



**Australian Army
Research Centre**



Southeast Asia's Security Landscape

Lessons for the ADF

**Dr Abdul Rahman Yaacob, Dr Gatra Priyandita
and Dr Sylvia Laksmi**

Australian Army Occasional Paper No. 17



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Executive Summary

Australian policymakers have long recognised that the resilience of Southeast Asia, as a region bordering the nation's northern approaches, is fundamental to Australia's national security. In the past 10 years, Australia's relationship with the region has developed substantially, as economic and diplomatic interests converge to provide leaders on all sides with the opportunity to expand the scope of relations. This strategic environment has fostered the creation of development partnerships, economic agreements, and comprehensive strategic partnerships. Yet, despite rapidly expanding ties, Australia's relationship with some countries within Southeast Asia, including principal states like Indonesia and Malaysia, is increasingly characterised by strategic divergence due to the growing rivalry between the US and China.

This report examines how the Australian defence community, with its extensive array of networks in Southeast Asia, can best engage the region in the years ahead to ensure that the past decade's gains are not lost. In assessing how defence engagement between Australia and the region can best transpire, this paper assumes that Australia's defence relations with Southeast Asian states are best served when there is a convergence of interests. To assess where convergence lies, the paper analyses the most pressing security challenges facing Southeast Asian states in the next decade. It makes a case for deepening defence cooperation in the maritime, cyber, and non-traditional security domains. While most states in Southeast Asia are becoming more resilient, officials across the region still identify internal security concerns as the most pressing security challenges. The paper makes recommendations to ensure that security relations between Australia and Southeast Asia deepen by broadening capacity building, improving awareness of the regional maritime domain, and expanding information sharing within cyberspace and the maritime domain.

Introduction

As a region bordering the nation's northern approaches, Southeast Asia has undeniable strategic and economic importance to Australia. Since the early days of the Cold War, Australian defence planners have attached great importance to forging deep security links with the region in a broad effort to mitigate potential security risks.¹ Today, Southeast Asia's significance to Australia is further amplified by its immense demographic and economic size, as well as its collective diplomatic influence, particularly through its convening power through the Association of Southeast Asian Nations (ASEAN). Home to nearly 700 million people, 61 per cent of whom are under 35, the region has seen rapid economic growth in the past 10 years, bolstered by a growing manufacturing base and a rising consumer class. Even as much of the global economy slumps in the face of high inflation, the Asian Development Bank estimates that the region's average economic growth will still rise to 5.2 per cent in 2023.² The region also has great economic importance to Australia, being collectively its second-largest trading partner (after China), with two-way trade totalling A\$127.1 billion in 2021.³

Reflecting Southeast Asia's growing economic and diplomatic relevance, there have been extensive developments in the past five years in Australia's diplomatic, security and economic engagement within the region. In 2018, Prime Minister Malcolm Turnbull hosted, in Sydney, the first special summit between Australia and ASEAN member states. This meeting was followed three years later, in 2021, by the inaugural ASEAN-Australia Leaders' Summit, which kicked off the ASEAN-Australia Comprehensive Strategic Partnership.⁴ Australia's engagement with individual countries in the region has also expanded significantly. Since 2018, Australia has signed strategic partnerships and comprehensive strategic partnerships with

1 Stephan Frühling, *A History of Australian Strategic Policy since 1945* (Canberra: Defence Publishing Service, 2009), 15–27.

2 Asian Development Bank, *Asian Development Outlook 2022: Mobilizing Taxes for Development* (Manila: Asian Development Bank, 2022).

3 Department of Foreign Affairs and Trade, 'ASEAN and Australia', <https://www.dfat.gov.au/geo/southeast-asia/asean-and-australia>.

4 On Australia's institutional engagement with ASEAN, see Department of Foreign Affairs and Trade, 'Southeast Asia', <https://www.dfat.gov.au/geo/southeast-asia>.

Malaysia, Indonesia and Vietnam. Meanwhile, Australia has also expanded its economic support for countries along the Mekong River, supporting initiatives to improve infrastructure, fund projects mitigating the effects of climate change, and reinforce programs aimed at developing human capital. In recognition of the region's strategic importance to Australia and the growing complexity of engagement, the government of Prime Minister Anthony Albanese has recently set up an Office of Southeast Asia in the Department of Foreign Affairs and Trade, which is tasked to coordinate Australia's Southeast Asia policy.⁵

The breadth of Australia's current relationship with Southeast Asia is arguably at its most extensive in history, signalling the growing mutual importance that Canberra and Southeast Asian capitals attach to one another. Yet, while these developments are promising, there are legitimate questions about whether engagement will deepen in the coming decade amidst an increasingly polarising strategic environment fuelled by Sino-American rivalry. Since 2017, scholars have observed emerging strategic divergence between Australia and ASEAN member states that centres on how best to respond to the rise of China.⁶ While Australia has doubled down on its commitment to the US alliance through the revival of the Quadrilateral Security Dialogue (Quad) and the establishment of a tripartite defence arrangement with the US and the UK (AUKUS), Southeast Asian states remain mostly committed to the preservation of an ASEAN-centred regional architecture based on normative principles of peaceful co-existence. Moreover, both AUKUS and the Quad are perceived with some ambivalence across Southeast Asia, including among some important US security partners and allies, like Thailand.⁷ At a time when Australia's relationship with

5 Sebastian Strangio, 'What Labor's Victory Means for Australia's Engagement with Southeast Asia', *The Diplomat*, 23 May 2022.

6 For example, see Malcolm Cook, 'Strategic Divergences: Australia and Maritime Southeast Asia', *ISEAS Perspective* 24, 1 April 2020; Gatra Priyandita and Benjamin Herscovitch, 'Indonesia-Australia: Deeper Divide Lies beneath AUKUS Submarine Rift', *The Interpreter*, 8 November 2021, <https://www.lowyinstitute.org/the-interpreter/indonesia-australia-deeper-divide-lies-beneath-aukus-submarine-rift>; Susannah Patton, 'Strategic Divergence: Australia's Southeast Asia Challenge', *The Interpreter*, 20 April 2022, <https://www.lowyinstitute.org/the-interpreter/strategic-divergence-australia-s-southeast-asia-challenge>; Nick Bisley, 'Asia's Regional Security Architecture: An Australian Perspective', *ISEAS Fulcrum*, 20 May 2022, <https://fulcrum.sg/asias-regional-security-architecture-an-australian-perspective>.

7 For example, see Huong Le Thu, 'Southeast Asian Perceptions of the Quadrilateral Security Dialogue', ASPI Special Report, 2018; William Choong and Ian Storey, 'Southeast Asian Responses to AUKUS: Arms Racing, Non-proliferation and Regional Stability', *ISEAS Perspective* 134 (2021), https://www.iseas.edu.sg/wp-content/uploads/2021/09/ISEAS_Perspective_2021_134.pdf.

the region is expanding, strategic divergence threatens to foster distrust and potentially even detrimentally affect defence and diplomatic relations.

This paper's central proposition is that the Australian government should not allow differences in China policy to prevent deepened security cooperation. Rather, the Australian defence community should further appreciate Southeast Asia's complex security environment and work towards strengthening the region's resilience in the face of the multiple security challenges. In order to highlight how Australia can prevent divergent threat perceptions of great power competition from harming its relationship with Southeast Asian states, this report offers an overview of Southeast Asia's security landscape.⁸ In a region of predominantly developing economies, most Southeast Asian states face a multitude of governance, security and economic challenges. Having these states develop the capacity to improve their resilience in response to these threats will help deepen Australia's relationship with Southeast Asia and make the region's nation states less vulnerable to external pressures.

In assessing how defence engagement between Australia and the region can best occur, this paper makes the assumption that Australia's defence relations with Southeast Asian states are best served when there is a convergence of interests. To assess where convergence may lie, the analysis provides a snapshot of the security challenges that Southeast Asian defence officials identify as the most pressing in the coming decade. In this regard, the paper is a result of extensive documentary and interview analysis. The primary documentary data analysed was derived from publicly available government documents, particularly those from the ministries of defence or militaries of individual Southeast Asian states. These documents, such as white papers and threat assessment reports, provide insight into the priority areas and threat perceptions of various institutions. But on their own, public government documents are often not enough to present a sufficiently precise picture of how defence officials perceive the strategic environment. Therefore, to supplement the information gained from these documents, we also conducted extensive interviews with officials from most member states of ASEAN (plus Australia): Brunei, Cambodia, Indonesia, Laos, Malaysia,

8 Our research focuses on Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam—a group of states that are part of the Association of Southeast Asian Nations (ASEAN). We have omitted Timor-Leste from this study.

the Philippines, Singapore, Thailand and Vietnam.⁹ Overall, we interviewed 41 officials representing multiple sets of government agencies from these countries, including those whose portfolios cover foreign affairs, defence, public security, law enforcement, and maritime security. In collecting and analysing documentary and interview data, our approach was guided by two sets of inquiries. First, we sought to investigate the security challenges that Southeast Asia faces. Second, based on an appreciation of Southeast Asian interests and threat assessments, we made assessments concerning where there may be meaningful areas of cooperation between the Australian defence community and counterparts in Southeast Asia in order to best serve the security needs of all.

This paper is structured into three parts. The first part examines Southeast Asian perceptions of the international environment, particularly as two sets of dynamics shape it: the rise of China and the response of the US and its key allies. It explains why Australia and Southeast Asian states have diverged in their responses to these strategic circumstances. It argues that strategic divergence between Australia and Southeast Asian states—even the most ardent supporters of US security engagement with the region—must be understood in the context of growing concerns about the effects of great power competition on the internal stability of many such states. The second part of the paper breaks down the wide range of security concerns facing Southeast Asian states. In particular, it focuses on three dimensions: maritime, cyberspace, and internal security. In the paper’s final section, recommendations are made for Australian policymakers to consider expanding cooperation with Southeast Asian states in order to ensure a more independent and resilient Southeast Asia.

9 Due to the political turmoil in Myanmar following the February 2021 military coup, we were unable to secure interviews with members of the Myanmar defence community.

Australia and Southeast Asia in an Age of Sino-American Rivalry

The past decade has seen the intensification of great power competition as the US and China vie for influence across multiple functional domains: foreign policy, trade, ideology, and science and technology. Nowhere else in the world are the ramifications of this competition more acute than in East Asia and the Pacific, a region whose economies have been fuelled by China's rapid economic growth but whose rules and institutions are enforced by American military power. China is asserting its influence in the region using instruments of economic and diplomatic statecraft in a broad attempt to construct a Sino-centric network of economic, political and security relations and secure key strategic objectives.¹⁰ Meanwhile, since 2017, the US has declared China a 'strategic rival' and promoted a vision for a 'Free and Open' Indo-Pacific that explicitly challenges China's expanding influence, while warning countries across the region that China is practising 'predatory economics' and promoting an authoritarian form of governance.¹¹

Australia and Southeast Asian states alike are struggling to deal with the strategic uncertainty associated with the realignment of great power relations. Because of geographic proximity and economic complementarity, both have benefited from China's growing economic power. At the same time, there are shared concerns about the long-term implications of China's growing power on regional security, especially in light of existing security flashpoints like the South China Sea disputes and the status of Taiwan. Yet Australia and states across Southeast Asia have approached China's growing power and Sino-American rivalry differently. While Southeast Asian officials differ in their perceptions of China and possess different means of coping with the strategic risks of its rise, there is little appetite to respond in a manner that could intensify great power competition. While some countries are working towards deepening security ties with the US, like the Philippines

10 Jonathan Stromseth, 'The Testing Ground: China's Rising Influence in Southeast Asia and Regional Responses', *Brookings Institution*, November 2019, https://www.brookings.edu/wp-content/uploads/2019/11/FP_20191119_china_se_asia_stromseth.pdf.

11 Robert Sutter, 'Biden's First Year: Coping with Decline as China Rises in Southeast Asia', in Daljit Singh and Hoang Thi Ha (eds), *Southeast Asian Affairs 2022* (Singapore: ISEAS–Yusof Ishak Institute, 2022), 42–59.

under Ferdinand (Bongbong) Marcos Jr through the Philippine Department of National Defense, there continues to be a general reluctance across the region about overt strategic alignment with any single great power.¹² An emerging challenge facing Australia's relationship with Southeast Asia in the coming decade is how to prevent growing strategic divergence over the rise of China and the potential frictions in Sino-American relations from impacting the gains made in regional stability over the past few years.

When Strategic Interests Converged

Before explaining the sources of strategic divergence, it is worth highlighting how Australia's strategic interests with regard to Southeast Asia fared in the past. From the late 1960s until the mid-2010s, Australia's relationship with Southeast Asian states, specifically maritime Southeast Asia, can be broadly characterised by a convergence of strategic interests.¹³ During the Cold War, Australia and the anti-communist member states of ASEAN—Indonesia, Malaysia, the Philippines, Singapore and Thailand—shared a common interest in upholding US dominance of the seas as a way to counter the threat of communism.¹⁴ Nonetheless, there were differences in how individual states perceived the great powers. For example, ASEAN member states disagreed over whether the Soviet Union (through its proxies in Vietnam) or China posed the bigger threat to regional security. Meanwhile, Malaysia's and Indonesia's 'limited alignment' with the US did not necessarily mean they trusted Washington's intentions. Despite variation in their political interests, Australia and the five original members of ASEAN maintained a shared strategic preference for the US to play the role of strategic balancer in the region, as US power was perceived as a necessary force against the expansion of communism.¹⁵

During the unipolar interregnum that followed the end of the Cold War, Australia and ASEAN member states—now expanded to include Brunei

12 Premesha Saha, 'Reinvigorating United States-Philippines Defence Partnership', *Observer Research Foundation*, 6 February 2023, <https://www.orfonline.org/expert-speak/reinvigorating-united-states-philippines-defence-partnership>.

13 The term 'maritime Southeast Asia' normally refers to Brunei, Indonesia, Malaysia, the Philippines, Singapore and Timor-Leste.

14 Robert O Tilman, *The Enemy Beyond: External Threat Perceptions in the ASEAN Region* (Singapore: Institute of Southeast Asian Studies, 1984).

15 John D Ciorciari, *The Limits of Alignment: Southeast Asia and the Great Powers since 1975* (Washington DC: Georgetown University Press, 2010), 41–76.

(joined in 1986) and later Vietnam, Myanmar, Laos and Cambodia (1995–1999)—continued to maintain shared strategic preferences in facing the uncertainties of the post-Cold War environment. In a strategic setting marked by unresolved territorial disputes and uncertainties about major power intentions (particularly those of China and the US), ASEAN member states moved to enmesh major powers into an ASEAN-centred regional architecture to draw them deeper into regional affairs and contain their competitive impulses.¹⁶ While remaining steadfast in its commitment to the US alliance as an anchor of regional stability, Australia, as an enthusiastic multilateralist, supported the ASEAN-centred regional architecture as it was seen as an optimal means to manage the strategic and diplomatic risks of China's rising power. Australian officials supported ASEAN's efforts to integrate China into the ASEAN dialogue process from 1992 onwards and ASEAN's move towards establishing inclusive regional security forums—first the ASEAN Regional Forum in 1993 and later the East Asia Summit in 2005.¹⁷

There grew, however, a clear divergence in strategic preferences between Australia and Southeast Asian states from the mid-2010s onwards. Australian strategic perceptions of China deteriorated as China became more assertive in pursuing its key strategic interests and enforcing regime security at home. Chinese maritime adventurism, treatment of pro-democracy protestors in Hong Kong, and political espionage operations in Australia have contributed to a less favourable view of Chinese intentions by the Australian government.¹⁸ As a result, Australia began to double down on its commitment to the US alliance as a pillar of regional stability. Along with the US, Japan and India, Australia revitalised the Quadrilateral Security Dialogue in 2017 and moved towards establishing the AUKUS defence arrangement in 2021. Today, Southeast Asian responses to the Quad and AUKUS remain divided, with officials across the region remaining cautious about the trend toward these smaller, more focused—also known as 'minilateral'—security arrangements to cope with the rise of China if it comes at the expense of regional stability. As a result, most Southeast

16 Evelyn Goh, 'Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies', *International Security* 32, no. 3 (2007), 113–157.

17 Frank Frost, *Engaging the Neighbours: Australia and ASEAN since 1974* (Canberra: ANU Press, 2016).

18 Rory Medcalf, 'Australia and China: Understanding the Reality Check', *Australian Journal of International Affairs* 73, no. 2 (2019), 109–118.

Asian states continue to maintain their preference to manage relations with China and respond to Sino-American competition through ASEAN-centred mechanisms, though some (particularly Vietnam and the Philippines) have also moved to deepen their security ties with other extra-regional partners, including India, Japan and the US.

Southeast Asian Perceptions of the Rise of China

It has become a cliché of international politics to describe China's rise as presenting both opportunities and challenges. This apparent dichotomy is truest in Southeast Asia, where China's growing economic and military power are most deeply felt. China's rapid economic growth has provided multiple opportunities for Southeast Asian states, from promises of foreign capital and infrastructure financing to offers of diplomatic leverage to negotiate with other major powers (such as the US and Japan). Yet, at the same time, China's growing influence is potentially menacing as there is still much uncertainty about the nature of its ambitions and how Beijing will use its expanding military power to secure key strategic aims—aims which often infringe on national sovereignty within the region, such as access to fishing zones in the South China Sea. These seemingly conflicting dynamics result in competing narratives about what the rise of China means for Southeast Asian states.¹⁹

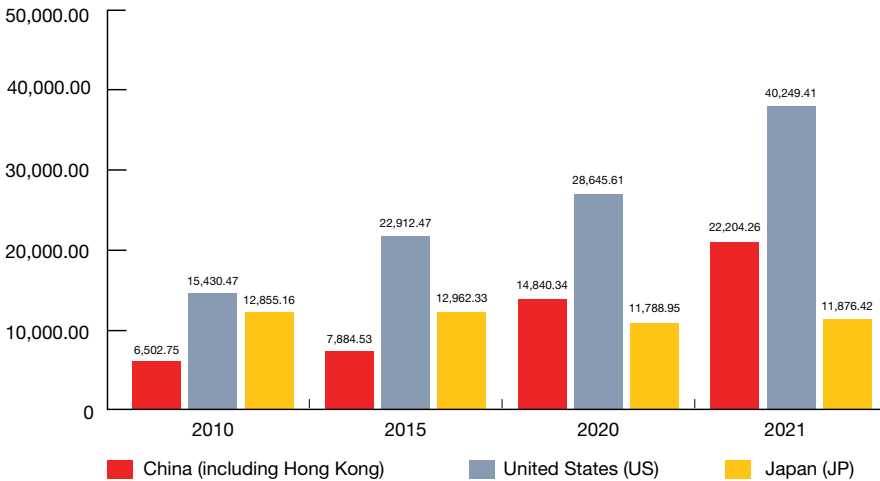
On the surface, qualitative and quantitative assessments of China's relationship with Southeast Asian states demonstrate positive transformations from China's expanded economic footprint. China has been Southeast Asia's largest trading partner for over a decade, while ASEAN has overtaken the European Union to become China's largest trading partner in 2020.²⁰ Through the Xi Jinping administration's signature Belt and Road Initiative, China has rapidly emerged as an essential source of foreign capital for many of the region's infrastructure needs. While it is not the dominant extra-regional source of foreign direct investment in the region,

19 Chengxin Pan, *Knowledge, Desire and Power in Global Politics: Western Representations of China's Rise* (Cheltenham: Edward Elgar, 2012); Gatra Priyandita, 'Between Honey and Poison: Indonesia's Management of Ties with a Rising China' (unpublished dissertation, Australian National University, 2022).

20 'ASEAN Becomes China's Largest Trading Partner in 2020, with 7% Growth', *Global Times*, 14 January 2021, <https://www.globaltimes.cn/page/202101/1212785.shtml#:~:text=ASEAN%20countries%20have%20jumped%20to,partner%20for%20the%20first%20time>.

the flow of Chinese foreign direct investment (FDI), including investment from Hong Kong, into Southeast Asia between 2010 and 2021 was substantial, multiplying more than three times from US\$6.5 billion to nearly US\$22 billion (see Figure 1). During this same period, China overtook Japan as the second-largest source of FDI into ASEAN. Similarly, trade in goods between ASEAN and China grew an estimated 110 per cent from 2012 to 2021 (see Figure 2). China also responded rapidly to Southeast Asia's healthcare needs following the outbreak of COVID-19, with Chinese and Southeast Asian officials working closely to share information, mitigate supply chain disruptions, and cooperate on the provision of vaccines and other health supplies.²¹

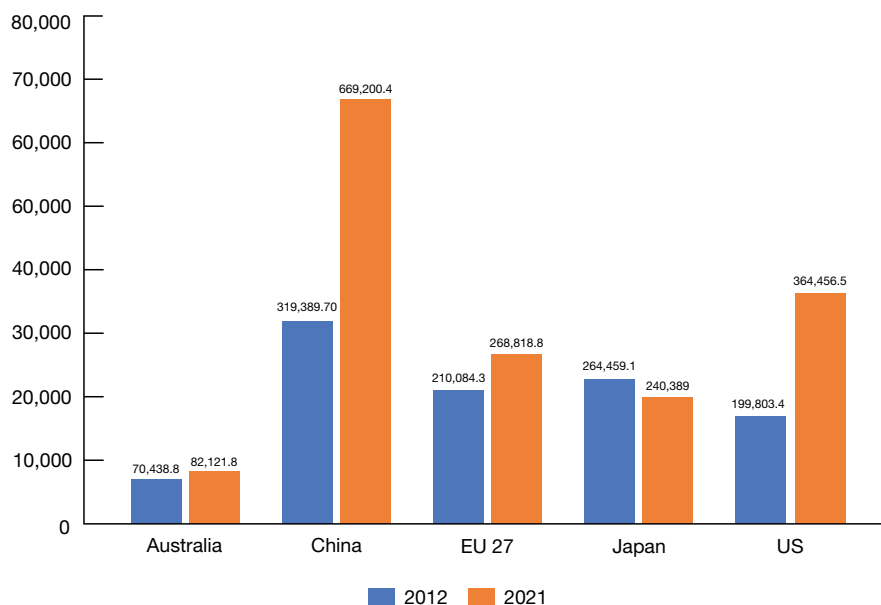
Figure 1: Flows of inward foreign direct investment into ASEAN by source country (in million US\$), 2010–2021



Source: ASEAN Statistics Portal, Flows of Inward Foreign Direct Investment (FDI) into ASEAN by Source Country (in million US\$).

21 Lye Liang Fook, 'China's COVID-19 Assistance to Southeast Asia: Uninterrupted Aid amid Global Uncertainties', *ISEAS Perspective* 58 (June 2020).

Figure 2: ASEAN trade in goods by trading partners (in million US\$), 2012–2021



Source: ASEAN Statistical Yearbook, 2022.

Through vaccines, trade, and infrastructure financing, China has demonstrated its capability to respond meaningfully to the needs of Southeast Asian states. Yet despite this, perceptions of China across the region remain ambivalent due to anxieties about the implications of its growing power. In the past five years, multiple surveys of Southeast Asian foreign policy intellectuals and policymakers, such as those hosted by the Institute of Southeast Asian Studies (ISEAS), demonstrate that many defence officials continue to have negative perceptions of China's political and economic power in Southeast Asia. Specifically, in 2020 and 2021, roughly 85 per cent of officials were worried about China's growing economic and political influence. This number only slightly dipped to 76.4 per cent in 2022.²² Meanwhile, a 2020 survey of senior government and military officials from across Southeast Asia conducted by the Center for

22 Tang Siew Mun et al., *The State of Southeast Asia: 2019 Survey Report* (Singapore: ISEAS–Yusof Ishak Institute, January 2019); Tang Siew Mun et al., *The State of Southeast Asia: 2020 Survey Report* (Singapore: ISEAS–Yusof Ishak Institute, January 2020); Sharon Seah et al., *The State of Southeast Asia: 2021 Survey Report* (Singapore: ISEAS–Yusof Ishak Institute, February 2021); Sharon Seah et al., *The State of Southeast Asia: 2022 Survey Report* (Singapore: ISEAS–Yusof Ishak Institute, February 2022).

Strategic and International Studies demonstrates that while a slight majority have a benign view of China's rise, there remain serious concerns about the implications of its growing power in the South China Sea.²³

A sense of distrust of China due to uncertainty about Beijing's intentions resonated with respondents interviewed in the preparation of this paper. Many respondents held cautious views about what the rise of China means for their respective states. While perceptions of China among Southeast Asian officials varied, there was consensus that China's growing economic power and military capabilities mean that it will become a more dominant power in the Indo-Pacific, particularly in East Asia.²⁴ Although the US is still seen as the most powerful actor in the Indo-Pacific, all respondents we interviewed agreed there had been a relative decline in US power, that the international system has become more multipolar, and that China, Japan—and to a lesser extent India—occupy the most influential places in regional affairs.²⁵ These perceptions are also largely reflected within wider defence and foreign policy discourse in Southeast Asia.

While defence white papers and other security-related documents across the region clearly assess that the strategic environment is marked by growing tensions, few are explicit in highlighting how China's rise poses a security challenge to their nation. For example, the Philippine 2018 National Defense Strategy observes that China's island constructions and occupation of key features in the South China Sea, including Mischief Reef, Fiery Cross Reef and Scarborough Shoal, are grave threats to its national security.²⁶ In a less direct tone, Vietnam's 2019 Defence White Paper states that China needs to put in more effort to maintain stability in the South China Sea, which the Vietnamese term the East Sea.²⁷

Interview respondents presented two broad security concerns related to China's growing power. The first set of concerns, held primarily by officials

23 Patrick Buchan and Brian Harding, *Powers, Norms, and Institutions: The Future of the Indo-Pacific from a Southeast Asia Perspective* (Washington DC: Center for Strategic and International Studies, June 2020).

24 Interviews with Southeast Asian defence officials, February 2021 – March 2022.

25 Ibid.

26 Philippine Department of National Defense, *National Defense Strategy, 2018–2022* (Quezon City: Department of National Defense, 2018), 11.

27 Vietnamese Ministry of National Defence, *2019 Vietnam National Defence* (Hanoi: National Political Publishing House, 2019).

from maritime Southeast Asia, are the implications of China's growing power in its pursuit of control of large swathes of the South China Sea. These concerns are more pressing in the maritime states of Southeast Asia where China has claimed huge parts of the South China Sea. The South China Sea disputes are a series of overlapping claims among six states—Brunei, China, Malaysia, the Philippines, Taiwan and Vietnam—over the physical features and waters around the Paracel Islands and Spratly Islands.²⁸ Among claimant states, China has the most expansive claims, extending to the southernmost parts of the Spratly Islands, which overlap with Malaysian and, possibly, Indonesian waters. Since 2007, South China Sea claimant states have pursued their maritime interests more assertively using coercive tactics. While Vietnam has increasingly employed tactics like island constructions and the use of its own maritime militias in support of its territorial claims, China has been equally elaborate in its use of coercive tactics. Among other tactics, China has deployed more advanced coastguard vessels, trained a large maritime militia, and moved to militarise the South China Sea through the construction of islands and military installations. These actions included the annexation of Scarborough Shoal in 2012, the construction of an oil rig in waters disputed with Vietnam in 2014, and the construction and militarisation of islands in the South China Sea between 2015 and 2018. China also continues to deploy its coastguard and maritime militia to swarm and harass Southeast Asian vessels while occupying claimed waters to enforce its claims.

Respondents from Brunei, Indonesia, Malaysia, the Philippines Singapore and Vietnam expressed a unanimous conviction that, within the maritime domain, China is a revisionist power undermining the international maritime order in its pursuit of objectives to secure claims in the South China Sea.²⁹ One Indonesian respondent described China's actions in the South China Sea as attempting to 'change reality' on the ground through island constructions and the deployment of coastguard and fishing vessels in the

28 On the history of the South China Sea disputes, see Bill Hayton, *The South China Sea: The Struggle for Power in Asia* (New Haven: Yale University Press, 2014); Gregory B Poling, *On Dangerous Ground: America's Century in the South China Sea* (New York: Oxford University Press, 2022).

29 Interviews with respondents from Brunei, Indonesia, Malaysia, the Philippines, Singapore and Vietnam, May 2021 – March 2022. One official from Thailand and one from Cambodia also expressed concerns about China's long-term ambitions and intentions in Southeast Asian affairs.

maritime domain.³⁰ A Malaysian respondent spoke further of China's broader grand strategic objectives as part of an attempt to create 'hegemony' in Southeast Asia.³¹ Those interviewed from Brunei, Malaysia and Vietnam also expressed their frustration over China's coercive tactics in the South China Sea, which they find increasingly challenging to manage.³² One Bruneian respondent argued that the Chinese deployment of missiles and other offensive weapons on its artificial islands in the South China Sea poses a direct military threat to Brunei. Chinese coastguard operations within Brunei's exclusive economic zone (EEZ) could threaten the latter's economic security, which relies on gas and oil exports and the small kingdom's sea lines of communication.³³ The Bruneian security concern is not without merit. China has constructed facilities for its naval and air forces, established gun placements and deployed missiles on some of the islands it has artificially created.³⁴

The second set of concerns centres on the implications of Chinese dominance over neighbouring states' national economies and, consequently, autonomy. While governments and businesses across Southeast Asia have welcomed China's growing economic investment as offering plentiful opportunities, there is discomfort within some defence circles that economic relations will come at the expense of sovereignty and autonomy. One Malaysian respondent, for example, highlighted how the threat of economic dominance by China may impact Malaysia's sovereignty in the maritime domain. Nevertheless, the reality of Malaysia's economic relationship with Beijing overrides its interest in taking sterner action against Chinese incursions into Malaysian waters.³⁵ Indeed, it has been commonly observed by academics of the China–Malaysia relationship that economic priorities

30 Interview with Indonesian Respondent 2, 1 October 2021.

31 Interview with Malaysian Respondent 2, 21 June 2021.

32 Interviews with Bruneian Respondent 1, Malaysian Respondent 3 and Vietnamese Respondent 1.

33 Interview with Bruneian Respondent 1, 18 March 2022.

34 On Chinese activities in Bruneian waters, see Ministry of Defence of Brunei Darussalam, *Defence White Paper 2021* (Brunei: Ministry of Defence, 2021), 33. Also see Michael Peck, 'Vivid New Photos Give You a Rare Look at the South China Sea Islands that a Top US Commander says China Has Fully Militarized', *Insider*, December 2022, <https://www.businessinsider.com/photos-show-details-of-chinese-south-china-sea-military-bases-2022-12>. See also Asia Maritime Transparency Initiative, China Island Tracker, *China Tracker* | [Asia Maritime Transparency Initiative \(csis.org\)](https://www.asiamaritimetransparency.org/).

35 Interview with Malaysian Respondent 2, 21 June 2021.

may force the Malaysian government to recalibrate its approach to Chinese intrusions by making concessions (or at least by playing down the severity of the intrusions).³⁶ The fear that ‘economic dominance’ threatens security was also shared by some defence respondents from Laos and Cambodia—countries that are often depicted as closely aligned with China.³⁷ One Cambodian respondent admitted that deepening security and economic links with China have more to do with the relative absence of other options than with any growing amity between the two countries. While Cambodia sources some capital and assistance from the US, Australia and the European Union, this does not match the scale that China offers.³⁸

The common fear of Chinese economic dominance is noteworthy, as empirical data indicates that the European Union, Japan and the US have remained Southeast Asia’s three largest investors.³⁹ Evelyn Goh and Nan Liu, both scholars of Southeast Asia, argue that in the US–China trade rivalry, the discrepancy between perception and reality is due to the high visibility and intense global scrutiny of Chinese infrastructure projects, especially those under the Belt and Road Initiative.⁴⁰ Indeed, similar views permeated the interviews conducted in support of this paper. Specifically, there was a general view that discussions on economic relations with China are sometimes shrouded in the narrative of ‘debt-trap diplomacy’—or Chinese provision of loans to finance infrastructure projects in poorer states that are designed to result in debt and then convert debt into equity.⁴¹ In Indonesia and Malaysia, for example, foreign policy and strategic analysts commonly bring up the example of the Hambantota port in Sri Lanka.

36 Kuik Cheng-Chwee, ‘Making Sense of Malaysia’s China Policy’, *The Chinese Journal of International Politics* 6, no. 4 (2013), 456; Emirza Adi Syailendra, ‘China, Indonesia, and Malaysia: Waltzing around Oil Rigs’, *The Diplomat*, 18 August 2022, <https://thediplomat.com/2022/08/china-indonesia-and-malaysia-waltzing-around-oil-rigs>.

37 Interview with Lao Respondent 1, 3 February 2021; interview with Cambodian Respondent 2, 11 November 2021.

38 Interview with Cambodian Respondent 2, 11 November 2021. Indeed, China rapidly emerged as Cambodia’s largest source of foreign direct investment in the 2010s, with its foreign capital constituting up to 30 per cent of overall FDI inflows to Cambodia since 2011. See Evelyn Goh and Nan Liu, ‘Chinese Investment in Southeast Asia, 2005–2019: Patterns and Significance’, *SEARBO Policy Briefing* (New Mandala, August 2021), 13.

39 Goh and Liu, ‘Chinese Investment in Southeast Asia, 2005–2019’.

40 Ibid., 14–19.

41 Lee Jones and Shahar Hameiri, ‘Debunking the Myth of “Debt-Trap Diplomacy”: How Recipient Countries Shape China’s Belt and Road Initiative’, *Chatham House*, August 2020, <https://www.chathamhouse.org/2020/08/debunking-myth-debt-trap-diplomacy>.

Initially financed with Chinese loans, it was subsequently leased to a Chinese company for 99 years when the Sri Lankan government failed to repay the loan. This Chinese investment is often used as an example of the potentially threatening effects of Chinese infrastructure financing.⁴²

Despite convergences of economic interests, respondents maintain ambivalent perceptions of China. One Indonesian respondent argued that, by virtue of its size, the rise of China will always be a source of concern as great powers tend to pursue their interests at the expense of smaller powers.⁴³ Power asymmetry and geographic proximity between China and Southeast Asia naturally fosters a sense of anxiety in the region over China's power. Nonetheless, all Southeast Asian respondents agreed that the rise of China cannot simply be framed in a negative light. Its growing power also offers multiple beneficial opportunities such as infrastructure financing, diplomatic leverage (particularly vis-à-vis the US and Japan), and much-needed resources for pandemic response.⁴⁴ Even respondents from South China Sea claimant states, like Vietnam and the Philippines, recognise that China's rise is something to be 'managed' rather than 'contained' or 'constrained'.⁴⁵ The language used in such assessments is interestingly similar to that used by other members of the foreign policy community, who often refer to the use of existing regional mechanisms under ASEAN to settle problems.⁴⁶ Consistent with respondents from Indonesia and Malaysia, respondents from Vietnam and the Philippines recognise that China's provision of infrastructure financing is necessary to drive growth, foster development and, as a result, ensure political stability and security.⁴⁷ Therefore, managing the rise of China necessitates ensuring that any attempts to address the attendant security risks do not necessarily constrain potential economic, diplomatic and social gains.

Southeast Asian respondents recognise the need to apply a nuanced approach in managing ties with Beijing, in order to prevent a problem in

42 Interviews with Malaysian and Indonesian respondents, May 2021 – November 2022.

43 Interview with Indonesian Respondent 1, 23 November 2021.

44 Interviews with Southeast Asian defence officials, February 2021 – March 2022.

45 Interview with Vietnamese Respondent 2, 12 November 2021.

46 Goh, 'Great Powers and Hierarchical Order in Southeast Asia'; Amitav Acharya, 'Doomed by Dialogue: Will ASEAN Survive Great Power Rivalry in Asia?', in Gilbert Rozman and Joseph Chinyong Liow (eds), *International Relations and Asia's Southern Tier: ASEAN, Australia, and India* (Singapore: Springer Singapore, 2018), 77–91.

47 Interviews with Indonesian, Malaysian, Philippine and Vietnamese respondents, March–November 2021.

one dimension from adversely affecting interests in another. This point was reinforced by a Vietnamese respondent who said:

*The South China Sea does not determine Vietnam's relations with China. We have many areas of cooperation. Although we have a disagreement on the South China Sea, we do not let that disagreement affect other areas of cooperation.*⁴⁸

A Philippine respondent conceded that, despite the security challenges posed by China's maritime adventurism, Chinese financing remains fundamental to helping the Philippines overcome more pressing challenges in economic security, health care, and pandemic recovery.⁴⁹ In broad terms, there remains a preference to maintain cooperative relations with China in order to benefit from the fruits of its growing economic power, while preventing regional security tensions from spilling into the economic domain. In this sense, while defence communities across Southeast Asia are often viewed as holding more 'hawkish' views on China, they are also realistic about the fact that cooperation brings necessary benefits that serve other strategic purposes.

The US, the Quad and AUKUS

Across Southeast Asia, the US is seen as a necessary stabilising force against China's rapidly growing power. Even among respondents from Laos and Cambodia, commonly considered the most 'China aligned' countries, there is a recognition that the US can play a meaningful role in preventing Chinese hegemony.⁵⁰ All respondents still regard the US as the strategically pre-eminent country in the Indo-Pacific, though its power, especially in East Asia, was seen as being in relative decline. America's influence in the Indo-Pacific was primarily attributed to its strong military footprint and alliance system.⁵¹ The administration of President Joe Biden is seen in a more positive light than that of Donald Trump. One Indonesian respondent described the return of Obama-era officials as bringing some 'predictability' to the US role in the Indo-Pacific, which is that of a country willing to commit

48 Ibid.

49 Interview with Philippine Respondent 1, 17 August 2021.

50 Interview with Lao Respondent 1, 3 February 2021; interview with Cambodian Respondent 1, 25 February 2021.

51 Interviews with Southeast Asian officials, February 2021 – March 2022.

to existing multilateral arrangements. The Trump administration's heavy 'anti-China' rhetoric and 'transactional' foreign policy threatened to reduce room for strategic flexibility or leave Southeast Asian interests sidelined.⁵² Interestingly, in a survey of elites from 10 ASEAN member-states conducted towards the end of the Trump administration in 2020, seven stated that ASEAN should side with China if it were forced to align with either the US or China (see Table 1).⁵³

Table 1: The State of Southeast Asia survey (ISEAS) on preferences between the US and China

Question: If ASEAN were forced to align itself with one of the two strategic rivals, which would it choose?		
Year	China	US
2020	Brunei (69.1%), Cambodia (57.7%), Indonesia (52%), Laos (73.9%), Malaysia (60.7%), Myanmar (61.5%), Thailand (52.1%)	Philippines (82.5%), Singapore (61.3%), Vietnam (85.5%)
2021	Brunei (69.7%), Laos (80%), Myanmar (51.9%),	Cambodia (53.8%), Indonesia (64.3%), Malaysia (53%), Philippines (86.6%), Singapore (65.8), Thailand (56.5%), Vietnam (84%)
2022	Brunei (64.2%), Cambodia (81.5%), Laos (81.8%)	Indonesia (55.7%), Malaysia (57%), Myanmar (92%), Philippines (83.5%), Singapore (77/9%), Thailand (57.3%), Vietnam (73.6%)
2023	Brunei (55%), Indonesia (53.7%), Malaysia (54.8%)	Cambodia (73.1%), Laos (58.9%), Myanmar (67.8%), Philippines (78.8%), Singapore (61.1%), Thailand (56.9%), Vietnam (77.9%)

52 Interview with Indonesian Respondent 2, 1 October 2021.

53 *The State of Southeast Asia survey series* (Singapore: ISEAS–Yusof Ishak Institute, 2020–2023). This survey question was not asked in the inaugural 2019 survey.

While the Biden administration remains committed to the position that China is a 'strategic rival', respondents generally favour the lack of destabilising language now used by the US.⁵⁴ While all respondents recognise that Biden's rise to the presidency has been beneficial for regional stability, they also agree that potential turmoil caused by American political conditions means that US intentions in the medium term are not entirely predictable.⁵⁵ In the absence of certainty, respondents consider that their countries should avoid overt strategic alignment with either the US or China.

There was some variation in perceptions about whether the US can be trusted as a regional security provider. Among respondents from Brunei, Indonesia, Malaysia, the Philippines, Singapore and Vietnam, the US is seen as a defender of international maritime law, including in maintaining the freedom of navigation and overflight.⁵⁶ There is a conviction that the US will likely remain engaged in the Indo-Pacific, as the US 'perceives itself as a Pacific power'.⁵⁷ In contrast, Cambodian respondents were the most sceptical about the US's role as a regional security provider. Some perceived US advocacy for liberal democratic values as a potential threat to Cambodia's security, as the nation's internal politics can be subject to great power competition.⁵⁸ In support of this position, several Cambodian respondents cited US interference in Cambodian domestic affairs during the Vietnam War. Specifically, in 1970, Prince Norodom Sihanouk was ousted in a coup led by US-backed General Lon Nol. The latter stepped up attacks on Cambodian and Vietnamese communists. The ensuing civil war ended with the accession to power of the Pol Pot led Khmer Rouge, a regime that caused the death of over a million Cambodians.⁵⁹

The most significant concern expressed by Southeast Asia respondents was how the US manages its relationship with China. While respondents recognise that US power is a necessary check against the excesses of Chinese expansion, there is growing unease that a heavy-handed US response to China's rise threatens to dilute the autonomy of Southeast

54 Interviews with Southeast Asian defence officials, February 2021 – March 2022.

55 Ibid.

56 Interviews with respondents from Brunei, Indonesia, Malaysia, the Philippines, Singapore and Vietnam, February 2021 – March 2022.

57 Ibid. This quotation is attributed to Indonesian Respondent 2, 1 October 2021.

58 Interview with Cambodian Respondent 2, 11 November 2021.

59 Vannarith Chheang, 'Cambodia's Multifaceted Foreign Policy and Agency in the Making', *The Pacific Review* 35, no. 2 (2022), 342–367, 353. See also Ek Madra, 'Khmer Rouge Jailer Says U.S. Contributed to Pol Pot Rise', Reuters, 6 April 2009.

Asia's small and medium-sized states.⁶⁰ The sense of concern about strategic flexibility reflects a growing trend across Southeast Asia that Sino-American rivalry could soon force Southeast Asian states to 'choose'.⁶¹

Despite initial support in some ASEAN member states for the necessity of freedom of navigation operations (FONOPs) to balance out China's coercive activities in the South China Sea, some ASEAN member states have increasingly come to see them as serving little interest to their countries. From the perspective of one Thai respondent, the US views FONOPs in the South China Sea as strategically significant because they support US rights to freedom of navigation; by contrast, ASEAN littoral states are primarily concerned to access resources within their EEZ.⁶² Reflecting the general wariness about the use of FONOPs that further incite tensions, Singaporean Defence Minister Ng Eng Hen stated in 2015 that, while the US has a right to protect its interests, any incident would not be good for the region.⁶³ Similarly, the Malaysian 2019 Defence White Paper observes that China's occupation and militarisation within the South China Sea, along with the US FONOPs, risks turning the South China Sea territorial disputes 'into a big-power game'.⁶⁴ Demonstrating Malaysia's position that the US's and China's military activities in the South China Sea could destabilise the region, a Malaysian foreign policy framework document suggests that the South China Sea should be demilitarised.⁶⁵ In a similar vein, several respondents expressed the view that clashes between the US and Chinese navies could adversely affect regional security and stability. For example, one Bruneian respondent expressed concern that FONOPs may accidentally lead to military clashes near Brunei and jeopardise the country's security.⁶⁶ Similarly, a Vietnamese respondent pointed to the danger of a possible military clash between the US and China in the South China Sea.⁶⁷

60 The threat of Sino-American rivalry undermining Southeast Asian security was brought up by all officials we interviewed. Interviews with Southeast Asian officials, February 2021 – March 2022.

61 See, for example, Lee Hsien Loong, 'The Endangered Asian Century: America, China, and the Perils of Confrontation', *Foreign Affairs*, June 2020.

62 Jeffrey Ordaniel and Carl Baker, *ASEAN Centrality and the Evolving US Indo-Pacific Strategy: A Conference Report of the U.S.-ASEAN Partnership Forum* 19, CR-4 (March 2019), 5.

63 Ja Ian Chong, 'Freedom of Navigation Operations: Better Quiet Resolve', *RSIS Commentary* 236 (6 November 2016).

64 Malaysian Ministry of Defence, *Defence White Paper* (Kuala Lumpur: Ministry of Defence, 2019), 21.

65 Malaysian Ministry of Foreign Affairs, *Foreign Policy Framework of the New Malaysia: Change in Continuity* (Putrajaya: Ministry of Foreign Affairs, 2019), 19.

66 Interview with Bruneian Respondent 1, 18 March 2022.

67 Interview with Vietnamese Respondent 2, 12 November 2021.

Concerns about the US Navy's activities in regional waters extend to the deployment of US naval vessels to assist regional states in any stand-off with China. A Malaysian respondent pointed out that Malaysia welcomes foreign assistance to improve its security against any external threat; however, any publicity to this effect should be avoided as it would place Malaysia in a difficult position when dealing with external powers. To illustrate this point, the respondent pointed to international publicity concerning the US Navy's involvement during a Malaysian stand-off with Chinese naval assets in May 2020 over Malaysian energy exploration activities in the South China Sea. The respondent observed that the US Navy's participation in that incident placed Malaysia in a difficult position because Malaysia does not want to be viewed as advancing the interests of any major power or taking a side in great power rivalry.⁶⁸ Another Malaysian interviewed made the comment that there was pressure from the US for ASEAN states to take a side against China. Pointing to the narrow security-centric approach that the US adopted in its relationship with Southeast Asian states, the respondent said:

*When China speaks to ASEAN, it involves investment and trade. It is a language of win-win for both parties. When the United States engages in ASEAN, the main language is conflict and war. Whom will you choose?*⁶⁹

In many ways, such statements ignore the US's extensive economic engagement with Southeast Asia. For example, despite common refrains that the US lacks an economic presence in the region, US companies remain prominent investors in Southeast Asia. Nonetheless, the concerns expressed by the respondents reflect an enduring impression that the US interest in Southeast Asia is largely based on strategic objectives related to the rise of China.⁷⁰ A lesson for the US (and Australia, including the Australian Defence Force (ADF)) may be to seriously consider employing the appropriate language and framework when engaging Southeast Asian states. Australia, specifically the ADF, should avoid framing any military cooperation with or program of assistance to Southeast Asian states solely on the basis of Sino-US rivalry.

68 Interview with Malaysian Respondent 1, 12 March 2021.

69 Interview with Malaysian Respondent 2, 21 June 2021.

70 There is a rich academic literature focused on enduring Southeast Asian concerns regarding US commitment to the security of Southeast Asia. A recent academic work examining this subject is Prashanth Parameswaran, *Elusive Balances: Shaping U.S.-Southeast Asia Strategy* (Washington DC: Palgrave Macmillan, 2022).

While some respondents perceive FONOPs as necessary to counter China's growing occupation of disputed waters in the South China Sea, there is a clear preference for the US to focus on deterring Chinese military adventurism *without* adversely affecting regional stability more broadly. Several respondents observed that US FONOPs in the South China Sea could lead to inadvertent military confrontation with China. In light of the political sensitivities, a common refrain was that any US response to a perceived threat from China had to be precise, calculated, and in close communication with Southeast Asian governments. Furthermore, a review of several defence documents from Southeast Asian claimant states suggests a preference for diplomacy to protect access to their maritime resources. For example, Brunei's, Malaysia's and Vietnam's defence white papers all point to the 1982 United Nations Convention on the Law of the Sea (UNCLOS) as a basis for managing the competing claims in the South China Sea.⁷¹ Brunei's and Vietnam's defence white papers also stress the importance of an early and effective conclusion of negotiations with China over the Code of Conduct that aims to regulate states' behaviour in the contested waterways.⁷²

Despite the emphasis placed on diplomacy to address the South China Sea disputes and concerns about China's military expansion there, regional states nevertheless favour strengthening their defence capabilities in order to access resources within their EEZ, as well as to detect and deter potential foreign intrusions. To this end, they welcome foreign military aid that contributes to enhancing their defence capabilities, such as US-built ScanEagle unmanned aerial vehicles (UAVs).⁷³ In 2021, the US awarded US\$25 million worth of contracts to Lockheed Martin to provide Malaysia with a ground-based radar system.⁷⁴ Meanwhile, having received ScanEagle UAVs from the US in 2018 and 2020, the Philippines acquired three batteries

71 Ministry of Defence of Brunei Darussalam, *Defence White Paper 2021*, 33; Malaysian Ministry of Defence, *Defence White Paper*, 22; Vietnamese Ministry of National Defence, 2019 Vietnam National Defence, 12.

72 Ministry of Defence of Brunei Darussalam, *Defence White Paper 2021*, 33; Vietnamese Ministry of National Defence, 2019 Vietnam National Defence, 12.

73 Xavier Vavasaur, 'Royal Malaysian Navy Launches ScanEagle UAS Squadron', *Naval News*, 12 March 2021, <https://www.navalnews.com/naval-news/2021/03/royal-malaysian-navy-launches-scanagle-uas-squadron>.

74 US Department of Defense, 'Contracts for Sept. 24, 2021', 24 September 2021, <https://www.defense.gov/News/Contracts/Contract/Article/2788736>.

of Indian-built shore-based anti-ship missiles in January 2022.⁷⁵ Similarly, Vietnam accepted former U.S. Coast Guard vessels to enhance its maritime domain awareness.⁷⁶

The emergence of minilateral security arrangements, like the Quad and AUKUS, has been met with mixed responses in Southeast Asia. A 2018 survey by the Australian Strategic Policy Institute emphasises this point as it relates to the Quad. In that survey, respondents from the Philippines and Vietnam were most supportive of the Quad, while the Indonesians were more ambiguous and undecided. Singapore, which has closed defence relations with the US, was the least enthusiastic.⁷⁷ Based on interviews conducted for this paper, officials from Laos, Thailand and Cambodia were the most cautious about the Quad, expressing concern that these arrangements could exacerbate tensions with China.⁷⁸ Further, a Thai official cautioned that the Quad arrangement was merely a symbolic ‘anti-China’ coalition that may upset China, causing disruption to regional stability.⁷⁹ With regard to AUKUS, one Cambodian official expressed the view that the arrangement threatened to start an arms race. Such viewpoints reflect a deep sense of caution about the potential for AUKUS, and to a lesser extent the Quad, to further aggravate major power relations in the Indo-Pacific.

Many respondents for this paper (some interviewed in the immediate aftermath of the AUKUS announcement) said that the arrangement was a symbolic manifestation of deteriorating relations between China, Australia and the US. In this regard, respondents from Cambodia and Thailand were the most cynical, viewing the arrangement as an overreaction to China’s

75 Philippine Department of National Defense, ‘Shore-Based Anti-Ship Missile System Contract Signed’, 28 January 2022. See also US Embassy in the Philippines, ‘U.S. Military Delivers Advanced Unmanned Aerial System to Philippine Air Force’, 14 October 2021, <https://ph.usembassy.gov/u-s-military-delivers-advanced-unmanned-aerial-system-to-philippine-air-force>. Stockholm International Peace Research Institute (SIPRI), ‘Philippines—Transfers of Major Weapons: Deals with Deliveries or Orders Made for 2015 to 2021’.

76 US Defense Security Cooperation Agency, ‘New Missions and Stronger Partnerships: How U.S. Excess Defense Articles Help Promote a Free and Open Indo-Pacific Region’, 10 April 2020, <https://www.dsca.mil/news-media/news-archive/new-missions-and-stronger-partnerships-how-us-excess-defense-articles-help>.

77 Le Thu, ‘Southeast Asian Perceptions of the Quadrilateral Security Dialogue’, 21.

78 Interview with Lao Respondent 1, 3 February 2021; interview with Cambodian Respondent 1, 25 February 2021; interview with Cambodian Respondent 2, 11 November 2021; interview with Thai Respondent 1, 25 August 2021.

79 Interview with Thai Respondent 1, 25 August 2021.

rise.⁸⁰ The cynicism in Cambodia and Thailand is largely attributed to one key factor: their sense of vulnerability in relation to larger powers. Cambodia favours a multipolar world whereby powers—major and small states—along with regional institutions contribute to shape the world order in a transparent and inclusive manner.⁸¹ Thus, Cambodia is concerned that AUKUS might drive major-power rivalries and escalate tension in the region—a point conveyed by the Cambodian foreign minister to his Australian counterpart in 2021.⁸² In the case of Thailand, keeping an equidistance between the major powers is a key strategy. Therefore, it considers AUKUS as a challenge to its policy of balancing major powers. It fears there will be pressures to pick a side as tension increases between major powers.⁸³ Even respondents from Singapore, Indonesia and Vietnam were cautious about AUKUS's implications for the security of Southeast Asia, with respondents uncertain how they could help ensure regional security.⁸⁴

While some caution was expressed about the role of minilateral arrangements in fuelling regional instability, benefits were also identified. For example, respondents from Indonesia, Vietnam, the Philippines and Singapore see potential value in the Quad if it can provide a framework within which parties work towards providing public goods to the rest of the region by addressing pressing challenges like climate change and illegal fishing.⁸⁵ The Indo-Pacific Partnership for Maritime Domain Awareness, a Quad program that offers Southeast Asian states with access to much-needed surveillance technologies to monitor their seas, was commonly referenced as a positive form of support for Southeast Asian states.⁸⁶

Common among all respondents was the view that ASEAN remains the most critical regional mechanism for upholding their countries' national

80 Interview with Cambodian Respondent 2, 11 November 2021; interview with Thai Respondent 2, 20 November 2021.

81 Chheang, 'Cambodia's Multifaceted Foreign Policy and Agency in the Making', 358, 361.

82 Sao Phal Niseiy, 'Cambodia Shares with Australia Its Concerns over AUKUS', *Cambodianess*, 9 October 2021.

83 Gregory Raymond and John Blaxland, *The US-Thai Alliance and Asian International Relations* (Oxford: Routledge, 2021), 182.

84 Interview with Indonesian Respondent 2, 1 October 2021; interview with Indonesian Respondent 1, 23 November 2021; interview with Singaporean Respondent 1, 12 October 2021; interview with Vietnamese Respondent 2, 12 November 2021.

85 Interviews with Vietnamese, Philippine and Singaporean respondents, July–November 2021.

86 Interviews with Southeast Asian defence officials, February 2021 – March 2022. See also Jeffrey McGee and Anthony Bergin, 'Quad maritime security initiative holds promise for the Indo-Pacific's southern flank', *The Strategist*, 20 July 2022.

interests. Even among respondents from countries with active alliances, there is a preference to commit to ASEAN as the primary institutional driver of international relations in the Indo-Pacific, particularly when managing relations with great powers.⁸⁷ Respondents remain protective of ASEAN as a diplomatic ‘force multiplier’ for smaller countries, an argument that was presented by Singaporean, Lao, Malaysian and Cambodian respondents.⁸⁸ ASEAN-centred regional security institutions (which include the East Asia Summit and the ASEAN Regional Forum) remain the primary means for channelling diplomacy and managing great power competition.

Southeast Asian support for ASEAN as a central vehicle for international relations in the Indo-Pacific can be understood in the context of three factors. First, despite apprehensions about the implications of China’s growing economic and military power, there are bigger concerns about the threat that Sino-American rivalry may pose to regional security and autonomy. For example, when asked to rank the most serious regional security challenges facing Southeast Asia, most respondents identified the security threat of great power competition as a much greater risk than maritime boundary disputes or threats from China.⁸⁹ When pressed to explain why, respondents generally pointed to the threat that Sino-American rivalry poses to strategic manoeuvrability, and the potential spillover of great power competition into other domains, particularly economic ties. While there is general agreement that the US is a necessary check on China’s growing power, Southeast Asian states want to retain their flexibility to engage regionally despite the existence of great power competition.

Second, Southeast Asian respondents were generally concerned about the intentions of both great powers, even if one great power may be more threatening than the other. While Cambodian respondents, for example, were cautious about US intentions, it does not mean that they have full trust in China. They are also cautious about being drawn into great power rivalry. As one Cambodian respondent said:

87 Interviews with Southeast Asian defence officials, February 2021 – March 2022.

88 Interview with Singaporean Respondent 1, 12 October 2021; interview with Malaysian Respondent 3, 18 January 2022; interview with Lao Respondent 1, 3 February 2021; interview with Cambodian Respondent 2, 11 November 2021.

89 Interviews with Southeast Asian defence officials, February 2021 – March 2022. One exception is Vietnamese Respondent 1, who ranked the threat of conflict with China as a more pressing security challenge. Interview with Vietnamese Respondent 1, 7 July 2021.

*We do not take a side against China or the United States. We learned from history. More than a million Cambodians were killed the last time we supported a great power.*⁹⁰

In a similar vein, respondents from Vietnam and the Philippines—strong proponents of a more prominent US role as a regional security provider—expressed caution about maintaining strategic alignment with one country over another, as it may reduce their options for cooperation with a competing great power.⁹¹ US intentions and commitment to the protection of the region is another factor that remains uncertain. One Philippine respondent conceded that even though the US has attempted to reassure Manila that it remains committed to its protection in the face of Chinese aggression, ‘we cannot be too certain that the U.S. can come to our aid’.⁹² Such a perception is reasonable. After all, while the US during the Obama administration clearly stated its commitment to defend Japan’s Senkaku Islands against China under the terms of the US–Japan Security Treaty, it did not make a similar pledge with respect to the Scarborough Shoal and its Mutual Defense Treaty with the Philippines.⁹³ While Southeast Asian states differ in their approaches to the rise of China and the response of the US and its key allies, there are shared preferences to avoid overt alignment or choosing one side over the other.

Third, while there are persistent concerns about the external security challenges that emanate from both Chinese maritime adventurism and great power competition across Southeast Asia, these threats were perceived by respondents as being rooted in elements of their country’s internal weaknesses. Southeast Asian states face many security challenges that derive from domestic, international and transnational sources. Specifically, besides the existence of direct threats to territorial integrity, these states also face non-traditional security challenges ranging from cyber security threats to terrorism and illegal fishing. As a collection of postcolonial states, many of whom only began the process of nation- and state-building in the late 20th

90 Interview with Cambodian Respondent 2, 11 November 2021.

91 Interview with Philippine Respondent 1, 17 August 2021; interview with Philippine Respondent 2, 1 July 2021; interview with Vietnamese Respondent 1, 7 July 2021; interview with Vietnamese Respondent 2, 12 November 2021.

92 Interview with Philippine Respondent 1, 17 August 2021.

93 Steven Shashwick, ‘Did a US “Line in the Sand” at Scarborough Shoal Just Wash Away?’, *The Diplomat*, 25 June 2016.

century, their insecurities arise largely within their own territorial boundaries.⁹⁴ While this does not mean that external threats do not exist, it does imply that such threats are likely to attain greater national prominence because of the pre-existing insecurities that exist within these developing countries. One Cambodian respondent, for example, spoke about how Sino-American rivalry was the greatest external security challenge to Cambodia because that rivalry may lead to political instability in Cambodia, where Washington and Beijing use Cambodian political elites as proxies.⁹⁵

The strategic divergence between Australia and Southeast Asian states ultimately arises from this problem: banking too much on the US alliance may upset China and intensify great power competition, which in turn reduces states' strategic flexibility. In other words, over-reliance on the US risks denying Southeast Asian states the opportunity to exploit the potential security benefits of maintaining positive relations with both the US and China. Despite this strategic divergence, however, there are opportunities for Australia to deepen its security relations with Southeast Asia. Australia is still widely perceived as a reliable and trustworthy security partner by Southeast Asian states, owing to its historical commitment to ASEAN centrality and its deep links with principal powers (especially Indonesia, Malaysia and Singapore).⁹⁶ To take advantage of this opportunity, Australia should pursue two courses of action. First, it should ensure that Sino-American rivalry does not frame the Australian government's defence relations within the region. Southeast Asian states prefer to be engaged on their own terms, not as a pawn or a tool for or against one great power. Second, Australia should deepen its security ties with Southeast Asian states to address pressing security challenges in multiple security domains. In doing so, Australia should consistently frame its security engagement in terms of improving bilateral relations, rather than in the context of Sino-US rivalry.

94 Muthiah Alagappa, 'Rethinking Security: A Critical Review and Appraisal of the Debate', in Muthiah Alagappa (ed.), *Asian Security Practice: Material and Ideational Influences* (Stanford: Stanford University Press, 1998), 27–64. Also see Mohammed Ayoob, 'Inequality and Theorizing in International Relations: The Case for Subaltern Realism', *International Studies Review* 4, no. 3 (2002), 27–48.

95 Interview with Cambodian Respondent 2, 11 November 2021.

96 Interviews with Southeast Asian officials, February 2021 – March 2022.

Southeast Asia's Complex Threat Environment

Despite intensifying Sino-American rivalry, a review of Southeast Asia's security environment shows that the region remains relatively peaceful. Except for Myanmar, most Southeast Asian states possess relatively stable political environments, especially in comparison to the 2000s, when the threat of Islamic fundamentalism and terrorism dominated security discourse in East Asia.⁹⁷ Nonetheless, Southeast Asian states operate within a complex security environment where they face multiple internal and external security challenges; most are far more resilient today than they ever were during the Cold War. For Australia to improve its defence relations within the region, it is worth appreciating the most pressing security challenges that individual Southeast Asian states face. For the purpose of this analysis, these threats are broadly categorised into three dimensions: maritime domain, cyberspace, and internal security.

The Maritime Domain



Maritime claims in the South China Sea
Source: Wikimedia Commons⁹⁸

⁹⁷ The defining feature of East Asian security discourse in the 2000s was the emergence of 'non-traditional security' as a political and academic concept. See Mely Caballero-Anthony and Alistair DB Cook (eds), *Non-Traditional Security in Asia: Issues, Challenges and Framework for Action* (Singapore: Institute of Southeast Asian Studies, 2013).

⁹⁸ Wikimedia Commons, 'South China Sea Vector', 23 January 2014, https://commons.wikimedia.org/wiki/File:South_China_Sea_vector.svg.

With the exception of Laos, all Southeast Asian states have sea access, so the maritime domain is an important part of Southeast Asian economic life and security. This domain provides littoral states with sources of livelihood through small-scale or industrial-level fishing and through trade. On average, the marine economy contributes to around one-fifth of ASEAN's total economy, while in Timor-Leste the marine economy contributes up to 87 per cent of gross domestic product.⁹⁹ However, just as they are a domain tapped for prosperity, the seas are also the source of many security challenges, including illegal fishing, smuggling, and piracy. Among the many maritime security challenges, almost all respondents identified illegal, unreported and unregulated (IUU) fishing as the most pressing concern. The threat of IUU fishing concerns both claimant states of the South China Sea and other states with sea access.¹⁰⁰ These concerns are well founded. In 2019, fisheries in Southeast Asia contributed to 21.9 per cent of the global fish production.¹⁰¹ The industry is an important source of employment and economic activity. In Indonesia alone, an estimated 7 million people are employed in aquaculture.¹⁰² The economic loss due to illegal fishing is large, typically representing 20 per cent of the total value of fish landed in those countries. Indonesia suffers the largest economic losses in ASEAN, at US\$3 billion a year, with Vietnam following it at US\$1.6 billion.¹⁰³

The South China Sea disputes have further exacerbated the threat of IUU fishing, as governments are incentivised to support their fishing community to occupy waters not formally under their control. Since the mid-1980s, China has endorsed and subsidised fishing through Southeast Asian EEZs. Many of these fishing boats are also part of China's expanding maritime militia, which helps assert Chinese claims in the South China Sea. Pressure from Chinese fishers has further impacted other regional fishers, particularly those from Vietnam, who have been driven from claimed waters to operate illegally further afield. Respondents from Brunei, Indonesia, Malaysia, the

99 Mani Juneja et al., 'Contextualising Blue Economy in Asia-Pacific Region: Exploring Pathways for a Regional Cooperation Framework', *Konrad Adenauer Stiftung Policy Brief* (March 2021).

100 Our respondents from Brunei, Cambodia, Indonesia, Malaysia, the Philippines, Thailand and Vietnam all expressed concerns about the threat of IUU fishing. Interviews with respondents, March 2021 – March 2022.

101 Southeast Asian Fisheries Development Center, *The Southeast Asian State of Fisheries and Aquaculture 2022* (Bangkok: Southeast Asian Fisheries Development Center, 2022), 1.

102 Julia Mark, 'Sustainable Fishing by 2025: What Is the Current Situation in Indonesia?', *DW*, 10 January 2022.

103 Havoscope, 'Global Black Market Information, Illegal Fishing', 2019, <https://www.havoscope.com/illegal-fishing>.

Philippines, Thailand and Vietnam highlighted that IUU fishing is a pressing threat to their maritime security and marine environment.¹⁰⁴ In 2019 alone, ASEAN member states experienced a loss of over US\$6 billion from IUU.¹⁰⁵ They have taken steps to deal with IUU fishing—Indonesia has encouraged its fishermen to fish in the waters around the Natunas,¹⁰⁶ while the Philippines and Vietnam generally employ diplomatic measures, such as filing diplomatic protests against China's actions that affect their fishermen operating within their EEZ.¹⁰⁷ Since November 2022, regional coastguards have also organised annual meetings through the ASEAN Coast Guard Meeting to facilitate information sharing and capacity building.¹⁰⁸

Beyond IUU fishing, there is a patchwork of diverse security challenges related to illegal migration, piracy, and foreign terrorist fighters. For Malaysia, the security of Sabah is undermined by illegal immigrants from the southern Philippines.¹⁰⁹ The Philippines is concerned that foreign terrorist fighters, or Filipinos involved in foreign armed conflict overseas, could slip into the southern Philippines.¹¹⁰ The presence of militants from the Abu Sayyaf Group (ASG), a major domestic concern in Manila, further complicates the security dynamics in the southern part of the Philippines.¹¹¹ According to a 2017 study by a risk consultancy firm, ASG militants conduct kidnapping activities targeting a wide range of vessels, including general cargo vessels, bulk carriers, chemical tankers, and yachts.¹¹² In the case of Thailand, the concern is over the maritime flow of Rohingya refugees from Myanmar.¹¹³ Thailand is also concerned about piracy targeting oil tankers travelling from

104 On the South China Sea disputes and illegal fishing, see Poling, *On Dangerous Ground*.

105 Lee, Wen Chiat, and K Kuperan Viswanathan, 'Framework for Managing Illegal, Unreported and Unregulated Fishing in ASEAN', *Asian Fisheries Science* 33 (2020), 66.

106 Reuters, 'Indonesia Mobilizes Fishermen in Stand-off with China', 7 January 2020.

107 Viet Hung Nguyen Cao, 'Vietnam's Struggles in the South China Sea: Challenges And Opportunities', *Center for International Maritime Security (CIMSEC)*, 21 September 2020, <https://cimsec.org/vietnams-struggles-in-the-south-china-sea-challenges-and-opportunities>; Reuters, 'Philippines Complains of Chinese Fishing Ban and "Harassment" at Sea', 31 May 2022.

108 'ASEAN Coast Guard Forum Aims to Preserve Maritime Stability: Bakamla', *Antara News*, 22 November 2022.

109 Interview with Malaysian Respondent 3, 18 January 2022.

110 Interview with Philippine Respondent 1, 17 August 2021.

111 Philippine Department of National Defense, *National Defense Strategy, 2018–2022*, 14.

112 Amit Narayan, 'Abu Sayyaf Group: new kidnapping tactics causing waves', *Control Risks*, 15 February 2017, https://www.controlrisks.com/our-thinking/insights/abu-sayyaf-group?utm_referrer=https://www.bing.com.

113 Sunai Phasuk, 'Thailand Needs to Stop Inhumane Navy Push-Backs', *Human Rights Watch*, September 2017. Interview with Thai Respondent 1, 25 August 2021; interview with Thai Respondent 2, 20 November 2021.

Singapore to Thailand. Although operating smaller boats, these pirates are supported by motherships manned by personnel from Indonesia.¹¹⁴

While non-traditional security challenges remain the most pressing threats to Southeast Asian states in the maritime domain, there are also ongoing maritime territorial or boundary disputes that also undermine peace. While the South China Sea disputes are the region's most serious security flashpoints, respondents also flagged concerns in the Ambalat Sea and the Sulu Sea. In these two areas located near Borneo, security challenges could threaten inter-state relations between Malaysia, Indonesia and the Philippines. The dispute between Malaysia and Indonesia in the Ambalat Sea arose out of overlapping claims since 1969 to the continental shelf known as the Ambalat block, which is located between the Indonesian province of North Kalimantan and the Malaysian state of Sabah.¹¹⁵ The Ambalat Sea dispute has triggered challenges between Malaysian and Indonesian naval assets in the past.¹¹⁶

Map of Sulu Sea



Source: www.google.com.au/maps/place/Sulu+Sea

114 Interview with Thai Respondent 1, 17 August 2021.

115 Stephen C Druce and Efri Yoni Baikoeni, 'Circumventing Conflict: The Indonesia–Malaysia Ambalat Block Dispute', in Mikio Oishi (ed.), *Contemporary Conflicts in Southeast Asia: Towards a New ASEAN Way of Conflict Management* (Singapore, Springer, 2016), 137–138.

116 Interview with Malaysian Respondent 3, 18 January 2022. The dispute arose from Malaysia's and Indonesia's overlapping claims to sovereign rights in the oil-rich Ambalat region. For further reading, see Druce and Baikoeni, 'Circumventing Conflict: The Indonesia–Malaysia Ambalat Block Dispute'.

Map of Ambalat Sea



Source: 'Indonesia's Land and Maritime Border Disputes with Malaysia, the Philippines and Vietnam', *South China Morning Post*, 12 January 2022.

For Malaysia, the safety of the Sulu Sea is a top priority due to threats of piracy, kidnappings, and territorial claims over the Malaysian state of Sabah in Borneo by the Philippines.¹¹⁷ The Malaysian respondents consider the threat to Malaysia's security to be genuine. These concerns are underscored by incidents such as the intrusion and occupation of Lahad Datu in Sabah in 2013 by members of a Philippines-based Muslim royal clan calling itself the Royal Army of Sulu.¹¹⁸ According to a Malaysian respondent, incidents such as the one at Lahad Datu demonstrate that the Sulu Sea area poses a clear and present danger to Malaysia's security.¹¹⁹ The Malaysian government viewed the Lahad Datu incident as an existential threat to Malaysia's sovereignty. Reflecting this ongoing concern, the 2019 Malaysian Defence White Paper foreshadows the restructure of the Malaysian Armed Forces so that, for the first time, the military can simultaneously conduct operations in two theatres—in Peninsular Malaysia and in Sabah and Sarawak.¹²⁰

117 Interview with Malaysian Respondent 2, 21 June 2021.

118 Ian Story, 'Trilateral Security Cooperation in the Sulu-Celebes Seas: A Work in Progress', *ISEAS Perspective* 48 (2018), 3. See also 'Sabah Stand-off "Turns Deadly" as Clashes Break Out', BBC News, 1 March 2013.

119 Interview with Malaysian Respondent 1, 12 March 2021.

120 Malaysian Ministry of Defence, *Defence White Paper*, 45.

Securing maritime interests does not come easily to most Southeast Asian states, as most are limited in their capacity to monitor, secure and enforce laws in the maritime domain. Respondents highlighted three sets of operational difficulties that pose the greatest challenge to maritime law enforcement.

Most Southeast Asian states have difficulty achieving adequate awareness of their maritime domain. Brunei's small naval fleet can only detect a small amount of IUU fishing within its EEZ.¹²¹ For the Philippines and Indonesia, long coastlines and large swathes of ocean have made detecting criminal activity difficult. Similarly, limitations in intelligence capabilities reduce the capacity of states to monitor potential threats and enforce laws at sea.¹²² Acknowledging these challenges, Indonesian and Philippine respondents highlighted the need to establish more structured intelligence-sharing platforms between them and friendly external powers. Respondents also recognised that Australia and the US have both the technology and the capability to assist them to enhance their awareness of maritime domain security challenges and to improve their capacity for intelligence gathering. For example, an Indonesian respondent pointed out that while the Five Power Defence Arrangement (FPDA) facilitates intelligence sharing between Australia, Singapore and Malaysia, a similar framework does not exist with Indonesia.¹²³ Setting up intelligence-sharing arrangements with Southeast Asian states at a bilateral level is a measure open to Australia to deepen its defence relations with some Southeast Asian states.

The second challenge arises from the fact that many Southeast Asian states lack the maritime vessels for deterrence and enforcement duties. Malaysia has a limited number of surface vessels to patrol its vast maritime interests in the Malay Peninsula and East Malaysia. The Malaysian navy is expanding and has recognised that it needs to be equipped with modern and sufficient equipment.¹²⁴ However, Malaysia is careful about receiving military aid, such as donated vessels from foreign powers, as it does not wish to come

121 Interview with Bruneian Respondent 1, 18 March 2022.

122 On the problem of underinvestment in Southeast Asian navies, see Gregory Raymond, 'Naval Modernization in Southeast Asia: Under the Shadow of Army Dominance?', *Contemporary Southeast Asia* 39, no. 1 (2017), 149–177.

123 Interview with Indonesian Respondent 1, 23 November 2021.

124 Interview with Malaysian Respondent 3, 18 January 2022.

under undue external influence.¹²⁵ Similarly, with a current fleet of roughly 64 surface and patrol combatants, the Philippine navy struggles to protect an EEZ that is more than 2 million square kilometres.¹²⁶ This situation has been exploited by hostile foreign powers—from China to Vietnam—to challenge the Philippines' access and control over its own EEZ in the South China Sea.

Finally, limited resources and poor procurement and program management practices have resulted in poor-quality naval assets across Southeast Asia. For example, the ad hoc nature of the Indonesian defence procurement program has often prevented the country from purchasing new combat platforms. As a result, the Indonesian navy frequently purchases older warships.¹²⁷ Meanwhile, of 34 naval vessels operating in Malaysia in 2020, two-thirds were commissioned over three decades ago.¹²⁸ Due to budgetary constraints, Malaysian navy vessels are sometimes equipped with insufficient firepower (for example, missile-capable vessels operating without missiles).¹²⁹ Likewise, most of the Philippine navy vessels are obsolete, a situation that poses challenges to the Philippines' efforts to secure its EEZ in the South China Sea and to prevent infiltrations from terrorist groups.¹³⁰ Similarly, Cambodia's small navy is not equipped with modern equipment capable of effectively safeguarding Cambodia's maritime interests from illegal fishing activities.¹³¹

Maritime security in Southeast Asia is essential for the global trading community and regional states. It is also essential to Australia, which receives 87 per cent of its refined fuel from five Asian states—Japan, Malaysia, South Korea, Singapore and Taiwan. These fuel imports must traverse sea lanes in Southeast Asia such as the South China Sea and the Straits of Malacca.¹³² Any threat to these sea lanes risks disrupting the flow

125 Ibid.

126 International Institute of Strategic Studies (IISS), *The Military Balance 2021* (IISS, 2021).

127 Al Araf and Hussein Ahmad, 'The Thorn in Modernization of Primary Weapons System', *The Jakarta Post*, 3 August 2020.

128 Felix Chang, 'Treading Water: Malaysia's Navy Modernization', *Foreign Policy Research Institute*, 21 October 2020.

129 Interview with Malaysian Respondent 1, 12 March 2021.

130 Ridzwan Rahmat, 'Measured Ambitions: Philippine Navy's New Frigates Are Transforming the Service, albeit Slowly', *Janes Intelligence*, 4 April 2022.

131 Interview with Cambodian Respondent 2, 11 November 2021.

132 Richard Olorunfoba and Booi Kam, 'Up to 90% of Australia's Fuel Imports Could Be Threatened if Conflict Escalates in the South China Sea', *Smart Company*, 22 August 2022, <https://www.smartcompany.com.au/business-advice/importing-and-exporting/australias-fuel-imports-south-china-sea>.

of fuel to Australia, with adverse consequences for Australia's food security and social stability.¹³³

Cyberspace

Cyberspace has rapidly emerged as an important arena of economic, political and social activity in Southeast Asia. The region has seen a rapid expansion of internet usage, with 125,000 new internet users recorded daily.¹³⁴ The 2020 Global Digital Report estimates that the average internet penetration rate in the region is about 70 per cent. At the higher end is Brunei, with 95 per cent of people having access to the internet. Myanmar comes in last at 41 per cent.¹³⁵ Estimates by Google, Bain & Company, and Temasek Holdings show that the region's internet economy is expected to reach US\$1 trillion by 2030, up from US\$174 billion in 2021.¹³⁶ The COVID-19 pandemic helped boost internet usage, with an additional 40 million new internet users in 2020 alone. With many people working, studying and doing business online amidst the pandemic, the number of users continued to increase rapidly, even achieving double-figure growth in Vietnam and Indonesia.¹³⁷

While the growing usage of digital technology benefits societies in many ways, it also generates new security challenges. Specifically, cybercriminals and malign state actors have been quick to exploit the region's weak cyber capacities. The biggest cyberthreats to Southeast Asian states are traditional cybercrimes (including data breaches) and 'cyberterrorism' — or the use of digital technology to disrupt critical infrastructure or commit politically disruptive acts. Malware, data breaches and disinformation constitute the most common cybersecurity concerns across the region.¹³⁸ In the past few years, several high-profile data breaches and incidents have affected government agencies, military installations, and businesses across the

133 Engineers Australia, *Industry Responses in a Collapse of Global Governance: Workshop Report for Attendees* (Canberra: Engineers Australia, 2019), 5.

134 World Economic Forum, 'Digital ASEAN', <https://www.weforum.org/projects/digital-asean>.

135 Simon Kemp, 'Digital 2020: Global Digital Overview', *Hootsuite* (2020).

136 Google, Temasek Holdings, and Bain & Company, *e-Economy SEA 2021* (2021).

137 Saheli Roy Choudhury, 'Southeast Asia's Digital Services Surge as Coronavirus Pandemic Kept People at Home', *CNBC*, 10 November 2020.

138 Interviews with Respondents from Brunei, Cambodia, Indonesia, Laos, Malaysia, Thailand and Vietnam, February – December 2021.

region. In January 2022, for example, cybercriminals hacked into the Indonesian Health Ministry's computer systems and leaked the data of 6 million patients.¹³⁹ The COVID-19 pandemic also saw a spike in COVID-related fraud. Due to limited cybersecurity capacities, some countries in the region are also used as launch pads for cyber attacks. Some of these attacks target insecure infrastructure where many digital devices can be readily infected, while other cyber-attacks target single points of vulnerability in order to access global connections.¹⁴⁰ Respondents from all Southeast Asian states highlighted the threat of disinformation to the maintenance of political and social stability.¹⁴¹ The rapid escalation of digital technologies across Southeast Asia has meant that the digital space has become a battleground for ideological and political contestation.

Respondents also highlighted the threat of state-sponsored cyber operations.¹⁴² A review of known cyber intrusions from the dataset provided by the Council on Foreign Relations indicates that there have been 55 cyber espionage operations targeting Southeast Asian states since 2009.¹⁴³ Since 2015, at least 35 cyber operations have been attributed by cybersecurity firms to hacking groups allegedly sponsored by the Chinese state. These cyber operations have attacked government agencies, military installations, and commercial entities with political and, possibly, economic motivations. For example, in May 2016 China-sponsored hackers were found to have hacked commercial companies that were direct competitors to Chinese firms in mainland Southeast Asia.¹⁴⁴ In December 2021, the American cybersecurity firm Recorded Future attributed to Chinese hackers cyber-attacks against government offices and military installations in Brunei,

139 'Health Ministry Probes Alleged Leak of Six Million Patients' Data', *Antara News*, 6 January 2022.

140 Interview with Indonesian Respondent 2, 1 October 2021; interview with Malaysian Respondent 3, 18 January 2022; interview with Philippine Respondent 1, 17 August 2021; interview with Vietnamese Respondent 1, 7 July 2021.

141 Interviews with Southeast Asian defence officials, February 2021 – March 2022.

142 A range of Southeast Asian government officials and cybersecurity experts interviewed for this paper noted that Chinese intelligence services were likely responsible for a range of cyber attacks that had not been publicly attributed. Interviews with defence officials, January–December 2021.

143 Council on Foreign Relations, 'Cyber Operations Tracker', <https://www.cfr.org/cyber-operations>.

144 Yonathan Klinjsma et al., 'Mofang: A Politically Motivated Information Stealing Adversary', *Fox IT*, 17 May 2016.

Indonesia, Malaysia, the Philippines, Singapore and Thailand.¹⁴⁵ While many of these cyber espionage operations were likely driven by political goals (e.g., South China Sea disputes), some may also have been economic cyberespionage operations. For example, there is a growing pattern of private entities (universities and businesses) in Southeast Asia being the target of state-sponsored hacking operations. While Southeast Asian private entities only constituted 3.6 per cent of known targets of suspected cyber espionage operations in 2009, the region's share grew to 15.4 per cent in 2020.¹⁴⁶ Despite the threats posed by state-backed or state-affiliated hacking groups, respondents were careful not to attribute cyber-attacks to any specific actor.

Across the region, states face multiple challenges in responding to cybersecurity threats. Southeast Asian states maintain varying degrees of cyber readiness, with some countries lacking any form of cybersecurity governance. Only Singapore, Malaysia, Thailand, Indonesia and the Philippines have either dedicated cybersecurity agencies or organisations focused on cybersecurity.¹⁴⁷ Even in situations where cybersecurity agencies exist, many institutions are new and still lack the resources, clear legal support, or human resources to design, implement and enforce laws in cyberspace. For example, since Indonesia's National Cyber and Crypto Agency (BSSN) was founded in 2017, its efficacy has been blunted in the absence of an overarching legislative framework, and in the face of institutional rivalries and internal overlapping responsibilities.¹⁴⁸ Beyond problems associated with governance, there are broader challenges surrounding shortages in skilled talent. The region still lacks human capital in a wide range of professions such as systems architecture design,

145 Recorded Future by Insikt Group, 'Chinese State-Sponsored Cyber Espionage Activity Supports Expansion of Regional Power and Influence in Southeast Asia', 8 December 2021, <https://www.recordedfuture.com/chinese-state-sponsored-cyber-espionage-expansion-power-influence-southeast-asia>.

146 Gatra Priyandita, Bart Hogeveen and Ben Stevens, 'State-Sponsored Economic Cyber-espionage for Commercial Purposes: Tackling an Invisible but Persistent Risk to Prosperity', *Australian Strategic Policy Institute*, December 2022, <https://www.aspi.org.au/report/state-sponsored-economic-cyberespionage>.

147 AT Kearney, *Cybersecurity in ASEAN: An Urgent Call to Action* (2018), 6–8, <https://www.southeast-asia. Kearney.com/documents/1781738/1782318/Cybersecurity+in+ASEAN%E2%80%94An+Urgent+Call+to+Action.pdf/80a880c4-8b70-3c99-335f-c57e6ded5d34>.

148 Greta Nabbs-Keller and RM Wibawanto Nugroho Widodo, 'Indonesia Responds to the Cyber Dark Side', *The Interpreter*, 13 May 2021.

behavioural analytics, and digital forensics.¹⁴⁹ In lieu of the digital skills and the equipment necessary to collect and analyse information concerning cyber-attacks, many Southeast Asian states struggle to attribute attacks and to develop the necessary infrastructure for defensive and offensive cyber operations. There may also be political unwillingness to attribute attacks directly to state-sponsored hacking groups.

Internal Security

Beyond the maritime domain and cyberspace, Southeast Asian states continue to face multiple internal security challenges. Indeed, the threats of secessionism, terrorism, and transnational crime topped respondents' lists of the most pressing challenges to Southeast Asian security—not external security challenges.¹⁵⁰ The preoccupation with internal security reflects a deep sense of insecurity felt by most leaders across Southeast Asia in addressing the social and political challenges connected to nation- and state-building. During the Cold War, internal security challenges came from separatist and communist insurgencies. Such developments influenced Southeast Asian states to adopt defence strategies and doctrine that focused on the threat of counterinsurgency. Into the 21st century, internal security challenges have expanded to include terrorism and transnational crime.

Emerging intra-state challenges, along with traditional threats of insurgency and separatism, continue to dominate security debate within Southeast Asian governments because they are considered to pose the most significant threats to regime security. Insurgency and separatism remain serious challenges in some parts of the region. While several insurgencies ended during the post Cold War period following military campaigns or peace agreements between warring factions, some disputes are ongoing and pose a continuing threat to the territorial unity of the states affected.¹⁵¹ Thailand, the Philippines and Indonesia are facing domestic insurgencies, with the first two being driven by Islamist and separatist groups. Insurgency in southern Thailand has been one of the most significant sources of

149 AT Kearney, 'Cybersecurity in ASEAN', 12.

150 Alan Collins, *Security and Southeast Asia: Domestic, Regional, and Global Issues* (Singapore: Institute of Southeast Asian Studies, 2003), 1–22, 63–92.

151 Communist insurgencies in Malaysia and Thailand ended during the 1980s. The Aceh insurgency in Indonesia ended with a peace agreement in 2005.

violence in the country. While violence peaked in 2007, insurgent activity has resulted in 7,294 deaths between 2004 and 2021.¹⁵² The Thai government's efforts to negotiate a peaceful settlement have been unsuccessful in reducing violence, partly because of the complex and competing relationships among the different factions of the Muslim insurgents.¹⁵³

In Indonesia, domestic insurgency is an ongoing challenge in the easternmost provinces of Papua and West Papua, which occupy the western half of New Guinea. This insurgency manifests decades of ongoing political and economic grievances, starting from Indonesia's integration of the region from Dutch colonial rule in 1969. On 29 April 2021, the Indonesian government labelled the West Papua National Liberation Army and the Free Papua Movement as terrorist organisations following an escalation of armed conflict between the Indonesian military and insurgents.¹⁵⁴

Associated with the threat of domestic insurgency, international terrorism is also a persistent threat in the Southeast Asian security landscape. Islamist terrorism has been a threat since the early 1990s, when al-Qaeda began to establish cells and to co-opt individuals and groups for its cause.¹⁵⁵ Based on the Southeast Asia Militant Atlas developed by the International Centre for Political Violence and Terrorism Research of the S. Rajaratnam School of International Studies (RSIS), the number of violent terrorist incidents peaked in 2019 but declined because of the COVID-19 pandemic.¹⁵⁶ Nonetheless, the threat of Islamist terrorism remains a focus for respondents from Malaysia, Singapore, the Philippines and Indonesia.¹⁵⁷ Malaysian respondents expressed fears about their country being used as a transit point for terrorist networks. In this regard, one respondent explained that the

152 Deep South Watch, 'Summary of Incidents in Southern Thailand', 3 November 2021, <https://deepsouthwatch.org/en/node/12815>.

153 International Crisis Group, *Jihadism in Southern Thailand: A Phantom Menace*, Asia Report No. 291 (Brussels: International Crisis Group, 2017).

154 Ratu Durotun Nafisah, 'First "Separatists", Now "Terrorists": Another Way for Indonesia to Avoid Solving West Papuans' Historical Grievances', Indonesia at Melbourne, 11 May 2021; 'Pemerintah Resmi Tetapkan KKB Papua Teroris', *CNN Indonesia*, 29 April 2021.

155 Zachary Abuza, 'Tentacles of Terror: Al Qaeda's Southeast Asian Network', *Contemporary Southeast Asia* 24, no. 3 (2002), 428.

156 Kenneth Yeo et al., 'Southeast Asia Militant Atlas', S. Rajaratnam School of International Studies: International Centre for Political Violence and Terrorism Research (2021), <https://rsis.maps.arcgis.com/apps/webappviewer/index.html?id=fcadd7b610a944cba53fcd0195ff3d09>.

157 Interviews with Indonesian Respondent 1, 23 November 2021; Indonesian Respondent 2, 1 October 2021; Malaysian Respondent 1, 12 March 2021; Malaysian Respondent 2, 21 June 2021; Philippine Respondent 1, 17 August 2021; Singaporean Respondent 1, 12 October 2021; Singaporean Respondent 2, 15 December 2021.

problems of terrorist financing and arms smuggling are further associated with the issue of terrorism.¹⁵⁸ For Singapore, the problems of terrorism are related to the spread of radical Islamist ideology.¹⁵⁹ While 20 years ago the threat of terrorism was driven by foreign terrorist groups such as Jemaah Islamiyah, this threat has now evolved to include self-radicalised individuals.¹⁶⁰

For the Philippines, the challenges of insurgency on the southern island of Mindanao are compounded by the strong connection between Philippines-based Islamist insurgent groups and international terrorist networks, including al-Qaeda and the Islamic State. For this reason, the Philippine government frames the ongoing conflict in the southern Philippines in terms of anti-terrorism. Furthermore, Islamist insurgent groups, such as the ASG, have brought different radical ideologies and a secessionist agenda to establish a Muslim state in Mindanao. In contrast to Thailand's stance of managing its security challenges internally, the Philippines is more receptive to receiving foreign military aid to combat Muslim insurgents in Mindanao, as demonstrated during the battle for Marawi between Filipino government forces and supporters of the Islamic State.¹⁶¹ In this instance, Manila welcomed Australia's support, which included the deployment of two Orion surveillance aircraft for intelligence gathering and \$20 million in humanitarian aid.¹⁶²

The challenges of insurgency and terrorism further intersect with other non-traditional security threats. In particular, transnational crime—from drug to human trafficking—provides financial support for Islamist militants, insurgent groups, criminal organisations, and corrupt officials. The threat posed by drug trafficking was flagged as a pressing security concern by respondents

158 Interview with Malaysian Respondent 2, 21 June 2021.

159 Interview with Singaporean Respondent 1, 12 October 2021.

160 Ng June Sen, 'JI Arrests, 20 Years On: ISD Releases New Details on Terrorist Group's Plans to Attack nearly 80 S'pore Targets', *Today Online*, 4 December 2021; Singaporean Internal Security Department, 'Countering Terrorism And Violent Extremism', <https://www.mha.gov.sg/isd/keeping-threats-at-bay/countering-terrorism-and-violent-extremism>.

161 Australia and the US provided military assistance such as intelligence to the Philippine military during the battle for Marawi. See Joseph Franco, 'Freedom for Marawi Provides Opportunity to Look Beyond the Last War', *Australian Institute of International Affairs*, 23 October 2017.

162 Australian Department of Defence, 'Australian Defence Force Assistance to the Philippines', 23 June 2017, <https://www.minister.defence.gov.au/media-releases/2017-06-23/australian-defence-force-assistance-philippines>; Patricia Lourdes Viray, 'Australia Provides \$20M Worth of Aid to Marawi', *PhilStar Global*, 8 August 2017, <https://www.philstar.com/headlines/2017/08/08/1726650/australia-provides-20m-worth-aid-marawi>

from Laos, the Philippines and Thailand. A Philippine respondent, for example, highlighted that underground criminal networks smuggle drugs into the country, produce methamphetamines, and engage Filipinos as drug couriers.¹⁶³ According to the Philippine Drug Enforcement Agency, the last is its most pressing issue because it involves individuals (including women and children) smuggling or transporting illegal drugs in exchange for financial benefits or payment.¹⁶⁴ To make the security situation more complex, militants in Mindanao work with transnational organised crime groups, including drug dealers, to generate income for their violent activities. Like the Philippines, Thailand faces serious drug-related security challenges. According to a May 2021 report, Thai authorities arrested nearly 200,000 drug offenders, confiscated more than 300 million ‘speed’ pills and 2,800 kilograms of heroin, and seized more than 2 billion baht (more than US\$57 million).¹⁶⁵ The number of cases is rapidly increasing. In March 2022, assets worth nearly 1.4 billion were seized during raids on three houses in Chiang Rai province in one day.¹⁶⁶ As acknowledged by a Thai respondent, the suppression of illegal narcotics has become a key security objective.¹⁶⁷

Laos is another Southeast Asian state facing a drug trafficking challenge. The source of drugs in Laos is the Golden Triangle, where Thailand’s Chiang Rai province meets Myanmar and Laos. The drug trade involves the cross-border movement of illegal synthetic drugs, including methamphetamine, opium and heroin, which has proliferated. The Golden Triangle operations contribute substantially to the production and distribution of synthetic drugs globally.¹⁶⁸

A further security issue concerns money laundering. For instance, the Lao respondent emphasised the urgent need to improve policing capabilities to prevent and combat money laundering because Laos is a transit point for participants in organised crime.¹⁶⁹ Money-laundering operations have mushroomed in Laos with funds generated from the illegal drug trade,

163 AP News, ‘Philippine Forces Kill 4 Suspected Chinese Drug Dealers’, 19 October 2021.

164 Republic of the Philippines—Office of the President—Philippine Drug Enforcement Agency, ‘Drug Courier’, <https://pdea.gov.ph/drug-trends/drug-courier>.

165 ‘120,000 Busted for Drugs in Past 6 Months’, *Bangkok Post*, 9 April 2022.

166 Tara Abhasakun, ‘Police Seize Nearly 1.4 Billion Baht Assets from Alleged Drug Network in Chiang Rai’, *The Thaiger*, 31 March 2022.

167 Interview with Thai Respondent 1, 25 August 2021.

168 Interview with Lao Respondent 1, 3 February 2022.

169 Ibid.

human-trafficking syndicates, and wildlife smuggling.¹⁷⁰ In particular, casinos and business activities in Laos are used as vehicles to launder illicit profits from such organised crimes.¹⁷¹ Terrorist organisations also use money laundering as a way to raise funds. In Indonesia, charities, internet crowdfunding, and legitimate business activities are sometimes used covertly to fund terrorist groups.¹⁷² In addition, the popularity of cryptocurrency offers terrorist groups a method to raise, move and store funds in Southeast Asia.¹⁷³ Besides such channels, small arms and light weapons smuggling is another source of terrorist funding. Illicit arms trades are usually conducted in black markets, with the weapons crafted illegally in local workshops in the Philippines and Indonesia. Local gunsmiths distribute their products to violent extremists and the broader population across the Sulu Sea and the Celebes Sea, which connect the Philippines with Malaysia and Indonesia.¹⁷⁴

170 Sebastian Strangio, 'Golden Triangle Gambling Zone the World's "Worst" SEZ, Group Says', *The Diplomat*, 30 March 2022.

171 Hamish Walker, 'Drug Routes out of Golden Triangle; AFP Helps Tell Story', AFP, <https://www.afp.gov.au/news-media/platypus/drug-routes-out-golden-triangle-afp-helps-tell-story>; Zsombor Peter, 'UN Warns of Growing Criminal Threat from Mekong Region Casinos, SEZs', VOA, 25 September 2022, <https://www.voanews.com/a/un-warns-of-growing-criminal-threat-from-mekong-region-casinos-sezs/6762228.html>.

172 Amy Chew, 'Indonesian Militant Group's Plot to "Overthrow" Jokowi May Be Far-fetched, but Officials Warn NII could be "Launching Pad" for Terror', *The South China Morning Post*, 24 April 2022.

173 V Arianti and Kenneth Yeo Yaoren, 'How Terrorists Use Cryptocurrency in Southeast Asia', *The Diplomat*, 30 June 2020.

174 Méryl Demuyneck, Tanya Mehra and Reinier Bergema, *ICCT Situation Report: The Use of Small Arms & Light Weapons by Terrorist Organisations as a Source of Finance in South and Southeast Asia* (International Centre for Counter-Terrorism, 2020).

Policy Recommendations

Southeast Asia remains a complex security environment. While Sino-American rivalry is emerging as a major external security concern for many Southeast Asian states, these states remain preoccupied with internal security concerns and the limitations and challenges they face in addressing multiple security challenges. Drawing on the results of this paper's analysis, this section provides several policy recommendations for Australian policymakers to consider in relation to Australia's engagement with the region. While the assistance favoured by Southeast Asian states varies, this research establishes the overarching theme of building the region's resilience in the face of multiple security challenges. In this respect, Australia has the opportunity to make a meaningful difference to regional security and to improve both bilateral and multilateral relations with its Southeast Asian neighbours. To this end, the paper makes five recommendations.

Training and Capacity Building

Australia maintains a competitive advantage in education and training, including the training of military officials. All respondents viewed favourably various human resources related courses and programs that Australia offers to Southeast Asian officials. These programs include the Australian Command and Staff Course at the Australian Defence College, the officer cadet training at Royal Military College Duntroon, and the ASEAN-Australia Defence Postgraduate Scholarship Program at the Australian National University. Respondents suggested that these courses help improve the skills of their defence officials to undertake command and staff postings. For example, the Malaysia–Australia Joint Defence Program enables Australian military personnel to train and maintain regular contact with their Malaysian counterparts. The technical training that Australia provides to Malaysian personnel to maintain their fleet of F/A18 combat aircraft is an example of a functional and practical human resource development program that contributed directly to Malaysia's ability to safeguard its airspace.

While Australia could provide additional places on existing courses, it could also develop more functional and practical training programs for Southeast Asian defence personnel. Such training programs could cover

certain technical skills necessary to address some of the multiple security challenges they face. First, on cybersecurity, options exist to deepen cooperation by training Southeast Asian cybersecurity specialists in skills like digital forensics and behavioural analytics. Such assistance would enable Southeast Asian officials to better identify patterns of cyberattacks and to properly attribute cyberattacks to their perpetrators. Future efforts could also focus on collaborative cyber war games, which could involve the ADF. As the private sector has a fundamental role in helping to protect cyberspace, the provision of training should go beyond government officials to include those involved in local Southeast Asian cybersecurity firms.

Second, to combat transnational crime, Australia could work with other Southeast Asian states to develop capacity-building programs for financial intelligence analysis. This training would benefit efforts to track and disrupt illicit financial flows generated from cybercrime, money-laundering transactions, drug trafficking, illegal immigration, human trafficking, terrorist financing, and arms smuggling. Currently, ASEAN is the cooperation framework within which ASEAN financial intelligence units and Australia build capabilities in financial intelligence. More comprehensive involvement by military and security intelligence agencies would strengthen regional capabilities in preventing and combating crimes by focusing on financial transactions.

Third, Australia could provide training on non-lethal armaments and tactics to deal with threats in the maritime domain. Several Southeast Asian states share a common security concern regarding China's maritime activities in the South China Sea, especially regarding China's so-called grey-zone tactics. These tactics, such as deploying 'civilian' fishing vessels within the EEZs of Brunei, the Philippines, Indonesia, Malaysia and Vietnam, challenge these states' ability to respond to China's maritime intrusions and illegal extraction of natural resources. Except for Singapore's navy, other regional navies are not equipped with non-lethal weapons to deal with non-military security threats. As pointed out by a Malaysian respondent, any use by Malaysian navy vessels of lethal weapons against Chinese fishing vessels could lead to the death of fishers, further exacerbating relations with China.¹⁷⁵ Training Southeast Asian military personnel and equipping regional navies with non-lethal armaments such as long-range acoustic devices is therefore a potential area of cooperation for Australia.

175 Interview with Malaysian Respondent 2, 21 June 2021.

Improving Maritime Domain Awareness

A common theme is that many Southeast Asian states, particularly littoral states, lack maritime domain awareness. Effective governance of the maritime domain requires states to have an accurate picture of the ongoing situation at sea. This in turn requires the ability to detect, monitor and track vessels of interest.¹⁷⁶ Surveillance platforms such as coastal radar systems and patrol vessels are the hardware necessary for regional states to improve situational awareness within their respective EEZs.

Indonesia is keen to improve its situational awareness in the waters around the Natuna Islands and the South China Sea but does not have sufficient means. As Indonesia does not wish to be seen as taking sides on the issue of US–China rivalry, it welcomes foreign military intelligence sharing on its areas of interest. This approach is consistent with the Indonesian policy of not allowing any foreign military to operate from its territories.¹⁷⁷ Like Indonesia, several other Southeast Asian states have limited capabilities to monitor and track activities within their maritime domain.

While several Southeast Asian states have received assistance such as UAVs and second-hand maritime vessels to boost their navies or coastguards, the quantity is insufficient. The Philippine navy's current fleet of 64 vessels is inadequate to cover its 2 million square kilometre EEZ.¹⁷⁸ Similarly, the Indonesian navy lacks the number of vessels needed to police the vast Indonesian archipelago. Besides the shortcoming in quantity, there are structural issues which impede effective management of the maritime domain. In the case of Indonesia, more than 10 maritime agencies have responsibility for maritime issues, creating complications in both resource allocation and maritime security governance.

Generating the capacity to sustain the operational readiness of the donated equipment is an ongoing challenge for several regional states. Since 2008, the US has provided aid to Indonesia to monitor its waters—including 18 coastal surveillance stations and ship-based radars. However, the vessels

176 Robert Watts, *Implementing Maritime Domain Awareness* (thesis, Monterey CA: Naval Postgraduate School, 2006) 12–13.

177 House of Representatives of the Republic of Indonesia, 'House Leadership Ensures No Foreign Military Bases in Indonesia', 4 September 2020, <https://www.dpr.go.id/en/berita/detail/id/29952/t/House+Leadership+Ensures+No+Foreign+Military+Bases+in+Indonesia+>.

178 Abdul Rahman Yaacob, 'Rethinking the Philippines' Submarine Program', *East Asia Forum*, 15 June 2021.

have not maintained operational readiness, partly due to Indonesia's lack of financial resources but also due to restrictions imposed by the US that do not permit Indonesians to repair them.¹⁷⁹ Thus, there are areas for improvement in terms of assets and sustainability.

Given these considerations, Australia should reinforce its focus on the sustainability of donated vessels and equipment. It is evident that Southeast Asian states require capabilities such as surface vessels and aircraft, coastal or ship-based radars, and advanced platforms such as monitoring, sensor and other systems. When providing donations, however, considerations of sustainability must remain at the forefront. Australia's Pacific Maritime Security Program is a model that could be used to deepen and sustain defence relations with Southeast Asian states. An important pillar of the program is lifetime sustainment and training—critical to ensure regional states are able to operate the donated equipment in the long run. For example, Indonesian personnel could be trained to repair and maintain donated Australian equipment. Given that Southeast Asian states generally have limited financial resources, however, Australia would need to take care that the resource burden of upkeep remains manageable by recipients.

Developing a More Institutionalised Intelligence and Information Sharing Mechanism

Institutionalised intelligence sharing, particularly in cyberspace and the maritime domain, is another potential area of cooperation. First, Australia and Southeast Asian states should consider cyberthreat intelligence and/or information-sharing mechanisms. The cyber domain hosts a slew of new threats and challenges. As Australia's economic relations with the region deepen, Southeast Asia's cyberspace resilience and security become even more relevant to Australian national interests. Officials could organise regular exchanges to discuss common threats within their cyber domains, anticipate attacker strategies better, identify malicious activities, and collaborate to defend against future cyber-attacks.

Second, within the maritime domain, there could be a more institutionalised intelligence-sharing mechanism between Australia and Southeast Asian

179 I Gusti Bagus Dharma Agastia and Anak Agung Banyu Perwita, 'Building Maritime Domain Awareness as an Essential Element of the Global Maritime Fulcrum: Challenges and Prospects for Indonesia's Maritime Security', *Jurnal Hubungan Internasional* 6, no. 1 (2017), 113–123, 118.

states. Maritime Southeast Asian nations, especially immediate claimants in South China Sea disputes, welcome any form of assistance to improve their maritime domain awareness. Instead of ad hoc intelligence-sharing that is mostly crisis based, however, respondents indicated a preference for a more institutionalised and regular intelligence-sharing mechanism.

Australia does have an institutionalised intelligence-sharing mechanism in Southeast Asia in the form of the FPDA. However, its membership excludes several states with which Australia shares security interests. Instead, Australia could develop a more structured intelligence-sharing mechanism at the bilateral level, particularly with Vietnam, the Philippines and Indonesia. While the FPDA goes beyond mere intelligence-sharing platforms and a military consultative mechanism, it is not a suitable model, especially in the case of Indonesia, given that Indonesia prefers to remain non-aligned and not part of any multilateral military organisation. Thus, it is recommended that a feasibility study on establishing a more institutionalised intelligence-sharing mechanism with Indonesia, Vietnam and the Philippines be explored to establish closer defence relations with these three states.

Humanitarian Assistance and Disaster Relief, and Collaboration on Combating the Adverse Implications of Climate Change

While few respondents commented specifically on the issue of climate change, it nevertheless has the potential to threaten Southeast Asian security. For example, it is feasible that severe droughts will lead to an increase in food prices, leading to food insecurity and possible unrest—a scenario that one Indonesian respondent said constitutes a major threat to Indonesian security.¹⁸⁰ Indeed, Southeast Asia is expected to become one of the world's most vulnerable regions to climate change, particularly if global temperatures increase to 1.5 degrees Celsius as predicted by the UN Intergovernmental Panel on Climate Change (IPCC). The IPCC predicts that in this scenario Southeast Asia will see higher flood levels and prolonged inundation in the Mekong Delta, and fewer but more extreme tropical cyclones.¹⁸¹ As the region has many low-lying islands and coasts, rising sea

¹⁸⁰ Interview with Indonesian Respondent 2.

¹⁸¹ Intergovernmental Panel on Climate Change, Sixth Assessment Report, *Regional Fact Sheet—Asia*, n.d.

levels threaten the livelihoods of millions of its people. Such a phenomenon would threaten food security as land available for crop planting starts to diminish. In addition, extreme weather events lead to natural disasters such as cyclones and flooding, threatening lives and property. Furthermore, climate change poses a threat to food security and increases the risk that new pandemics will emerge. All these events can increase political instability and catalyse economic crises, and even foster insurgency and terrorism.¹⁸²

Across Southeast Asian defence documents, climate change is highlighted as a distinct challenge that threatens to amplify and create new problems in the security, economic and political domains.¹⁸³ Respondents from Laos, Indonesia and Vietnam observed that the issue of climate change and natural disaster is a security concern for their states.¹⁸⁴ In this regard, Southeast Asian militaries play an important role in supporting state efforts to mitigate the effects of natural disasters. For Cambodia, Laos and Vietnam, their military forces play a particularly important role in humanitarian assistance and disaster relief (HADR) because they are the only institutions equipped to deal with natural disasters. For Laos, its armed forces are the primary responder to deal with rescue and recovery efforts due to natural disaster. In this context, the Lao respondent highlighted the need for the Laos military to improve its capabilities to deal with the aftermath of natural disasters and stressed the importance of capacity building in terms of training and equipment.¹⁸⁵

Options exist for Australia to deepen its support for Southeast Asian governments to combat the adverse effects of climate change. The Australian government is already providing significant support through several initiatives, including financial support to Southeast Asian governments to improve the management of forests, land and agriculture.¹⁸⁶

182 Robert Glasser, Anastasia Kapetas, Will Leben and Cathy Johnstone (eds), *The Geopolitics of Climate and Security in the Indo-Pacific* (Canberra: Australian Strategic Policy Institute, 2022).

183 For example, the defence white papers of Brunei, Malaysia, the Philippines and Indonesia mention the threats of climate change and natural disaster as a security concern. Ministry of Defence of Brunei Darussalam, *Defence White Paper 2021*, 45; Malaysian Ministry of Defence, *Defence White Paper*, 28; Philippine Department of National Defense, *National Defense Strategy, 2018–2022*, 19; Defence Ministry of the Republic of Indonesia, *Defence White Paper* (Jakarta: Ministry of Defence of the Republic of Indonesia, 2015), 16, 18.

184 Interviews with Lao Respondent 1, Indonesian Respondent 2 and Vietnamese Respondent 2.

185 Interview with Lao Respondent 1, 3 February 2022.

186 Climateworks Centre, 'ASEAN, Australia and the Role of Climate Cooperation in Southeast Asia's Net Zero Goals', 19 October 2022, <https://www.climateworkscentre.org/>

Further collaboration involving the ADF could focus on expanding collaboration on HADR. Australia has already established a structured HADR exercise platform with Indonesia, including Exercise Nusa Bhakti Ausindo 22. Joint exercises (bilateral or multilateral) on HADR between the ADF and Southeast Asian military forces not only enable trust to be developed between all parties but also are perceived to be a more acceptable avenue for closer military-to-military relations, especially for the three mainland Southeast Asian states which are sensitive to being seen as having close defence relations with Western powers.

The Australian Army could advance Australia's soft power in Southeast Asia through cooperation on other non-traditional security areas. For example, in Cambodia and Laos, the issue of unexploded ordnance (UXO) is still a key domestic concern. In Laos, substantial numbers of villages are reportedly contaminated with UXO. Australian non-government organisations work with local agencies to conduct UXO clearance, while the Australian government provides financial assistance for de-mining works.¹⁸⁷ The Australian Army could consider conducting joint UXO clearance with the Cambodian and Laotian military forces.

Deepening Peacekeeping Training and Joint Exercises

Peacekeeping training and joint exercises with Australia is another type of assistance that some respondents favoured. Compared to combat training, the conduct of peacekeeping training is generally regarded as less politically sensitive among other regional states and external powers.¹⁸⁸ Accordingly, Southeast Asian states are interested to tap into Australia's knowledge, capability and equipment (power projection and airlift/sealift capabilities) in a peacekeeping context, suggesting that the frequency and scope of such training could be further expanded. The peacekeeping functions favoured include civil protection, observer roles, and peace enforcement skills.

Many Southeast Asian states, such as Indonesia, Cambodia and Vietnam, are active contributors to United Nations peacekeeping operations.

[news/asean-australia-and-the-role-of-climate-cooperation-in-southeast-asias-net-zero-goals](#).

187 AusAID, Australian Embassy, Vientiane, Laos (2010), 'Making a Difference: Australia's Support for the UXO Sector in Laos' (Australian Embassy, Vientiane), 3.

188 Such efforts could be coordinated through an expanded role for the Australian Defence Force Peace Operations Training Centre at the Australian Defence College, Weston Creek.

There has been some cooperation between Australia and Vietnam on peacekeeping operations—in the past Australia provided logistical support to deploy Vietnamese peacekeepers to their area of operations. ASEAN has also set up the ASEAN Peacekeeping Centres Network (APCN), with the medium-term goal of developing common peacekeeping training, operations and best practice manuals, and joint training among ASEAN peacekeeping forces. Beyond playing a role in logistics, the ADF could deepen its engagement by conducting joint peacekeeping exercises with interested ASEAN member states, such as through field and command-post exercises. The ADF Peace Operations Training Centre (POTC) currently conducts bilateral exercises and provides instructor support and mobile training teams. The POTC could conduct training or joint exercises with the APCN as a means to establish interoperability and understanding between the different military forces in non-sensitive areas such as peacekeeping.

Conclusion

Given geographic proximity and common security interests, Australia maintains strong security and diplomatic links across Southeast Asia. However, the future of the country's relationship with some regional states is threatened with either stagnation or deterioration due to disagreements over the kinds of measures best employed to respond to the rise of China. Despite some concerns about the implications of China's growing power for both regional security and their nation's autonomy and security, many officials interviewed for this research share the view that the threat of deepening great power competition and the emergence of a security dilemma are just as threatening to regional security. Given their historical context, economic interdependence and geographic proximity, there is a natural tendency for most Southeast Asian states to be perceived as taking sides in great power rivalry. While the question of how to best manage great power competition will continue to remain a major source of disagreement between Australia and some Southeast Asian states, this paper suggests that deepened security cooperation is still possible.

By providing a broad overview of Southeast Asian security concerns, this paper has highlighted areas where Australia can deepen security ties with Southeast Asia. Based on documentary and interview analysis, it concludes that for most Southeast Asian states, the greatest challenges to national security still come from within. While many states are exposed to pressing external security challenges, concerns about insecurity in the maritime domain, threats from malign actors in cyberspace, and transnational crimes and insurgency still constitute some of the most pressing security challenges to regional governments. The persistent preoccupation with internal security challenges, particularly in developing Southeast Asia, reflects the reality that while most of Southeast Asia (Myanmar arguably being an exception) has overcome the multiple sets of challenges faced in the process of state-building, there remain constraints in overcoming challenges emanating from large international domains like cyberspace and the seas. Officials see the maritime and cyber domains as great sources of opportunity. However, common concerns surrounding piracy, IUU fishing, foreign terrorist fighters, and cyber attacks undermine the economic potential of their use. At the

same time, measures to address these challenges are undermined by resource constraints and, sometimes, a lack of organisational structure.

Many of these security challenges are neither new to the countries they are facing nor new areas of potential collaboration between Australia and Southeast Asian states. But given persistent concerns about internal security challenges, and how some issues can be further exacerbated by great power competition, Australia has an opportunity to leverage its status as a trusted security partner of Southeast Asian states to engage further and to deepen and expand relations in the region while at the same time advancing its strategic interests. While the kind of support favoured by Southeast Asian states varies, this research has taken the initial step of highlighting the various sets of threats and challenges identified by Southeast Asian officials, with the goal of informing Australian officials in what areas and against what challenges it can focus on in building resilience. Focusing regional efforts to build resilience in facing challenges in the maritime and cyber domains, as well as building capacity in civil protection, could be important steps forward.

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