

1 General Situation

Southeast Asia holds key positions for traffic linking the Pacific and Indian Oceans, such as the Straits of Malacca, the South China Sea, and is an important region for Japan. The countries in this region are making efforts to achieve political stability and steady economic growth, and lately have realized overall economic development to varying degrees. Such economic development has deepened the relationships of interdependence within and outside the region. However, this region still has destabilizing factors, including the territorial dispute over the Spratly Islands, ethnic minority issues, separatist and independence movements, and Islamic extremist groups. Moreover, there are incidents such as piracy by which the safe passage of ships is obstructed¹. In order to cope with

these problems, the countries in the region are working to build sufficient military forces not only for traditional national defense but also to address new security issues such as anti-terrorism and piracy. In recent years, against the backdrop of economic development, they have been modernizing their military forces, particularly their navy and air forces.

In this region, the United States is developing relationships of confidence with Southeast Asian countries and working to strengthen their readiness through numerous joint military exercises such as the multinational military exercise Cobra Gold and Cooperation Afloat Readiness and Training (CARAT)² and the provision of military technology and military assistance. (See Fig. I-1-5-1)

2 Defense Policies of Each Country

1 Indonesia

While there is a perception that within the next several years there is yet to be any indication of a conventional military threat from outside, the intensity of trans-national security threats has actually significantly increased in the past few years. Indonesia states that it treats non-military security issues as a part of national defense issues¹.

To that end, Indonesia is promoting Total Defence through both military defense and non-military defense activities under the idea that all people utilizing all resources available, maintaining Indonesia's independence, national sovereignty, territorial integrity, and national unification. Furthermore, Indonesia is implementing military reform, which includes the prohibition of the involvement of military officers in politics and business activities, and the separation of military and police roles.

In its diplomatic policy, Indonesia emphasizes cooperation with other Southeast Asian countries, and lays out as its basic principle the development of an independent and active foreign policy. In its national defense policy, Indonesia makes it clear that it does not leave the safety of the nation to another nation. However, Indonesia regards defense and military cooperation with the United States as significant for the development of the country's defense force, not only for the interest of Indonesia but also for its regional security interest², and has strengthened cooperative relations with the United States in such fields as military education and training, and military equipment procurement in recent years.

Though the United States temporarily suspended military cooperation with Indonesia due to disputes over the activities of Indonesian forces in Timor-Leste, the United States resumed the cooperation in 2005³. The two countries concluded the Framework Arrangement on Cooperative Activities in the

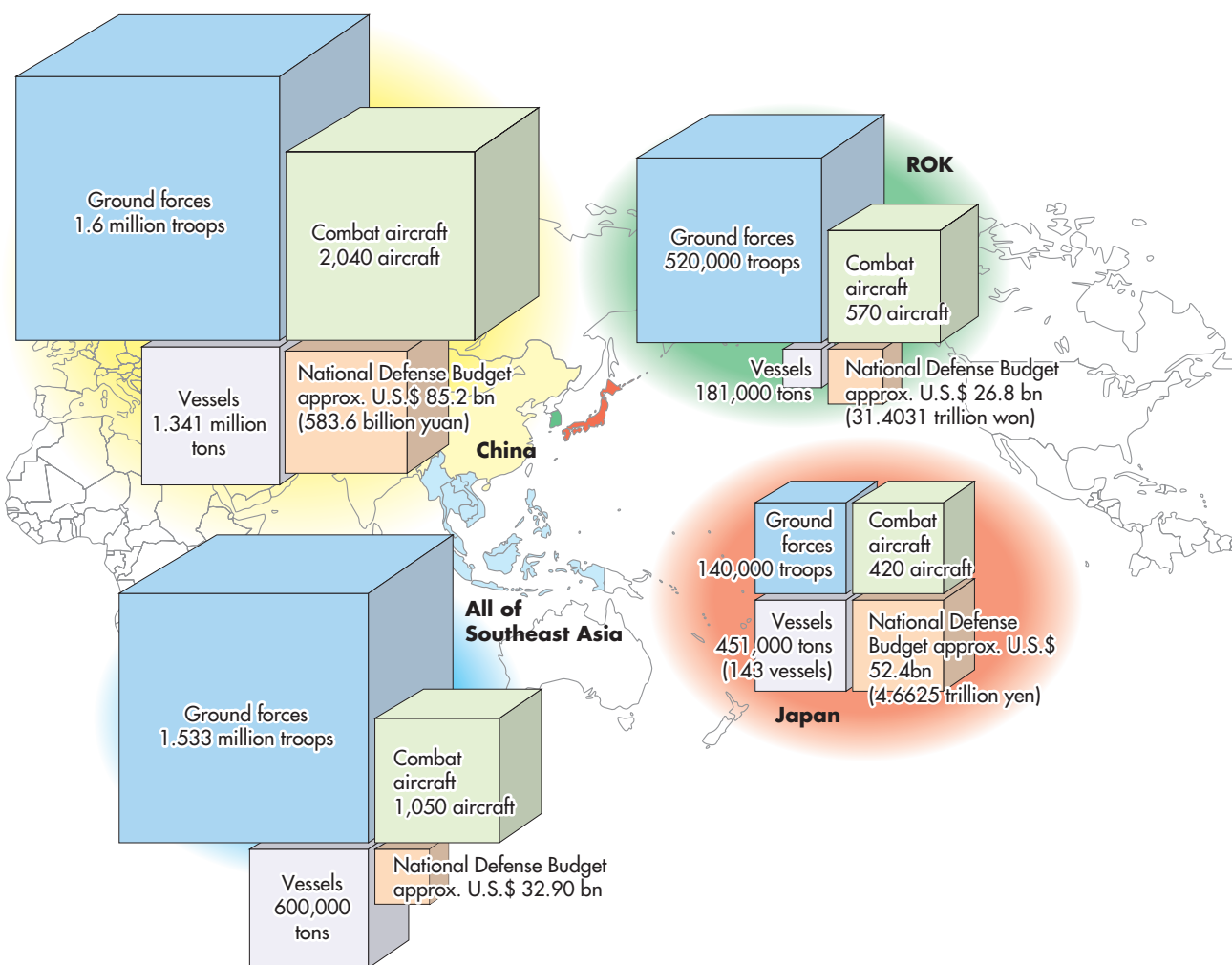
¹ -1 According to a report by the International Maritime Bureau (IMB) of the International Chamber of Commerce (ICC), although the number of incidents of piracy in Southeast Asia had been declining every year, from 70 cases in 2007, 54 cases in 2008, and 46 cases in 2009, it increased to 70 cases in 2010 and 80 cases in 2011.

² CARAT is a general term for a series of bilateral exercises held by the United States with Bangladesh, Brunei, Cambodia, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Timor-Leste (a new participant in 2012). A similar exercise, known as Southeast Asia Cooperation Against Terrorism (SEACAT), is also conducted between the United States and Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand).

² -1 Based on Indonesia's Defence White Paper 2008.

² Based on Indonesia's Defence White Paper 2008.

³ In action against Indonesia's suppression of independence movements in Timor-Leste, the United States suspended International Military Education and Training (IMET) for Indonesian military personnel in 1992. IMET provides the military personnel of the U.S. allies and friendly nations with opportunities for studying and training at the U.S. military educational institutions. Though the restriction was partially lifted in 1995, the United States suspended IMET again in 1999. In 2005, the United States lifted the restriction and decided to resume arms export to Indonesia.

Fig. I-1-5-1 Comparison of Forces Strength and Defense Budget between Southeast Asia and Japan/China/ROK 2011

- Notes: 1 Source: The Military Balance 2012 and others. The size of each block indicates relative size using Japan as the base size.
 2 For Japan, the force strength shows the actual strength of each Self-Defense Force as of the end of FY2011; the number of combat aircraft is the sum of the number of combat aircraft of the ASDF (excluding transport aircraft) and that of the MSDF (fixed-wing aircraft only). The Japanese national defense budget excludes the cost of the SACO.
 3 The national defense budget of China is from the Finance Minister's Budget Report to the National People's congress in 2011.
 4 The national defense budget of the ROK is from the ROK National Defense White Paper 2011.
 5 The national defense budget of China and the ROK is expressed in U.S. dollars and is calculated at the FY2011 Ministry of Finance announced exchange rates of 89 yen to 1 dollar, 13 yen to 1 yuan, and 77 yen to 1,000 won.
 6 The Japanese national defense budget is expressed in U.S. dollars converting 2011 figures at the FY2011 Ministry of Finance announced-exchange rate of 89 yen to 1 dollar.

Field of Defense⁴ in June 2010. In addition, President Obama visited Indonesia in November of the same year to conclude a comprehensive partnership of the two countries. Furthermore, President Obama had talks with President Yudhoyono in November 2011 and it was announced that the United States

would provide 24 F-16 fighters to Indonesia⁵.

Indonesia believes that participation in U.N. peacekeeping operations promotes Indonesia's presence in the realm of international relations and is actively dispatching personnel to such activities⁶.

⁴ Specifically, this agreement integrates existing cooperative activities in such areas as security dialogues, education and training, defense industries, procurement of military equipment, maritime security, and other mutually agreed areas of cooperation.

⁵ According to the announcement by the Office of the Press Secretary, the White House on November 18, 2011, the government of Indonesia requested a total of 30 aircrafts, with 24 F-16 aircraft and six F-16 aircraft for use as spare parts and requested delivery of aircraft to begin by July 2014.

⁶ As of the end of May 2012, Indonesia has dispatched a total of 1,902 personnel on U.N. peacekeeping operations, including 1,354 to the United Nations Interim Force in Lebanon (UNIFIL) and 192 to the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO).

2 Malaysia

Malaysia, which is located at the center of Southeast Asia, considers itself to have strategic interests in common with its neighbors. Based on the premise of building close and friendly relationships with other countries, Malaysia has stipulated that the basic principles of its foreign policy are maintaining good bilateral and multilateral relations with other countries, cooperation with Muslim countries, South-South cooperation, and upholding the principle of non-intervention in the domestic affairs of other countries.

At present, Malaysia does not acknowledge any imminent external threats, but believes that its forces should maintain a level of readiness that enables them to deal with all military threats, so it places importance on “Independence”, “Total Defense”, “Commitment to the Rule of the Five Power Defence Arrangements (FPDA)”⁷, “Cooperation to the U.N. for World Peace”, “Measures against Terrorism”, and “Defense Diplomacy” in its defense policy. “Independence” refers to maintaining the readiness of forces, including logistical support, human resources, and a defense industry. “Total Defense” refers to comprehensive, integrated defense by various government agencies, private sectors, non-governmental organizations, and the public.

Based on its defense policy, Malaysia actively participates in U.N. peacekeeping operations and has dispatched its troops to Afghanistan, and anti-piracy operations off the coast of Somalia/Gulf of Aden⁸. Moreover, as part of “Defense Diplomacy”, it undertakes bilateral exercises and promotes military cooperation with a range of countries other than those involved in the FPDA, including the U.S. and India.

3 Myanmar

Following the collapse of its socialist regime in 1988, the armed forces seized power in Myanmar. The military junta suppressed pro-democracy movements by such means as keeping its leader Aung San Suu Kyi under house arrest. In response, the United States and European countries imposed economic sanctions.

Against the backdrop of a slumping economy as a result of economic sanctions and isolation in the international community, in 2003, Myanmar issued a seven-step road map⁹ to democracy. A general election was held in November 2010 and then Prime Minister Thein Sein was elected as the new President by the parliament the following February. In March 2011, the road map to democracy was completed with the launch of the new administration.

Since the launch of the new administration, the Government of Myanmar has been actively making efforts toward democratization including dialogue between Aung San Suu Kyi and members of the Cabinet, release of political prisoners, and cease-fire agreements with ethnic minorities¹⁰. The international community cautiously welcomed these efforts. For example, the Association of Southeast Asian Nations (ASEAN) accepted Myanmar as 2004 chair of ASEAN at the 19th ASEAN summit held in November 2011. In the same month, U.S. Secretary of State Clinton visited Myanmar as the first U.S. Secretary of State to do so after 57 years, and had talks with President Thein Sein and Aung San Suu Kyi. Furthermore, the United States and other countries successively announced an easing of the sanctions on Myanmar¹¹. Thus, Myanmar’s progress toward democratization is welcomed but concerns such as nuclear issues and its military ties with North Korea are also being pointed out¹².

⁷ Entered into force in 1971. This agreement states that Australia, New Zealand and the U.K. will discuss what response should be adopted in the event of aggression towards or the threat of an attack on Malaysia or Singapore. The five countries carry out various exercises based on these arrangements. In recent years, cooperation has expanded to encompass initiatives which focus on non-traditional threats, such as terrorism and maritime security, as well as humanitarian assistance and disaster relief.

⁸ As of the end of May 2012, Malaysia has dispatched a total of 1,199 personnel on U.N. peacekeeping operations, including 879 to the United Nations Interim Force in Lebanon (UNIFIL) and 251 to the United Nations Integrated Mission in Timor-Leste (UNMIT). Concerning Afghanistan, the country has dispatched 46 personnel to the International Security Assistance Force (ISAF) led by NATO as of May 2012.

⁹ Consists of seven steps of: reconvening of the National Assembly, stepwise implementation of processes necessary for democratization, drafting a new constitution, national referendum, convening of Pyithu Hluttaws, holding of election and the establishment of a new government.

¹⁰ Approximately 30% of Myanmar’s population is ethnic minorities, some of which demand secession or greater autonomy for their regions. In 1960s, the government of Myanmar implemented oppressive policies including human rights violations such as forced labor and forced migration, which led to armed conflicts with armed groups of ethnic minorities. Now the government of Myanmar is advancing peace negotiations with armed groups of ethnic minorities and has reached agreement on ceasefire with groups, such as the United Wa State Army (UWSA) and the Karen National Union (KNU).

¹¹ By April 2012, the United States, Australia, Canada and EU announced their policy to ease or partially suspend the economic sanctions.

¹² In the meeting with President Thein Sein in November 2011, U.S. Secretary of State Clinton, after mentioning the concern about political reform, reconciliation with ethnic minorities, release of all the political prisoners, and enhancement of the rule of law in addition to the nuclear issue and military ties with North Korea, expressed that the U.S. will match steps with steps, action with action. It is reported that at talks with ROK President Lee Myung-Bak, President Thein Sein admitted that some weapons trading took place with North Korea in the past 20 years and indicated that the country would not engage in such trade in the future. He denied cooperation with North Korea in nuclear development. Moreover, it has been reported that, at the 11th IISS Asia Security Summit (Shangri-La Dialogue) held in June the same year, Defense Minister Hla Min disclosed that academic studies on nuclear technology had begun under the previous government, but that this research had been abandoned when the new government was inaugurated and that Myanmar had also suspended its political and military ties with North Korea.

In foreign policy, Myanmar upholds up the principle of independence and non-alignment. However, it is believed that China is an especially important partner for Myanmar and provides key military equipments¹³ in addition to economic supports. Myanmar is also strengthening its cooperative relationship with India both in economic and military areas.

the cooperative relationship, with the continuation of the mutual defense treaty and military assistance agreement, even after the withdrawal of the U.S. forces in 1992¹⁴. The two countries have been conducting the large-scale annual joint military exercise Balikatan since 2000 with the aim of improving combat readiness and interoperability. In addition, the United States designated the Philippines as a Major Non-NATO Ally¹⁵. In November 2011, U.S. Secretary of State Clinton and Secretary of Foreign Affairs Albert del Rosario signed the Manila Declaration commemorating the 60th anniversary of the U.S.-Philippines mutual defense treaty. In April 2012, the first United States-Philippines Ministerial Dialogue (2+2) was held. In June 2012, President Aquino visited the United States to hold talks with President Obama. Both leaders discussed various issues including security affairs and reaffirmed importance of the bilateral relationship.

4 The Philippines

The Philippines perceives terrorism by domestic anti-government armed groups as the most serious threat to national security. Since 2004, the country has been implementing reform programs in the areas of defense planning, improvement of operational and training capabilities, reform of military structures, and modernization of forces in accordance with a defense reform program called the Philippine Defense Reform (PDR).

The Philippines and the United States have a history of a close relationship and maintain a long-standing and tight military cooperation relationship. The two countries maintain

5 Singapore

Given the concentration of people and their property in limited national land space and deepening economic interdependence with other countries, Singapore identifies diplomacy and deterrence as the twin pillars of national defense for maintaining peace and stability, and gives high priority to national defense, with defense spending accounting for about one-quarter of its national budget¹⁶. For national defense policy, Singapore declares that it will strengthen dialogue, confidence-building and cooperation with armed forces of countries within and outside Southeast Asia and promote Total Defense¹⁷. Faced with the need to appropriately and flexibly respond to war, terrorism, peacekeeping activities, and humanitarian crises, Singapore is working on the transformation of the Third Generation Singapore Forces¹⁸ to implement effective responses with limited resources, and is striving to modernize equipment and enhance operational capabilities.

Singapore makes efforts for regional cooperation based on friendly cooperative relations with other Southeast Asian

¹³ Summit-level exchange with China has been actively conducted. Recently, President Thein Sein visited China in May 2011, followed by Vice-President Tin Aung Myint Oo's visit in October 2011, and Commander- In-Chief General Min Aung Hlaing's visit in November 2011. As Myanmar announced the suspension of construction of Myitsone Dam being built with Chinese involvement, some see that Myanmar is trying to break from the traditional dependence on China.

¹⁴ When the 1947 Philippine-U.S. agreement on military bases was revised in 1966, the time limit for the presence of U.S. military bases in the Philippines was set for 1991. Clark Air Base was returned in November 1991, followed by the return of the Subic Bay Naval Complex in November 1992. U.S. forces stationed at the two bases were moved to Guam, Okinawa, and other locations. Subsequently, the two countries signed the Visiting Forces Agreement in 1998, providing for the legal status of U.S. military personnel visiting for joint military exercises in the Philippines.

¹⁵ This is a status established by the Foreign Assistance Act of 1961 and the Nunn Amendment of 1987. Designated countries are allowed to receive benefits in military areas such as eligibility to have military equipment. As of the end of April 2012, the following 14 countries are designated as MNNAs: Australia, Egypt, Israel, Japan, the ROK, Jordan, the Philippines, New Zealand, Argentina, Bahrain, Thailand, Kuwait, Morocco, and Pakistan.

¹⁶ The ratio of defense budget to the national budget has stood at 24–32% from 2000 to 2012. Singapore has the policy of keeping its defense budget under 6% of its GDP, and this ratio was about 3–5% from 2000 to 2012.

¹⁷ Based on the perception that national defense cannot be achieved by conventional military force alone, being faced with limited human resources and changes in the nature of modern warfare, Total Defense is promoted whereby people are organized in five components: Psychological, Social, Economic, Civil, and Military Defense.

¹⁸ The Third Generation Singapore Forces place emphasis on three aspects: integration/networking, holistic advancements, and technological advancement.

countries, including the conclusion of defense cooperation agreements with countries within and outside the region¹⁹. Also, aiming to contribute to the stability and development in the region, Singapore supports the United States' presence in the Asia-Pacific. The two countries signed a memorandum of understanding in 1990 permitting the United States to use military facilities in Singapore. The United States ranks Singapore as a Major Security Cooperation Partner. In July 2005, the two countries signed the Strategic Framework Agreement between the United States of America and the Republic of Singapore for a Closer Cooperation Partnership in Defense and Security. In addition, in June 2011, at the 10th IISS Asia Security Summit (Shangri-La Dialogue), then Secretary of Defense Robert Gates announced a policy to deploy U.S. littoral combat ships (LCS) to Singapore²⁰.

Singapore has dispatched its troops to Afghanistan, and anti-piracy operations off the Coast of Somalia/Gulf of Aden²¹.

6 Thailand

Under its flexible omnidirectional diplomatic policy, Thailand pursues cooperation with other Southeast Asian countries and coordination with major countries, including Japan, the United States and China. Thailand's national defense policy consists of the two elements of 1) enhancement of the defense capabilities of the armed forces, and coordination and integration with other government institutions; and 2) strengthening of security cooperation relationships with neighboring countries, the regional community, and the international community. On this basis, it has adopted the national defense strategy that revolves around the three pillars of Security Cooperation, United

Defence, and Active Defence²². Thailand is promoting close security cooperation with neighboring countries, the buildup of defense capabilities, and reform of the armed forces and the Ministry of Defense.

Thailand believes that while risks of traditional threats such as a large-scale invasion have decreased, risks of non-traditional threats such as international terrorism are on the rise, and in particular the insurgency in southern Thailand by separatists poses a national challenge going forward. Thailand also has border disputes with neighboring Myanmar and Cambodia. Though the insurgency in the south is raising realistic concerns for Thailand, in the area of build-up of defense capabilities, the country is modernizing the armed forces centering on the naval and air forces and is the sole owner of an aircraft carrier in Southeast Asia²³.

Thailand has established a good relationship with the United States. Since the conclusion of the Military Assistance Agreement in 1950, Thailand and the United States maintained the cooperative relationship, and they have been conducting the joint military exercise Cobra Gold since 1982. Cobra Gold became a multinational exercise in 2000 and includes noncombat missions such as humanitarian assistance and disaster relief²⁴. In 2003, the United States designated Thailand as a Major Non-NATO Ally²⁵ in appreciation of its proactive participation in the U.S.-led War on Terror.

In addition to U.N. peacekeeping operations, Thailand has dispatched its troops to Afghanistan, and anti-piracy operations off the coast of Somalia/Gulf of Aden²⁶.

19 Singapore concluded a Defense Cooperation Agreement with India in 2003; as well as other similar agreements with Germany in 2005; with China and Australia in 2008; and with New Zealand, Vietnam and South Korea in 2009. In December 2009, Japan and Singapore signed a Memorandum on Defense Exchanges.

20 Four LCSs will be deployed on a rotational basis, the first of which will be deployed in the second quarter of 2013.

21 Singapore dispatched landing ships, transport planes and air tankers to Iraq for a total of 11 times between November 2003 and December 2008, while it has sent medical officers and others to Afghanistan since May 2007. As of May 2012, Singapore has sent 39 personnel to the International Security Assistance Force (ISAF) led by NATO. Furthermore, after April 2009, it dispatched landing craft task forces for anti-piracy operations off the Coast of Somalia/Gulf of Aden and the forces are working under the Combined Task Force 151 (CTF-151); in addition, it dispatched one Air Force F-50 maritime patrol aircraft from April to July 2011.

22 According to Defence of Thailand 2008, United Defence means the consolidation of national power by the armed forces in every dimension including military, political, economic, socio-psychological, and scientific and technological aspects, for national defense. Active Defence means that the armed forces prepare, reinforce, develop, and administer all the military resources so that they are self-sufficient and ready to be used as a deterrent to solve problems and to settle disputes.

23 The aircraft carrier Chakri Naruebet was built in Spain and commissioned in 1997. The flattop has a full displacement of some 11,500 tons, and is some 180 m long and some 30 m wide. Its main tasks are search and rescue operations and EEZ surveillance; however, some point out that the aircraft carrier rarely goes to sea due to funding shortages.

24 Thailand, the United States, Japan, Singapore, Indonesia, the ROK, and Malaysia participated in the Cobra Gold exercise in February 2012, with some 70 personnel participation from Japan's Ministry of Defense and Self-Defense Forces.

25 See footnote 15

26 As of the end of May 2012, Thailand has dispatched a total of 865 personnel for U.N. peacekeeping operations, including 824 for the African Union/United Nations Hybrid Operation in Darfur (UNAMID) and 23 for the United Nations Integrated Mission in Timor-Leste (UNMIT). Thailand's Ministry of Foreign Affairs explained that, in light of the fact that the number of Thai commercial and fishing vessels that were attacked by pirates off the Coast of Somalia in 2009 totaled six, Thailand has dispatched navy vessels two times since September 2010 to protect Thai ships and crew using sea routes in that area, and to share responsibility as a member of the international community and contribute toward resolving these international security problems.

7 Vietnam

During the Cold War era, the Soviet Union was the largest donor of assistance for Vietnam, and Russia owned a naval base in Cam Ranh Bay. After the collapse of the Soviet Union, Vietnam rapidly expanded its diplomatic relations, and established diplomatic ties with the United States. At present, Vietnam pursues an omnidirectional diplomatic policy and states that it will actively participate in international and regional cooperation in order to build friendly relations with all countries under its foreign policy principles of multilateral participation and respect for diversity. As its defense policy, Vietnam advocates a posture of “all-people national defence”²⁷, and states that maintaining a peaceful and stable environment for socioeconomic development, achieving industrialization and modernization, and building a socialism-based market economy are its vital national interests and the objectives of its national defense policy.

Regarding relations with the United States, the two countries concluded an agreement on International Military Education and Training (IMET) Program in June 2005. In recent years, it appears that Vietnam is strengthening the relationship in the military area through joint exercise with the U.S. Navy and U.S. Navy ships’ calling at Vietnam, for example²⁸.

In September 2011, the second Vietnam-U.S. defense policy dialogue was held and the two countries signed a memorandum

of understanding on promoting cooperation between the two defense ministries. Furthermore, in June 2012, U.S. Secretary of Defence Panetta visited Cam Ranh Bay which was one of the U.S. forces’ key strongpoints during the Vietnam War, as the first U.S. Secretary of Defence to do so after the War. He held talks with Prime Minister Dung and Defense Minister Thanh and they agreed to expand security cooperation.

Vietnam has maintained close ties with Russia, particularly in the area of national defense since the Cold War era, and depends almost totally on Russia for its military equipment. In 2001, Vietnam and Russia signed the Joint Statement for a Strategic Partnership, and agreed to strengthen cooperation in the area of national defense.

Vietnam and China have contentions issues such as territorial disputes in the South China Sea, but are actively conducting exchanges of high government officials under their comprehensive strategic partnership, as illustrated by the visit of the Vietnamese Party General Secretary Nguyen Phu Trong to China in October 2011 and the visit by Chinese Vice President Xi Jinping to Vietnam in December of the same year.

Vietnam and India upgraded their relationship to strategic partnership in 2007 and has been deepening their cooperative relationship in a broad range of areas including economy and security. In October 2011, President Truong Tan Sang made an official visit to India and had a talk with Prime Minister Singh.

3 Military Modernization in the Region

In recent years, Southeast Asian countries have been modernizing their militaries against a backdrop of economic development and other factors.

Indonesia introduced five Russian-made Su-27 fighters and five Su-30 fighters by 2000. In 2011, it agreed to receive F-16 fighters from the United States and started a joint development of the next-generation fighter KF-X with the ROK. Regarding naval strength, in 2009, Indonesia completed the commissioning of four Dutch-made Sigma-class corvettes. In December 2011, the country concluded a contract to purchase three 209-class submarines from the ROK. In addition, in September 2007, Indonesia signed an agreement with Russia to purchase \$1 billion worth of Russian-made weapons with government loans.

Malaysia started introducing 18 Russian-made Su-30 fighters from 2007, and the delivery was completed in 2009. As for naval strength, Malaysia’s first submarine (the Scorpene-class submarine jointly developed by France and Spain) was

commissioned in January 2009, and a second one in November 2009. The six German-made Keadah-class corvettes ordered in 2000 were all commissioned in 2010.

The Philippines introduced one Hamilton-class frigate in 2011 and the second one in May 2012. In addition, it has been reported that the Philippines is considering procurement of military equipment such as combat aircraft, patrol aircraft and trainer aircraft from Italy, Brazil and the ROK.

Singapore is actively striving to modernize its forces by introducing early-warning aircraft, air tankers and submarine rescue ships, making it the first country in Southeast Asia to do so¹. Regarding air strength, in May 2009, Singapore took the first delivery of four U.S.-made F-15 fighters for the detachments in Idaho, the United States. Singapore plans to have a total of 24 F-15 fighters, all of which are scheduled to be delivered by 2012. Singapore has also become the first Asian member of the Security Cooperation Participants (SCP)

²⁷ The all-people national defense is described as efforts to build up defense capabilities by combining the unity of people and the political system under the guidance of the Communist Party of Vietnam.

²⁸ For example, in July 2011, the U.S. Navy and the Vietnam Navy carried out joint exercise including search and rescue off the coast of Da Nang. In August 2011, U.S. Navy dry cargo/ammunition ship Richard E. Byrd visited Cam Ranh Bay, for the first time in about 40 years as a U.S. Navy ship, for maintenance and supply.

³⁻¹ Singapore introduced early-warning aircraft E-2C in 1987, air tanker KC-135R in 1997, and a submarine rescue mother ship in 2008.

in the F-35 Joint Strike Fighter (JSF) program. As for its naval strength, all six French-made Formidable-class frigates with stealth capability were commissioned in 2009. Singapore also purchased two secondhand Swedish-made submarines in 2005; the first submarine was launched in 2009, while the second submarine was launched in 2010.

In 2007, Thailand decided to introduce twelve Swedish-made JAS-39 fighters and two Saab 340 early-warning aircrafts, of which initial six JAS-39 fighters and one Saab 340 early-warning aircraft have been delivered. As for naval strength, Thailand does not own any submarines at present, but it is reported to have started considering the introduction of a submarine². Currently Thailand owns seven Black Hawk helicopters and it is reported that a budget to purchase two more Black Hawks was approved.

Vietnam introduced four Su-30 fighters from Russia in 2004, and there are reports that the country signed a contract

to purchase additional twenty Su-30s from 2009 to 2010. Regarding naval strength, Vietnam was reported to have concluded a contract to purchase six Kilo-class submarines from Russia³ in December 2009 and is negotiating with Holland on a contract to build four Sigma-class corvettes. In addition, Vietnam purchased two Russian-made Gepard-class frigates in 2006, which were both delivered in 2011⁴.

Many Southeast Asian countries have expanded the growth of their defense spending in recent years, and this is considered one of factors that make the modernization of military equipment possible. Aside from this factor, there are views that sensitive relations among Southeast Asian countries to the military buildup, the growing influence of China, and the limited effectiveness of the regional security institutions as a confidence-building measure, are behind the ongoing military modernization in Southeast Asia.⁵

4 Trends concerning the South China Sea

In the South China Sea, there are territorial disputes between Southeast Asian countries and China¹ over the Spratly Islands² and Paracel Islands. In addition, there has been growing concern among the international community in recent years over issues such as the freedom of navigation in the Sea.

Although China had initially pressed for bilateral negotiations on the abovementioned issues, signs emerged to suggest that the related countries were taking steps toward the peaceful resolution of these issues. At the ASEAN-China Summit held in November 2002, the leaders signed the “Declaration on the Conduct of Parties in the South China Sea³” which aims for a

peaceful resolution of the territorial issues. At the ASEAN-China Summit held in October 2010, the leaders reaffirmed their commitment to fully and effectively implement the Declaration and work towards the eventual adoption, on the basis of consensus, of the “Regional Code of Conduct in the South China Sea⁴.”

On the other hand, with regard to the Spratly Islands, there is an increase in activities by the related countries aimed at territorial claims, as well as movements in protest of these territorial issues⁵. It was also pointed out that conflicts with related countries were arising from tightened monitoring

³ - ² Defense of Thailand 2008 states that “Major equipment of the Navy must be modernized to meet these needs and must also be balanced with our neighboring states so that the Royal Thailand Navy can jointly engage in regional security cooperation” and “submarines will be efficient deterrent weapons and offensive defense to enhance capability of underwater operation for naval force in the Gulf of Thailand and the Coast of Andaman Sea.”

³ It was reported in December 2009 that Vietnam has agreed to purchase six Kilo-class submarines for a total of some \$2 billion, and Russia will build them at the pace of one submarine a year.

⁴ It is reported that these ships will be deployed in Cam Ranh Bay.

⁵ Based on the Military Balance (2011), published by the International Institute for Strategic Studies (IISS), etc.

⁴ - ¹ Currently, China, Taiwan, Vietnam, the Philippines, Malaysia, and Brunei are claiming territorial rights over the Spratly Islands. With regard to the Paracel Islands, China, Taiwan, and Vietnam are claiming territorial rights.

² The areas surrounding the Spratly Islands are promising treasure troves of offshore resources such as oil and natural gas. In addition, the area is a maritime transport hub and is blessed with rich fishing resources.

³ A political declaration that clarifies general principles for resolving issues related to the South China Sea

⁴ Proposed by the Philippines at the ASEAN Foreign Ministers Meeting in 1999. The Code of Conduct would provide more concrete behavior than those stipulated in the “Declaration on the Conduct of Parties in the South China Sea,” and possess legally binding force.

⁵ In 1988, an armed conflict occurred between the Chinese and Vietnamese naval forces over the Spratly Islands. Although the situation remained tense for some time, no major military conflicts arose after that. However, frictions sometimes have come to surface; for example, many countries went up against China in opposition to its construction of a building and military exercises in the sea area surrounding the Spratly Islands and the Paracel Islands.

activities by China's law enforcement agencies⁶.

The United States and other countries have also stated at international conferences and other forums their views on the South China Sea issue including the freedom of navigation. Against this background, there is a move to discuss the South China Sea issue at ASEAN-related conferences to solve them. In the joint declaration of the 5th ASEAN Defence Ministerial Meeting (ADMM) held in May 2011, the South China Sea issue was brought up for the first time, and the full execution of the Declaration on the Conduct and the promotion of formulation processes for the Code of Conduct as well as the importance of the freedom of navigation, were incorporated. Furthermore, the ASEAN-China Foreign Ministerial Meeting held in July 2011

adopted the guidelines for implementing the 2002 Declaration on the Conduct of Parties in the South China Sea; in addition, the joint declaration of the Sixth East Asia Summit (EAS) held in November 2011 prescribed the settlement of differences and disputes by peaceful means, as well as the awareness that international law of the sea contains crucial norms that contribute to the maintenance of peace and stability in the region.

The South China Sea issue is considered to have a potential impact on the peace and stability of the regional and international community, and attention will continue to be paid to trends in the countries concerned as well as the direction of dialogues aimed at resolution of the issue.

5 Regional Cooperation

Southeast Asian nations utilize ASEAN as a multilateral security framework for the region. In addition to the ASEAN Regional Forum (ARF), a dialogue forum on the political and security sectors in the Asia-Pacific region, the ASEAN Defense Ministers' Meeting (ADMM) has been held annually since 2006. Furthermore, at the 13th ASEAN Summit in 2007, the ASEAN Charter¹ was adopted, containing the basic principles for establishment of the ASEAN Community by 2015, and entered into force in December 2008 after the completion of the ratification procedures of all member states.

ASEAN places importance on developing relations with non-ASEAN member states. It held the First ADMM Plus, an expanded version of the ASEAN Defense Ministers' Meeting, comprising ADMM members and eight new non-ASEAN countries including Japan. In addition, the United States and Russia officially participated in the Sixth East Asia Summit (EAS) held in November 2011. This way, ASEAN is keeping up its efforts to strengthen relation with countries outside the

region.

In the Southeast Asian region, multilateral cooperation is being promoted in frameworks other than ASEAN as well, in order to deal with a wide variety of security issues such as transnational problems including terrorism and piracy. The main counter-piracy measures taken in this region includes the "Malacca Straits Patrols" carried out by Indonesia, Malaysia, Singapore and Thailand. In addition, the "Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia" (ReCAAP) proposed and led by Japan took effect in 2006, and advancements are being made toward the sharing of information related to piracy and the establishment of cooperative systems².

Since 2004, Malaysia, Singapore, the U.K., Australia, and New Zealand have conducted joint exercises including maritime interdiction training within the framework of the Five Power Defence Arrangements (FPDA).

⁴⁻⁶ In the waters surrounding the Paracel Islands, the Chinese authorities captured Vietnamese fishing boats many times. In May 2011, it was reported that a surveillance vessel of China's State Oceanic Administration cut an investigation cable towed by a Vietnamese resource exploration vessel. Vietnam also claimed that it faced similar obstructive activities from China in June 2011, and civilian anti-Chinese demonstrations occurred in Vietnam as a consequence of these incidents. Moreover, it has been reported that an incident occurred in February 2012, in which a Chinese naval vessel fired on a Vietnamese fishing boat.

In the waters around the Spratly Islands, for instance, in March 2011 a research vessel of the Philippines was ordered to withdraw from an area near the Reed Bank by a Chinese vessel. In May of the same year, it was reported that Vietnamese fishing vessels operating in the same waters had received warning shots from vessels of the Chinese authorities.

In the sea area surrounding the Scarborough Shoal in April 2012, in response to the Philippine's dispatch of a Navy vessel there for the purpose of inspection of Chinese fishing vessels, China dispatched fisheries surveillance ships and others, which faced off against the navy and coast-guard vessels of the Philippines for a prolonged period.

On the other hand, there were also cases in which Chinese fishing vessels were captured. In April 2010, it was reported that Malaysian naval vessels and aircraft had been tracking a Chinese fishery surveillance ship.

China has, for instance, deployed its government vessels to the respective departments in charge of these waters, including the "Yuzheng 310" responsible for fisheries Surveillance, "the Haijian 75" and "the Haijian 84" responsible for maritime surveillance, showing its efforts to strengthen law enforcement activities in the South China Sea.

⁵⁻¹ Based on the principles of the consensus system and of non-interference in internal affairs, ASEAN failed to take effective measures against Myanmar, etc., and thus the direction of organizational reform attracted much attention. The ASEAN Charter has adopted the principle of unanimity as before; thus, when a consensus cannot be reached, the ASEAN Summit may decide how a specific decision is to be made. Furthermore, the Charter prescribed that in the case of a serious breach of the Charter or non-compliance, the matter shall be referred to the ASEAN Summit for decision and that ASEAN shall establish an ASEAN human rights body. The ASEAN Charter strives for the enhancement of its organization and institutions as mentioned above.

² Aimed at strengthening cooperation among the maritime security agencies through the establishment of systems for information sharing relating to piracy and cooperative networks among the respective countries. As of the end of May 2012, 18 countries are party to the agreement: Bangladesh, Brunei, Cambodia, China, Denmark, India, Japan, the ROK, Laos, Myanmar, the Netherlands, Norway, the Philippines, Singapore, Sri Lanka, Thailand, the U.K. and Vietnam.

6

Regional issues

While the cooperative relations have been developing among Southeast Asian countries, there are still unstable factors in the region.

The situation sometimes became tense in the area near the Temple of Preah Vihear¹ located between Cambodia and Thailand, where national boundaries are undefined. In response to an armed conflict that occurred in the area in February 2011, the two countries agreed to the deployment of observers led by Indonesia, the chair of ASEAN of the year, but large-scale clashes broke out again in April. In July 2011, the International Court of Justice made the temple and its surrounding area a provisional demilitarized zone and handed down a provisional measure to order immediate withdrawal of all military personnel of the two countries. In August the same year, after the inauguration of the Yingluck administration, top-level meetings and border committees have been held, showing some improvements in the relationship between the two countries².

In the Philippines, the Moro Islamic Liberation Front (MILF), an anti-government Islamic group that has been fighting over a span of 40 years, agreed to a ceasefire in 2003. In 2004, through the efforts of the International Monitoring Team (IMT), a peace process was set in motion. However, after August 2008, military clashes once again became intensified over the resolution of territorial issues, and IMT's activities were suspended in November the same year. Thereafter, peace negotiations began afresh in December 2009, and at the end of February 2010, IMT³ activities resumed in Mindanao. Nevertheless, a peace agreement was never realized under the previous Arroyo administration. Under the Aquino administration as well, after March 2011, peace negotiations have been under way, and it is hoped that a final Mindanao peace agreement will be achieved at an early date⁴.

¹ A Hindu temple situated at the border between Cambodia and Thailand. In 1962 the International Court of Justice ruled that the temple belongs to Cambodia but national boundaries remain undefined in the area surrounding the temple. In 2008, the relationship between the two countries became tense triggered by the registration of the temple as World Heritage upon application made by Cambodia. Since then the bilateral relationship concerning the temple has repeatedly improved and worsened.

² Since then, the two countries have been engaging in debate by the border committee but neither the deployment of Indonesian observers nor the withdrawal of the troops has been realized.

³ As of the end of May 2012, IMT member countries comprise Malaysia, Japan, Brunei, Libya, Norway and the EU; NGOs are also members.

⁴ Japan decided to join the International Contact Group (ICG) in December 2009. The group comprises Japan, the U.K., Turkey, and four NGOs, and provides advice to Mindanao peace authorities as well as participates as an observer in peace negotiations. In August 2011, President Aquino and MILF Chairman Al Haj Murad had an informal talk in Japan.