



Summary

Southeast Asia was impacted greatly by the novel coronavirus disease (COVID-19) in 2020. In Indonesia and the Philippines, infections continued to spread or level off even into the start of 2021. While some countries in the region largely contained new infections, others experienced a resurgence of cases from the second half of 2020. In the region as a whole, there is no sign of the pandemic ending. Measures taken in response to COVID-19, such as border closures, city-wide lockdowns, and other restrictions, had serious repercussions on domestic economies with the poor particularly hit hard. At the same time, some governments resorted to authoritarian approaches under the pretext of the response to COVID-19, raising concerns about the impact on democratic practices that have been implemented in the countries. Although the Association of Southeast Asian Nations (ASEAN) played a role as a platform for international support to deal with COVID-19, its role as an independent actor to deal with problems was limited.

Notwithstanding the pandemic, the situation in the South China Sea remained tense as China's activities to claim its rights unfolded with a greater show of force. Southeast Asian countries responded militarily and diplomatically to the extent possible, taking into account the disparity in their forces with China's and the impact on economic relations. Western countries, on the other hand, became increasingly wary of China's actions, and the United States in particular embraced a more active engagement on this issue. As differences in opinion between the United States and China become prominent in the ASEAN diplomatic arena, the organization appears to be distancing itself from this great power competition.

Despite the effects of COVID-19 spending on national defense budgets, countries are working to reinforce and modernize their naval fleets and boost their capabilities for anti-ship attacks and maritime intelligence, surveillance, and reconnaissance (ISR) for strengthening sea power. As regards military activities, while the first half of 2020 was marked by the postponement of joint exercises due to COVID-19, large-scale exercises resumed in the second half of the year, including by the Indonesian Navy.

Chapter 4

Southeast Asia

Post-COVID-19 Regional Security Issues

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Prime Minister Suga attending the East Asia Summit held online due to the pandemic on November 14, 2020. President Trump of the United States did not attend it even once during his four-year term. (Prime Minister's Office of Japan official website)

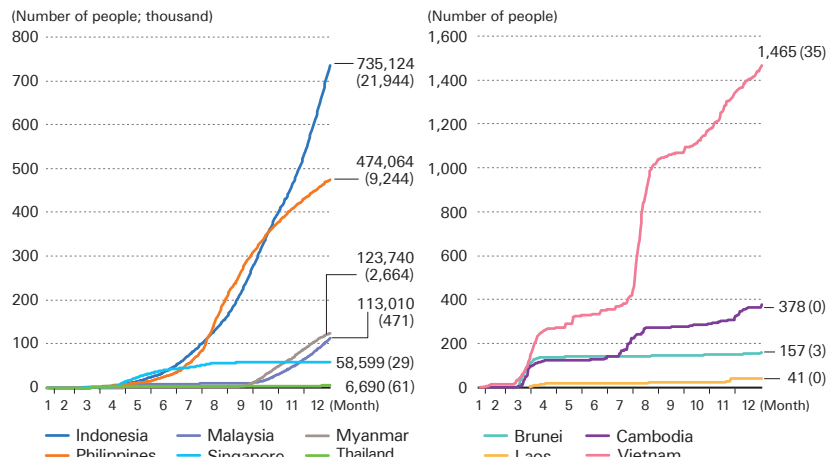
1. COVID-19 and Southeast Asia

(1) The Epidemiological Situation in Southeast Asian Countries

COVID-19 spread around the world and is also raging in Southeast Asia. The pandemic has affected the nature of state management in regional countries and even the role of ASEAN as a regional community.

According to the count of the World Health Organization (WHO), the 10 ASEAN member states had about 1.51 million total cases and a death toll of about 34,000 in 2020.¹ Restrictions on movement and economic activities within the countries, coupled with a slowdown in cross-border human mobility and trade, had a significant fallout on the regional economy. In December 2020, the Asian Development Bank (ADB) forecasted Southeast Asia's real growth rate for the year at -4.4%.²

Figure 4.1. Cases of COVID-19 in ASEAN member states (2020)



Source: Compiled by the author based on country data from the WHO Coronavirus (COVID-19) Dashboard.

Note: Numbers on the right not in parentheses indicate the total number of confirmed cases, while those in parentheses indicate the number of deaths, both as of the end of December 2020.

Figure 4.1 shows trends in COVID-19 cases in the ten ASEAN member states. Among them, Indonesia and the Philippines accounted for about 80% of the total COVID-19 cases and about 90% of the total deaths in the region as of the end of 2020.³ Indonesia has seen cases rise almost consistently since the beginning of the outbreak and clearly has not succeeded in containment. The Philippines recorded fewer cases after they peaked in August and September. However, infections have nearly levelled off since then, and containment has not been achieved.



A Philippine military personnel conducting lockdown inspections in Manila (DPA/Kyodo News Images)

In Indonesia, the Joko Widodo administration issued the “Regulation of Minister of Health Number 9 of 2020 on Guidelines to Large-scale Social Restrictions in Accelerating COVID-19 Mitigation” on April 3. Based on the regulation, local governments imposed restrictions on activities called “large-scale social restrictions” (Pembatasan Sosial Berskala Besar: PSBB). However, strict measures like a city-wide lockdown were not taken in order to balance preventing contagion and sustaining economic activities. During the Ramadhan period from the latter half of April, for example, initially the government only requested people to voluntarily refrain from returning to their hometowns, and this is believed to have contributed to spreading the disease across the country. In the Philippines, President Rodrigo Duterte declared a state of public health emergency on March 8, put Metro Manila in lockdown from mid-March, and applied curfews to the entire island of Luzon. From June, infections surged after restrictive measures were relaxed, and the Philippines has since gone back and forth between tightening and loosening restrictions. In its report, the

International Monetary Fund (IMF) mentions Indonesia and the Philippines as countries that eased restrictions before they had suppressed infection. It notes that the effectiveness of containment was affected by constraints in testing, healthcare, and government capacity to implement lockdowns of densely populated cities, which have both a large informal sector and a high level of poverty, and in the case of Indonesia, also by the delayed start of restrictions.⁴

Until around July, the rest of the countries in the region fell into two categories: those that had a certain number of total cases but avoided the explosive spread of new infections like in Indonesia and the Philippines and had a limited number of deaths (Malaysia, Thailand, and Singapore); and those that had minimal cases and deaths (tens to hundreds of cases and zero or single-digit deaths) (Vietnam, Myanmar, Cambodia, Laos, and Brunei). Subsequently, some countries saw a rise in new cases as restrictions were eased on people's movement and economic activities. At the time of writing, Myanmar and Malaysia have recorded a surge in cases (and deaths in the former) since August and September. A unique example is Singapore, where migrant workers account for more than 90% of the total number of cases. Authorities were slow to catch clusters that occurred in overcrowded dormitories with poor hygiene, and this led to infection spreading from April.⁵ The government has contained new outbreaks by testing all migrant workers and taking measures to improve their living conditions, including building new dormitories that take into account infectious diseases.

Vietnam stopped issuing visas to Chinese travelers and suspended flights to and from mainland China as early as the beginning of February.⁶ It is reported that Vietnam took very strict measures to quarantine infected persons and their contacts and restrict activities, backed by a strong policy implementation mechanism under the direction of the Communist Party.⁷ As a result, until July, new cases were not identified in the country for three months, and no deaths were reported since the outbreak began. However, Vietnam has since confirmed community-acquired cases and deaths. Brunei banned entries into the country and restricted the activities of individuals. Large gatherings were prohibited,

and public and commercial facilities were temporarily closed. At the end of Ramadhan in May, mass prayers and open houses at government offices and businesses were banned, although there had been no new cases in the previous two weeks. Individuals, too, were restricted from celebrating in large groups.⁸ In Cambodia, travel between Phnom Penh and other provinces during the Khmer New Year period in April was prohibited, and public holidays during this period were moved to August.⁹

(2) State Management Problems

The COVID-19 pandemic has constrained state functions in all countries in Southeast Asia, albeit to varying degrees. This has triggered a major fallout on their people's livelihoods. The economic and political issues are discussed below.

First, the pandemic has had an adverse economic impact especially on low-income groups, including people who work in the informal sector. For example, inability to work due to movement restrictions has a direct bearing on the survival of day laborers and street vendors. Even when government subsidies and other support are available, they may be inadequate or may not be properly delivered. According to reports as of June, in Indonesia, the number of people unemployed reached 6.4 million, and the government's cash payments in response to COVID-19 were reaching only about 30% of the population due to geographical constraints, institutional problems, corruption, and other obstacles.¹⁰ People are thus forced to work to survive, even by breaking the restrictions, which in turn hinders containment. Such circumstances are behind the government's drive to give greater priority to maintaining economic activities over strict infection control restrictions. In particular, according to ADB, the Philippines' real growth rate is projected to drop significantly to -8.5% on an annualized basis, and there are concerns that this will have a serious impact.¹¹ The World Bank, in an October report, forecast that the number of poor people (those with incomes less than \$5.50 per day) in developing East Asian and Pacific countries (including Southeast Asian countries except Brunei

and Singapore) will increase by somewhere between 9.5 million and 12.6 million in 2020.¹² The prolongation of the COVID-19 pandemic will continue to push more people into poverty and widen the economic gap in the countries, and this is anticipated to have a major impact on state stability and security.

Secondly, in the political context of each country, the restrictions that have been put in place in response to COVID-19 have led to constraints on political freedoms based on democratic values. A salient example is Thailand. In Thailand, a state of emergency was declared by Prime Minister Prayut Chan-o-cha on March 26 to allow for lockdown as a COVID-19 countermeasure. The declaration was extended twice, at the end of April and the end of May. At the end-of-June deadline, Prime Minister Prayut decided to extend the declaration for another month despite the absence of new cases for more than a month. Since then, the declaration has repeatedly been extended, and the state of emergency is still in place as of the end of 2020. Although the Prayut government was transferred from military to civilian rule in July 2019, factions opposed to Prayut's repressive stance toward opposition parties continue to hold anti-government rallies. Though the government denies it, it is believed that the state of emergency continues to be in place to counter such rallies.¹³ In fact, since July 2020, rallies by students and others have not only criticized the government but also advocated for reform of the monarchy, which in turn has led to the emergence of pro-royalist groups and the rise of tensions between the opposing factions. Against this backdrop, when an anti-government rally was staged on October 15, the government declared a state of emergency for Bangkok, banned gatherings of five people or more, and arrested 20 protest leaders and others. In addition, at the November 17 rally, at least 55 people were reportedly injured, including six who were shot by unknown assailants amid violent clashes among dissidents, police, and royal supporters. Anti-regime rallies in Thailand continued until December, when COVID-19 infections began to reemerge across the country.¹⁴

In Malaysia, the resurgence of infections prompted the government to issue a Conditional Movement Control Order for the state of Selangor and the

federal territories of Kuala Lumpur and Putrajaya on October 14. Meanwhile, Malaysian politics continued to be in turmoil due to the struggle for leadership following the resignation of Prime Minister Mahathir Mohamad in February. On October 23, Prime Minister Muhyiddin Yassin appealed to King Al-Sultan Abdullah to declare a proclamation of emergency, citing the need to combat COVID-19 and stabilize the lives of the people. The King, however, did not recognize the necessity and rejected the request.

In Myanmar, State Counsellor Aung San Suu Kyi, the de facto government leader, announced that the general election on November 8, 2020 would take place as scheduled, even as the number of infected people increased rapidly and some opposition parties called for a postponement. It is reported that due to a ban on gatherings of more than 50 people and restrictions on movement to curtail COVID-19, emerging opposition parties were at a particular disadvantage in the election campaign.¹⁵ According to the final election results released on November 14, the ruling National League for Democracy won more votes than in the previous election and maintained its single-party majority.

In Singapore, opposition parties called for the postponement of the general election amidst the COVID-19 outbreak, after speculation emerged in March that the Parliament would be dissolved early.¹⁶ However, the "circuit breaker" measure to restrict social activities was lifted on June 1, and the ruling People's Action Party decided to hold the general election in July. Because large campaign rallies and contact between candidates and voters were restricted in response to COVID-19, the election campaign was expected to be unfavorable to opposition parties.¹⁷ Nevertheless, in the July 10 voting results, the ruling party significantly reduced its share of votes although it still won, while the opposition Workers' Party gained more seats.

The need for infection control may be real, and to some extent it may require authoritarian approaches. Nevertheless, the attempts made by incumbent administrations to use COVID-19 as a pretext to steer policies to their own advantage are undermining public trust in the government, and the resultant backlash is creating political and social turmoil. There are concerns that such

a situation may jeopardize democratic practices that have been implemented in Southeast Asian countries, which could affect not only ASEAN countries themselves but also the value of ASEAN as a community.

(3) Regional Diplomacy Issues

The COVID-19 pandemic presented issues for Southeast Asian countries and, understandably, also pressing issues for the region as a whole. Still, ASEAN as a regional organization did not play a marked role in dealing with the issues. On April 14, 2020, the Special ASEAN Summit on COVID-19 was held online. The declaration of the summit called for intra-ASEAN cooperation in areas such as health and hygiene, military medicine, humanitarian assistance and disaster relief (HA/DR), and the economy, as well as cooperation with external partners and international organizations, including WHO.¹⁸ It is unclear, however, if ASEAN was useful in sharing and providing hygiene and medical supplies, personnel, funds, know-how, and other items needed by countries in the region during the spread of the disease at that time.

Take HA/DR under the ASEAN framework as an example. The 2004 Indian Ocean earthquake and tsunami prompted the gradual formation of regional cooperation arrangements and schemes in both the military and civilian sectors. But in the midst of the COVID-19 pandemic, various factors are thought to have made cooperation on tangible supplies difficult, including: all member states were affected nearly simultaneously; the nature of the crisis entailing an infectious disease forced countries to close their borders and stop the flow of people and goods; and necessary supplies were overwhelmed by the demand at home. Against this backdrop, the establishment of the COVID-19 ASEAN Response Fund and the ASEAN Regional Reserve of Medical Supplies for Public Health Emergencies was proposed at the summit in April 2020, and the launch of the latter was confirmed at the ASEAN Summit (online) held on November 12, 2020.¹⁹

Meanwhile, China has been demonstrating its presence by offering bilateral and multilateral cooperation, known initially as “mask diplomacy” and later as

“vaccine diplomacy.” On August 20, China reached an agreement with Indonesia to cooperate for the provision of COVID-19 vaccines. Since November, China’s Sinovac Biotech has been supplying vaccines to Bio Farma, a state-owned pharmaceutical company in Indonesia, and has been producing vaccines for the Indonesian domestic market. On August 24, at the online summit of the Lancang-Mekong Cooperation (LMC), which is a framework for cooperation between China and the countries of the Mekong River basin (Cambodia, Laos, Myanmar, Thailand, and Vietnam), Premier of the State Council Li Keqiang announced that China would give Mekong countries priority access to vaccines and set up special funds for the promotion of public health under the LMC framework.²⁰ On September 9, at the ASEAN-China Foreign Ministers’ Meeting (online), State Councilor and Foreign Minister Wang Yi stated that China would establish a relationship of “China-ASEAN vaccine friends” by giving priority to the vaccine needs of ASEAN member states and announced the joint building of a reserve pool of emergency medical supplies.²¹ On December 6, Indonesia received the first shipment of 1.2 million doses of Sinovac vaccines. On December 31, Thailand announced that it secured two million doses of vaccines to be received from February to April 2021, and later revealed in an official announcement that the vaccines would be Sinovac’s.²² In Cambodia, Prime Minister Hun Sen announced on December 15, 2020 that it would only procure vaccines certified by WHO. Although it was reported that this announcement excluded the acceptance of vaccines directly from China, this view has been disputed.²³

At the same time, the U.S. pledge of over \$87 million in COVID-19 related assistance to ASEAN member states was welcomed at the ASEAN-United States Summit (online) held on November 14.²⁴ At the Mekong-Japan Foreign Ministers’ Meeting held online on July 9, it was agreed that Japan would provide assistance worth 11.6 billion yen, including medical equipment, to the five Mekong countries mentioned above.²⁵ At the ASEAN-Japan Foreign Ministers’ Meeting (online) on September 9, Japan announced that it is contributing \$50 million to support the establishment of the ASEAN Center for Public Health

Emergencies and Emerging Diseases (ACPHEED) and that it would contribute \$1 million to the COVID-19 ASEAN Response Fund.²⁶ The establishment of ACPHEED was officially announced at the ASEAN Summit on November 12, and the inaugural event was held at the ASEAN-Japan Summit (online) on the same day.²⁷

It is meaningful that ASEAN and other regional frameworks function as a platform for support from external partners in responding to COVID-19. As discussed in the next section, however, it would not be sound if the great powers utilize cooperation, even COVID-19 support, as a means for obtaining Southeast Asian countries' alignment with any of them in the age of U.S.-China rivalry. The regional society's recovery from COVID-19 must be made in a forward-looking manner through intra- and extra-regional cooperation, in a way that fully respects both the shared values of ASEAN member states and the ownership and autonomy of ASEAN.

2. The South China Sea Dispute and Security Developments in Southeast Asia

(1) Responses by Countries: Conflict Avoidance and Countermoves

The situation in the South China Sea remained tense in 2020. China continued activities to assert its rights in the South China Sea, and Beijing is demonstrating a greater show of force against other countries concerned, including parties to the South China Sea dispute. To boost its deployment capabilities, China proceeded to establish military outposts on geological features it effectively controls and on maritime features it has reclaimed since 2014. On the other hand, China's show of force has elicited stronger opposition from other countries and raised the alarm of Western countries, including the United States. This section describes some incidents that occurred between China and Southeast Asian countries concerned with the dispute. In addition, it provides an overview of U.S. and Chinese military operations in the South China Sea and the diplomatic responses taken by ASEAN.

Following President Xi Jinping's 2018 announcement to strengthen energy security, China has become more oriented toward securing its own interests and enhancing exploration activities.²⁸ It has begun to conduct operations with a greater show of force, targeted at Malaysia and Vietnam's independent development of energy resources in waters overlapping with the claims of the so-called nine-dash line.

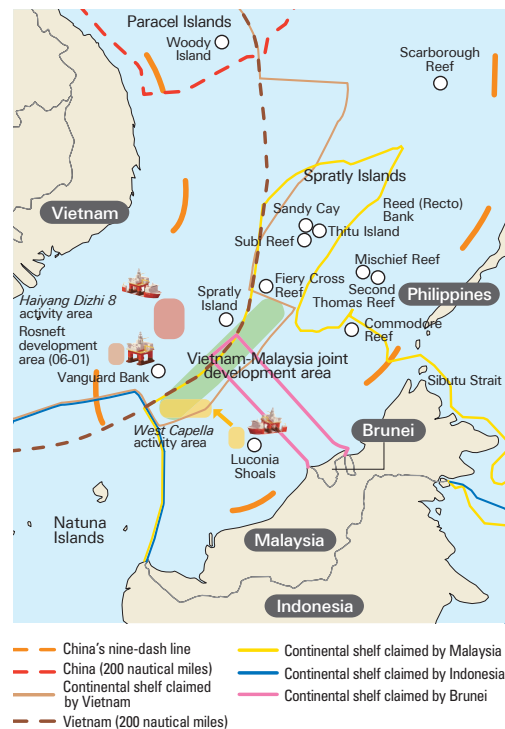
In mid-May 2019, a China Coast Guard (CCG) vessel patrolled waters around the Luconia Shoals at the southern tip of the Spratly Islands and sailed through a liquefied natural gas (LNG) mining area, which was set up by Malaysia and operated by the private oil company Sarawak Shell. In July, a Chinese survey ship and a CCG vessel sailed near the development area set up by Vietnam, northwest of Vanguard Bank, putting pressure on the development and exploration activities of Rosneft, a Russian national oil company operating in the area.²⁹ In August, the Chinese survey ship, *Haiyang Dizhi 8*, escorted by several vessels, including the 12,000-ton CCG 3901 cutter, approached the coast of Vietnam.³⁰ Vietnam deployed its Border Guard and fishing and other vessels. As a result of diplomatic negotiations, the ships of both sides finally left the waters in October.³¹ However, in the same month, the drill ship *West Capella*, which was contracted to Malaysia's national oil company Petronas, began exploration activities, and China sent CCG vessels in December. When the drill ship moved from the area off the coast of Sarawak to the Malaysian-Vietnamese joint development area, China followed the ship with alternating vessels.³²

In the past, China sporadically attempted to put pressure on Malaysia and Vietnam's exploration and development activities in



LCS USS *Gabrielle Giffords* maintaining presence near the drill ship *West Capella* (U.S. Navy photo by MC2 Brenton Poyser)

Figure 4.2. Main claims by countries over the South China Sea



Sources: Compiled by the author based on AMTI, "Maritime Claims of the Indo-Pacific," CSIS, among other sources.

Note: Only the main claims mentioned in this chapter are shown on the map.

map of the so-called nine-dash line to the United Nations (UN) and asked the UN not to evaluate the joint application.³³ In this light, China submitted another note verbale to the UN strongly protesting the partial submission. It is believed that Malaysia took this measure due to a change in policy under the Mahathir administration, which came to power in May 2018, to proactively address disputes related to rights over the South China Sea. However, political upheaval in February 2020 led to the collapse of the cooperative relationship among the

gas fields. But, as described above, CCG vessel and survey ship operations from around mid-2019 became more continuous and coordinated.

Under such circumstances, in December 2019, Malaysia made a partial submission for rights in the South China Sea, overlapping with the claims of China and Vietnam, to the Commission on the Limits of the Continental Shelf (CLCS). CLCS makes recommendations based on information received from parties to establish the outer limits of the continental shelf beyond 200 nautical miles from the baselines. In 2009, when Malaysia and Vietnam made a joint submission, China submitted a note verbale attached with a

ruling coalition parties, and a new administration headed by Minister of Home Affairs Muhyiddin Yassin was formed.³⁴

Vietnam, on the other hand, announced in December 2019 the establishment of maritime militias in 14 provinces, aiming to strengthen response capabilities under military-civilian cooperation.³⁵ In addition, in April 2020, a collision between a CCG vessel and a Vietnamese fishing boat was reported by the Vietnamese media, ramping up domestic public outcry against China.³⁶

In April 2020, it was reported that a Chinese oceanographic survey ship was once again approaching the Vietnamese development area. Subsequently, the survey ship, together with several vessels, sailed southward near the exclusive economic zone (EEZ) claimed by Malaysia and approached the drill ship *West Capella* that was continuing to conduct exploration activities.³⁷ A Vietnamese ship was also tagging the Chinese survey ship, creating a tense situation with vessels from three countries facing each other in the same waters.³⁸ In May, *West Capella* completed its scheduled work and left the waters, and later, the *Haiyang Dizhi 8* survey ship also departed. In response to the situation, the United States and Australia sent naval ships and carried out exercises near the waters in late April. In May, the United States sent two vessels, including a littoral combat ship (LCS), to continue surveillance.³⁹

The United States, Australia, and other countries carried on with their daily surveillance, including freedom of navigation operations (FONOPs) near maritime features claimed by China. The U.S. action described above, however, can be considered a response tailored more to a particular situation and a new development in U.S. involvement in the South China Sea. Malaysia, on the other hand, could not find effective means other than continuing persistent negotiations, with its ministers and others repeatedly calling for a "peaceful solution" in the face of Chinese pressure. Malaysia sometimes used wordings, including "sea of peace, stability and trade" and "all relevant parties." The new administration's policy toward the South China Sea dispute should be given focus, including the implications of such wordings.⁴⁰

While China had left the area of a standoff with Malaysia, it was confirmed

in June that Beijing had sailed an oceanographic survey ship, this time in the EEZ claimed by Vietnam.⁴¹ Even with the ongoing “regular” naval patrols of the United States, a CCG vessel approached a drill ship operating in Vanguard Bank in July as part of China’s continued demonstration of force.

The Rodrigo Duterte administration of the Philippines has separated economic development from security in its response to China over the South China Sea dispute, and has actively promoted bilateral cooperation. It appears that this approach basically has not changed. In 2020, the Philippines still fundamentally sought to find a peaceful solution to the dispute; at the same time, though, it made more attempts to counter China’s show of force by effectively applying the rule of law in the international framework. This was partially triggered by the continued dispute with China in the area of Thitu Island (Pag-asa Island) that is de facto controlled by the Philippines.

A number of Chinese vessels gathered around Thitu Island and around nearby Sandy Cay, coinciding with the start of the construction of a landing place on Thitu Island in December 2018. A series of incidents then obstructed the sailing of ships and operations of fishing boats.⁴² In June 2019, a Philippine fishing boat operating near Reed (Recto) Bank was slammed by a Chinese fishing boat. As a result, public opinion toughened toward China.⁴³ In July and August, Chinese naval vessels successively sailed in offshore Philippines. Their automatic identification system (AIS) was turned off, and no coastal state was notified, according to reports.⁴⁴

At the beginning of 2020, a CCG vessel paid an official visit to the Philippines for the first time, and a joint drill with the Philippine Coast Guard was conducted, raising an expectation that tensions would ease.⁴⁵ However, it was later reported that, in February 2020, a ship believed to be a Chinese naval vessel locked a fire-control radar onto a Philippine navy corvette near Commodore Reef under the effective control of the Philippines; it brought to light the challenges of building trust between the two countries.⁴⁶

In response to China’s ambitions to strengthen de facto control over these waters, the Philippines submitted a note verbale in March regarding

Malaysia’s submission to CLCS. The note stated that the claims made in China’s counterarguments were invalid and appealed for legitimacy based on the Award of the Arbitral Tribunal in the South China Sea Arbitration.⁴⁷ China made unilateral decisions related to the South China Sea, announcing the establishment of administrative districts in the Spratly and Paracel Islands in April and a ban on fishing in the waters in May.⁴⁸ Indonesia submitted a note verbale in May, and the United States addressed a letter to the UN in June. In July, Secretary of State Mike Pompeo issued a statement on the U.S. position regarding the South China Sea dispute, indicating that the United States would be actively involved in the issue.⁴⁹ Moreover, Australia, the United Kingdom, France, Germany, and other countries submitted similar opinions to the UN. Not only countries in Southeast Asia concerned with the dispute but also major Western powers showed clear support for the 2016 Arbitral Award, which President Duterte had not actively referred to after taking office.⁵⁰

The U.S. presence in the South China Sea and its involvement in the dispute are generally thought to favor the Philippine security environment. Since December 2018, Delfin Lorenzana, secretary of national defense, has asked the United States to clarify the scope of application of defense obligations under the Mutual Defense Treaty (MDT) between the Philippines and the United States. In March 2019, he received assurances from Secretary of State Pompeo that “any armed attack [...] in the South China Sea will trigger mutual defense obligations under Article 4 of [the] Mutual Defense Treaty.” In reality, however, discussions for clarifying the scope of application have not made progress. When U.S. secretary of defense Mark Esper visited the Philippines in November 2019, Defense Secretary Lorenzana said the Philippines planned to review the MDT by the end of 2019. Nevertheless, discussions were not held by the end of the year. Furthermore, the Philippines’ diplomatic stance toward the United States under the Duterte administration has been complicated by the need to move away from over-reliance on the United States and to achieve balance between the United States and China. In February 2020, the Philippines unilaterally decided to abrogate the Visiting Forces Agreement (VFA), a key

arrangement for maintaining the Philippines-U.S. alliance.⁵¹ However, in June, a temporary freeze on the abrogation process was announced amidst China's continued show of force in the waters surrounding the Philippines.⁵² With U.S.-China tensions in the waters increasing, the Philippines announced in August that it would prohibit its military from participating in joint military exercises with other countries in the high seas of the South China Sea. As such moves illustrate, the Philippines struggled to maintain a balance between the United States and China.⁵³

In this way, the Philippines is taking measures to counter China on the South China Sea dispute by utilizing the rule of law in the international framework, alongside asserting its own claims. In August 2019, at the invitation of Beijing, President Duterte made his fifth visit to China since assuming office and raised the Arbitral Award for the first time. However, as Chinese president Xi was steadfast in his refusal to recognize the award, the two sides reaffirmed their differences in opinion and shared the view to resolve the issue peacefully through dialogue and other means. On the occasion of Chinese defense minister Wei Fenghe's visit to the Philippines in September 2020, President Duterte stressed the importance of international law in resolving disputes in the South China Sea, noting, "Any and all disputes must be resolved peacefully in full accord with the UNCLOS [United Nations Convention on the Law of the Sea] and all relevant international instruments." In addition, the Philippine Department of Foreign Affairs in a statement in July 2020 and President Duterte in his speech to the UN General Assembly in September 2020 reiterated the Philippines' commitment to the Arbitral Award. The aforementioned landing place on Thitu Island was completed in June 2020, despite obstructions, and Defense Secretary Lorenzana, who visited the site with senior military officers, stated that work would continue on infrastructure development and runway repairs.⁵⁴ In August 2020, the Kalayaan Municipality (town), which has jurisdiction over Thitu Island, gave names to six sandbanks and reefs around the island that have been used as refuge for fishermen, and asserted its de facto control over the waters.⁵⁵

On the other hand, the Philippines has shown an openness to cooperation with China to the extent manageable in energy development in the South China Sea and non-traditional security sectors. For example, during the above-mentioned visit of President Duterte to China, the two countries held talks on joint exploration of resources in the South China Sea. A document describing the members of the Philippines-China Inter-Governmental Joint Steering Committee on Cooperation on Oil and Gas was mutually exchanged, and the committee was established. During Defense Minister Wei's visit to the Philippines in September, the maintenance of peace and stability in the South China Sea was confirmed in a meeting with Defense Secretary Lorenzana, and guidelines were signed for China's financial assistance worth 130 million yuan that could be used by the Philippine military in procuring equipment for HA/DR operations and other supplies.⁵⁶

Indonesia maintains that it is a non-claimant state in the territorial dispute in the South China Sea. Indonesia and China have repeatedly confirmed that there exists no dispute over territorial waters between the two countries. China, on the other hand, contends that the area of the so-called nine-dash line overlaps with Indonesia's claim to maritime rights and interests. In addition, China attempts to make the effect of historic fishing rights in the undemarcated sea area a fait accompli, together with the claim that they precede the exclusive economic activities in the EEZ defined by UNCLOS. There is an ongoing tussle between China and Indonesia, which refuses to accept China's claim.

In December 2019, Prabowo Subianto, defense minister, on his first official visit to China as a minister, met with Chinese officials, including Vice Chairman of the Central Military Commission Xu Qiliang and Defense Minister Wei Fenghe, and discussed strengthening bilateral ties in the defense sector. However, from the latter half of December, it was reported that Chinese fishing vessels accompanied by CCG vessels repeatedly engaged in "illegal, unreported, and unregulated (IUU) fishing" in the EEZ claimed by Indonesia to the north of the Natuna Islands. Indonesia sent a patrol vessel of the Indonesian Maritime Security Agency (Badan Keamanan Laut Republik

Indonesia: BAKAMLA) and lodged a protest through the Chinese embassy.⁵⁷ In January 2020, the Indonesian Navy increased the number of ships deployed to the Natuna Islands and conducted monitoring operations with maritime patrol aircraft (MPA). The Air Force also conducted surveillance operations with F-16 fighters in the areas, albeit describing them as part of its routine operation. All these activities demonstrated Jakarta's willingness to take stern responses not only with the maritime security agency but also with the military.⁵⁸

In terms of the political response, Mohd Mahfud MD, coordinating minister for political, legal and security affairs, refused to negotiate on Indonesia's sovereignty. President Joko visited the Greater Natuna Island in January, accompanied by officials including Luhut Binsar Pandjaitan, coordinating minister for maritime affairs and investment, and ACM Hadi Tjahjanto, commander of the Indonesian National Armed Forces. He held a dialogue with fishermen and others regarding the development plan for the Natuna Islands, demonstrating Indonesia's intent to protect its interests to the islands.⁵⁹ On the other hand, Coordinating Minister Mahfud, Defense Minister Prabowo, and others sought to defuse the debate, noting that the issues were diplomatic issues.⁶⁰ This government policy is believed to be based on Jakarta's realistic perception of the situation, not wanting to escalate the conflict with China, with which there is a difference of military strength.⁶¹

In the international arena, Indonesia showed clear support for the rule of law in the international framework from the standpoint of a "non-claimant" in the South China Sea dispute, and thereby, squarely opposed China's attempts to make its claims in the waters a fait accompli. In May 2020, the Indonesian government submitted a note verbale to the CLCS in response to China's objections to the Malaysian submission to CLCS. In the note, Indonesia stated that, as a party to UNCLOS, it did not support any claims that violate international law, including UNCLOS, and expressed its support for the 2016 Arbitral Award.⁶² In response, China sent a note verbale in June expressing readiness to negotiate with Indonesia. However, Foreign Minister Retno Marsudi refused, stating that Indonesia did not recognize China's claims for

neither rights over the Spratly Islands nor historical rights and that negotiation was unnecessary.⁶³

In September 2020, a CCG vessel again sailed near the EEZ boundary claimed by Indonesia. Although vessels of all countries enjoy freedom of navigation in the high seas and in the EEZs of other countries, this CCG vessel stayed for many hours and showed suspicious tracks, raising questions about its operations. It was reported that BAKAMLA tracked the vessel and warned that it leave the area.⁶⁴

No significant changes in China's maneuvers were observed despite the rigorous responses taken by Indonesia and the clear show of international public opinion rejecting China's claims. It is anticipated that China's attempts to make its claims a fait accompli in these waters will be continuous. In this regard, Collin Koh, a research fellow at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University (NTU) in Singapore, expressed the view that Indonesia may have to rethink its strategy and confront China with a new approach in the future.⁶⁵

(2) U.S. and Chinese Activities in the South China Sea: Deployment Capability and Presence Enhancement

In 2020, as the effects of COVID-19 were felt across the region, China began to conduct a show of force against Malaysia and Vietnam's energy development as described above. The United States, which was considering a more active involvement in the South China Sea dispute, took a stern response toward China, despite temporary constraints on its aircraft carrier operations in the Pacific due to the pandemic.

In March 2020, after USS *Theodore Roosevelt* (CVN-71) made a port call in Da Nang City, Vietnam, crew members were confirmed to have contracted COVID-19 aboard the vessel. It called at Guam and was forced to stay there for a long term.⁶⁶ Meanwhile, the Yokosuka-based USS *Ronald Reagan* (CVN-76) and the Naval Base Kitsap-based USS *Nimitz* (CVN-68) were conducting self-quarantine of their crews, leaving the United States without an aircraft carrier

deployed in the Western Pacific.⁶⁷ Nevertheless, in April 2020, the U.S. Air Force implemented its pulling back schedule as planned for bombers, which had been deployed to Andersen Air Force Base (AFB) in Guam as part of the Continuous Bomber Presence (CBP) missions.⁶⁸ Amid these changes in the deployments of the U.S. Forces in the Western Pacific, China stepped up its operations in the South China Sea, timing them as if to test the readiness of the U.S. Forces.

In response, in the same month, the U.S. Navy conducted FONOPs in the Paracel Islands using USS *Barry* (DDG-52), followed by the cruiser USS *Bunker Hill* (CG-52) in the Spratly Islands. In addition, through “dynamic force employment (DFE)” that deploys forces from the U.S. mainland when necessary, B-1Bs of the 28th Bomb Wing (Ellsworth Air Force Base, South Dakota) conducted a Bomber Task Force (BTF) mission over the South China Sea and demonstrated that both the Navy and Air Force had not lost their deployment capability in the Western Pacific (see Chapter 6, Section 2 (2)).⁶⁹ In contrast, in May, it was reported that China appears to have sent KJ-500 early warning and control aircraft and MPA KQ-200 (or Y-8 transport aircraft) to Fiery Cross Reef in the Spratly Islands. It was also reported that H-6K bombers conducted takeoff and landing exercises on Woody Island in the Paracel Islands,

showing China’s ability to make deployments in the South China Sea using the features it effectively controls and geographical features reclaimed in these waters.⁷⁰

The United States, on the other hand, deployed four B1-B bombers from the 7th Bomb Wing (Dyess Air Force Base, Texas) to



B-52Hs participating in an aviation drill with carrier-based aircraft during the dual-carrier exercises (U.S. Navy photo by Lt. Cmdr. Joseph Stephens)

Andersen AFB in May. In June, it was reported that the United States may have conducted MPA and other aircraft patrols near the Bashi Channel.⁷¹ At the end of June, USS *Ronald Reagan* and USS *Nimitz*, which had returned to duty, joined to conduct dual-carrier exercises in the South China Sea for the first time in six years. B-52H bombers were added to the exercises, and aviation and other drills were carried out.⁷²

Drills and deployment of forces by both the great powers, the United States and China, in the South China Sea continued in the months that followed. In early July, China conducted naval exercises in the vicinity of the Paracel Islands, and soon after, the United States again conducted dual-carrier exercises in the South China Sea, which was joined by B-1B BTF. Meanwhile, China deployed J-11B fighters and JH-7 fighter bombers to Woody Island.⁷³

Thus, until around mid-2020, the United States continued to demonstrate its presence in the South China Sea with global force projection capabilities, while China demonstrated its deployment capabilities using the geographical features it effectively controls and the geographical features it reclaimed in the South China Sea. Since then, China has begun to demonstrate its ability to strike from longer distances in the course of conducting off-shore drills. From the end of July to early August, China conducted exercises in several sea areas, firing DF-21 and DF-26 ballistic missiles into the South China Sea. Furthermore, the H-6J bomber, which is said to be capable of carrying the YJ-12 long-range anti-ship missile, also reportedly conducted live-fire drills.⁷⁴ When USS *Ronald Reagan*, which had returned to the South China Sea upon the completion of its mission in another area, conducted aviation training, China is said to have again fired ballistic missiles into the South China Sea at the end of August.⁷⁵

As shown above, both the United States and China strengthened their presence in the South China Sea. Some believe that China is waging “total competition” encompassing military capabilities against the United States in these waters.⁷⁶

Table 4.1. Major events and activities of countries in the South China Sea

	2019	2020	January	February	March	April	May	June	July	August	September	October	November	December
Philippines	Chinese vessels pass through Philippines' Sibutu Strait (October)	Chinese vessel locks radar on Philippine vessel	CCG vessel makes port call	Chinese vessel locks radar on Philippine vessel	CCG vessel sails near Second Thomas Reef	Chinese survey ship operates in Reed Bank	Philippine military's participation in South China Sea joint exercises is banned	Chinese survey ship sails near Natuna coast	Chinese survey ship operates in Reed Bank	Chinese survey ship operates in Reed Bank	Chinese survey ship operates in Reed Bank	Chinese survey ship operates in Reed Bank	Chinese survey ship operates in Reed Bank	Chinese survey ship operates in Reed Bank
Indonesia	CCG and Chinese fishing vessels operate near Natuna Islands; Indonesia sends corvette, etc. (December)	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast
Malaysia	CCG vessel tracks Malaysian survey ship (December)	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast
Vietnam	Maritime militias are established	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast
United States	CCG vessel sails near Vanguard Bank (July); Vietnamese frigate is sent (August)	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast
BTF mission	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast
FONOPs (Spratly)	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast
FONOPs (Paracel)	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast
China	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast	CCG vessel sails near Natuna coast

Sources: Compiled by the author based on media reports.

(3) Diplomatic Efforts of ASEAN

The aforementioned issues surrounding the South China Sea and the increased presence of the United States and China have cast a shadow over the workings of ASEAN as a regional organization. Given that the 2020 ASEAN chair was Vietnam, which has taken a strong stance against China, there were preliminary observations that ASEAN may take a stronger stance on the South China Sea dispute than in the past.

The ASEAN Summit, originally scheduled for April in Hanoi, was postponed due to COVID-19 and was held online on June 26. The Chairman's Statement released on the following day, June 27, referred to the South China Sea dispute as follows: "We discussed the situation in the South China Sea, during which concerns were expressed on the land reclamations, recent developments, activities and serious incidents, which have eroded trust and confidence, increased tensions and may undermine peace, security and stability in the region."⁷⁷ Compared to the wording at the 2018 and 2019 summits, which "took note of some concerns on the land reclamations and activities in the area," the 2020 wording appears to have elevated the level of concern by mentioning more specific issues, such as those mentioned above, while not identifying the parties by name.

In the same paragraph, a sentence was added reaffirming that UNCLOS was the basis for determining maritime entitlements, sovereign rights, jurisdiction and legitimate interests over maritime zones, and that all activities in the oceans and seas must be carried out in the UNCLOS legal framework. In addition, the paragraph on the Code of Conduct (COC) in the South China Sea removed "warmly welcomed the continued improvement in cooperation between ASEAN and China," which was in the previous statement in terms of Sino-ASEAN relations related to this issue. Regarding the conclusion of the COC, the wording "within a mutually-agreed timeline" (see *East Asian Strategic Review 2020*, Chapter 4, Section 1) was deleted and replaced with "consistent with international law, including the 1982 UNCLOS." These changes, coupled with the increasing support for the Arbitral Award noted earlier, suggest ASEAN's attempt to take a more principled stance toward China on the South China Sea dispute.

From September 9 to 12, meetings originally scheduled for August, including the ASEAN Foreign Ministers' Meeting, the ASEAN Regional Forum (ARF), and the East Asia Summit (EAS) Foreign Ministers' Meeting, were all held online. According to media reports, many countries commented on the South China Sea dispute, including countries noted to have a tilt toward China such as Myanmar, Laos, and Cambodia.⁷⁸ In both the Joint Communiqué of the ASEAN Foreign Ministers' Meeting on September 9 and the ARF Chairman's Statement on September 12, the wording on the South China Sea dispute was almost the same as the previous year's but also contained "serious incidents" from the summit in June. In the context of the COC, the statements kept the wording on welcoming Sino-ASEAN cooperation, adopting both "within a mutually-agreed timeline" and "consistent with international law, including the 1982 UNCLOS."⁷⁹

At the EAS Foreign Ministers' Meeting on September 9, U.S. secretary of state Pompeo expressed concerns over China's aggressive actions in the South China Sea and stated that China's expansive maritime claims are unlawful.⁸⁰ Also, at the U.S.-ASEAN Foreign Ministers' Meeting on September 10, Secretary Pompeo reportedly called for severing ties with companies that support the construction of military outposts in the South China Sea.⁸¹ Meanwhile, at the EAS Foreign Ministers' Meeting, Chinese foreign minister Wang Yi stated that the acts of U.S. interference in territorial and maritime disputes through enhanced military deployment are becoming the biggest factor fueling militarization in the South China Sea and urged the United States, an external country, to respect the wishes of regional countries.⁸²

The Chairman's Statement of the ASEAN Summit on November 12 (online), released on November 18, largely retained the wording of the summit in June and the foreign ministers' meeting in September. However, to the continuously used phrase, "recognized the benefits of having the South China Sea as a sea of peace, stability, and prosperity," it added the wording, "especially during this time in the common fight against COVID-19."⁸³ The same phrase was also used in the Chairman's Statements of the ASEAN-China Summit on November 12 and the EAS on November 14 (both held online), released on November

20.⁸⁴ This could be seen as ASEAN's soft criticism of China's continued provocative activities despite the COVID-19 crisis.

With regard to the COC negotiations, the chair, Prime Minister Nguyen Xuan Phuc of Vietnam, stated at a press conference following the June summit that the negotiations have been suspended and the consultations postponed due to COVID-19.⁸⁵ The Chairman's Statement of the ASEAN-China Foreign Ministers' Meeting on September 9 referred to holding the ad-hoc video conference of the Joint Working Group on the Implementation of the Declaration on the Conduct of Parties in the South China Sea (DOC) and confirmed the step-by-step resumption of the negotiations, including continuing the second reading of the Single Draft COC Negotiating Text in spite of the pandemic.⁸⁶ The COC was expected to be concluded by the end of 2021, but with no opportunity for in-person negotiations since February 2020, it is unclear whether it will progress as planned. The repeated reference to UNCLOS in chairman's statements of summits could be seen as an attempt to place more emphasis on effective content rather than speed.

As described above, Southeast Asian countries have begun to take measures against China's show of force in the South China Sea using the rule of law in the international framework, in addition to the countries' own efforts. Meanwhile, the regional organization of ASEAN is engaged in COC negotiations with China to maintain ASEAN's centrality and unity. Vietnam's Deputy Prime Minister and Foreign Minister Pham Binh Minh, the chair of the September meeting, stated at a press conference after the meeting that ASEAN countries do not want to be embroiled in the competition among major powers that would affect peace and stability in the region.⁸⁷ Likewise, Prime Minister Phuc announced following the November summit that ASEAN and Vietnam in particular expect positive relations and healthy competition among the great powers.⁸⁸ It is believed that ASEAN is closely watching how the balance of power in the region will change under the new U.S. administration in 2021.

3. Sea Power Strengthening by Southeast Asian Countries

(1) Malaysia and Vietnam: Establishment of Domestic Production

Bases

As the previous section has shown, both the United States and China continued to enhance their presence in the South China Sea in 2020. On the other hand, in the face of difficulties such as budget cuts and activity restrictions due to COVID-19, the militaries of Southeast Asian countries attempted to overcome the capability gap with China. This section provides an overview of the efforts that such countries concerned with the South China Sea disputes are making to strengthen their naval power and maritime ISR capabilities under these circumstances.

The Royal Malaysian Navy (RMN) is currently working to increase and modernize its surface ships under the 15 to 5 Fleet Transformation Programme. As part of this program, the Chinese-built Keris-class littoral mission ship (LMS) KD *Keris* was delivered to RMN at CSOC-Wuchang Shipbuilding Industry in the suburbs of Shanghai at the end of December 2019. This ship is the first of four LMSs to be acquired under the program, and the decision to award the ship building contract to China, the other party to the South China Sea dispute involving Malaysia has been controversial.⁸⁹

Meanwhile, in August 2020, Malaysia's National Audit Department noted delays in the program for acquiring LCSs that are being built domestically. The program (see *East Asian Strategic Review 2019*, Chapter 4, Section 3) was contracted to Boustead Naval Shipyard (BNS) for about 9.1 billion ringgit, and a total of six LCSs were to be delivered from April 2019 to June 2023. As of September 2020, however, none had been completed. BNS stated that it had already spent about 6 billion ringgit and intended to complete at least two LCSs with the remaining budget but an additional 3 billion ringgit was necessary to complete the program.⁹⁰ Due to concerns over program management capabilities, in July 2019, the government reviewed plans for the LMS program

of which BNS is the lead contractor. Initially, the plan was to build the first two of four LMSs in China and the remainder in Malaysia with technology transfer from China. This plan was revised to build all four ships in China.⁹¹

In September 2020, it was reported that the evaluation process had begun for the second phase of the LMS acquisition program. According to reports, a total of four teams applied—two Malaysian companies, Preston Shipyard, which has been building and repairing small boats and other vessels, and Destini Shipbuilding & Engineering, which has formed a joint venture team with Damen Schelde Naval Shipbuilding (DSNS) of the Netherlands, as well as one company each from the United States and Germany. Each company submitted a proposal based on a patrol boat.⁹²

As for anti-ship capability, in July 2019, under the inspection of Mohamad Bin Sabu, minister of defence, the first Exercise Taming Sari in almost four years was conducted at the same time as Exercise Keris Mas. An SSM Exocet MM40 Block II was fired from the frigate KD *Kasturi*, and ASM Sea Skua missiles were fired from the Super Lynx helicopter.⁹³ It was also reported that production began in April 2019 of Naval Strike Missiles (NSM) for Malaysia, for which the acquisition plan was announced in 2018. However, the building of LCSs that are planned to be outfitted with the missile is delayed as mentioned above, and the deployment of NSM to troops is expected to be later than the original schedule.⁹⁴

As for maritime ISR capability, in February 2020, a plan was announced to upgrade two of the seven CN-235-200M transport aircraft produced by the Indonesian national aerospace company PT Dirgantara Indonesia (PTDI) to MPA.⁹⁵ The mission systems required for the upgrade are to be provided by the United States under the Maritime Security Initiative (MSI). In September, the two aircraft were entrusted to PTDI that is in charge of the conversion work. CN-235 is used by the Indonesian military as an MPA. Furthermore, PTDI has a maintenance, repair and overhaul (MRO) contract with the Royal Malaysian Air Force (RMAF) and has experience implementing a service-life extension program for RMAF's CN-235s in April 2018.

In terms of other U.S. support under the MSI, in February 2020, RMN announced that it had received the first six of 12 unmanned aerial vehicle (UAV) ScanEagles to be supplied along with associated systems. The remaining six ScanEagles are to be delivered in 2022. The support package includes training, maintenance, and sustainment. The aircraft are to be operated by RMN's 601 UAV Squadron, which was established in November 2018.⁹⁶

With regard to Vietnam, no information is available as of September 2020 on the acquisition of a new large surface combatant. As regards other ship types, the *Yet Kieu* MSSARS 9316 multipurpose submarine search-and-rescue ship, built at the Vietnamese state-owned Z189 shipyard in Hai Phong, was commissioned in December 2019, and in the same month, the Song Thu Shipyard in Da Nang City reportedly signed a contract for the constructing of a fourth Roro 5612 landing ship tank (LST).⁹⁷ It was also reported in June that the third Roro 5612 was launched. Both ships are designed by DSNS of the Netherlands, and are being produced under license by a shipyard under the General Department of Defense Industry (Cong Nghiep Quoc Phong: CNQP) of the Ministry of Defence, suggesting that the military is working to develop the national industrial base of ship building.

As for anti-ship capability, in November 2019, a Vietnamese corvette (re-commissioned South Korean Pohang-class corvette) is believed to have been equipped with Russian SS-N-25 (Uran-E) anti-ship missile launchers.⁹⁸ In May 2020, it was reported that the Z189 shipyard began production of the VCM-01, a domestically produced copy of the SS-N-25.⁹⁹ The Military Industry and Telecoms Group (Viettel), the largest mobile telecom operator in Vietnam operated by the Ministry of Defence, is participating in the development of the VCM-01 and is reportedly promoting the domestic production of components including electronics.

(2) Philippines: Review of Military Modernization Program

The Philippine defense budget for FY2020 was initially 191.7 billion pesos. However, the Department of Budget and Management decided to decrease

Table 4.2. The Philippine Navy's original plan for surface ship procurement and revised delivery schedule

Vessel type	Revised number and schedule (Horizon 2 Horizon 3)	Main equipment	Contractor
Missile frigate	6 vessels (2 4)	Anti-ship and anti-air missiles	Hyundai Heavy Industries
OPV	12 vessels (6 → 0 6 → ?)	—————	Austal's Cebu shipyard
Missile corvette	12 vessels (2 → 0 12 → ?)	Anti-submarine warfare equipment and missiles	Hyundai Heavy Industries
Fast attack interdiction craft-missile (FAIC-M)	40 vessels (8 → 0 16 → ?)	Automatic machine guns and short-range missiles	Israel Shipyards
Multipurpose assault craft (MPAC)	42 vessels (12 30)	Short-range missiles (some)	Lungteh Shipbuilding (Mk3)
Large transport vessel	4 vessels (4 → 2 2)	—————	PT PAL

Source: Compiled by the author.

the defense budget by 6.7 billion pesos in April and requested an additional reduction of 3 billion pesos in June to allocate additional funds for responding to COVID-19.¹⁰⁰ For FY2021, in contrast, the government requested 209.1 billion pesos in the budget message to the Congress, citing the need for counterterrorism measures and military modernization. The proposed budget included 96.8 billion pesos for the Army, 31.1 billion pesos for the Navy, 29.8 billion pesos for the Air Force, 45.4 billion pesos for the Armed Forces of the Philippines – General Headquarters (AFP-GHQ), and 1.3 billion pesos for the government arsenal buildup. In addition, the budget for the Revised AFP Modernization Program (RAFPMP), which is separate from the general budget, was to be allocated 33 billion pesos in FY2021, 8 billion pesos more than the previous years' 25 billion pesos.¹⁰¹

Currently, the Philippine Navy is building surface vessels with a budget of about 75 billion pesos.¹⁰² It also plans to acquire about 100 support vessels and more than 30 fixed and rotary-wing aircraft, which is expected to cost more than 100 billion pesos in total in the long term.

In July 2020, it was announced that the first Philippine missile frigate, BRP *Jose Rizal*, would be commissioned, and the sister ship, BRP *Antonio Luna*, would set sail from South Korea in 2021.¹⁰³ Meanwhile, it is anticipated that the corvette acquisition program, which was to acquire two corvettes by 2023 during the second phase of RAFPMP (Horizon 2), would be postponed to Horizon 3 (2023–2028) due to COVID-19's impact on the economic and financial situation. Other acquisition programs are also expected to be delayed by more than a year, and as a result, the replacement plan for older ships is also expected to face delays.¹⁰⁴

As for training and other activities, the Philippine-U.S. annual exercises Balikatan in May was cancelled in light of the COVID-19 outbreak.¹⁰⁵ RIMPAC conducted at-sea-only trainings for safety considerations. While its scale and participating countries were reduced, the Philippines still sent its newly commissioned BRP *Jose Rizal* to the exercises.¹⁰⁶

(3) Indonesia: Buildup of Surface Ships

Indonesia's defense budget for FY2020 was originally allocated 131.182 trillion rupiah. However, like other countries, it was reduced to 122.447 trillion rupiah in May and further reduced to 117.900 trillion rupiah in July in order to appropriate more funds for COVID-19 spending.¹⁰⁷ The FY2021 draft budget released by the Finance Ministry approved a budget increase despite fears of an economic slowdown, proposing a defense budget of 136.990 trillion rupiah, about 19 trillion rupiah more than the previous fiscal year, an increase of about 12%, on an execution basis.¹⁰⁸

The Indonesian Navy is rushing to build up its surface vessels to attain minimum essential forces (MEF). At the end of April, a preamble contract to acquire two Iver Huitfeldt-class frigates from Denmark was reportedly signed between the Indonesian Defense Ministry, Indonesian state-owned shipbuilder PT PAL (Persero), and PT Sinar Kokoh Persada (SKP), a registered supplier to the Indonesian armed forces and the Indonesian agent for Denmark's Odense Maritime Technology.¹⁰⁹ In September, the Defense Ministry sought a budget

from the Ministry of National Development Planning (Badan Perencanaan Pembangunan Nasional: BAPPENAS) for the acquisition of two additional R.E. Martadinata-class frigates (SIGMA 10514), developed jointly with DSNS of the Netherlands.¹¹⁰ At the same time, Indonesia urgently seeks the acquisition of the Interim Readiness Frigate (IRF) to temporarily fill the capability gap, a priority for the third and final phase of Indonesia's long-term modernization program (2020–2024). As part of this effort, it was reported in July that the Defense Ministry showed interest in acquiring the German Navy's Bremen-class frigate *Lubeck*, which is nearing decommissioning.¹¹¹

In terms of anti-ship capability, DSNS and PT PAL announced the successful completion of a sea trial and equipment testing and certifications for the combat systems of two R.E. Martadinata-class frigates from the end of 2019 to March 2020.¹¹² In March, it was announced that French defense equipment manufacturer Thales and Indonesian state-owned company PT Len Industri plan to modernize the KRI *Usman Harun* multi-role light frigate. The vessel is expected to be equipped with SSM Exocet MM40 Block 3 missiles.¹¹³

As for maritime ISR capability, it was reported in July that Indonesia plans to build a hangar for the newly established 700 Naval Air Squadron (700 NAS) to operate ScanEagle and other aircraft to be provided by the United States. This facility will be built at Juanda naval air station, Surabaya, where the Naval Aviation Center is located, and will be used primarily for the storage and maintenance of UAVs and their associated equipment.¹¹⁴

As for training and other activities, in March, Indonesia and Russia agreed to conduct their first maritime drill, and in December, the naval vessels of the two countries conducted navigation drills in the Java Sea.¹¹⁵ In July, the 2nd Fleet Command conducted landing drills on the eastern coast of the Java Sea and on the island of Bali, and then the 1st Fleet Command conducted maneuver drills in the Java Sea, including the southern part of the Natuna Islands.¹¹⁶ In September, following these preparatory drills, the Indonesian Navy conducted Armada Jaya, its most advanced exercise, participated by 181 vessels, including submarines, and about 8,500 personnel.¹¹⁷

As shown above, each country is engaged in active efforts to boost its surface ships, provide anti-ship capability, and build maritime ISR capability, aiming to overcome the capability gap necessary to address the South China Sea dispute. Amidst the severe economic and financial situation, countries are striving to achieve these goals not only by procuring the latest equipment, but also through various means such as refurbishing existing equipment, receiving overseas capacity enhancement assistance, and purchasing used equipment.

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