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Session I: Regional Arms Race and Implications for Conflict Constellations

Christian Le Mière

International Institute for Strategic Studies (IISS)

London

SWP

Ludwigkirchplatz 3-4
10719 Berlin
Phone +49 30 880 07-0
Fax +49 30 880 07-100
www.swp-berlin.org

Regional arms race and implications for conflict constellations

The militaries of the Asia-Pacific region are undergoing rapid modernisation in line with their countries' economic growth. This is affecting land, air, naval and strategic forces, but it is in the maritime arena that militaries across the region are beginning to compete more vigorously.

Navies are the obvious way in which more confident states can begin to assert their power further afield in a bid to protect their increasingly diverse and global interest. Given the importance of maritime trade to Asia, with countries such as China, Japan and South Korea relying heavily on the shipping of oil and goods through the Southeast Asian straits, it is natural that they will feel compelled to protect these sea lines of communication. However, as the larger states begin to expand their maritime reach, this will bring their forces into the region and seas of other countries, who will prepare for such an eventuality accordingly. Combined with this are a number of legacy maritime disputes persist in the East China Sea, South China Sea and various gulfs, which are driving regional security perceptions and hence military procurement programmes.

While a comprehensive analysis of the security dynamics in the region needs to take into account developments in all fields of military endeavour, it is arguably the maritime arena that offers the most immediate challenges to regional and extra-regional states.

Rising expenditure

For the Asia-Pacific region, a vast area encompassing half of the world's population, generalisation on the issue of military and security developments seems at first impossible. How does one compare the multiplicity of challenges and threats facing, for example, the Pakistani security forces with the more benign security environment in which countries such as Japan and Singapore apparently find themselves?

Nonetheless, one trend that is relatively common throughout Asia is that of rapidly expanding defence budgets. In line with the region's dynamic and energetic economic growth, defence budgets are burgeoning. Although China's increase of 7.5 per cent this year pales in comparison to the double-digit increases over recent decades, it still is starkly compared with the shrinking budgets of more developed countries. In the UK, for instance, the Ministry of Defence is about to tackle the problem of shaving between 10 and 20 per cent from its budget over four years. By further contrast, India's expenditure is expected to increase 8.6 per cent in 2010, Russia's by 8 per cent, Japan's by three per cent and South Korea's armed forces have requested a seven per cent expansion for the coming financial year.

Such rapid growth in expenditure naturally lends itself to speculation about whether the states in the region are engaged in competitive defence purchases and procurement, and hence engaging in an arms race. The rapid expansion in expenditure in Southeast Asia in particular, the region perhaps most likely to be affected by China's economic expansion, is heightening concerns over an arms build-up. There, Indonesia's expenditure increased by 21 per cent in 2010, and the Philippines is hoping to increase defence spending in 2011 by a staggering 81 per cent.

Not all of this is related to China's growth. Indonesia and the Philippines, for example, are expanding their expenditure from relatively low spending-to-GDP ratios of below one per cent. Both countries are facing significant domestic security issues, as is Thailand, where defence expenditure is set to increase by 10 per cent this year. Procurement priorities, such as utility helicopters and armoured personnel carriers in the Philippines, also suggest that some of this spending increase is dedicated towards domestic concerns.

Nonetheless, a resurgent China is causing waves in Southeast Asia. It is China's naval development that is creating the broadest concerns, as it is through the People's Liberation Army Navy that Beijing would be able to project its power most effectively if it so wished. Smaller forces are particularly concerned they will be overwhelmed by the South Sea Fleet's new base on Hainan island should any conflict break out in the South China Sea.

A rash of naval purchases in the region demonstrates the particular concern that China's increasing sea dominance will impact upon the multifaceted maritime dispute in the South China Sea. Sea denial capabilities in particular are proving popular, with Vietnam placing an order for six Kilo-class submarines in 2009, following Malaysia's commissioning of its first two Scorpene-class submarines by just two months. Singapore is about to commission two second-hand Swedish submarines, to complement another two Challenger-class (two will be retired), while Indonesia is looking to purchase two submarines to replace its outdated Cakra-class boats. Thailand's long-standing bid to procure two submarines is being delayed by economic difficulties, but the Royal Thai Navy remains adamant that these boats will be delivered.

The proliferation of submarines throughout Southeast Asia represents a step-change in naval capabilities. Sub-surface attack boats provide the regional navies the opportunity to more effectively disrupt shipping and naval forces in the South China Sea or its approaches, while also providing a more effective ability to engage in anti-submarine warfare. This, in effect, appears to be both an admission by regional states that they will be unable to compete with China's improving sea control capabilities and a reaction to China's growing submarine fleet.

Blue water capabilities

For its part, China is beginning to look further afield than the South China Sea. Chinese scholars and policy makers see the oceans as the gateway to greatness throughout history, and reflect often on China's failures to maintain its maritime security in the 'one hundred years of humiliation'. Some of the key events which precipitated the fall of the great Empire of the east have been maritime in nature - the Opium Wars, the Japanese occupation of Formosa (Taiwan), culminating in the destruction of the Chinese Beiyang Fleet in the first Sino-Japanese War. All of which proves to the current leadership that a secure ocean is absolutely vital in creating a secure environment in which the country can develop into a great power.

Such thinking obviously underlines the current Chinese counter-piracy deployment to the Gulf of Aden, an operation that has highlighted a particular naval trend: that of the increasing ability and will for East Asian nations to deploy naval assets beyond their region. China's deployment to the Gulf of Aden is its first out-of-area active operation in 600 years, and is inspiring other Asian countries to do the same. The Japanese Maritime Self-Defence Forces are building the country's first overseas base in Djibouti since the end of the Second World War. These events underline the regional trend towards a growing number of genuine blue water navies.

China is at the forefront of this change, with its first Type 071 amphibious transport dock being commissioned in 2008 and deployed to the Gulf of Aden for the first time in July. Below the surface, China has commissioned at least one Type 094 SSBN, while naval analysts are constantly watching the development of the *Varyag* hull, which recently underwent steam testing.

Japan, meanwhile, commissioned its first helicopter carrier, the *Hyuga*, in 2009, with a second on the way, given the country its first dedicated aircraft carrier since the end of the Imperial Japanese Navy. This followed the South Korean commissioning of the first of two Dokdo-class landing platform docks in 2007. These three countries, which all have ships deployed to the Gulf of Aden, are now fielding a capacity for and willingness to undertake expeditionary operations not seen in the region for six decades.

India, meanwhile, is still struggling to procure the former Russian Admiral Gorshkov aircraft carrier, to be equipped with MiG-29K aircraft, and having laid down the keel of an indigenous Vikrant-class carrier in 2009. Six diesel-electric submarines are to be constructed domestically, while the country's first nuclear submarine is currently being leased from Russia.

All of these navies are involved in the various counter-piracy operations in the Gulf of Aden, which is significant not just for its geographic remoteness from East Asia, but also its demonstration of the importance of the protection of shipping

and sea lines of communication to regional navies. This is partly what is driving regional naval competition; China, eager to ensure its interests overseas, is developing the maritime lift and firepower to ensure it can engage in operations as far afield as Africa's east coast. This is obviously concerning India, for decades the predominant regional power in the Indian Ocean, as it suggests a push by Beijing southwards through the South China Sea and westwards through the Indian Ocean. Supported by the new Hainan base, likely to be the location for China's aircraft carriers and Type 094 submarines, the Indian Navy is increasingly concerned that it will find itself at loggerheads with a more powerful competitor, with its freedom of movement constrained.

This could be seen as something of an alarmist analysis: it is feasible that the Gulf of Aden operations indicate that co-operation rather than conflict could define relations among regional militaries in the future. Indeed, we are seeing an unprecedented level of co-ordination among global navies in the Gulf of Aden. This is a relatively unique opportunity: there are few threats that are perceived with the same level of concern by states from across the globe. A European Union mission, Operation Atalanta, is operating alongside a NATO operation, Ocean Shield, a US-led Combined Task Force (151) and independent deployers from Russia, China, Japan, Malaysia and India. These navies co-ordinate through shared fora and will occasionally share operational burdens, with for example Japanese maritime patrol aircraft allowing EUNAVFOR vessels to deploy further afield from the Internationally Recommended Transit Corridor.

However, realism should be injected here: these navies, particularly the independent deployers, are far from officially co-operating and only co-ordinate with difficulty and sometimes resentment. Moreover, once the navies end their current deployments it is unlikely that another goal as universal as counter-piracy near a major shipping lane will unite the disparate forces to work so closely together again. Finally, this is just an example of interoperability even in the three multinational deployments, rather than the more ambitious goals of asset sharing or even formal asset pooling.

Bigger fish

For all these developments, with regional naval developments progressing apace, there is one overarching factor that has been omitted: the influence of the US. With the forward deployment of the US Navy's 7th Fleet, the US remains the preponderant maritime power in the Asia-Pacific region. Through its Japanese, South Korean, Taiwanese and Southeast Asian allies, it has created a sense of enclosure around China that unsurprisingly causes Beijing to bridle.

The PLA Navy is therefore not just concerned with its capital ships programmes aimed at sea control, but continues to develop its asymmetric naval

capabilities to enable it to challenge the US or, should it need to, Japan's currently superior naval forces.

One lower-profile procurement project undertaken by the PLA in recent years has been the Type 022 *Houbei*-class fast-attack craft. Although relatively small, with a full-load displacement of just 220 tonnes, the catamaran's speed and eight missile tubes make it a versatile craft that can operate in significant numbers in waters near the Chinese coast. More than 60 have already entered service, out of a likely final tally of 81. These numbers would allow the PLA Navy to deploy numerous Type 022s in 'wolf-packs' to act as swarming vessels against heavier, less mobile ships.

Anti-ship missiles are also a crucial part of this strategy, particularly in the Taiwan Strait, as they potentially allow Chinese forces to sink or cripple large vessels relatively cheaply. The PLAN's inventory of anti-ship cruise missiles is now a mix of Russian and nationally developed systems. Along with the Raduga 3M80 (SS-N-22 *Sunburn*) rocket/ramjet-powered missile that arms the Russian-built *Sovremenny*-class destroyer, and the Novator 3M54 (SS-N-27B *Sizzler*) for the PLAN's Russian-designed *Kilo*-class submarines, the PLAN is now fielding the Chinese-built YJ-62 anti-ship cruise missile to complement the shorter-range YJ-8 family of weapons.

A further aspect of China's developing anti-ship capabilities is the as-yet-unfielded land-based anti-ship ballistic missile. Probably a modified DF-21 (CSS-5) medium-range ballistic missile, it would, if deployed, be the only type of its kind in service anywhere. Likely targets for this kind of weapon would be aircraft carriers or significant naval task forces, although the guidance systems currently used may be insufficient to guarantee a direct strike on any particular vessel.

These capabilities reflect the multi-tiered naval system that is being created in the region. While Southeast Asian countries develop sea denial capabilities to counter the growing large-vessel navies of countries such as China, India and Japan, the PLA Navy also develops sea/area denial capabilities to counter the continued dominance of the US Navy and its allies. Taken as an organisation as a whole, there are currently no peers to the US Navy globally, which fields more than 70 submarines, 11 aircraft carriers and more than 100 primary surface combatants. The question exists, with strained budgets and new competitors, how long this will remain the case.