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**WAITING FOR HARD BALANCING?  
EXPLAINING SOUTHEAST ASIA BALANCING BEHAVIOR TOWARD CHINA<sup>1</sup>**

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**Abstract**

*The continuity of stable peace in East Asia, especially Southeast Asia since the end of the Cold War raises one major question: why is there no apparent balancing behaviour against China, the emerging great power in East Asia? In response to this question, exceptionalists argue that there will be no balancing behaviour against China from Southeast Asian states; while soft balancing theorists argue that the balancing behaviour has already occurred in the form of institutional balancing. This article refutes those arguments and maintains that balancing behaviour is not yet apparent in Southeast Asia balancing yet it exists in an indirect form. In order to make this argument, this article examines the recent military build-up among Southeast Asian states as well as recent assessments of the ineffectiveness of the Southeast Asian regional security framework. The article also further analyses the condition under which Southeast Asia's indirect balancing might turn into hard balancing.*

**Keywords:** balance of power, balancing, bandwagoning, China's naval buildup, Southeast Asia

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## 1. Introduction

As argued by many realists, the end of the Cold War marked the end of stable peace in the world especially in East Asia, a region in which bipolarity has created a world without major war.<sup>2</sup> In particular, Aaron Friedberg<sup>3</sup> and John Mearsheimer<sup>4</sup> argue that since the end of the Cold War, East Asia has become an arena of power rivalry due to the rise of China and the emergence of unbalanced multipolarity, which is a multipolar system with a potential hegemon that generates the highest level of fear and is the least stable among different variations in the distribution of power.<sup>5</sup> Contrary to their prediction, those who study International Security are puzzled by the continuity of stable peace in East Asia since the end of the Cold War. For realists, one of the major questions regarding East Asia is: why is no apparent hard balancing behaviour being conducted by East Asian states, especially from Southeast Asia, against China, the emerging great power in East Asia?

In response to this question, exceptionalists such as David Kang<sup>6</sup> have started the ‘Getting Asia Wrong’ debate. The Getting Asia Wrong debate refers to several articles that have appeared in the journal *International Security* followed by other articles in prominent IR journals that discuss the relevance of the realist approach regarding the rise of China. We name the debate based on David Kang’s controversial article “Getting Asia Wrong: the Need for New Analytical Frameworks” published in *International Security* followed by several articles that were against it or supported it. In his articles, Kang argues that the realist tradition in general and the balance of

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<sup>2</sup> Kenneth N Waltz, "Structural Realism after the Cold War," *International security* 25, no. 1 (2000).

<sup>3</sup> Aaron L Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia," *Ibid.* (1993).

<sup>4</sup> John J Mearsheimer, "The Future of the American Pacifier," *FOREIGN AFFAIRS-NEW YORK*- 80, no. 5 (2001).

<sup>5</sup> *The Tragedy of Great Power Politics* (New York: WW Norton & Company, 2001).

<sup>6</sup> David C Kang, "Getting Asia Wrong: The Need for New Analytical Frameworks," *International Security* 27, no. 4 (2003).

power in particular cannot explain the absence of balancing behaviour from Southeast Asia. Hence, he argued that there would be no balancing behaviour against China from Southeast Asian states.<sup>7</sup>

In addressing the debate, by incorporating the balance of power theory with liberal institutionalism, soft balancing theorists such as Kai He argue that the Southeast Asian states balancing behaviour against China, in fact, has occurred in the form of institutional balancing.<sup>8</sup> However, neither the former nor the latter, in our assessment, give compelling explanations regarding the absence of apparent balancing behaviour from Southeast Asian states against China.

In order to refute those arguments, our answer to the question above is simply that although the balancing behaviour from Southeast Asian states is not apparent, it does exist. Our central argument for why the balancing behaviour from Southeast Asian states is not apparent, even though China's potential power is increasing and it is creating a military threat to Southeast Asian states, is that the balancing behaviour is indirect. As Evelyn Goh argues, Southeast Asia is pursuing indirect balancing against China by facilitating the continued U.S. security commitment to the region.<sup>9</sup> We further Goh's argument by hypothesising that indirect balancing is also being conducted through pursuing military build-up with the intention not of openly opposing the threatening states but of pursuing adequate power to deter the expansionist nature of the threatening states. Indirect balancing can also be seen in their limited military cooperation with each other. Given China's more recent assertive behaviour, especially in the South China Sea, as well as its naval military build-up that will potentially enable it to project its military power into its Southeast Asian neighbours' territories, several Southeast Asian countries have increasingly

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<sup>7</sup> David Kang, "Hierarchy and Stability in Asian International Relations," *International relations theory and the Asia-Pacific* (2003).

<sup>8</sup> Kai He, "Institutional Balancing and International Relations Theory: Economic Interdependence and Balance of Power Strategies in Southeast Asia," *European Journal of International Relations* 14, no. 3 (2008).

<sup>9</sup> Evelyn Goh, "Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies," *International Security* 32, no. 3 (2007).

opted to conduct indirect balancing. The reason why this indirect balancing strategy has been chosen by many Southeast Asian states is because China is not being seen to pose clear and present threat by its Southeast Asian neighbours. The lack of a perceived threat from China might be attributed to the close economic ties between China and Southeast Asia, the state of asymmetric power between the Southeast Asian states and the lack of a feasible defensive coalition among the Southeast Asian states.

This paper seeks to contribute to the ‘Getting Asia Wrong’ debate as well as to provide an alternative explanation regarding the apparent lack of balancing behaviour against China from Southeast Asian states. We challenge the two widely accepted explanations for Southeast Asia’s balancing behaviour by examining the recent military build-up among Southeast Asian countries as well as recent assessments of the ineffectiveness of the Southeast Asian regional security framework. In order to do so, this article mainly rests on a qualitative methodology through employing a process tracing method to evaluate the argument proposed in the paper. In order to conduct the process tracing, we carefully utilize and analyse new data on the trend of military build-up among Southeast Asian countries, the recent developments in the institutional deficit of the Southeast Asian regional security framework, as well as current selected Southeast Asian states’ - such as the Philippines, Vietnam, Brunei, Singapore, Indonesia, Malaysia and Thailand - policy towards China. The data were collected from primary and secondary sources such as journals articles, newspapers, as well as official documents and reports.

Before we proceed to our analysis, we need to clarify that the term balancing used in this paper refers to the traditional form of balancing in which “when one state attempts to become dominant, threatened states will form defensive coalitions or acquire appropriate military wherewithal through internal or external sources or, in some cases, a combination of both.”

Therefore, balancing can be divided into three forms: (1) external balancing through the formation of alliance, (2) internal balancing through military buildup, and (3) hard balancing, meaning the combination of both.<sup>10</sup>

This paper is organised as follow. The next section discusses the shortcomings of the arguments of both exceptionalists and soft balancing theorists regarding Southeast Asia balancing behaviour. In the second section, the paper examines evidence supporting the argument proposed to explain Southeast Asia's indirect balancing behaviour. The last section provides further analysis of the condition in which indirect balancing might turn into hard balancing by utilising Walt's balance of threat theory.

## **2. Neither Bandwagoning nor Soft Balancing**

Some prominent realist scholars have said that the end of the Cold War was characterised by the emergence of a unipolar moment and that the rise of China has created big puzzles, if not anomalies for balance of power theory. The unipolar moment can be defined as the rise of the United States as the sole superpower after the end of the Cold War.<sup>11</sup> In responding to this moment, Fareed Zakaria<sup>12</sup> has asked "why is no one ganging up against the U.S.?" The lack of evidence of balancing against the U.S. has become the big puzzle in the balance of power body of literature. Besides the unipolar moment, the rise of China has puzzled realists as well. It seems that the balance of power theory has not only failed in explaining phenomenon at the international level but also at the regional level.<sup>13</sup> The lack of evidence of balancing against China from Southeast

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<sup>10</sup> Kenneth N Waltz, *Theory of International Politics* (Waveland Press, 2010), pp. 127.

<sup>11</sup> Waltz, "Structural Realism after the Cold War," pp. 27.

<sup>12</sup> Fareed Zakaria, "America's New Balancing Act.," *Newsweek* 2001, pp. 11.

<sup>13</sup> Thomas J Christensen, "Fostering Stability or Creating a Monster? The Rise of China and Us Policy toward East Asia," *International security* 31, no. 1 (2006): pp. 81.

Asian states has become the second biggest puzzle in the balance of power body of literature, and this is where this paper aims to make a contribution.

Arguably, the balance of power is for International Relations what the invisible hand is for Economics. Since states' main objective is survival, they always seek power to make sure that they will not be subservient to other great powers' will or even lose their security.<sup>14</sup> Thus, realists would predict that once a great power emerges, this must be followed by either balancing against or bandwagoning with it.<sup>15</sup> But why is there no apparent balancing against China from Southeast Asia? In solving this anomaly, two groups have emerged in the realist body of literature: the exceptionalist argument and the soft balancing argument. The term exceptionalists refers to scholars in the realist tradition who argue that some realist theories cannot explain the recent developments in international politics such as the rise of the unipolar moment and the emergence of China.<sup>16</sup>

In responding to the rise of China, exceptionalists believe that East Asian international relations do not conform to the normal rules or general principles prescribed by the balance of power theory since East Asia's regional order is not anarchical but more hierarchical with China as the dominant state and other East Asian, especially Southeast Asian, states, as secondary states or 'vassals'.<sup>17</sup> Consequently, the behaviour of Southeast Asian states should be described as bandwagoning rather than balancing.<sup>18</sup> In responding to the unipolar moment, exceptionalists also

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<sup>14</sup> TV Paul, "Introduction: The Enduring Axioms of Balance of Power Theory," *Balance of Power: Theory and Practice in the 21* (2004): pp. 4.

<sup>15</sup> Stuart J Kaufman, Richard Little, and William Curti Wohlforth, *The Balance of Power in World History* (Palgrave Macmillan New York, 2007).

<sup>16</sup> See Feng Zhang, "The Rise of Chinese Exceptionalism in International Relations," *European Journal of International Relations* 19, no. 2 (2013).

<sup>17</sup> David C Kang, *China Rising: Peace, Power, and Order in East Asia* (Columbia University Press, 2010), p. 200.

<sup>18</sup> Mark Beeson and Alex Bellamy, "Asian Exceptionalism? The Theory and Practice of International Relations in East Asia," in *the annual meeting of the International Studies Association*, (Honolulu, Hawaii 2005); Kang, "Hierarchy and Stability in Asian International Relations."

argue that that the U.S. is different from other nations since it is a naturally benevolent hegemon and its power preponderance is so huge that no-one can challenge it.<sup>19</sup>

However, the exceptionalists' arguments contain several flaws. First, the lack of evidence of balancing from Southeast Asian states does not necessarily mean that they bandwagon with China. As argued by Stephen Walt,<sup>20</sup> bandwagoning is likely to appear "if weak states can do little to affect the outcome of great power rivalry because they add little to the strength of a defensive coalition." Indeed the idea of creating a defensive coalition might not be easily implemented due to many factors such as a lack of confidence in the coalition perceived by the Southeast Asian states, geographical proximity, and domestic politics. It may be difficult to create such a defensive coalition and hence it seems that there is a lack of balancing from Southeast Asia towards China. However, the absence of a defensive coalition among East Asian countries does not stem from the cultural view of a hierarchy within the East Asian international system as argued by exceptionalists such as David Kang.

Moreover, each Southeast Asian state has a certain degree of military and defence agreement with the U.S., which provides a certain kind of deterrence towards China. Thus, although Southeast Asian states have less incentive to create a defensive coalition among themselves they can invoke other major powers to be involved in the region. For instance, Thailand and the Philippines have a formal alliance agreement with the U.S. while Singapore, Malaysia and Indonesia have an agreement to facilitate a certain degree of U.S. military presence in their territory.<sup>21</sup> The U.S. presence in the region helps to produce an interim power distribution outcome

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<sup>19</sup> Christopher Layne, "The Unipolar Illusion Revisited: The Coming End of the United States' Unipolar Moment," *International security* 31, no. 2 (2006): p.13.

<sup>20</sup> Stephen M Walt, "Alliance Formation and the Balance of World Power," *Ibid.* (1985): p. 26.

<sup>21</sup> Sean Chen and John Feffer, "China's Military Spending: Soft Rise or Hard Threat?," *Asian Perspective* (2009).

whereby China is in a position of great power, just below that of the U.S.<sup>22</sup> By looking at their defence policy preference, it clearly shows that bandwagoning is not a favourable option for many Southeast Asian states.

Secondly, the exceptionalists have tended to seek evidence to support their argument from the historical records of the 14<sup>th</sup> to 16<sup>th</sup> centuries, when the Chinese Empire treated Southeast Asian states as tributary states.<sup>23</sup> However, this is also flawed since the Westphalian notion of states as a basic unit of international relations had not occurred during that period of time. Furthermore, Kang and others misinterpret the historical records of Southeast Asia as part of a tributary system and neglect the dynamic of Southeast Asian international society. An alternative interpretation shows that tribute is used as a strategy to create a favourable regional architecture rather than acknowledging Chinese superiority over Southeast Asian polities.<sup>24</sup> Therefore, it is not appropriate to extrapolate from what happened three centuries ago in East Asia to analyse what is happening in East Asia today. Given the discussion above, the argument made by Kang about the East Asian hierarchical order cannot be used to explain the current condition of Southeast Asian International Relations.

In contrast to the exceptionalists, soft balancing theorists such as Kai He believe that balancing against China has occurred in the form of institutional balancing whereby a state can counter threats from a rising power through utilising and dominating multilateral institutions.<sup>25</sup> Soft balancing is generally defined as “tacit balancing short of formal alliances. It occurs when

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<sup>22</sup> Goh, "Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies."

<sup>23</sup> Kang, *China Rising: Peace, Power, and Order in East Asia*, pp. 208.

<sup>24</sup> Pandu Utama Manggala, "The Mandala Culture of Anarchy: The Pre-Colonial Southeast Asian International Society," *Journal of ASEAN Studies* 1, no. 1 (2013): pp. 9.

<sup>25</sup> He, "Institutional Balancing and International Relations Theory: Economic Interdependence and Balance of Power Strategies in Southeast Asia."; William T Tow, *Asia-Pacific Strategic Relations: Seeking Convergent Security* (Cambridge University Press, 2001).

states generally develop ententes or limited security understandings with one another to balance a potentially threatening state or a rising power. Soft balancing is often based on *ad hoc* cooperative exercises, or collaboration in regional or international institutions.”<sup>26</sup> In the case of Southeast Asia, soft balancing theorists generally use the ASEAN Regional Forum (ARF) as well as other *ad hoc* cooperative regional mechanisms as evidence that Southeast Asian states are balancing against China through institutions.<sup>27</sup> They argue that through ARF, Southeast Asian states are balancing against China by restraining China’s behaviour through inviting as many countries as possible into the region including great powers like the U.S.<sup>28</sup>

However, this argument is too exaggerated. ARF itself was established as a result of the 26<sup>th</sup> ASEAN Ministerial Meeting in 1993. Its objectives are to foster constructive dialogue regarding political and security issues and to contribute to preventive diplomacy in the Asia-Pacific region. 27 states participate in ARF including Russia, China, the U.S., the European Union, India and Pakistan.<sup>29</sup> ARF is basically an annual forum to discuss security issues, to overcome mistrust and to build an understanding among the member states. Some key members of ARF have shown little intention of regarding ARF as an institution to balance China. For example, Indonesia uses ARF to combat terrorism and transnational crimes such as piracy in the Malacca strait and to gain international support and recognition of its sovereignty in the case of internal conflict that can lead to separation.<sup>30</sup> The same thing has happened with other Southeast Asian states such as Malaysia, Singapore and Thailand, which view ARF as functioning well in tackling drug and human

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<sup>26</sup> Stephen G Brooks and William C Wohlforth, "Hard Times for Soft Balancing," *International security* 30, no. 1 (2005): pp. 73.

<sup>27</sup> He, "Institutional Balancing and International Relations Theory: Economic Interdependence and Balance of Power Strategies in Southeast Asia."

<sup>28</sup> Ibid.

<sup>29</sup> "Arf Annual Security Outlook," (Jakarta: ASEAN Regional Forum, 2013).

<sup>30</sup> "Arf Annual Security Outlook," (Jakarta: ASEAN Regional Forum, 2009).

trafficking, terrorism, and piracy in the Malacca Strait.<sup>31</sup> Moreover, the majority of the topics discussed in the ARF mainly concern the regional security architecture that can sustain cooperative relations among the member states. However, if ARF were used to balance against China then there would have to be a discussion about the growing military power of China and the problems associated with China's rise. Yet the evidence suggests otherwise. The most likely security crisis in East Asia, the 'Taiwan Problem', has never been included in the ARF formal agenda.<sup>32</sup>

In addition, even though there has been a serious discussion regarding the territorial dispute in the South China Sea in the ARF, this is not sufficient evidence to argue for Southeast Asia's institutional balancing against China. The South China Sea dispute is a territorial dispute among Brunei Darussalam, Malaysia, the Philippines, Vietnam and China. ARF has functioned only as forum for them to resolve the dispute through multilateral diplomacy, not as a forum for them to balance against China. Therefore, the major constraint to the institutional balancing argument is that it is hard to distinguish between institutional balancing and traditional diplomatic efforts.

Another issue is that the ARF has been inconsistent in moving towards a shared goal of collective defence arrangements. Jho and Chae state that overall the ARF's efficacy is erratic because it depends greatly on both China's and the U.S.'s interest goals and participation in the institution.<sup>33</sup> Change in their priorities influences their participation in the ARF, which then affects the ARF's roles and achievements. From 1997-2006, China began to pursue its interests through the ARF. During this period the U.S. remained passive and participated and collaborated minimally with the institution because it believed that multilateralism could not substitute for the

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<sup>31</sup> Ibid.

<sup>32</sup> "Institutional Balancing and International Relations Theory: Economic Interdependence and Balance of Power Strategies in Southeast Asia," pp. 503.

<sup>33</sup> Whasun Jho and Soo A Chae, "Hegemonic Disputes and the Limits of the Asean Regional Forum," *Pacific Focus* 29, no. 2 (2014).

existing U.S. bilateral alliance. China's active participation strategy along with the U.S.'s passive acceptance of the ARF made the institution's early achievements feasible.

After 2007 the ARF began to prove ineffective as the U.S. shifted its strategy to active checking the emergence of China directly involving itself in the South China Sea territorial dispute. Jho and Chae remark that the reasons for this were: first, China's expansion in the region threatened the U.S., which then wanted to maintain its position as the supreme regional power in Asia; and second, the U.S. sought to secure energy sources and an easily accessible sea route to the East Asian market. The U.S. goals in Southeast Asia shifted to checking on China's expanding influence as a hegemonic rival through close military and economic alliances, which led the U.S. to actively participate in the ARF. Therefore, the ARF is far from conducting institutional balancing against China as the institution itself depends on China as well as the U.S.

In the Cold War era, there was multilateral cooperation similar to the ARF that involved as many countries as possible; it was named the Non-Alignment Movement (NAM). But no-one would say that through NAM, developing countries were balancing against both the U.S. and the Soviet Union. In the case of the ARF, it is hard to evaluate what can be considered as an institutional balancing strategy and what can be seen as a normal diplomatic effort. As Lieber and Alexander state, "there are long list of events from 1945 to 2001 that are directly comparable to those that are today coded as soft balancing."<sup>34</sup> Therefore, the ARF cannot be seen as an institution to balance against China.

Indeed, besides ARF, several initiatives have been made by ASEAN in order to solve the South China Sea dispute that can be seen as an attempt to institutionally balance against China. One of them is the establishment of mechanisms for resolving or managing the conflict in the

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<sup>34</sup> Keir A Lieber and Gerard Alexander, "Waiting for Balancing: Why the World Is Not Pushing Back," *International Security* 30, no. 1 (2005): pp. 131.

South China Sea by ASEAN through the Declaration on the Conduct of Parties in the South China Sea. This Declaration was agreed in 2002 and signed by the 10 members of ASEAN as well as China. Within this declaration, the parties signed an agreement to resolve disputes using peaceful means, not provocative actions, while respecting the principle of freedom of navigation, and encouraging non-security cooperation.

Furthermore, in Kuala Lumpur, in December 2004, ASEAN and China agreed on the Terms of Reference of the ASEAN-China Joint Working Group on the Implementation of the Declaration on the Conduct of Parties in the South China Sea. Through this agreement, the signatories agreed to establish the ASEAN-China Joint Working Group on the Implementation of the Declaration of the Conduct or the ASEAN-China Joint Working Group. The ASEAN-China Joint Working Group has the task of reviewing and providing recommendations for the implementation of the agreements that have been achieved through the Declaration of Conduct.

Nevertheless, from the beginning these initiatives were rather to diplomatically establish an understanding among Southeast Asian countries with China by creating a code of conduct in the South China Sea. While these regional initiatives might be interpreted as soft balancing towards China, the outcome of the initiatives suggests otherwise. These regional initiatives failed to make ASEAN, as a group, to negotiate with China regarding solving the problem in the South China Sea. One of the most obvious indications is the failure to prepare a joint communiqué on the meeting between ASEAN ministers (45<sup>th</sup> AMM) in Cambodia in 2012, where they discussed the problems in the South China Sea, although the joint communiqué is a tradition that ASEAN has always produced at every meeting.

Ernest J. Bower argued that the AMM meetings had been manipulated by China. He concluded this from the fact that leading up to those meetings, China had pushed most of the

ASEAN countries hard, particularly Cambodia, to keep the South China Sea off the agenda. According to Bower, China “used its growing economic power to press Cambodia into the awkward position of standing up to its ASEAN neighbours on an issue that is one of the most important security concerns for the grouping and its members.”<sup>35</sup> This led to a conflict between Cambodia, the chair of the 45th AMM, and the Philippines, which sought ASEAN’s support for the Scarborough Shoal issue. The conflict suggested disunity and organisational chaos within ASEAN, which rendered the institution unable to become a forum for ASEAN countries to balance against China. This supports the argument of this paper: that the AMM, just like the ARF, is not Southeast Asia’s institutional balancing against China.

### **3. Indirect Balancing against China**

Considering the discussion above, we argue that the lack of evidence of balancing in Southeast Asia does not mean that there is either bandwagoning or soft balancing. The alternative explanation for why there appears to be no hard balancing against China from Southeast Asia is that the balancing behaviour is indirect, or, as Goh argues, it is pursued through the “omni-enmeshment” of major powers and a complex balance of influence.<sup>36</sup> The term “enmeshment” used by Goh refers to Southeast Asia’s strategies to engage China by political and economic means, through bilateral efforts, and through the use of multilateral regional institutions with other major powers such as the U.S. as well as other major regional players such as Japan and India. Meanwhile, the creation of a complex balance of influence encompasses multiple balancing media

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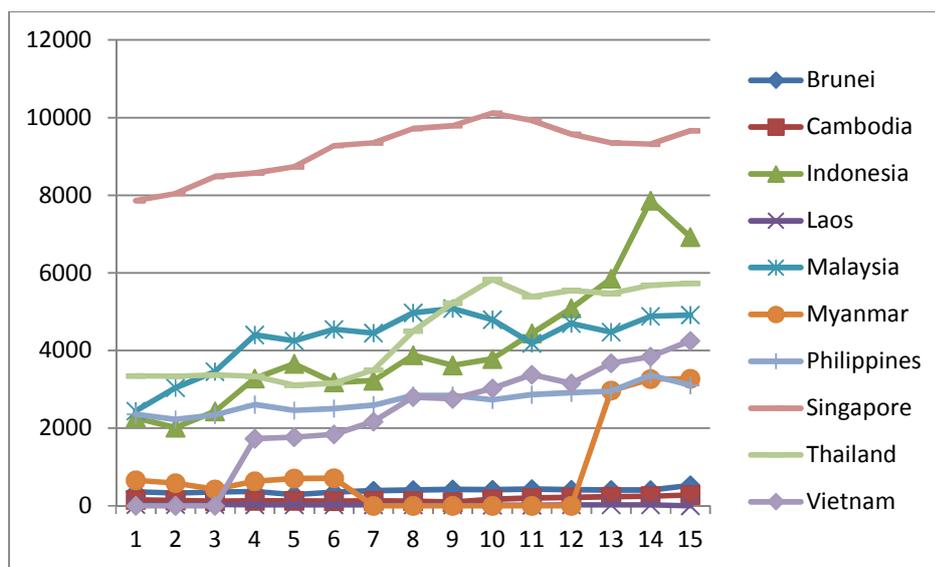
<sup>35</sup> Ernest Z. Bower, “China Reveals Its Hand on Asean in Phnom Penh,” *Southeast Asia from the Corner of 18th & K Streets* 2012, pp. 1-4.

<sup>36</sup> Evelyn Goh, “Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies,” (2008).

and targets, with the wider aim of forging a regional balance of influence that goes beyond the military realm.

Goh researched Southeast Asia institutionally by looking at ASEAN and found that the institutional cooperation among states in the region with extra-regional powers is the key to the states' third-party balancing strategy. We researched the behaviour of the states in the region with regard to China's potential power and found that indirect balancing is occurring. How Southeast Asian states have conducted this indirect balancing can be seen in their military modernisation (internal balancing) and external military support (external balancing).

#### Southeast Asian States' Military Expenditures, 2000 – 2014



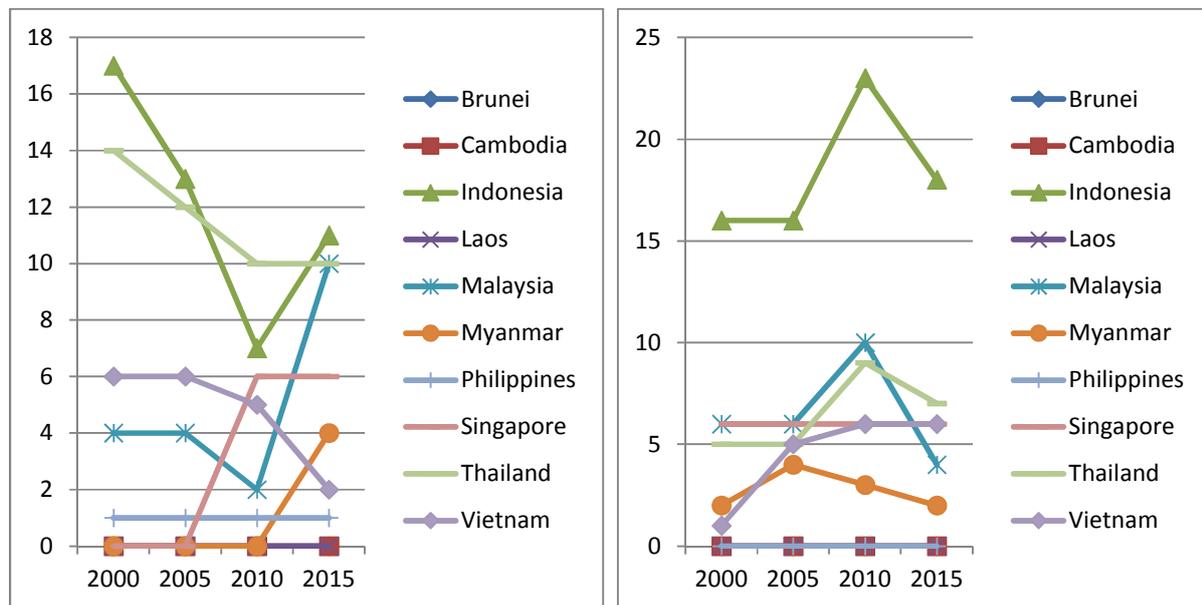
**Figure 1** Southeast Asian states' military expenditures in 2000 – 2014, constant (2011) US\$ million

Sources: *SIPRI Military Expenditure Database* (2014)

The line chart above shows data on the military expenditure of Southeast Asian states, at constant 2011 prices and exchange rates, in 2000 – 2014. From the magnitude of the economic

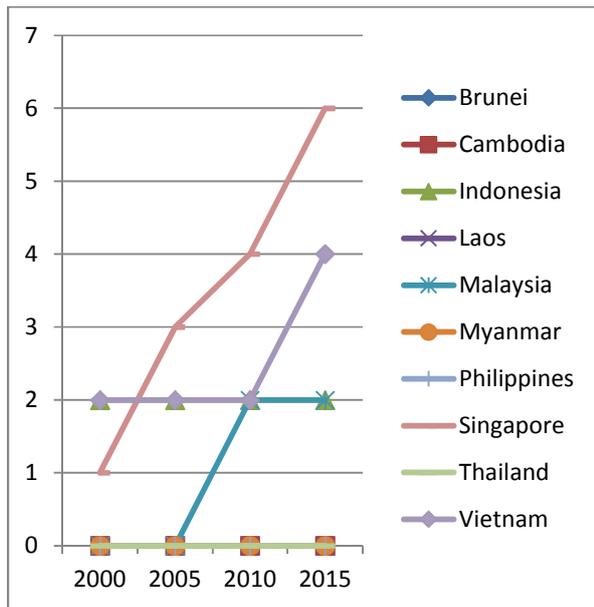
resources devoted to military purposes, one can look at what proportion the balancing actions of Southeast Asian states bear. During this period, states in this region increased their military expenditure dramatically: Indonesia’s spending increased by 211%, Vietnam’s by 144% in 2003 – 2014 (2000 – 2002 data not available), Malaysia’s by 102%, Cambodia’s by 91%, Thailand’s by 71%, Brunei’s by 46%, the Philippines’ by 39%, and Singapore’s by 25%. Only Laos’ spending decreased, by 35% in 2000 – 2012 (2013 – 2014 data not available). On average, Southeast Asian states’ military expenditure increased by 77% during this period. These vast amounts of regional military expenditure have been spent on military modernisation, particularly on navy ships and fighter aircraft.

### Southeast Asian States’ Navy Ships, 2000 – 2015



**Figure 2** Southeast Asian states’ frigates (left) and corvettes (right) in 2000, 2005, 2010, and 2015.

Sources: *The Military Balance* 2000, 2005, 2010, 2015



**Figure 3** Southeast Asian states' submarines in 2000, 2005, 2010, and 2015.

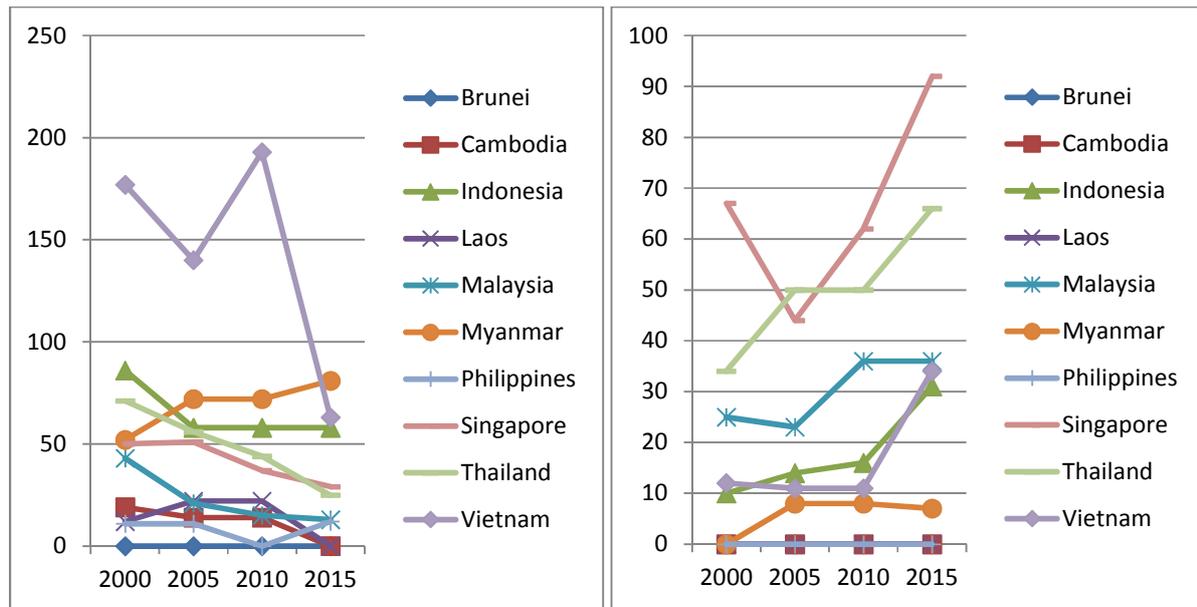
Sources: *The Military Balance* 2000, 2005, 2010, 2015

The line charts above show data on the military modernisation of Southeast Asian states' navy ships from 2000 – 2015. This paper disaggregates frigates, corvettes, and submarines because of their different roles and capabilities. According to *The Military Balance*, frigates are principal surface combatants with a full-load displacement (FLD) above 1,500 tons, corvettes are patrol and coastal combatants with an FLD of between 500 and 1,500 tons and heavier armaments compared to other patrol vessels, while submarines are all vessels designed to operate primarily under water.<sup>37</sup> Frigates are capable of undertaking independent operations, including anti-submarine warfare (ASW), anti-surface warfare (ASuW), and anti-aircraft (AA) while corvettes are more likely to have a primary focus in one area with a limited or no capability in the other two. Frigates also have a range of effective weapons giving them multiple capabilities, while corvettes usually have lighter gun armaments. Hence, the higher number of frigates compared to corvettes means

<sup>37</sup> "Explanatory Notes," *The Military Balance*, 115:1 (2015): pp. 493-500.

higher capabilities in naval warfare, showing higher balancing efforts. Meanwhile, the larger number of submarines means higher submarine warfare capabilities.

### Southeast Asian States' Fighter Aircrafts, 2000 – 2015



**Figure 4** Southeast Asian states' 3<sup>rd</sup> or earlier generation fighters (left) and 4<sup>th</sup> or later generation fighters (right) in 2000, 2005, 2010, and 2015.

Sources: *The Military Balance* 2000, 2005, 2010, 2015

The line charts above show data on the military modernisation of Southeast Asian states' naval aviation and air force fighter aircraft from 2000 – 2015. This paper disaggregates 3<sup>rd</sup> or earlier generation fighters and 4<sup>th</sup> or later generation fighters because of their different capabilities. The classification used is taken from GlobalSecurity.org, with 1<sup>st</sup> generation fighters appearing circa 1945 – 1955 and being characterised by turbojet engines and subsonic speed; 2<sup>nd</sup> generation fighters (circa 1955 – 1960) being characterised by higher speed, radar, and the use of the first guided air-to-air missiles (AAM); 3<sup>rd</sup> generation fighters (circa 1960 – 1970) being characterised

by multi-purpose fighter-bombers; 4<sup>th</sup> generation fighters (circa 1970 – 1990) being characterised by an emphasis on manoeuvrability rather than speed; and, finally, 5<sup>th</sup> generation fighters (circa 1990 – 2010) being characterised by advanced integrated avionics, and low observable stealth techniques.<sup>38</sup> Hence, the higher number of 4<sup>th</sup> or later generation fighters compared to 3<sup>rd</sup> or earlier generation fighters means more modernised air power capabilities, showing higher balancing efforts.

The data on the military modernisation of Southeast Asian states' navy ships, naval aviation, and air forces from 2000 – 2015 demonstrates that the scope and speed with which the various states have pursued modernisation differs significantly. Small states such as Brunei, Cambodia and Laos do not show evidence of military buildup – and indeed Cambodia is China's ally. Cheunboran Chanborey noted that militarily, China is the biggest source of assistance to Cambodia's armed forces in various forms. This assistance increased remarkably when Cambodia badly needed to build up its defence forces due to the increasingly tense border dispute with Thailand from 2008 to 2011. Cambodia is also looking to purchase two Chinese warships.<sup>39</sup> Economically, China is also Cambodia's primary trading partner, largest source of foreign direct investment, and top provider of development assistance and soft loans. Chanborey also highlighted that Cambodia's confidence in ASEAN has faded due to ASEAN's ineffective response to the Cambodia-Thailand border dispute. The small state has also had problems with Vietnam due to border disputes and illegal migration issues.<sup>40</sup> These facts motivate Cambodia to embrace China rather than its Southeast Asian neighbours, as seen in the 45<sup>th</sup> AMM case.

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<sup>38</sup> "Fighter Aircraft Generations," *GlobalSecurity.org*: <http://www.globalsecurity.org/military/world/fighter-aircraft-gen-1.htm>

<sup>39</sup> Prashanth Parameswaran, "Cambodia Wants China Warships: Navy Commander," *The Diplomat*: <http://thediplomat.com/2016/02/cambodia-wants-china-warships-navy-commander/>

<sup>40</sup> Cheunboran Chanborey, "Cambodia's Strategic China Alignment," *the Diplomat* (2015), <http://thediplomat.com/2015/07/cambodias-strategic-china-alignment/>.

On the other hand, Indonesia, the Philippines and Thailand have struggled to modernise their navies, and show different results in the air forces branch. Malaysia has increased its navy by procuring six MEKO-A100 frigates from Germany, which were delivered between 2006 and 2010 and two *Scorpene* submarines from France and Spain, which were delivered in 2009. Singapore procured similar weapon systems with six *La Fayette* frigates from France being delivered between 2007 and 2009, three *Sjöormen* submarines from Sweden being delivered between 2000 and 2001, two *Västergotland* submarines also from Sweden being delivered between 2011 and 2012, and two *Type-218* submarines from Germany, which will be delivered from 2020. Myanmar has also procured frigates from China, which were delivered in 2011 and 2012, while Vietnam is procuring *Project-636E/Kilo* submarines from Russia. Three out of six ordered were delivered in 2013 and 2014.<sup>41</sup>

Frigates are principal surface combatants designed with an emphasis on submarine detection and response operations. They have other roles as well, such as policing for counter-piracy and maritime security operations, but the fact remains that frigates are weapons built primarily for military operations. The fact that many Southeast Asian states have been procuring frigates may be related to China's submarine capabilities - China's fleet consists of four nuclear-powered ballistic-missile submarines (SSBNs), five nuclear-powered attack submarines (SSNs), and sixty attack submarines (SSKs) -aside from other military operations and naval policing concerns.<sup>42</sup> This is a sizeable expansion from the past, when, as Richard A. Bitzinger noted, most regional navies consisted mainly of coastal patrol boats and fast-attack crafts geared mostly towards littoral combat. Today, many Southeast Asian states' navies have acquired large surface

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<sup>41</sup> "Sipri Arms Transfers Database," (Stockholm International Peace Research Institute, 2015).

<sup>42</sup> "The Military Balance," in *the Military Balance: The Annual Assessment of Global Military Capabilities and Defence Economics* (London: IISS, 2015).

combatants with longer range.<sup>43</sup> On the other hand, submarine procurement by Southeast Asian states may reflect the need for coastal and off-shore defence against China's naval deployment close to their waters.

In the air forces branch, the majority of Southeast Asian states, including Indonesia, Malaysia, Singapore, Thailand and Vietnam are modernising from obsolete third generation fighters to fourth or later generation fighters. Indonesia has procured *Su-27S/Flanker-B* and *Su-30MK/Flanker* FGA aircrafts from Russia, and *F-16C* from the U.S., and is co-developing *KFX* with South Korea, which will possibly be delivered by 2020. Malaysia has procured *Su-30MK/Flanker* from Russia. Singapore has procured *F-16C Block-50/52* and *F-15SG* from the U.S. and may be buying *F-35* as it has joined the JSF program as a Security Co-operation Participant. Thailand has procured *F-16A* from the U.S. and Singapore, as well *JAS-39C Gripen* from Sweden. Vietnam has procured *Su-22/Fitter-H/J/K* from the Czech Republic and Ukraine, as well as *Su-30MK/Flanker* from Russia.<sup>44</sup>

There is a possibility that the arms build-up among Southeast Asian states is not due to China's military capability, but might have been caused by the growing mistrust among Southeast Asian states as well as territorial disputes among them. However, greater cooperation between Southeast Asian states may indicate that they regard China as a far greater threat. As Rizal Sukma stated, many have been increasing their bilateral cooperation on security issues and have used ASEAN as a forum to aid this.<sup>45</sup> Malaysia and Vietnam have filed a joint submission to the UN Commission on the Limits of the Continental Shelf (CLCS) for their territorial boundaries, ruling

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<sup>43</sup> Richard A. Bitzinger, "Index Asia: Southeast Asian Naval Expansion and Defence Spending," *RSIS Commentaries*, no. 120 (2015), <https://www.rsis.edu.sg/wp-content/uploads/2015/05/CO15120.pdf>.

<sup>44</sup> "Sipri Arms Transfers Database."

<sup>45</sup> Rizal Sukma, "Asean and Regional Security in East Asia," in *Security Politics in Asia and Europe*, ed. Wilhelm Hofmeister (Singapore: Konrad-Adenauer-Stiftung, 2009).

out their competing claims in the face of China's potential threat.<sup>46</sup> The Philippines and Vietnam have also been strengthening their security coordination since 2010 with a focus on implementing maritime security. Thus, as China becomes more assertive in the region, smaller states are likely to increase their security cooperation to balance China.

A closer look at selected Southeast Asian states may demonstrate that the region is balancing against China, albeit indirectly, but individual states are unilaterally or bilaterally aiming to deter a range of potential threats. As well as military modernisation (internal balancing), which has already been discussed, the balancing behaviour also takes shape in external military support (external balancing). The following are the cases of the Philippines, Brunei, Malaysia and Vietnam.

The Philippines is not apparently pursuing internal balancing as reflected in its arms dynamic, in which the state's defence modernisation programme is aimed more at improving its border patrol and defence capabilities than any advanced naval war-fighting.<sup>47</sup> This may be due to the Philippines having no military capacity to confront China's assertiveness, as its armed forces had long been preoccupied with internal security operations. The *Philippines 2007 AFP Capability Assessment* concludes that its navy lacks the ships necessary for active maritime patrols to prevent or deter intrusions, while it does not have any modern air-defence, surveillance, air-lift, or ground-attack capabilities.<sup>48</sup>

To make up for what it lacks in internal balancing, the Philippines are allying with the U.S. to create sufficient a deterrent effect. The 1951 Mutual Defence Treaty dictates that both states

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<sup>46</sup> Timothy Williams, "Balancing Acts in South-East Asia & President Obama's Trip," in *Resurgence of Russia and China Programme* (London: Institute of Islamic Strategic and Socio-Political Affairs, 2014).

<sup>47</sup> Renato Cruz De Castro and Walter Lohman, "U.S.-Philippines Cooperation in the Cause of Maritime Defense," (2011), <http://www.heritage.org/research/reports/2011/08/us-philippines-partnership-in-the-cause-of-maritime-defense>.

<sup>48</sup> Renato Cruz De Castro, "Future Challenges in the U.S.-Philippines Alliance," *East West Center Asia-Pacific Bulletin*2012.

will support each other if either one is attacked by an external party. In the face of the threat from China, both states are enhancing their security ties, with the U.S. transferring three former U.S. Coast Guard *Hamilton*-class cutters to the Philippine navy through the Foreign Military Sales credit, and continuing the Coast Watch South (CWS) project in the southern Philippines, which will allow the Philippine military to keep watch over the South China Sea.<sup>49</sup>

Not limited to the U.S., the Philippines has also established bilateral security ties with the U.S.'s allies such as Japan, South Korea and Australia. De Castro notes that the Philippines engages Japan in fostering maritime security whereby the Japanese Coast Guard provides technical and material assistance to its Philippine counterparts.<sup>50</sup> From South Korea, the Philippines plans to purchase 12 F/A-50 Golden Eagle fighter planes, which are the best alternative to the more expensive F-16 fighters, for the Philippine Air Force. With Australia, the Philippines has signed and ratified a Status-of-Forces Agreement to enhance joint military activities. De Castro argues that fostering informal security arrangements with these states enhances the Philippines' territorial defence capability and enables the Philippines to confront China's expansion in the South China Sea.

The Philippines' establishment of security ties with other U.S. allies is an important effort since China's potential power presents a complex threat. De Castro maintains that the Philippine-U.S. security alliance may not be sufficient in the long run without being linked with other U.S. allies in the region.<sup>51</sup> A coordinated four-way partnership will result in a convergence of views and well-thought-out alliance policies, which can contribute greatly to encourage the development of a loose association of U.S. allies in the region that can pursue shared interests and values with

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<sup>49</sup> De Castro and Lohman, "U.S.-Philippines Cooperation in the Cause of Maritime Defense."

<sup>50</sup> Renato Cruz De Castro, "Linking Spokes Together: The Philippines' Gambit of Harnessing the United States' Alliances in Its External Balancing Policy against an Emergent China," *Pacific Focus* 29, no. 1 (2014).

<sup>51</sup> "Arf Annual Security Outlook."

other East Asian states. Although the association is not hard balancing because there is neither a formal alliance nor military build-up symmetric to China, but the evidence supports the fact that the Philippines is balancing against China.

While the Philippines engage the U.S. and its allies in the region, Brunei has long-established defence relations with the United Kingdom. Similar to that of the Philippines, Brunei's military is very small and it can offer little resistance on its own in the face of a determined aggressor. Since there is no way that Brunei's military build-up can match China's potential power, it is relying on the British Forces stationed in Brunei to assist the Sultan. These comprise a light infantry battalion, a jungle training centre, and a helicopter flight with 3 Bell 212.<sup>52</sup> This deployment is also very limited in scale and it is not sufficient to create a deterrent effect; however, the U.K. can increase its presence if needed. With its aircraft carriers, it can easily project its military capability to the Southeast Asian region. The Royal Navy's *Future Navy Vision* has envisioned returning to be an operationally versatile navy able to project maritime power.

Aside from the Brunei garrison, the British presence in the region can be seen in the Five Power Defence Arrangements (FPDA) between the U.K., Australia, New Zealand, Malaysia, and Singapore, signed in 1971. However, the FPDA can hardly be considered as Malaysia and Singapore's external balancing with the U.K. and other Commonwealth members since it cannot be classified as an alliance or collective defence. It merely obliges the five states to consult each other in the event of an external aggression or threat of such an attack against Malaysia and Singapore; unlike in Brunei, there is no requirement for physically stationing multinational forces in Malaysia or Singapore.<sup>53</sup>

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<sup>52</sup> "The Military Balance."

<sup>53</sup> Khoo How San, "The Five Power Defence Arrangements: If It Ain't Broke....," *Pointer: Quarterly Journal of the Singapore Armed Forces* 26, no. 4 (2000).

Malaysia's arms dynamic shows that it is selectively modernising its military. Having previously downplayed the issue of territorial disputes in favour of closer economic ties with China, Felix K. Chang observes that Malaysia changed its approach when it established a new naval base at Sepang Bay, next to the South China Sea, in 2007, and announced that it would create a marine corps and build a naval base at Bintulu, near the disputed James Shoal in 2013. Malaysia's internal balancing, in the light of China's actions, is restrained by budgetary pressures; with its modernisation efforts it seems more concerned with simply recapitalising its existing forces than building them up. There is also the factor of lingering ambivalence towards confronting China, which has begun to recede. However, once China behaves aggressively, Chang argues that it is only a matter of time before Malaysia decides that it must stop delaying a more robust modernisation, as Malaysia's preferences for staying on good terms with China has also begun to shift.<sup>54</sup>

Different from the states discussed above, Vietnam is the only Southeast Asian state to have declared that its arms build-up is due to China's naval build-up. Shang-su Wu observes that Vietnam's recent investment in its air and naval capability shows its disposition towards an anti-access and area denial (A2/AD) strategy aimed at preventing China's access to its territorial waters. It is still inadequate to effectively check China's massive military power, but Wu maintains that it does provide some strategic value as Vietnam is able to deter China much better than before and its military modernisation may serve as a bargaining chip to negotiate with other powers for security cooperation.<sup>55</sup> The oil rig standoff between Vietnam and China in waters near Paracel Islands from 2 May to 15 August 2014 proves that Vietnam is willing to commit resources to

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<sup>54</sup> Felix K. Chang, "A Question of Rebalancing: Malaysia's Relations with China," *Foreign Policy Research Institute E-Notes* (2014).

<sup>55</sup> Shang-su Wu, "Is Vietnam in Denial on Military Strategy?," *The Diplomat* (2014), <http://www.eastasiaforum.org/2014/10/30/is-vietnam-in-denial-in-military-strategy/>.

defend what it considers to be its sovereignty even though it requires Vietnam to stand toe-to-toe against China's provocation, and all the more so with China temporarily withdrawing the oil rig after the standoff.

From the empirical analysis above, indirect balancing might sound familiar with the concept of hedging as a mainstream explanation for the seeming lack of balancing of Southeast Asia towards China. Goh defines hedging as "a situation in which states cannot decide upon more straightforward alternatives such as balancing, bandwagoning, or neutrality."<sup>56</sup> In other words, the objective of hedging, as described by Cheng-Chwee is to "offset risks by pursuing multiple policy options that are intended to produce mutually counteracting effects, under the situation of high-uncertainties and high-stakes."<sup>57</sup> Hedging policy can also be seen in military without a declared adversary and increasing participation in loose bilateral and multilateral cooperation.<sup>58</sup> Thus in policy practice, indirect balancing and hedging can hardly be distinguished. However, in theoretical terms, indirect balancing and hedging may be different especially in regard to the scope of the behaviour as well as the objective.

As a concept, hedging encompasses all strategies ranging from indirect balancing to limited bandwagoning.<sup>59</sup> Due to its broad definition, a hedging strategy might create a conceptual ambiguity in understanding recent Southeast Asian states' behaviour towards China. Thus, by taking the recent defence policy initiated by many Southeast Asian countries as a hedging strategy only reduces the significance policy changes made by Southeast Asian states in responding to an increasingly assertive China. Furthermore, hedging strategy is driven more by perceived high-

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<sup>56</sup> Evelyn Goh, "Meeting the China Challenge: The Us in Southeast Asian Regional Security Strategies," *Policy Studies* 16 (2005).

<sup>57</sup> Kuik Cheng-Chwee, "The Essence of Hedging: Malaysia and Singapore's Response to a Rising China," *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 30, no. 2 (2008).

<sup>58</sup> V. Jackson, "Power, Trust, and Network Complexity: Three Logics of Hedging in Asian Security," *International Relations of the Asia-Pacific* 14, no. 3 (2014).

<sup>59</sup> Cheng-Chwee, "The Essence of Hedging: Malaysia and Singapore's Response to a Rising China," pp, 166.

uncertainties regarding a state's intention while indirect balancing is motivated by a perceived threat, albeit unambiguous, that needs to be responded to. Thus, indirect balancing can capture the more specific defence policy changes made by several Southeast Asian states and the motivation behind them.

#### **4. Toward Direct and Hard Balancing in Southeast Asia?**

Given that Southeast Asia's balancing behaviour is still undertaken indirectly by individual states and is unilaterally or bilaterally aimed at deterring a range of potential threats, the question is, what factors might trigger hard and direct balancing behaviour? In addressing this question, in fact, Walt's balance of threat theory might give a very compelling answer. As Walt says, "states choose to balance if they fail to curb a potential hegemon before it becomes too strong. However, states do not balance against power but against threat."<sup>60</sup> According to Walt, perceived aggressive intentions and offensive power are the main factors that cause a state to be perceived as a threat.<sup>61</sup> Expanding Walt's balance of threat theory argument, Levy argues that middle-sized power balancing behaviour does not automatically occur once they feel threatened by a potential threat but will occur as the result of 'constant vigilance' and conscious and deliberate strategy choices by individual states.<sup>62</sup> Following Walt's and Levy's arguments, there are two main conditions leading to rising states being perceived to be a clear-and-present threat by their neighbours, namely (1) a rising state behaving aggressively towards other countries and (2) a rising state showing the capability to project its power capability into its neighbours' territories. Once the rising state is perceived to be a clear-and-present threat, then indirect balancing might shift to direct balancing.

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<sup>60</sup> Stephen M Walt, *The Origins of Alliance* (Cornell University Press, 1990), pp. 18.

<sup>61</sup> *Ibid.*, pp. 22.

<sup>62</sup> Jack S Levy, "What Do Great Powers Balance against and When?," *Balance of power: Theory and practice in the 21st Century* (2004): pp. 33.

Prior to 2008, even though its economic power increased, it seemed that China was less aggressive towards its neighbours especially with regard to how it's dealt with territorial disputes. Territorial disputes, as Goertz and Diehl argue, are likely to be an initial path to war and therefore states are more responsive in dealing with territorial disputes than other issues they deal with.<sup>63</sup> From the 1960s to the late 1970s, when China was still the least modernised country and had no economic power, it was perceived to a great extent as the country that posed the most dangerous threat by Southeast Asian states since China seemed to behave aggressively. Thus the majority of Southeast Asian states, even communist Vietnam, saw China as a power that should be contained.<sup>64</sup> For instance, in 1974, responding to an announcement from Vietnam regarding incorporation of some of the Spratly Islands into one of its provinces, China issued a statement that challenged Vietnam's declaration. After the statement was issued, a confrontation seemed inevitable. Despite the tension, these two countries finally settled the dispute.<sup>65</sup> As suggested by Fravel's research, it is evident that compared with this period, during the period when China has been gradually expanding its economic power, from the 1990s onwards, China seems to be less belligerent and less aggressive. In general, from 1960-1985, there were nine territorial disputes requiring China to use force. From 1990-2005, only one of China's territorial disputes required China to use force.<sup>66</sup>

As shown by Fravel's research, prior to 2008, China's less aggressive behaviour in resolving its territorial disputes might explain why, with its double digit economic growth for two decades, Southeast Asian states in general view the rise of China as an opportunity with concomitant military challenges rather than a power that should be balanced, as is thought by many

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<sup>63</sup> Paul F Diehl and Gary Goertz, *War and Peace in International Rivalry* (University of Michigan Press, 2001).

<sup>64</sup> Aileen SP Baviera, "China's Relations with Southeast Asia: Political Security and Economic Interests," *Philippine APEC Study Center Network* (1999).

<sup>65</sup> M. T. Fravel, "Regime Insecurity and International Cooperation - Explaining China's Compromises in Territorial Disputes," *International Security* 30, no. 2 (2005): pp. 76.

<sup>66</sup> *Ibid.*, pp. 55-57.

western countries especially the U.S.<sup>67</sup> For Southeast Asian countries, China is still perceived as a critically important trading and economic partner. According to a survey conducted by Asian Barometer, at the societal level, China has been viewed as doing more good than harm by all countries in Southeast Asia.<sup>68</sup> The perception of Southeast Asian states towards China has been increasingly positive every year despite China's rapidly increasing defence budget. In 2000, China's defence budget was approximately USD 14.6 billion. By 2005, it had doubled to USD 29.9 billion. In 2010, China spent USD 77.90 billion on its military budget; almost triple the budget in 2005. In 2014, China increased its military budget to almost USD 129 billion.<sup>69</sup> This economic interdependence might explain why several Southeast Asian countries are seen to conduct hedging strategies such as economic pragmatism to maximise their economic gains from the rising states and binding-engagement to create channels of communication through regularised diplomatic activities.

However, even though at the societal level China has been viewed as doing more good than harm by its Southeast Asian neighbours, the threat it poses still triggers indirect balancing behaviour from Southeast Asian states. This is due to the fact that since 2008 China has been showing a more assertive stance in dealing with the territorial dispute in the South China Sea.<sup>70</sup> China's recent assertiveness was triggered by the rise of nationalism both in the policy makers' circle as well as among the Chinese public in general.<sup>71</sup> Besides its increasing nationalism, China

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<sup>67</sup> Rommel C Banlaoi, "Southeast Asian Perspectives on the Rise of China: Regional Security after 9/11," *Parameters* 33, no. 2 (2003): pp. 98; Bruce Vaughn and Wayne M Morrison, "China-Southeast Asia Relations: Trends, Issues, and Implications for the United States" (2006).

<sup>68</sup> Liu Kang, Min-Hua Huang, and Lu Jie, "How East Asians View the Rise of China," in *An Asian Barometer Survey Conference on How East Asians View the Rise of China* (Asian Barometer, 2012).

<sup>69</sup> "The Military Balance."

<sup>70</sup> Robert S Ross, "China's Naval Nationalism: Sources, Prospects, and the Us Response," *International Security* 34, no. 2 (2009).

<sup>71</sup> M. Yahuda, "China's New Assertiveness in the South China Sea," *Journal of Contemporary China* 22, no. 81 (2013).

has also increased its capability to project its military presence into its neighbours' territory. China's military build-up to project its power, however, can be attributed to its economic growth, and is the direct result of increased nationalism within China.

As argued by Robert Kaplan the only way for China to project its military capability into its neighbours' territory is not through land power but through naval power.<sup>72</sup> Many Chinese military specialists observe that in the last five years, China has been focusing more on naval power buildup than land power.<sup>73</sup> After allegedly planning to obtain an aircraft carrier, in November 2012, China officially had an active conventionally powered aircraft carrier. China has also confirmed its intention to have a nuclear powered aircraft carrier by 2020.<sup>74</sup> Today, China has 4 ballistic missile submarines (SSBNs), 66 tactical submarines, an aircraft carrier, 17 destroyers, and 54 frigates.<sup>75</sup> Even though China lacks extra-territorial naval bases to project its military capability, with its plan to build more aircraft carriers it can easily project its military capability to other regions especially the Southeast Asian region in the near future.

Some evidence shows that there is an arms build-up among Southeast Asian states. As reported by the Stockholm International Peace Research Institute, compared to the period 2000-2004, arms imports in the period 2005-2009 to Indonesia, Singapore, and Malaysia rose respectively by 84%, 146%, and 722%.<sup>76</sup> Most of the military equipment acquired by these three countries is to strengthen their air forces and navies. Some Western think tanks such as SIPRI and IISS argue that this military build-up has been caused by China's naval build-up.<sup>77</sup> With regard to

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<sup>72</sup> Robert D Kaplan, "The Geography of Chinese Power," *Foreign Affairs* 89, no. 3 (2010).

<sup>73</sup> Richard D Fisher, *China's Military Modernization: Building for Regional and Global Reach* (Greenwood Publishing Group, 2008); Bernard D Cole, *The Great Wall at Sea: China's Navy in the Twenty-First Century* (Naval Institute Press, 2010).

<sup>74</sup> Zachary Keck, "China's Building Second Aircraft Carrier," in *the Diplomat*, the Diplomat (2014).

<sup>75</sup> "The Military Balance."

<sup>76</sup> Paul Holtom et al., "Trends in International Arms Transfers 2009," in *SIPRI Fact Sheet March 2010* (SIPRI, 2010).

<sup>77</sup> "The Military Balance."; "Sipri Arms Transfers Database."

this argument, no serious existing research suggests that the arms build-up among Southeast Asian states is due to China's military capability. Some news media such as Reuters and the BBC as well as policy institutes such as SIPRI and IISS have mentioned that it is due to China's rise, but there is no official statement from Southeast Asian states – except from Vietnam – which states that their arms build-up is due to China's naval build-up. There are other possibilities that we cannot ignore, for example that the arms build-up in Southeast Asia might be caused by the growing mistrust among Southeast Asian states as well as territorial disputes among Southeast Asian states. Nevertheless, there is still the possibility that the arms build-up is due to China's naval build-up. Consequently, once China has the capability to project its military power into its Southeast Asian neighbours' territory, this will trigger direct balancing behaviour from Southeast Asian states. Indeed, the recent situation described above regarding China's naval power build-up being responded to by an arms build-up among Southeast Asian states seems to support our second argument.

China's naval power build-up is perceived by Southeast Asian states as China's intention to project its military power to the Southeast Asian region and hence has triggered Southeast Asian states to balance against China, albeit in a very indirect way. Recently, despite the increasing negative perception from its neighbours, the Chinese government seems to have increased China's naval military capability.

One might argue that China's military projection capability through naval power is motivated by China's intention to play a greater role in demonstrating international responsibility by projecting its military power abroad to address non-traditional security issues such as piracy and terrorism to secure its energy supply in the sea lines of communication (SLOCs). However, many Southeast Asian states such as Indonesia, Vietnam, Malaysia, Thailand and the Philippines

see it in a different way. Many policymakers in Southeast Asia see that China is not the only country that relies heavily on trade. Like China, 90% of Japan's trade also depends on SLOCs ranging from the Strait of Malacca to the Gulf of Aden. However, this does not motivate Japan to build up its naval power. Instead of building up its navy, Japan invests heavily in capacity building in the 'Horn of Africa' countries to combat terrorism, as well as strengthening its security cooperation with Southeast Asian states.<sup>78</sup> Furthermore, China's intention to be a responsible great power cannot be a rationale for China to build its naval capability. If China wants to take greater responsibility, why does China not follow Japan's model by developing relatively less threatening yet highly technological military equipment that can properly address non-security issues such as piracy or humanitarian assistance instead of building highly expensive aircraft carriers that might give a threatening signal to neighbouring countries?<sup>79</sup>

Certainly, traditional military equipment could have non-traditional functions in the time of peace. However, they are built to serve during war time. For instance, the U.S. can use its aircraft carriers for humanitarian assistance because it already possesses them. But it did not build them in the first place for these kinds of missions; it built them to serve traditional security issues. Moreover, the negative perception of Chinese military build-up is due to the nature of China's weapon acquisition programmes, which are hardly for non-traditional security uses. It is neither transport aircraft nor long-range amphibious ships acquisition that worry the U.S.; it is China's submarine and anti-ship ballistic missile (ASBMs) as well as its land-based air force aircraft armed with anti-ship cruise missiles (ASCMs) build-up that worry the U.S. position in the Pacific.<sup>80</sup>

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<sup>78</sup> Tetsuo Kotani, "Lifeline at Sea: Japan's Policy toward the Indian Ocean Region," *Journal of the Indian Ocean Region* 7, no. 2 (2011).

<sup>79</sup> Michael A Glosny, Phillip C Saunders, and Robert S Ross, "Debating China's Naval Nationalism," *International Security* 35, no. 2 (2010).

<sup>80</sup> Ronald O'Rourke, "Navy Shipboard Lasers for Surface, Air, and Missile Defense: Background and Issues for Congress" (2013).

The arms build-up among Southeast Asian states can be interpreted as internal balancing performed by Southeast Asian states to balance against China. Thus, by building up its naval power, China has exceeded the limit of when its threat could finally trigger direct balancing behaviour from Southeast Asian states. However, there will be no external balancing from Southeast Asian states in the near future unless China starts to behave aggressively. There is at least one dispute that is yet to be resolved permanently between Southeast Asian states and China. If, in the near future, with its naval power preponderance, China becomes more aggressive in trying to solve the South China Sea dispute, we predict that hard balancing from Southeast Asia will occur directly to balance against China.

The question which needs to be discussed further is, “how can China convince Southeast Asian states that its naval power build-up is not intended to project its military capability into the Southeast Asian region as well as to coerce its maritime territorial claim in South China Sea toward other claimant states of Southeast Asia?” We predict that it is only a matter of time before direct and hard balancing will occur from Southeast Asian states due to both the South China Sea Dispute and China’s naval power build-up.

Karim has already stated that the implications of the high politics in the South China Sea disputes has created the polarization of the stakeholders and greater military build-up.<sup>81</sup> Karim portrays the evolving geopolitical scenarios as follows: the U.S. will remain robust while its regional alliance will become more formalised and concrete; China may no longer tolerate the U.S. domination and will continue its military build-up, in particular its naval power; activating an action-reaction cycle between China and the U.S. In the meantime, Southeast Asian states’ spending on arms procurement will increase at an alarming rate while wide separation among

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<sup>81</sup> Mohd Aminul Karim, "The South China Sea Disputes: Is High Politics Overtaking?," *Pacific Focus* 28, no. 1 (2013).

claimants of the South China Sea dispute will prolong the establishment of a formal and binding code of conduct, straining ASEAN further due to internal discord.<sup>82</sup>

The South China Sea dispute will be the test case for the direct balancing behaviour among Southeast Asian states. While the dispute has been ongoing since the 1970s, it has become a new hotspot during recent years when the Chinese government has become more aggressive in dealing with its neighbours.<sup>83</sup> The current situation between China on the one hand and several Southeast Asian states such as Vietnam and the Philippines on the other regarding the South China Sea seems to support our argument. The Philippines has accepted the pledge made by the Japanese government to help the Philippines to defend its remote islands from any aggression by other countries. Prior to that, the Philippines was one of the ASEAN countries that supported an increased military presence in Asia with its allies, the U.S. and a rearmed Japan, which would help the region counter-balance China. The Vietnam case also provides evidence of an attempt to balance against China by ASEAN countries. Vietnam welcomes the U.S.'s plan to increase its military footsteps in the region to balance China. This is an irony given the fact that the U.S. used to be an enemy of Vietnam.

## 5. Conclusion

From the analysis of the military build-up of selected Southeast Asian countries as well as the recent developments in regional security cooperation discussed above, this paper has demonstrated that Southeast Asian countries have already been conducting indirect balancing towards China. In addition to hedging behaviour, as argued by Evelyn Goh, in which Southeast

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<sup>82</sup> Ibid.

<sup>83</sup> Derry Aplianta, "Indonesia's Response in the South China Sea Disputes: A Comparative Analysis of the Soeharto and the Post-Soeharto Era," *Journal of ASEAN Studies* 3, no. 1 (2015).

Asian states persuade external major powers, in this case the United States, to act as counterweights to Chinese regional influence, several Southeast Asian countries have indeed increased their military capacity to counter China's assertive behaviour in the region especially in the South China Sea. While the military build-up is not solely directed to balance China's military capability, the motivation for the military build-up can certainly be attributed to the more assertive China. As this research has found, the reason for several Southeast Asian states conducting rather indirect balancing is due to budgetary pressures on military-build up, a preoccupation with internal security, as well as the lack of a perceived threat from China on the societal level. Hard balancing is yet to come, as China's increasingly assertive behaviour has not translated into a clear and present threat to Southeast Asian States. However, once China is perceived to pose a clear and present threat, we might expect to see hard balancing, both external and internal, from Southeast Asian states.

In this regard, the findings shows that the exceptionalist argument regarding Southeast Asian states balancing behaviour is flawed since it wrongly assumes that East Asia's regional order is hierarchical rather than anarchical. The argument does not fit with the empirical findings, which show that several Southeast Asian countries are conducting limited military build-up to contain the expansionist nature of China's military build-up. The soft balancing theorist argument has the same fate as the previous one. It has failed to make a convincing argument that institutional balancing is really working since there is no clear distinction between institutional balancing behaviour and diplomatic effort. Furthermore, as discussed in the paper, the ARF, which has become a locus for Southeast Asia's balancing strategy, is far from being a forum for institutional balancing against China as the institution itself depends on China as well as the U.S and there is inconsistency in moving towards a shared goal of collective defence arrangements. Ultimately,

neither can explain the fact that there is an arms build-up among Southeast Asian states. Hence, the only explanation left for the lack of balancing behaviour against China is that the behaviour is indirect.

Indirect balancing as an alternative explanation, as part of a very broad hedging strategy, for the lack of Southeast Asian balancing behaviour towards China, helps deepen our understanding of how medium-sized and small states react to a rising power. While indirect balancing can explain the Southeast Asian states' behaviour towards China, the concept can provide an alternative explanation for why there is seemingly a lack of balancing strategies beyond the specific case of Southeast Asia. A further study is needed to develop indirect balancing as a robust concept by conducting a comparative analysis among regions.