control over Indonesian maritime security, which remains a primary mission for the service. This focus continues to be reflected in navy doctrine and still reportedly comprises the bulk of the Navy's operational activities at sea.<sup>892</sup> Whereas navies in other case studies, such as in Malaysia, sought to create a coastguard in order to better enable them to focus on their traditional warfighting roles, there is no indication at present this has been a motivation for the Indonesian Navy. The evolution to this point of Indonesia's coast guard arrangements has owed more to the Navy's desire to preserve this role in the face of competition from other organizations such as the police.

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<sup>891</sup> Atlas Information Monitors. "Four New Skipi Vessels Will be Completed by the End of This Year- Investor Daily,"

<sup>892</sup> Evan Laksmana, "Rebalancing Indonesia's Naval Force: Trends, Nature, and Drivers," in *Naval Modernisation in Southeast Asia: Prospects, Causes and Consequences*. Eds. Geoffrey Till and Jane Chan, Routledge 2014, p. 193

For the Navy to relinquish this role, it would have to have a greater level of confidence that funding for its main warfighting role alone would continue to secure its budget within the wider TNI, and also that other agencies (such as Bakamla) were competent to take its place.<sup>893</sup> There is movement in this direction, but the pronounced focus of the Jokowi administration on maritime security issues such as illegal fishing is unlikely to provide the Navy a sufficient level of confidence to throw its weight solely behind warfighting. This will continue to prove a challenge for Indonesia's wider efforts to balance against Chinese assertiveness in the South China Sea, and will complicate the ability of the Navy to maintain an effective deterrent with its own limited resources.

For this reason, the primary objective behind establishing Bakamla, transitioning from coordination to command and control, becomes even more important. If Bakamla is able to more effectively pool resources under its command, the burden on the Navy would be greatly relieved. A recent analysis from the Navy was optimistic that this might be achieved, concluding that "the mission and associated assets of BAKAMLA should allow it to assume command authority rather than merely coordinate activities," while also noting that such a development would likely take time, and institutional tension would likely persist.<sup>894</sup> Though this challenge is indeed likely to persist, there is also a history of operational cooperation between the three primary agencies likely to be operating in the South China Sea: the DKP, the Navy and now Bakamla.

Extensive cooperation and coordination in fact already exists between these agencies (including Bakamla's predecessor Bakorkamla), and is particularly pronounced

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<sup>893</sup> Goldrick and McCaffrie, *Navies of Southeast Asia*, p. 91

<sup>894</sup> Salim. "Pathway to Indonesia's maritime future: the role of maritime policy, doctrine and strategy," RAN Seapower Centre, *Soundings* Issue No. 5, July 2015, p. 10

between DKP and the Navy. According to DKP, this cooperation includes joint surveillance operations within the EEZ, and a ‘joint agreement’ (*kesepakatan bersama*) on fisheries enforcement.<sup>895</sup> Further cooperation also occurs through Navy ‘crew training’ (*pelatihan awak*) of DKP personnel on the use of firearms such as the 12.7mm deck guns standard on most DKP ships. The Navy may also supply these and other hand held firearms to DKP, as it apparently ‘loans’ firearms (*pinjam pakai senjata api*) to the agency.

Joint operations have also been undertaken with Bakorkamla (now Bakamla), including *Operation Gurita* (Octopus), which was conducted seven times over the course of 2013, resulting in six arrests of fishing vessels operating illegally at sea.<sup>896</sup> Part of DKP’s strategy for 2013 included increasing coordination (*meningkatkan koordinasi*) with both the Navy and Bakamla.<sup>897</sup> There already exists a precedent for not only coordination but actual joint operations between the three organizations, and this cooperation could serve as a model for future joint operations conducted under Bakamla’s strengthened mandate. Such cooperation and joint activity will be essential if Indonesia is to more effectively address the challenges it is already facing in the South China Sea that China’s own rise as a maritime power has presented.

## ***Conclusion***

Indonesia’s emergence as a maritime power will likely bring it into direct confrontation with a rising China. Indonesia’s rise, combined with China’s efforts to

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<sup>895</sup> KKP PSDKP- Report 2013, p. 44

<sup>896</sup> KKP PSDKP- Report 2013, p. 35

<sup>897</sup> KKP PSDKP- Report 2013, p. 4



advance its claims in the South China Sea to the full extent of the nine dash line map, is already beginning to activate the ‘incipient geopolitical rivalry’ postulated by Leifer over a decade ago. There is little evidence to indicate that Indonesia has itself reached this conclusion about inevitable rivalry with China, though recent incidents in the South China Sea have undoubtedly made Jakarta more aware of growing Chinese maritime power, increasing the likelihood of this eventually occurring.

These incidents have reactivated previously existing concerns within the Indonesian elite, particularly in the military, over the long term intentions of a rising China, leading to an overall increase in Indonesian threat perception. Though problems in the procurement process may have caused a delay in translating perception into a more effective strategic response, elements of a new strategy are beginning to emerge. These elements are evident in the recent and planned increases to the overall defense budget, as well as recent acquisitions and attention being devoted by the new President to the maritime domain. Recent acquisitions of larger more seaworthy ships by coast guard forces such as Bakamla and DKP are the clearest evidence to emerge thus far of balancing behavior, and though long delayed, progress may be slowly emerging in efforts to streamline Indonesia’s numerous enforcement agencies. While Indonesia has engaged China on defense acquisitions, including for the C705 missiles to be deployed on board the new KCR FAC, big ticket naval procurements such as the new submarines and destroyer escorts (PKR) continue to rely on western firms and technology.

Given the realities of the discrepancies in relative power between Indonesia and China at present, even in ideal circumstances Indonesia would find it difficult to achieve a successful response to China’s growing maritime might through internal efforts alone.

These inherent constraints on its strategic options have been compounded by an ineffective procurement process that lacks strategic direction. Correcting these problems may enable Indonesia to eventually rise as a regional maritime power, but even if it is able to overcome these hurdles, the country is likely to increasingly find itself sharing that maritime space with China.

Indonesia has already been increasing cooperation with the US in the maritime domain, and this cooperation can be expected to continue to increase in response to the current trends in the strategic environment, though this cooperation is unlikely to reach the level of an alliance, even an implicit one. Indonesia is placing its bets on its own ability to develop a self defense capability to balance an increasingly assertive China. To be effective, these efforts have a long way to go, though the foundations for the necessary progress are finally being laid.

## Chapter 7

### Conclusion

Over the last several years it has become increasingly clear that China is enacting a Maritime Law Enforcement (MLE) strategy intended to assert its jurisdiction in disputed areas of the South China Sea. China may have thus far correctly calculated that its MLE strategy could effectively protect or advance its expansive claims in the area while remaining below the threshold for military escalation, and consequently possible intervention by more powerful countries such as the United States. However, Beijing is likely to find it difficult to attain its ultimate strategic goals in the South China Sea using this coercive strategy. The IR literature has highlighted the challenges other great powers have faced in employing coercion as a tool of foreign policy, particularly in its compellent form, and China is unlikely to prove an exception in this respect. Chinese control of the South China Sea is not inevitable, nor is the body of water likely to emerge anytime soon as ‘China’s Caribbean’ as some have opined.<sup>898</sup>

The reason for this is that in contrast to the US periphery, China is attempting to push into a region that is emerging as a geostrategic fulcrum in its own right, into areas historically under the influence of other rising powers such as India and Indonesia. Even at the height of its expeditionary power during the Ming dynasty, the Chinese tributary system never stretched into the maritime core of Southeast Asia. As has been the case

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<sup>898</sup> See Robert Kaplan. *Asia’s Cauldron: The South China Sea and the End of a Stable Pacific*. New York: Random House, 2015. A recent study from a prominent US think tank makes a similar projection- Center for Strategic and International Studies (CSIS). *Asia Pacific Rebalance 2025: Capabilities, Presence and Partnerships*. January 2016.

historically, China is already running into resistance to its efforts to expand further south. Though President Xi may not realize it, Beijing has grossly miscalculated the long term strategic effects this strategy will have for its relations with its neighbors in maritime Southeast Asia. Chinese nationalism will continue to drive expansionist impulses, but these will in turn continue to run into equally strong nationalist sentiment in countries such as Vietnam, where Chinese efforts will be actively opposed.

China's MLE strategy, specifically the use of maritime paramilitary or coast guard forces to assert its jurisdiction in disputed areas of the South China Sea, may at first glance seem novel, but it is really nothing new. It is merely one more in a long history of coercive naval strategies utilized by great powers over time, strategies which China itself suffered at the receiving end of during previous eras. Though it may try to mask this reality behind the façade of 'routine' law enforcement operations, the region is increasingly recognizing that they are anything but. They are the latest incarnation of traditional realpolitik power struggle at sea; a modern version of gunboat diplomacy, where the real guns mostly remain hidden over the horizon.

China's enforcement of its claims within the entirety of the nine dashed line map has brought it into repeated confrontations and crises not only with its nearby neighbors Vietnam and the Philippines, but also now increasingly more distant neighbors such as Malaysia and Indonesia. As its power projection capabilities have expanded out to the furthest reaches of that line, these once more distant neighbors are also increasingly being drawn into the fray. Seas that at one time may have served as a geostrategic buffer from relatively limited Chinese maritime power are now constantly filled with sightings of Chinese naval or coast guard ships. Increasingly these ships do not even transit in the

waters of their neighbors; they are dropping anchor around disputed features which hold strategic value for one reason or another, rotating in and out, in effect creating a semi-permanent presence in areas where less than a decade ago they had no presence whatsoever.

The concern from maritime Southeast Asian countries has been less over China's growing presence in these areas than the manner in which that presence is executed. Despite dropping anchor often times now, Chinese Coast Guard (CCG) vessels are not sitting by passively waiting; they are actively attempting to interfere with coastal state efforts to enforce jurisdiction in areas where China has little or no legal basis to do so. China is more often preventing laws from being enforced than it is enforcing them; threatening the safety and well being of foreign counterparts rather than ensuring safety at sea. Chinese fishermen operating in disputed areas are protected by CCG vessels, not prosecuted by them. This ostensibly civilian force has at times threatened to open fire on its regional counterparts; it has jammed their communications in the midst of crisis scenarios that threatened escalation to conflict. These are not the actions of a civilian coast guard organization. The Chinese version of a coast guard is at best a part time maritime harassment organization, and may indeed credibly be considered the PLA Navy's 'civil proxy' operating in disputed areas.

Whether they be civilian or military, the coercive actions of official Chinese ships operating in the South China Sea is the sufficient cause of the growing concern in maritime Southeast Asia. Geographic proximity and other factors highlighted by Walt remain necessary, but it is action that explains variance over time in Southeast Asian threat perception. Actions speak louder than words, and China's actions are increasingly

driving an increase in threat perception in the region. While successful deterrence may correctly be considered to be a non-event, compellence is anything but, and successfully compelling an adversary to abort an action already in progress does not tend to be forgotten. China is unlikely to permanently deter Southeast Asia from attempting to enforce their jurisdiction in disputed areas, and is thus likely to be forced to rely to a greater extent upon more compellent forms of coercion to execute its strategy, reducing the likelihood of success and increasing the possibility of escalation.

Despite periodic lulls in presence in many areas due largely to their limited capabilities, all of the countries examined in this thesis are likely to push back against China's efforts as part of their own counter-coercion strategies. Their ability to do so will likely remain limited over the near term, but increasing threat perception is likely to continue driving the procurement of additional naval and coast guard ships. Chinese compellent actions such as those involving Indonesian forces off the Natuna islands have led a sharp rise in threat perception in Jakarta. Similar coercive actions have created growing alarm in all of the other capitals of maritime Southeast Asia, be it in Kuala Lumpur, Hanoi or Manila.

Though this threat perception remains most pronounced in Vietnam and the Philippines, Chinese actions since 2010 are quickly bringing Indonesia and Malaysia into the fold. Consistent with the IR theory outlined in chapter one, this threat perception has varied in degree across time. But in addition to Walt's variable of geographic proximity and other factors, a sufficient explanation for this variance hinges upon action- namely Chinese actions in the South China Sea and the resulting incidents or confrontation that have resulted, be they diplomatic or operational.

It is telling that even a country such as the Philippines, which before the 1980s displayed little awareness of foreign policy more broadly, let alone concern about China in particular, has now given up hope of reaching an amicable negotiated settlement with Beijing on a bilateral basis. In the other capitals, longstanding concern over China's long term ambitions in the region has reemerged. Most importantly in Indonesia, this concern has combined with previous perceptions of regional rivalry. It is there off the Natuna islands that Leifer's predictions of an 'incipient geopolitical rivalry' seem to be coming to fruition. Competition for the heart of maritime Southeast Asia has begun. It is in its early stages but it is clear that this development has magnified threat perception across all of the national security establishments in these countries.

In Vietnam, though Communist officials remain reluctant to describe it as such, China is now clearly viewed as Vietnam's greatest external security threat. This perception is not new, and extends far back historically due partially to Vietnam's geographical proximity to China. Typical of all case studies for this thesis, the level of Vietnamese threat perception has fluctuated over time, increasing initially in the early 1990s following a series of Chinese actions at the time in the South China Sea, then subsiding for a time as China decreased its provocative behavior in these areas. As China began implementing its new MLE strategy Vietnam was the first to feel the effects, with incidents occurring as early as 2005, increasing in severity by 2007. The 2007 confrontation near the Paracels foreshadowed what was to come.

It was in this most recent period that Vietnam's threat perception reached new levels of intensity, particularly following the 2014 oil rig incident near the Paracel Islands in which Chinese and Vietnamese ships engaged in a test of wills, amidst a clash of

competing strategies of coercion and counter-coercion. This was the single greatest crisis in China-Vietnam relations since the 1988 naval skirmish in the Spratlys, and had an immediately appreciable effect on Vietnamese threat perception. Uncharacteristically vocal public statements by senior Party officials left little doubt about their perception of Chinese activities, though there remained apparent discord within the government, most pronounced in statements by the Defense Minister of familial camaraderie with China at the height of the crisis. Such statements reflect the close ties that remain between certain elements in the two countries, not only between militaries but through official communist party to party channels. These channels however failed to function during the 2014 crisis, further heightening Vietnam's threat perception and driving a fundamental shift in the relationship with China that is likely to endure for years to come.

In Malaysia, the reluctance to describe China as a threat is similarly pronounced, though tracing Malaysian threat perception back prior to the 1990s reveals a much different picture, highlighting a divergence between declaratory policy and the actual views of its defense planners and policymakers that emerged after that time. While concern over China began literally with the birth of Malaysia as a nation, it was not until the late 1980s that this threat perception took an external dimension centered on the possibility of Chinese military power projection into the Spratly islands. Malaysian military assessments about the preponderance of superior conventional Chinese firepower led to the development of new asymmetric strategic concepts including 'forward defense,' which relied heavily on submarines to counter this new threat.

China's confrontations with other claimants such as Vietnam clearly influenced Malaysian threat perception from the late 1980s onwards, and this perception was



particularly evident in Malaysian defense planning that took place following the naval skirmish in 1988. Despite a rhetorical shift in publicly describing the relationship with China from the mid-1990s onwards, it is clear that concern over China's long term intentions continued to linger within the Malaysian defense planning community, and remained particularly pronounced within the military. Having emerged from this community following his previous time as Defense Minister, the current Prime Minister Najib Razak almost certainly shares these views, even if they are not voiced publicly as often by him as by leadership in other countries such as the Philippines.

This dormant threat perception began to re-emerge after 2008 following an up tick in Chinese activity in the areas of the South China Sea proximate to Malaysia. By 2010 China's presence in areas of the Spratlys was leading to increased tension and even occasional operations confrontation with MAF forces there. By 2012 the Chinese presence had begun to push even further south into areas such as South Luconia Shoals, where China now maintains a semi-permanent rotational presence, part of what amounts to a years long standoff with RMN vessels there. These developments have led to a resurgence of Malaysia's threat perception toward China since 2010, as these disputes for the first time begin to emerge as domestic issues in Malaysia following increasingly vocal statements by members of the Prime Minister's cabinet.

China's seizure of Mischief Reef in 1995 marked a turning point in Philippine threat perception toward the country, though indications of growing concern had begun to emerge in Manila about Chinese activities before that time. The Philippines' inability to respond effectively to this occupation only served to magnify their threat perception, creating an immediacy to China's emergence as a nearby threat. China's subsequent

construction of an outpost on the feature by 1998 despite years of statements to the contrary and other diplomatic initiatives led a former Philippine Secretary of Defense to describe China approach at the time as one of “talk and take,” an assessment which continued to be reflected in official documents until as late as 2002.

Following a brief lull in this threat perception during what some have termed the ‘golden years’ of Philippine-Chinese relations under President Arroyo, as in the other case studies Philippine threat perception began to re-emerge from 2010 onwards. For the Philippines, the initial resurgence in threat perception began with a 2011 confrontation that took place at Reed Bank, where a Philippine contracted survey vessel was coerced by two Chinese MLE ships into leaving the area. The watershed moment in the more recent period however took place in 2012, with the standoff that emerged at Scarborough Shoal in May of that year. After a months long standoff China reneged on an agreement to mutually withdraw its ships and has since that time remained in de facto control of the feature, denying access to Filipino fishermen. Chinese efforts to deny AFP resupply of its presence aboard the BRP Sierra Madre at Second Thomas Shoal in 2014 further magnified Philippine threat perception. Nowhere has this threat perception been more clearly articulated by senior officials than in the Philippines, where President Aquino has on multiple occasion compared China’s actions in the South China Sea to Nazi Germany’s expansionist moves leading up to World War II.

Indonesia is perhaps the most interesting case study in terms of its threat perception toward China, due largely to the conflicting signals sent out by its own government. Behind these seemingly conflicting signals however lies a deep and growing concern over Chinese activities in the South China Sea. These concerns have been

magnified by a historic suspicion of Chinese long term intentions in the region and the view in some circles in Jakarta that China remains an expansionist power that cannot be separated from its Imperial past. While, similar to Malaysia, the initial concerns in a newly independent Indonesia over China pertained to its attempts to foment rebellion and internally subvert its government, by the 1990s these concerns had also taken on external dimension centered on the potential for China to project military power further south into the South China Sea.

The initial impetus for Jakarta's concerns began in 1993 when China first presented its now infamous map of the nine dash line at an informal workshop Indonesia was holding on the South China Sea, informing Indonesia that the two countries would need to delimit their overlapping maritime boundary. Since that time a disjointed approach has emerged from Indonesia in response to this reality, whereby the foreign ministry refuses to admit that a dispute exists, and the military attempts to ensure that China is deterred from enforcing its claims. Major joint exercises such as the one held by the TNI in 1996 off Natuna speak volumes about Indonesian threat perception, even if the foreign ministry remains reluctant to speak about the issue directly.

While these divergent approaches were able to co-exist for a time, China's increasing presence in the southern areas of the South China Sea from 2010 onwards began to render the tension between them unsustainable. The first in what would become a number of serious incidents between Chinese and Indonesian maritime security forces occurred in May of 2010, and subsequently again in June of that year, continuing through a March 2013 incident in the area. By 2012, Indonesian military officers were becoming increasingly vocal about their concern over these incidents and the long term trends in the

South China Sea. By 2014 the tension had reached a breaking point and erupted in an unusually public way, with senior TNI officials for the first time publicly recognizing the overlap involving the nine dash line. After another serious incident occurred in March of 2016, Indonesia for the first time held a press conference and even the foreign minister publicly condemned China's actions, leaving little doubt as to the increasingly pervasive, and pronounced threat perception in Jakarta.

Consistent with the theoretical assumptions outlined in chapter one based on the work of Walt and Weitsman, heightened levels of threat perception across all the countries have historically led them to attempt to balance against the threat, and they are once again beginning to display a more pronounced shift toward harder forms of balancing. This thesis shows that Southeast Asian countries have over time balanced not just against material capability, as China's material capability has been growing steadily over the last several decades, but against a perceived threat emanating from that capability. As many Southeast Asian scholars have themselves stated, it is not China's growing capability alone that they are concerned about, it is the potential intent to use that capability in ways that harm their own national interest. China's MLE strategy and actions in the South China Sea since 2008 have confirmed the worst fears of many, causing them to question China's long term intent in the region.

The corresponding increase in levels of threat perception has once again made it clear that Southeast Asian states are beginning to balance against China, though the new elements of increased balancing behavior are still subsumed within what remain predominantly hedging strategies. Increased balancing behavior has occurred primarily in the form of internal balancing, specifically the modernization of military capabilities

applicable to maritime scenarios, as well as development of coast guard or MLE forces capable of competing with the ever larger Chinese ships they are encountering with ever greater frequency.

Vietnam has been the most successful in executing an internal balancing strategy thus far, with the recent acquisition of Kilo class submarines as well as corresponding long range precision strike capabilities from the sea or from shore based CDCM batteries. Despite having initially begun the shift toward a more robust naval capability in the 1990s following an initial increase in threat perception, Vietnam had made little progress in that effort until it was reinvigorated following a resurgence of threat perception after 2008. Like Vietnam, these initial beginnings of modernization occurred in the Philippines and Malaysia in the late 1980s to mid-1990s following initial increases in threat perceptions there as well. Yet in each, as threat perception temporarily waned the urgency of these efforts was lost and little progress was made.

Least successful of all the countries in this study has been the Philippines' efforts to balance internally, where the dominance of the Army and issues surrounding procurement continue to prove obstacles to implementing a shift toward territorial defense. Similar problems exist in Indonesia and Malaysia, where the Army also remains dominant though maritime and air capabilities have made considerably more progress in both. Despite these variations in internal efforts across the cases, all are still falling far short of the level of capability required for high level military contingencies in the South China Sea, and subsequently for achieving a credible deterrent against increasingly coercive Chinese tactics there.

In addition to building a domestic military capability, internal balancing efforts in maritime Southeast Asia have also included the creation or modernization of Coast Guard forces. This has been most clearly the case in Vietnam, where efforts to modernize the Vietnam Coast Guard have been the most successful in the region. The acquisition of large 2500 ton OPV size vessels is clearly a response to Vietnam's earlier encounters with larger Chinese MLE ships in the South China Sea. When combined with additional ships of similar size in the new Vietnam Fisheries Resource Surveillance force, Vietnam's coast guard and MLE capabilities are likely to continue to frustrate China's strategy, as they did during the oil rig standoff in 2014.

Malaysia may have been ahead of the curve in creating a unified coast guard force of its own in 2004, but the MMEA has never been capitalized to the extent required to attain sufficient capabilities that would be required for the service to assume responsibility for patrolling in disputed areas of the South China Sea. The Philippines has been increasingly investing in its own Coast Guard (PCG), but the service is starting from a relatively low level of capability, and has yet to attain the capacity to efficiently conduct operations in the disputed parts of the South China Sea. The strongest evidence to emerge of increased balancing behavior in Indonesia thus far has been the recent trend of building larger and more capable patrol ships for MLE agencies including Bakamla and DKP, a trend which is likely a direct response to the growing number of incidents between Chinese and Indonesian MLE ships in disputed waters off Natuna since 2010.

Indonesia is not without its problems though and similar constraints on funding are compounded by the chaos created by multiple MLE agencies with overlapping authority. Efforts are underway in all of these countries to overcome these problems and

develop their various coast guard forces into organizations capable of dealing with the growing challenges they are facing from China's coast guard, but it remains to be seen if these efforts will prove effective. Indonesia clearly has the resources to do so, but has thus far failed to exercise sufficient leadership to break through the inter-agency rivalry that is crippling their MLE capacity more broadly. The recent announcement of the creation of a unified Indonesian Coast Guard under Bakamla is an important development, but momentum for realizing this goal is waning and greater leadership will be required from President Jokowi if he is to succeed where others have failed.

The failure to overcome internal impediments to effectively implement a strategy is evident across all case studies in this thesis. This is not to mention the fact that while elements of a strategy are also evident across all of them, it is often difficult to discern a connected strategic plan across different levels of government. With the possible exception of Vietnam, there has been a consistent failure to fully develop a robust and effective internal balancing strategy to counter Chinese coercion in the South China Sea. In some countries, such as Malaysia, this may owe a great deal to the stifling of debate on the long term security implications of China's rise.

In others, such as the Philippines, this failure has resulted not only from a lack of resources and capabilities, but also a lack of a realistic strategic framework that could better align even limited resources with future acquisitions. The creation of new strategic and operational concepts embodied in the *Active Archipelagic Defense Strategy* represent commendable progress toward overcoming these challenges, but much work remains to be done on seeing these successes represented in wider DND planning efforts.

The Philippines is in this respect an outlier amongst the four case studies, to the extent that it has ventured forth a detailed and practical maritime strategy stretching across the whole of government, including coast guard agencies. In no other country does such a document exist. While the Indonesian Navy may have its own maritime doctrine, this remains at the end of the day one of several service doctrines and not an overarching maritime strategy. Furthermore, it says little about the challenges the Navy is currently facing in the South China Sea nor how to more effectively meet them in cooperation with the various coast guard agencies involved. While Malaysia does indeed have a ‘National Blue Ocean Strategy,’ this strategy pertains solely to the land based economy and has absolutely nothing whatsoever to do with the ocean.<sup>899</sup> There is little evidence of serious conceptual thinking in Malaysia about either maritime strategy more broadly or the current operational challenges the country is facing in the South China Sea.

Such conceptual thinking will be required from all countries if they are to effectively meet the challenges they are currently facing to defend their national interests there. The lack of credible operational concepts to effectively utilize even the minimal resources they do have may be the most glaring error in their wider strategies to deal with China’s maritime rise. There is an immediate need to develop ‘gray zone’ contingency planning as nearby neighbors such as Japan have done. This would include serious consideration given to various types of contingencies agencies might face and then nesting them with proper standard operating procedures (SOP) and rules of engagement (ROE) that would better enable commanding officers at sea to effectively resist Chinese coercion. Provisions would need to be made for the possibility that vessels at sea would

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<sup>899</sup> Malaysian Government website. “Malaysia’s National Blue Ocean Strategy (NBOS).” <https://www.blueoceanstrategy.com/malaysia-nbos/book/>



be isolated from the wider command and control (C2) loop, as happened with Indonesia in 2013, and C2 arrangements would need to be strengthened both within and across various maritime agencies. Little imagination is required at this point to come up with the potential contingencies; they are already occurring in ever greater frequency. All that remains to be done is for all countries to recognize this reality and to better plan to meet it accordingly.

These internal balancing efforts are likely to remain the predominant thrust of any balancing behavior in Southeast Asia (questions of effectiveness aside) due to domestic constraints on alliance creation or enhancement. Nevertheless, external balancing efforts have been an vital part of the wider strategies of both the Philippines and Malaysia. Vietnam and Indonesia both remain wary of engaging in any type of foreign alliance, though have historically welcomed external assistance in building their own self defence capacity. Relative power asymmetries with China are likely to persist, and even effectively executed internal balancing efforts will likely require some type of external component to be successful, whether this be through formal or informal alliances.

Out of all the case studies the Philippines has most visibly embraced external balancing as part of its wider strategy in response to China, through its longstanding treaty alliance with the US. The signing of the Enhanced Defense Cooperation Agreement (EDCA) in 2014 will likely prove a milestone in the alliance, despite domestic factors having for some time delayed its implementation. Successfully implementing the new rotational presence of a greater number of US troops in the Philippines will need to be executed with domestic political sensitivities in mind, and the

new arrangements are likely to prove more sustainable to the extent they serve to build Philippine capacity for self defense.

Less well known is Malaysia's close defense and security relationship with Australia under the auspices of the Five Powers Defense Arrangements (FPDA). Though existing outside of formal treaty commitments, the extent of operational cooperation, as well as both implicit and explicit commitments to mutual defense, taken together might most aptly be defined as an 'informal alliance.' While not well known outside the region, this 'quiet alliance' between the two countries continues to be an important if not foundational pillar of Malaysian defense policy and strategy. A central pillar of the alliance has always been the emphasis on building Malaysia's own self defense capability, though even Malaysian defense officials have frankly admitted that such a capability has yet to be attained. Australia's responsibility for Malaysian air and now sea defense through IADS speaks to the surprisingly robust nature of the alliance, something that the US-Philippine alliance has lacked since the withdraw of US troops in the early 1990s.

Vietnam and Indonesia have both been more wary of entering into alliance commitments, though historical precedent for robust security cooperation does exist in both countries. Cultural and historical factors are more pronounced in these two countries, which each fought long and bloody wars for their independence. This legacy is likely to continue to impose severe constraints on the degree to which either country will rely on external balancing as part of their wider strategic response to China. Currently they both place greater emphasis on what might best be termed soft balancing, attempting to leverage international security partnerships and through ASEAN. It is far from clear

that this level of cooperation will be sufficient to achieve their strategic goals however, and scholars in these countries have pointed out the essential but uncomfortable truth: that they will to one degree or another need to rely on the US, which is the only country currently capable of effectively balancing Chinese power.

While neither country is likely to enter into an alliance with the US, they have historically both engaged in what amounts to alliance commitments previously. This was most clearly the case in Vietnam, which maintained and even strengthened its alliance with the former Soviet Union into the 1980s. Despite Vietnam's current policy of the three no's, the history of alliance commitments suggests that alliances are not entirely out of the question, should Vietnam's threat level increase to the point where the leadership decides such a shift is required. This is however a long way off from happening right now, and there is no reason to believe that Vietnam is planning on entering into an alliance with the US anytime in even the distant future. The process of increasing even the most basic security cooperation between the two countries has moved slowly, likely due to persistent suspicions in the more ideologically oriented segments of the Communist Party.

Indonesia is an interesting case in this respect, as it has not at any point in its modern history entered into a formal alliance like either the Philippines or Vietnam. However, like Malaysia, it has engaged in informal alliance behavior, and the Indonesian principle of maintaining a 'free and active' (*bebas aktif*) foreign policy has proved malleable over time.<sup>900</sup> Indonesia's 1995 *Agreement on Maintaining Security* (AMS) with

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<sup>900</sup> Sukma, Rizal. "Indonesia's bebas-aktif foreign policy and the 'security agreement' with Australia," *Australian Journal of International Affairs* Vol. 51 Issue 2 (March 2008), pp. 231-241

Australia bore all the indications of an informal alliance, and the language even mirrored the consultative commitments for joint defense outlined in the FPDA.<sup>901</sup> As described earlier, Indonesian threat perception toward China had steadily risen through the 1990s, and according to one scholar, there is little doubt that this concern was the primary motivating factor behind the agreement.<sup>902</sup> Indonesia's experience with the AMS cautions against assuming that external balancing is prohibited by the country's historical legacy and traditional foreign policy orientation. These will continue to act as constraints on Indonesian strategy, but substantially increased security cooperation with either the US or allies such as Australia that falls short of a formal alliance is certainly in the realm of possibility. This will become more likely should Indonesian threat perception continue rising as a result of ongoing Chinese coercion against its vessels operating in the South China Sea.

Despite the challenges they face in successfully balancing a rising China, this has not stopped Southeast Asian states from trying, whether it be through internal or external means. While they stand little chance of deterring a more powerful China on their own, and almost no chance of defeating the Chinese military in battle on land or at sea, the main thrust of China's strategy is fundamentally of a non-military nature. While China remains dominant in terms of the number of MLE ships it can bring to bear as well,

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<sup>901</sup> Article 2 of the AMS states that the two sides agreed to consult one another "in the event of adverse challenges to either party or to the mutual security interests, and if appropriate, consider measures which might be taken individually or jointly and in accordance with the process of each party." Sukma, "Indonesia's bebas-aktif foreign policy and the 'security agreement' with Australia," p. 235

<sup>902</sup> Storey, Ian. "Indonesia's China Policy in the New Order and Beyond: Problems and Prospects," *Contemporary Southeast Asia* Vol 22 No. 1 (April 2000), p. 162.

placing the emphasis on non-military assets actually serves to offset to a certain extent the fundamental asymmetries between China and Southeast Asian countries.

Building an effective coast guard capability is much less cost prohibitive than trying the match China dollar for dollar in surface combatants or other expensive weaponry. Vietnam has been the first to realize the truth of this dynamic, and has essentially mirrored China's own strategy by focusing on acquiring asymmetric military platforms and on building its MLE forces. Effective counter-coercion strategies such as that employed by Vietnam against China during the oil rig crisis of 2014, stand a much better chance of succeeding when supported by more robust balancing efforts to back them up. That is where the US could play an important role in, not just as an ally for the Philippines, but as a regional security guarantor with whose support it becomes much more likely that such counter-coercion strategies might actually succeed.

The perceptions and response within the region toward China's rise are important and must be factored into any future US policy in the region. It is not enough for US analysts to accurately assess China's strategy and capabilities- they need to understand how other countries are assessing and responding to this in order to develop the most effective response themselves. The US is inevitably poorly suited to respond on its own to the challenge posed by China's MLE strategy- even the relatively smaller Littoral Combat Ships (LCS) the US is currently deploying to Singapore are larger than the capital ships of many regional navies and, with the exception of China, all of their coast guard ships.

This is to say nothing about the ability of the US Coast Guard (USCG) to operate in these areas on a more symmetrical basis with the China Coast Guard. The current

USCG force structure was developed with very different operational parameters in mind. Illustrative of this reality is the fact that the former US Coast Guard cutters transferred to the Philippines are now the capital ships of the Philippine Navy (PN). This may also speak to some extent about the limited capabilities of the PN, but ultimately it demonstrates that larger and generally well armed USCG vessels may be poorly suited to the operational environment in the South China Sea.

The majority of US strategic thinking about operational scenarios involving asymmetric strategies deployed by countries such as China so far has been focused at the higher levels of the conflict spectrum, as evident with the ongoing debate over Air-Sea Battle. While it is undeniably important for the US military to develop the capacity and corresponding operational concepts to maintain access in contested environments, focusing solely on the higher end issues risks missing altogether the state of play in the region today. If current trends persist, it is not unthinkable that the US might have this capability without ever having call to use it; China's MLE strategy having effectively achieved many of its aims while avoiding the threshold for military conflict at a level that would trigger US intervention or involvement. As a result it is essential for the US to devote serious strategic resources to better understanding the regional perception and response of Southeast Asian countries, and to assist them in their efforts to resist Chinese coercion in the South China Sea.

An effective US strategy would leverage this knowledge and understanding to better enable Southeast Asian countries to defend their own national interests. Increasingly they have not only the capability but the political will to do so. US naval forces are much better suited to continue executing their deterrent mission in the region,

while better equipped Southeast Asian coastguards could serve as the front line to confront China's strategy of coercion and intimidation. Such an arrangement would effectively flip the Chinese strategy on its head, with Southeast Asian coast guard forces in the lead and US naval forces operating over the horizon providing a deterrent capability against Chinese coercion or threats of escalation.

The presence of an over the horizon US deterrent capability effectively integrated with regional coast guard communications and surveillance systems (even assisting in this role potentially) would provide these forces with the confidence to confront aggression from Chinese forces. While emboldening Southeast Asia to take provocative action toward Chinese forces should absolutely be a concern for any US policy going forward, the reality is that as a rule it has been China provoking and Southeast Asian countries responding in the South China Sea. It is in the US national interest for these countries to continue responding rather than submitting to Chinese coercion, lest China's excessive claims eventually obtain de-facto recognition in the absence of active opposition.

The US could also work with allies as well as partners to build their own more effective deterrent capability to support their wider strategies to resist and counter Chinese coercion. This would need to be done predominantly on a bilateral basis to be most effective, but could also utilize alliances with countries such as Australia to leverage their own unique relationships in the region. Australia's 'quiet alliance' with Malaysia is a case in point, where an extensive program of annual exercises plays a vital role in building the capacity of Malaysia's own defense forces. In addition to expanded bilateral exercises and exchanges with partner nations, US exercises with other regional allies

such as the Philippines could be expanded and utilized to bring in other regional partners such as Indonesia and Malaysia, as well as potentially Vietnam, to further expose them to US training and operational doctrine.

While ASEAN is unlikely to emerge anytime soon as a true security community<sup>903</sup> and defense cooperation across the organization as a whole is likely to remain limited, the US might be more successful in encouraging intra-ASEAN defense cooperation, particularly amongst the various states studied in this thesis. While an ASEAN coast guard is unlikely to emerge anytime in the near future, if ever, joint patrols conducted amongst the various claimants is much more feasible. If current trends continue and threat perception becomes more pronounced this could potentially become a real possibility, particularly with US backing and active encouragement. Even stopping short of joint patrols, increased cooperation and coordination amongst the Southeast Asian coast guard and MLE organizations would allow the to attack the center of gravity in China's strategy: the vast expanse of maritime space claimed by China in the South China Sea.

The central vulnerability of China's strategy is the extensive overreach of its claims, that it is attempting to control too large of an area. Even with 95 large MLE ships, once you factor in maintenance and training requirements maybe one in three of those ships is ready to be deployed to sea at any one time (as is a common rule of thumb for naval and coast guard forces). This quickly cuts that number to one third of the original

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<sup>903</sup> For a critical analysis of ASEAN's prospects in this regard, see John Garofano. "Power, Institutions and the ASEAN Regional Forum: A Security Community for Asia?" *Asian Survey*, Vol. 42, No. 3 (May/June 2002), p. 521. Also David Martin Jones and Michael L.R. Smith. "Making Process not Progress: ASEAN and the Evolving East Asian Order," *International Security* Vol. 32, No. 1 (Summer 2007), pp. 148-184



number, with somewhere around thirty three Chinese MLE ships available at any one time. If split evenly between the three CCG bureaus, that leaves only roughly ten ships per bureau. While ten large ships is more than any one Southeast Asian coast guard might have at present, if the countries could act with greater coordination, they could stretch the CCG fleet thin across the entirety of its area of operations, allowing Southeast Asian forces greater room for maneuver. Such cooperation is currently some way off, but the possibility that it could be developed at some point the future should not be discounted.

If Southeast Asian claimants were to coordinate enforcement actions, some could feint and tie up Chinese forces while others carry out actions including arresting Chinese fishermen operating in far flung areas. With China Coast Guard involved in areas far removed from the scene of action, they would be incapable of responding in a timely manner. To put it simply, even with all their new ships the CCG still cannot be everywhere at once. The existence of multiple flashpoints in the South China Sea means multiple locations that simultaneously require CCG presence. This, and the vast expanse of China's claims is the central weak point in their strategy. If Southeast Asian defense planners were smart, they would orient their own counter-coercion strategies around this center of gravity, and increase cooperation amongst themselves.

With a decision approaching in mid-2016 on the Philippines case before the PCA, a ruling potentially negating China's excessive claims is no longer a question of academic interest alone. The US has supported the Philippines' decision to take the case before the tribunal, and has stressed that the ruling will be legally binding on all

parties.<sup>904</sup> US strategy should therefore be developed along the lines discussed above in order to better support this policy. A turning point may be approaching, where it becomes clear whether a rising China intends to play by the rules or instead intends to make its own. China's strategy and actions suggest the latter, and US strategy would do well to at the very least account for this possibility, and to actively work with its allies and partners in Southeast Asia to more effectively deter China from further coercive behavior in the South China Sea.

The struggle for the heart of maritime Southeast Asia will be about more than a geostrategically vital transit point between the Indian and Pacific Oceans. It will be about the international maritime order itself, and the rules that define that order. The US has an important role to play in sustaining that order, but if it is to do so successfully, it will have to work more effectively with its allies and partners in Southeast Asia. These countries have important shared national interests themselves in promoting and sustaining that order, and will not sit by passively while China begins throwing its weight around the region. They will respond, as they are beginning to already. The key to US strategy going forward may be less about whether it can develop such capabilities itself, than it will be to better understand the perceptions of its allies and partners in Southeast Asia, and then to assist them in building their own capabilities to respond successfully.

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<sup>904</sup> Jose Katigbak. "US Expects China, Philippines to Abide by UN Ruling," The Philippine Star. October 4, 2015.  
<http://www.philstar.com/headlines/2015/10/04/1506894/us-expects-china-philippines-abide-un-ruling>