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# RSIS COMMENTARIES

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## Speculating the Future: ASEAN Defence Industrial Collaboration?

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*The search for defence-industrial collaboration amongst the European countries has been driven by three factors: cost savings, strategic benefits and international ties. These benefits are compelling for the Europeans. After a long period when ASEAN has been reluctant to engage in defence-industrial collaboration, is this all about to change?*

### A problem shared, is a problem halved

TIMED TO coincide with last month's Defence Services Asia (DSA) exhibition in Kuala Lumpur, the Malaysian Ministry of Defence hosted an ASEAN Defence Industrial Dialogue aimed at testing the potential for greater defence industrial cooperation. The dialogue represented a trend of diplomatic probing on the viability of this contentious issue. In fact, ASEAN policymakers had mooted the idea of expanding the Alliance's remit away from solely economic issues to broader security objectives as far back as 1967.

The debate was initiated at the Bangkok Declaration that year and was centred on the notion of a comprehensive security framework, encapsulating all aspects of a wider interpretation of security, including economic health, political stability, technological development, as well as defence. Thereafter, increasingly, yet, at the same time, cautiously, ASEAN began to extend its responsibilities into the defence and security arenas. The collectivist dynamics of this push progressed through the ZOPFAN --Zone of Peace, Freedom and Neutrality in 1971; the creation of specifically security fora, such as the ASEAN Regional Forum (1994) and the ASEAN plus Three (China, Japan and South Korea) in 2003; and the Bali Concord also in 2003.

ASEAN recognised the existence of common security challenges. These challenges were identified as environmental degradation, maritime security cooperation, and, significantly, defence cooperation --the latter being directed towards the 'easy' and unproblematic fields of joint military endeavour, such

as training and exercises, increased military dialogue, transparency and communication, and disaster management, including reconstruction as well as relief. The defence cooperative momentum continues, such that in February 2009, ASEAN agreed to deploy military assets and capacities in humanitarian and disaster relief efforts as well as other non-traditional security threats.

### **ASEAN defence industrial collaboration and the European model**

However, none of these initiatives have embraced the trickier more focused area of defence industrial collaboration -- that is, until recently. In November 2009, the topic was propelled onto the agenda of the ASEAN Defence Ministers' Meeting (ADMM) in Thailand. It was Malaysia that seized the political moment, feeling it opportune to push the defence-industrial collaboration envelope. The Malaysian delegates submitted a battery of proposals, including the creation of an ASEAN Defence and Security Industrial Council and a joint arms production protocol between Malaysia and Indonesia. This is not all, for at the 10-13 May, 2010 ADMM held recently in Hanoi, the Malaysians took the more profound step of proposing a framework for defence collaboration, specifically targeting ASEAN's premier defence-industrial countries -- Singapore, Malaysia, Indonesia and Thailand.

Significantly, ASEAN's tortuous journey toward a consensual defence identity appears to mirror the evolutionary path trodden by the Europeans, decades earlier. During Europe's early post-WW II rehabilitation phase, policy emphasis was directed towards promoting Germany's re-industrialisation via a European economic integration strategy. After generations of conflict, it was felt that Europe would enjoy greater political and military stability if a 'European' consensus was fostered. European efforts to foster defence cooperation were also driven by the need to build-up a European pillar to transatlantic defence trade. The policy-push pandered to a growing European nationalism, but was expressed diplomatically as the urgency of establishing a 'two-way street' in transatlantic defence trade. The need was to reduce dependence on US-supplied weapons systems, thus ensuring a fairer balance in Europe-US defence trade, rather than the then prevailing 5:1 ratio in favour of the Americans.

### **Regional defence-industrial consensus as an evolutionary process**

Europe's evolutionary defence-industrial development passed through three stages. To begin, policy was focused on the creation of an Economic Community (EC). Only later was there progression towards a political consensus (European Union), including the formation of the Commission and the Parliament. Finally, via the 1992 Maastricht Treaty, a Common Foreign and Security policy (CFSP) was agreed; this later expanding to include a European Security and Defence Policy (ESDP). Thus, Europe now has a multiplicity of security and defence policies, covering a 60,000 strong multinational European (Rapid Reaction) Army and a multinational contingent of 5,000 police officers to respond quickly to conflict prevention and crisis management scenarios.

In the defence industrial domain, there is the European Defence Agency that seeks to encourage European collaboration in defence industrial and research and technology domains. Separately, there is OCCAR (*Organisme Conjoint de Cooperation en Materiere d'Armement*), Europe's centralised weapons procurement agency, which is dedicated to harmonising member states' acquisition cycles. The Franco-German Roland short-range SAM is a project under OCCAR's purview, as also are the Franco-German-Spanish Tiger helicopter and the European multi-nation A400M Heavy Lift military aircraft programmes. Outside OCCAR's management responsibility are those 'big ticket' European collaborative programmes such as the bilateral British-French designed Royal Navy Aircraft Carriers and the French-Italian FREMM multi-role frigates, as well as the multinational (Germany, Italy and United Kingdom) Tornado fighter programme and the (Germany, Italy, Spain and UK) Euro fighter Typhoon consortium.

Whilst collaboration increasingly dominates debates surrounding the future evolution of Europe's

defence industrial and technology base, it is not to deny that European states still covet national defence-industrial sovereignty. However, the pragmatism of economic pressures (the search for affordability), the essentiality of political cohesion (ensuring compatibility in policy approval and the forging of diplomatic credibility), and the search for military integration (enhanced regional security through weapons and logistical commonality) rises above national considerations.

## **What about ASEAN?**

For similar reasons, there will be pressures on ASEAN to engage in defence-industrial collaboration. Such pressures will unlikely lead in the short-run to mega multi-national ASEAN arms projects. Rather, progress will be incremental, focused primarily on the acquisition cycles of the 1st-tier Southeast Asian defence industrial players -- Singapore, Malaysia, Indonesia and Thailand -- in the same way that just five of the 27 EU member countries -- France, Germany, Italy, Spain and the UK -- have come to dominate European defence acquisition. Yet even amongst these countries, substantial divergences exist in relative defence industrial and technological capability, and such divergence needs careful management.

All potential and existing collaborative programmes have to deal with the thorny question of the unequal defence industrial strengths of participating nations. It is not a show-stopper. Work-share mechanisms, such as *juste retour* (just return) and competitive allocation, have been designed to mollify smaller defence industrial participants. Hence, recognising that divergent defence-industrial capability must necessarily be incorporated into the calculus of collaboration, the stage is set for the commencement of a meaningful ASEAN defence industrial collaboration dialogue.

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