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# RSIS COMMENTARIES

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## **ASEAN Defence Industrial Collaboration: Possibilities and Challenges**

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*If ASEAN is truly interested in promoting regional defence industrial collaboration, there are a number of practical ways in which it might do so, including joint procurement of imported military systems, regionalized acquisitions, and codevelopment of basic military equipment. All of these initiatives face considerable challenges, but the potential benefits are significant.*

A recent *RSIS Commentary* by Ron Matthews and Kogila Balakrishnan (“Speculating the Future: ASEAN Defence Industrial Collaboration?”) calls on the ASEAN nations to begin a process of working together to design, develop, and manufacture military systems that could be used by member-states to defend themselves and, potentially, their common and collective security interests.

Matthews and Balakrishnan laid out the rationale for such armaments collaboration; yet they did not shy away from the challenges of encouraging cooperation among nations that still harbour considerable mutual suspicions towards each other. This paper explores some practical initiatives for future collaboration that ASEAN nations could consider.

### **Joint Procurement**

Perhaps the easiest step to consider would be an effort to harmonise at least some defence acquisition among several ASEAN member-states. Countries could agree in their next acquisition cycles to jointly procure common equipment from foreign suppliers that are *not* available from local arms industries. Not only would this lower individual procurement costs to each purchasing nation, since they would be “buying in bulk,” but it would collectively give them increased leverage over suppliers in terms of extras like offsets (industrial participation and counter-purchases).

Of course, it might be difficult at the beginning to engage in the joint procurement of certain big-ticket items like combat aircraft, warships, submarines, and main battle tanks. At the same time, however, it does not take too much imagination to come up with a list of other areas where ASEAN could

collaborate on such acquisition: utility helicopters, man-portable surface-to-air missiles, unmanned aerial vehicles (UAVs), large transport aircraft, etc.

In particular, ASEAN nations could jointly buy equipment that would help them deal with shared regional security requirements, such as patrol vessels to police Southeast Asian sea-lanes and to protect regional waterways from piracy, terrorism, and international crime. Just as critical could be the common procurement of communications and intelligence-gathering systems that would help these nations better converse with each other and share information concerning collective threats.

### **Regionalized Procurement with Offsets**

Second, ASEAN countries could agree to increase their purchases of military equipment from each other, with the proviso of providing offsets to the buyer. Malaysia, for example, produces wheeled armoured vehicles, Indonesia builds light transport aircraft, and Singapore manufactures a broad array of weapons systems, from small arms to artillery systems to armoured personnel carriers. In an effort to increase collaborative regional arms production, Southeast Asian nations could give greater consideration to locally manufactured products in future arms acquisition competitions. At the same time, regional arms suppliers, if selected, would agree to set up factories in the buyers' country to provide for the local manufacture of parts and subsystems, and perhaps even final assembly.

In particular, local small-arms producers could consent to setting up plants in other ASEAN countries for the manufacture of ammunition (5.56mm and 7.62mm being the most widely used throughout the region), which are always in demand for training purposes. This would be a small but important step forward toward greater defence industrial collaboration.

### **Coproduction of Basic Defence Equipment**

Finally, the ASEAN nations could agree on a common plan of action to undertake the codevelopment and coproduction of certain types of military equipment that most, if not all, member-states would find essential. Since it would probably be easiest to start out modestly, these countries could attempt to jointly manufacture and acquire certain types of small arms, such as assault rifles or light machine guns. In particular, a common ASEAN assault rifle would not only have a potentially large market, it would go a long way in rationalizing and standardizing defence capabilities in the region, aiding interoperability and defence cooperation.

Additionally, ASEAN could collaborate on a number of other types of basic military equipment – radios, IT systems, high-tech uniforms, night-vision goggles, survival gear, shelters, etc. In particular, these countries could design and develop equipment specifically tailored to Southeast Asia's tropical climate and weather conditions.

### **Future Challenges**

To be sure, none of these initiatives would be easy to implement. Conflicting requirements, out-of-sync acquisition cycles, and funding constraints – to say nothing of the difficulty in getting mutually suspicious countries to depend on each other for the supply of essential military equipment, or the concern that such jointly developed or produced weapons could be used for suppressing human rights – all conspire to undermine such efforts. But the payoffs in terms of joint cost savings, capabilities-enhancements, and especially increased regional security and confidence-building, could be equally significant.

In this regard, Singapore may be well-positioned to move the process of intra-ASEAN defence industrial collaboration along. It is the leading arms-manufacturing state in the region, possessing the greatest degree of military technological and industrial prowess. As such, Singapore could be

instrumental in providing the know-how that would drive the process of collaborative arms production forward.

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