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The Maritime Fulcrum of the Indo-Pacific: Indonesia and Malaysia Respond to China's Creeping Expansion in the South China Sea

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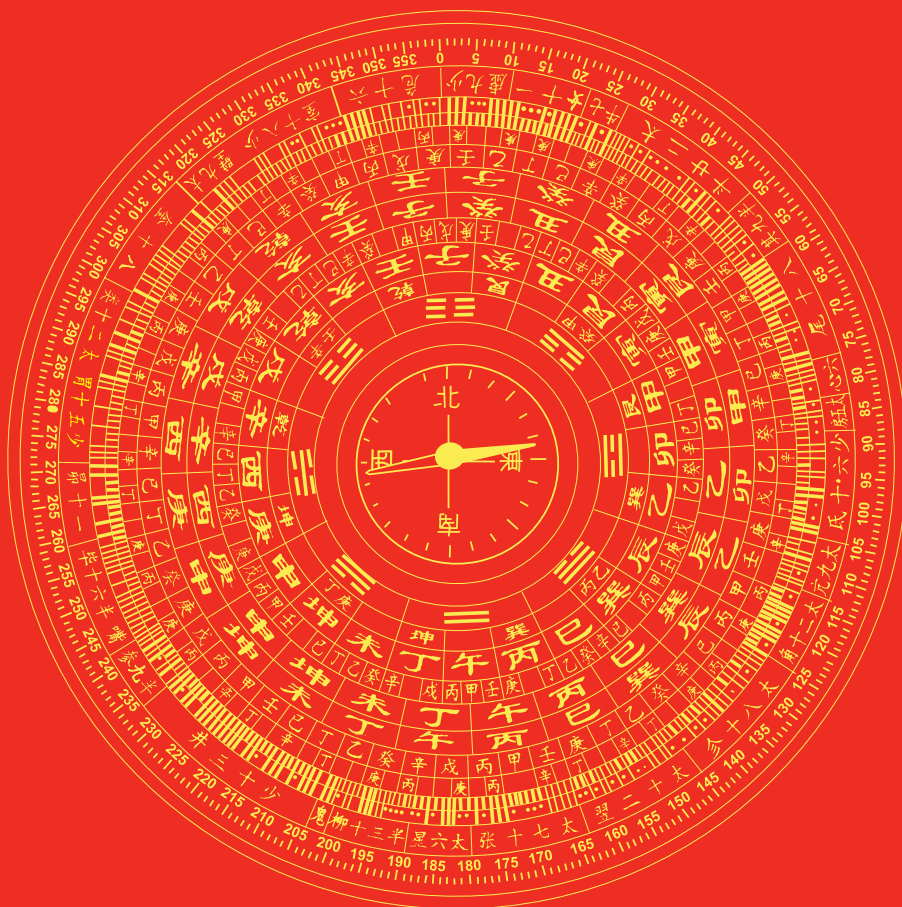


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Indonesia and Malaysia Respond to China's Creeping
Expansion in the South China Sea



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Title page photograph: Indonesian president Joko Widodo, center, inspects troops during his visit to the Indonesian navy ship KRI *Usman Harun* at Selat Lampa Port, Natuna Islands, Indonesia, on 8 January 2020.

Source: Agus Soeparto, Indonesian Presidential Office via Associated Press

The Maritime Fulcrum of the Indo-Pacific

Indonesia and Malaysia Respond to China's Creeping Expansion in the South China Sea

Introduction

In June 2016, Indonesian president Joko Widodo held a cabinet meeting on the deck of the Indonesian Navy Parchim-class patrol craft *Imam Bonjol* while it operated in the South China Sea (SCS) near the Natuna Islands.¹ Only several days prior, that same ship had detained a Chinese fishing vessel and arrested its crew, despite attempts by the China Coast Guard (CCG) to intervene.² On the deck of the warship with the president were members of his cabinet including the commander of the Indonesian Armed Forces (Tentara Nasional Indonesia, or TNI), the chief of the Indonesian Navy (Tentara Nasional Indonesia–Angkatan Laut, or TNI-AL), the foreign minister, the coordinating minister for political and security affairs, and the minister for maritime affairs and fisheries, among others. Noting the economic and strategic importance of the Natuna Islands, the president announced an upgrade in maritime-defense capability for Indonesia's naval and maritime law-enforcement (MLE) agencies, as well as an increase in patrols in the area.³ China never was mentioned by name, but the Indonesian president clearly was directing his message toward Beijing.

President Widodo, to whom Indonesians affectionately refer as “Jokowi,” stood on the deck of *Imam Bonjol* as a tangible symbol of Indonesian resolve in the South China Sea, following the third maritime incident with China in three months. All these incidents had involved Indonesian attempts to arrest Chinese fishing vessels operating in areas where Indonesia's claimed exclusive economic zone (EEZ) overlaps with China's “nine-dash line,” although not all incidents resulted in the detention of Chinese fishing vessels.

The first incident in 2016 occurred on 20 March, when the CCG Zhaoyu-class large patrol ship (WPS) 3304 rammed a Chinese fishing vessel that had been arrested and was at the time under the operational control of Indonesian MLE personnel. China's escalatory tactics, employed almost inside the Indonesian territorial sea extending from Natuna Besar Island, effectively compelled the Indonesian personnel to abandon the Chinese fishing vessel in fear for their safety. After a second CCG patrol ship arrived on scene,

CCG personnel boarded and took command of the Chinese fishing vessel, preventing Indonesian authorities from detaining it.⁴

Only days after the incident with Indonesia, on 24 March 2016, officials of Malaysia's coast guard agency, the Malaysian Maritime Enforcement Agency (MMEA), announced that they had expelled a large fleet of more than a hundred Chinese fishing vessels operating fifteen nautical miles from Malaysia's maritime boundary with Indonesia. Given that these events occurred in a similar geographic area around the same time, it is likely that the Chinese fishing vessel the CCG freed from Indonesian authorities on 20 March was part of a much larger Chinese fishing fleet operating in the area at the time, under apparent CCG escort. The MMEA deployed five patrol ships to interdict the fleet, and later provided photographic evidence to the Malaysian foreign ministry to present to Beijing as part of a diplomatic protest over the activity.⁵ According to Shahidan Kassim, the minister on the Malaysian National Security Council (NSC) responsible for the MMEA at the time, the Chinese fishing fleet had been operating in the area for at least a week, and one of the Chinese fishing vessels from the fleet rammed an MMEA patrol ship, forcing the latter to return to port in Sarawak for repairs.⁶

These are not merely historical anecdotes. Similar Chinese activity continues to occur in the same areas, with similar responses from Indonesia and Malaysia. Most recently, from December 2019 to January 2020, a large Chinese fishing fleet—over fifty ships—operated in the southern South China Sea, escorted by multiple CCG patrol ships.⁷ Prior to 2010, China had no official maritime presence in these areas. When the Indonesians arrested some Chinese fishermen in 2009, China issued diplomatic protests.⁸ Today, China's diplomatic and strategic goals are directly supported by a massively expanded fleet of People's Republic of China (PRC) government ships that operate in these areas regularly.

China now is attempting to expand its control to the southernmost extent of its nine-dash-line claim in the South China Sea, in waters ever closer to Indonesian and Malaysian shores. This area of the South China Sea, spanning from Indonesia's Natuna Islands to the South Luconia Shoals, has greater strategic importance than the Spratly or Paracel Island chains farther to the north. Whereas the Spratlys have for centuries been regarded as "dangerous ground" and commercial mariners have avoided them, the vital sea lines of communication (SLOCs) connecting the Pacific and Indian Oceans flow through this part of the southern South China Sea.⁹ Therefore, these areas are far more vital to international commerce and navigation than the dangerous grounds closer to China's Spratly Islands outposts.

China does not yet control the South China Sea. Both Indonesia and Malaysia have continued to operate normally despite growing pressure from China. Although relatively



less well known and little studied in the United States, Indonesia and Malaysia in fact have been the most consistently assertive among Southeast Asian claimants in the South China Sea since 2016, and both countries are responding with some success to China's efforts to expand its control farther south, closer to their shores. Despite China's attempts to enforce its claims in these areas, Chinese control is weakest and most vulnerable in the southern South China Sea. As long as Indonesia and Malaysia continue actively to resist China's efforts and challenge its excessive claims in these areas, China will struggle to achieve its strategic goals.

This monograph approaches the debate on Chinese control in the South China Sea by examining the perspectives, policies, and actions of two key Southeast Asian claimants in

the South China Sea, Indonesia and Malaysia. The political will of the Southeast Asian claimants is key to the broader question of Chinese control, since China must break their political will to assert their claims if it is to exercise any degree of real control. If rival claimants continue to operate in the South China Sea despite Chinese attempts to coerce them into submission, China is not in any meaningful sense of the word exerting “control” over the South China Sea. Chinese control requires rival claimants to acquiesce to China’s claims, ceasing their own operations in contested areas.

Long wary of China’s strategic intent in the South China Sea, Indonesia has continued aggressively to interdict Chinese fishing vessels operating in the overlap between Indonesia’s claimed EEZ and China’s nine-dash line, even after being confronted by CCG escorts attempting to protect them. Indonesia is the only Southeast Asian claimant successfully to have arrested Chinese fishermen and detained their vessels for operating in disputed areas of the South China Sea since 2015. Even when China has achieved operational successes, as it did in March 2016 by ramming one of its own fishing vessels, Indonesia has responded assertively, successfully detaining Chinese fishing vessels and their crews in May and June of that year. The Indonesian Navy, in particular, has shown that it is willing to escalate to low levels of military force to assert its claims, opening fire on Chinese fishing vessels on more than one occasion in 2016.¹⁰ In January 2020, Indonesia conducted the largest-ever operational deployment of navy and coast guard ships to the South China Sea, sending over a dozen surface combatants and patrol ships to challenge China’s presence in the same area.¹¹

Despite ongoing Chinese pressure, Malaysia also has responded to Chinese activity and has continued robust hydrocarbon operations in disputed areas, including near the South Luconia Shoals and Malaysian outposts in the Spratly Islands. Over the last several decades, Malaysia steadily has developed significant oil and gas reserves in disputed areas within the nine-dash line. Malaysia is the only claimant in the South China Sea actively to have developed hydrocarbon resources near its major Spratly Islands outposts. These hydrocarbon operations also extend to the South Luconia Shoals, where the Royal Malaysian Navy (RMN) has maintained a countervailing presence since China established a persistent coast guard patrol there in 2013.

Thus, not only do leaders in Jakarta and Kuala Lumpur continue to display the political will to oppose Chinese control of the South China Sea, but they are acting on it. As China pushes farther south into the South China Sea, it is running directly into two of Southeast Asia’s most important strategic players. What might at first seem to be among China’s greatest strengths—its employment of an immense, integrated maritime capability to coerce Southeast Asian claimants into acquiescing to its expansive claims—rapidly is becoming its greatest weakness. China’s efforts to expand its control into the southern South China Sea has become a significant strategic vulnerability in terms of its relations

with Indonesia and Malaysia. Beijing's efforts to push south, ever closer to their shores, already has begun to amplify previously existing concerns in Jakarta and Kuala Lumpur about China's long-term strategic intent in the region, resulting in overlapping efforts to improve their own maritime capabilities and increase security cooperation with the United States and its allies.

The United States enjoys strong and enduring relationships with both Indonesia and Malaysia, providing a competitive advantage over China, with its expansionist agenda in the region. Despite publicly espousing policies of professed neutrality since the days of the Cold War, both Indonesia and Malaysia have continued to tilt strategically toward the United States and its allies.¹² Indonesia and Malaysia are natural geopolitical partners for the United States, and their growing importance has been recognized in U.S. national strategy.¹³ Both are legitimate and vibrant democracies, in a region trending overall in the other direction.¹⁴ Strategically positioned astride vital SLOCs in and out of the South China Sea, these two countries comprise the connective tissue between the Pacific and Indian Oceans.

Together, Indonesia and Malaysia form the maritime fulcrum of the Indo-Pacific. The success or failure of China's creeping expansion ultimately will hinge on the political responses from leaders ashore in Jakarta and Kuala Lumpur. New opportunities are emerging to enhance U.S. engagement and reinforce the capability of these partners to resist Chinese coercion. The future of the Indo-Pacific hangs in the balance.

This study proceeds by first briefly outlining China's push south and its efforts to expand its control in the South China Sea. Next, the bulk of the monograph is devoted to analyzing Indonesian and Malaysian perceptions of China, and examining those countries' responses to China's creeping expansion in the South China Sea. These responses have included efforts to increase their own naval and coast guard presence in disputed areas, efforts enabled by growing maritime capabilities, as well as increased security cooperation with the United States and its allies. The study details these responses through March 2020, but does not address subsequent developments, including the global COVID-19 pandemic. Despite recent developments prior to publication, the strategic trends outlined in the monograph are deep rooted and likely will persist. A conclusion summarizes these trends and highlights opportunities for U.S. policy makers to enhance long-standing security and defense cooperation with these two crucial geostrategic partners located at the maritime fulcrum of the Indo-Pacific.

China's Creeping Southward Expansion

Incidents such as those with Indonesia and Malaysia were part of a string of developments in 2016 that provided greater clarity about the nature and scope of China's claims

in the South China Sea. In March 2016, following the CCG ramming incident, China declared for the first time that the location of a specific incident fell within its “traditional fishing grounds.”¹⁵ Following the June 2016 incident with Indonesian forces, China publicly declared for the first time in over two decades that it had overlapping maritime claims with Indonesia in the South China Sea, and that the two countries needed to negotiate their overlapping boundaries.¹⁶ In July 2016, China publicly stated for the first time that its claims were based on “historic rights” in the South China Sea.¹⁷

In December 2019, another first occurred when China connected these two strands of legal argumentation, explicitly asserting a claim to historic rights to fisheries resources in the area.¹⁸ Although Chinese officials have not clarified the precise coordinates or geographic extent of their country’s claimed historic rights in the South China Sea, the exact locations of incidents in 2019 and 2016 are known from Indonesian sources, and by extension so is at least part of the area where China is claiming historic rights to fisheries resources.¹⁹ These areas are located at the farthest extent of the nine-dash line, less than one hundred nautical miles (nm) from Indonesia’s Natuna Besar.

Before 2016, it was not clear that China was making an explicit claim to this area, nor that it was basing its claims on an apparent notion of historic entitlement to maritime rights there. In response to the growing clarity about China’s claims and its demonstrated effort to advance these claims to the farthest southern extent of the nine-dash line, in June 2016 President Widodo stood on the deck of that Indonesian warship, implicitly to draw his own line in the water: Indonesia does not recognize China’s claims in the area. In December 2019, the Indonesian foreign ministry explicitly articulated this sentiment using its strongest language to date, rejecting both the nine-dash line and China’s claims to historic fishing rights in the South China Sea, noting that they are inconsistent with and contravene current international law.²⁰ China nevertheless has continued to assert, diplomatically and operationally, its excessive claims to these waters.

For over a decade, China has been executing an increasingly well-coordinated campaign of maritime coercion against rival Southeast Asian claimants, with the strategic intent to consolidate gradually its effective control over the South China Sea.²¹ At the operational level, China implements this campaign through an “echelon defense” concept that integrates its fast-growing naval, coast guard, and maritime militia forces to assert and consolidate Chinese claims.²² Since 2007, Beijing has achieved significant success in advancing its control in the South China Sea, primarily against rival Southeast Asian claimants closer to mainland China, such as the Philippines and Vietnam.²³

Since 2010, China has been pushing farther south into maritime areas near Indonesia and Malaysia, where it previously had little to no operational presence. China now not only explicitly claims but attempts to enforce its claims to areas at the southernmost

reaches of the nine-dash line. Although Chinese declaratory statements typically remain deliberately ambiguous, coast guard and maritime militia operational patterns provide clear indication of China's claims and intentions. These ostensibly civilian Chinese vessels have achieved significant tactical and operational success in advancing China's claims, all while remaining in the gray zone at the lower end of the conflict spectrum—without ever firing a shot.²⁴

Despite these operational successes, China has not yet been able to translate them into the strategic outcome of effective control over the entire maritime expanse of the South China Sea. According to Peter Dutton, former director of the China Maritime Studies Institute at the U.S. Naval War College, any effort to exert control at sea is inherently limited in terms of the number of forces devoted to a specific area for a specific range of time.²⁵ In other words, even with growing maritime forces as large and capable as China's, they cannot be everywhere, all the time. China is not capable of controlling the entirety of the South China Sea; it is a massive and geographically porous body of water with numerous entry and exit points along the various SLOCs. In addition to time, space, and force, Dutton also introduces a fourth element: political will. In his view, political considerations dictate that Beijing would be reluctant to commit to the higher levels of escalation, including the use of military force, that likely would be required to compel Southeast Asian claimants to acquiesce to Chinese control of the entire South China Sea.²⁶ Implicit in Dutton's argument is the importance of the political will of actors other than China, including rival claimants such as Indonesia and Malaysia.

Beijing's conception of control, and how to go about achieving control, is not limited to traditional notions of military power. China has upgraded its outposts in the Spratly Islands and placed advanced military weaponry on them, but the most important effect of China's outpost-expansion program has been its enabling of nonnaval power projection farther south into the southern South China Sea.²⁷

Since 2010, China has achieved substantial operational success advancing its control in select portions of the South China Sea. China has been extending the operational reach of its coast guard and maritime militia forces farther into the deepest southern reaches of the South China Sea, including into areas comprising the Malaysian and Indonesian continental shelves, as well as their claimed EEZs. These successes, however, have been limited in terms of their strategic effects and their geographic scope. To date, China's effective control remains confined primarily to individual disputed features in the South China Sea, and is most consolidated in the northern portions of the South China Sea near Vietnam and the Philippines.

The watershed event in China's employment of its nonnaval capabilities in the South China Sea occurred in 2012, when Beijing established effective control over Scarborough

Shoal, following a standoff there between China and the Philippines.²⁸ China's forces accomplished this in an area where it previously had little to no operational presence, and where the Philippines regularly had exercised its authority over Chinese fishermen deemed to be operating illegally in the area up to that time.²⁹

Since 2012, China has maintained a persistent coast guard presence at Scarborough Shoal. Although Beijing since 2016 has allowed Philippine fishermen access to the reef, it does so on the condition that they operate under Chinese jurisdiction, subject to periodic harassment by the CCG.³⁰ Attempts by the Philippine Coast Guard (PCG) to enforce its country's jurisdiction or protect Philippine fishermen in the area are met with active opposition from the CCG, whose ships have intercepted PCG patrol ships as they approach the reef.³¹ Following several of these close encounters, the last reported PCG patrol to Scarborough Shoal occurred in November 2016.³²

Although the tangible effects manifest themselves on the water, acquiescence ultimately is a matter of political will in Southeast Asian claimant capitals. It is a political decision whether to commit naval or MLE capability to demonstrate a claim and continue to oppose Chinese maritime coercion operationally. According to opposition lawmakers with close ties to the Philippine military, President Rodrigo Duterte ordered the end of patrols in the South China Sea in 2017.³³ While these lawmakers admit that there is no hard evidence that Duterte issued such an order, his national security advisor Hermogenes Esperon admitted publicly that year that at least navy patrols to Scarborough Shoal had stopped.³⁴ In May 2017, Duterte himself expressed public concern that China would go to war with the Philippines over the South China Sea, and has stated that the threat of armed conflict with China is one of the main factors driving his more accommodating policy toward Beijing.³⁵ This assessment mischaracterizes Beijing's actual strategy in the South China Sea and paints a false binary choice limited to the two extremes: either war with China or accommodating its efforts to expand its control over the South China Sea. The result of this dangerous logic is clear. In June 2018, with no countervailing authority to challenge China's efforts to enforce its jurisdiction, defenseless Philippine fishermen could only film the activity as CCG personnel stole their catch near Scarborough Shoal. "As soon as they see it, they take what they want," one Philippine fishermen told local media, referring to the CCG. "They even take the best ones."³⁶

Unopposed, this would be the future of the South China Sea: Southeast Asian claimants operating under Chinese jurisdiction in once-disputed areas, while China takes what it wants. If the other claimants are lucky and China is feeling generous, perhaps they can keep the scraps. It is a future of regional maritime hegemony, in which China exercises veto power over the political decisions made by leaders in Southeast Asian capitals and, by extension, resource allocation in the South China Sea.³⁷

In addition to the resources in disputed areas, the scope of China's veto power also seemingly would include how, and with whom, Southeast Asian navies and coast guards could operate in the South China Sea. In the summer of 2018, China's strategic intent in this regard was made remarkably clear when PRC-drafted language for a regional agreement on the South China Sea was leaked. The draft document included language that, if adopted, effectively would prevent Southeast Asian claimants from conducting joint military exercises with the United States and its allies.³⁸ China's preferred "Code of Conduct for the South China Sea" effectively would grant Beijing veto power over which countries Southeast Asian claimants cooperate with militarily. In place of the United States, China positioned itself to carry out regular port calls and joint military exercises with Southeast Asian countries. Indonesia already has demonstrated its strategic importance and diplomatic leadership by countering that proposed language granting China veto power over regional military activities, offering alternative language that would ensure that Southeast Asian countries can continue to operate as they deem necessary, and with whichever foreign partners they choose, in the South China Sea.³⁹

Although Chinese control of the South China Sea is not inevitable, the combination of China's rising regional power and its numerous operational successes since 2010 is driving a narrative whereby some now view it so. Important figures in some Southeast Asian claimant countries adhere to this premise, but by no means is it confined to the region.⁴⁰ The narrative has also featured prominently in U.S.-based commentary, including stories from prominent news organizations such as the *New York Times*. Testimony by senior American military officials has been taken by a wide range of media, both foreign and domestic, as an authoritative assessment that China already controls the South China Sea.⁴¹

This conversation became enmeshed in a broader debate that had been building since mid-2017 over whether the United States already had "lost" the South China Sea.⁴² Yet any notions that the United States was ever capable of "losing" the South China Sea are misplaced, insofar as the sea was never Washington's to lose. As then-U.S. vice president Michael R. Pence noted in his opening remarks to the East Asia Summit in November 2018, the South China Sea "does not belong to any one nation."⁴³ However, China increasingly is challenging that notion in the northern portions of the South China Sea near disputed features, including Scarborough Shoal. Critically, Beijing as of yet has been unsuccessful in attempts to expand its control out to the farthest extent of its nine-dash-line claim.

China's Fragile Control Farther South

Consolidating control in the more expansive maritime areas of the southern South China Sea—including the southernmost areas, between the third and fourth dashes of the

nine-dash line—has proved difficult for Beijing thus far. In contrast to more geographically confined spaces where China has established various degrees of effective control—such as at its expanded military outposts in the Spratly Islands, or more recently at unoccupied features including Scarborough Shoal—China’s control in the southern South China Sea remains tenuous. China at times has established a degree of control in these areas through its campaign of maritime coercion, but that control has proved temporary, fragile, and prone to reversal.

For now, no nation is in sole control of the South China Sea.⁴⁴ Despite Beijing’s recent operational gains, rival claimants continue to resist Chinese control throughout the majority of the disputed areas in the South China Sea. Rival claimants that include Vietnam, Malaysia, and the Philippines maintain military outposts in the Spratly Islands; some have been upgraded modestly in recent years.⁴⁵ Malaysia, Indonesia, and Vietnam all have continued their efforts to assert their claims inside the nine-dash line, achieving some tactical successes that challenge China’s ability to control the disputed maritime space.

Many of these successes have occurred in the southernmost areas among the Natuna Islands, Vanguard Bank, and the South Luconia Shoals, where China’s efforts to expand its control is a more recent phenomenon. Although rapidly emerging as the center of gravity in China’s efforts to expand its revisionist claims in the South China Sea, it also is the area where China’s capability has been the weakest and most vulnerable to pushback from rival claimants. Beijing has been able to achieve some momentary control in certain areas, but thus far has been unable to sustain it—including in Hanoi-claimed hydrocarbon blocks near Vanguard Bank, where China had coerced Vietnam into temporary acquiescence in 2017 and 2018 but was met with greater resolve in 2019.

China’s claims in these southernmost portions of the South China Sea encompass a huge expanse of waters spanning from Vanguard Bank down to the Natuna Islands and over to the South Luconia Shoals; in places these areas are less than fifty nautical miles from Southeast Asian coastlines but over seven hundred nautical miles distant from China’s Hainan Island. The area lies at the farthest southern extent of China’s nine-dash line, in between the third and fourth dashes, and is the most legally tenuous part of China’s claims in the South China Sea. Far removed from the disputed Spratly Islands, with the closest above-water features claimed by China over two hundred nautical miles away from most of these waters, the disputes in this area are purely maritime in nature.

Although China periodically may attempt to challenge rival Southeast Asian claimants’ ability to operate freely in the southern South China Sea, as long as other countries continue to operate in ways that contradict China’s claims it would be both inaccurate and premature to conclude that China already is in control of the entire area. China can

increase the risk to these operations, attempting to coerce Southeast Asian claimants into tactical submission or temporary withdrawal, but as long as they remain willing to accept the risk of returning to these areas China cannot exercise control over the entirety of the South China Sea. This has proved to be the case in the southern South China Sea, with claimants including Vietnam, Indonesia, and Malaysia all continuing to operate in the area.

For China to establish control over the South China Sea, the rival Southeast Asian claimants must calculate that the growing risk of continuing to assert their claims outweighs the importance of their own national interests in the area. Southeast Asian claimants would have to make the political decision that it was in their best interest to acquiesce to China's claims. That decision will be made on shore by the political leadership in the capitals of these countries—in Manila, Jakarta, Kuala Lumpur, and Hanoi. Events on the water will influence the decision, but it will be made by sovereign and independent governments, some of which represent rising regional powers in their own right. Although the current administration in Manila appears to have made a decision, at least for the time being, not to challenge Chinese control of Scarborough Shoal, and the leadership in Hanoi also has wavered at times, China has been unable to affect the political decision-making calculus in Kuala Lumpur and in Jakarta in similar ways.

In July 2017, Vietnam withdrew from block 136/03 following Chinese diplomatic pressure and threats to take action at sea.⁴⁶ It is possible that China would have acted on those threats, with commercial Automatic Identification System (AIS) tracks showing Chinese state-owned survey vessels operating near Vanguard Bank under the escort of at least three CCG vessels roughly one week before Vietnam withdrew.⁴⁷ Whatever the nature of the threats or Chinese coercion, they proved sufficient; Vietnam Communist Party secretary Nguyen Phu Trong and Minister of National Defense Ngo Xuan Lich reportedly cast deciding votes to withdraw.⁴⁸ In March 2018, a similar decision was made to abandon operations in nearby block 07/03, with reports indicating that the decision-making dynamics likely were similar to events in July 2017.⁴⁹

Yet despite these earlier successes for China, Vietnam returned to the area later in 2018 and again in 2019 and conducted exploratory operations in Vietnamese-claimed block 06-1. In July 2019, Vietnam again refused to acquiesce, even after China launched a coercive operation involving a competing survey conducted nearby with CCG and maritime militia escorts, in addition to CCG patrol ships present inside the block.⁵⁰ Although the domestic decision-making dynamics were less clear during the standoff in 2019 than during previous crises in which Vietnam's leadership had wavered, Hanoi's apparent resolve demonstrated that China's control in this area remained temporary, fragile, and prone to reversal.

While the political will to resist Chinese pressure faltered at least temporarily in Vietnam, China's efforts to coerce other claimants farther south, such as Indonesia and Malaysia, have been met with more-consistent resolve. The locations of the 2016 fisheries incidents between Indonesia and China are near the Vietnamese hydrocarbon blocks discussed above, which are located at least partly within Indonesia's claimed EEZ.⁵¹ Although China was able to secure the release of its fishermen in March 2016 by ramming their fishing vessel with a CCG patrol ship, Indonesia's successful naval operations in May and again in June demonstrated that China's coercive tactics would neither deter nor intimidate the Indonesian Navy. President Widodo's cabinet meeting on board the Indonesian Navy ship involved in the June incident visibly reinforced this message. There was no comparable signal of Vietnamese political resolve following its withdrawal from either block in 2017 or in 2018, and the developments received no coverage in the local Vietnamese media. President Widodo's cabinet meeting on board the ship received widespread attention in domestic Indonesian media, and he has continued to speak publicly about the incidents with equal resolve since that time.

In contrast to Vietnam's concessions in 2017 and 2018, Malaysia has stood its ground in the face of Chinese operational pressure. In February 2018, the semisubmersible rig *Hakuryu-5* operated close to the South Luconia Shoals under a Malaysian contract.⁵² The CCG Zhaoyu-class large patrol ship WPS-3307 monitored the operations at close distance, and the previous month similarly had monitored a separate Malaysian-contracted drill rig, *Deepwater Nautilus*, operating in the same area.⁵³ Malaysian-contracted unilateral hydrocarbon operations continued near the South Luconia Shoals and Malaysia's Spratly Islands outposts, after the new Mahathir administration entered office in a historic May 2018 election. In August 2018, the CCG Zhaolai-class WPS-3401 may have attempted to interfere with possible survey operations that the offshore support ship *Java Imperia* was conducting near the South Luconia Shoals.⁵⁴ Yet Malaysia persisted, and in August two additional separate Malaysian-contracted drilling operations were scheduled in the area, involving the drill rigs *Naga-6* and *SKD Esperanza*, according to official government notices.⁵⁵

Since August 2013, China and Malaysia have been engaged in what amounts to a multiyear standoff near the South Luconia Shoals—a situation that might be conceptualized best as the 2012 Scarborough standoff in slow motion.⁵⁶ Malaysian officials first publicized the persistent presence of CCG patrol ships there in 2015, and subsequent commercial satellite imagery has confirmed that China has continued to maintain this presence.⁵⁷ In contrast to the case of Scarborough, however, Malaysia has maintained a countervailing presence of naval and coast guard ships to surveil the CCG ships in the area and challenge China's pretensions to control. Malaysia's continued official presence there was evident in January 2018, when a Royal Malaysian Navy *Kedah*-class corvette,

the KD *Selangor*, also was detected in the area (via commercial AIS) while CCG WPS-3307 was monitoring *Deepwater Nautilus*'s operations.⁵⁸

China is attempting to expand its control outward from its Spratly Islands outposts into the southern South China Sea, into an area of vital strategic importance to Malaysia and Indonesia. Both Indonesia and Malaysia view the SLOCs in the southern South China Sea as a vital national interest and have responded to Chinese coercive actions in the area accordingly. For Malaysia, the strategic significance of these waters also extends east to west, a product of Malaysia's unique geography. According to Malaysia's 2010 *National Defence Policy*, Kuala Lumpur has a "special interest" in securing these SLOCs in the southern South China Sea, which it regards as a "strategic waterway" connecting Peninsular Malaysia along the western littoral to Sabah and Sarawak in the east. Any threat or obstruction to the SLOCs in the South China Sea "could jeopardize the integrity of the two territories and Malaysia as a whole."⁵⁹

Indonesian defense strategy is centered on three "archipelagic sealanes" (Air Laut Kepulauan Indonesia, or ALKI) that extend north into the South China Sea, primarily from choke points at the Sunda, Lombok, and Malacca Straits. Indonesia's conception of defense in depth relies on its "Outer Islands," including Natuna Besar, forming a protective layer from which various defense zones are projected, including a buffer zone that extends beyond the EEZ.⁶⁰ The "primary defense zone" falls in the EEZ, between the buffer zone and Indonesian territorial waters, rendering the SLOCs in the southern South China Sea similarly essential to maintaining Indonesian territorial integrity, if confronting a military threat coming from the north.

Because of the strategic importance they attach to the area, leaders in Kuala Lumpur and Jakarta have continued to demonstrate the political will to resist Chinese control in these areas of the southern South China Sea. Southeast Asian claimants have not acquiesced to Chinese control of the South China Sea, despite their growing vulnerability to Chinese coercion. Confronted now, for the first time in their history, with China's coercive capability as it pushes farther south into the South China Sea, Malaysia and Indonesia have been at the forefront of these efforts to assert their claims and push back against China. This monograph will detail and analyze their perceptions of China and their responses to Chinese coercion in the South China Sea.

Running into Regional Powers: Indonesia and Malaysia Respond

Most analysis of Southeast Asian claimant responses to China's actions in the South China Sea has tended to focus on the diplomatic side of Southeast Asia's broader strategy to manage China's rise. This has remained the case for both Indonesia and Malaysia, whose responses have privileged diplomatic efforts to place normative constraints on Chinese behavior, primarily through the Association of Southeast Asian Nations (ASEAN) and

its associated regional forums.⁶¹ Most analysis, particularly in the United States, starts and ends with ASEAN. Yet while ASEAN and its diplomatic processes remain an important part of the overall approach for each of its ten members, the individual ASEAN members have widely divergent interests and corresponding approaches to managing their relations with China.

Beyond ASEAN, there always has been a defense component in most of the individual ASEAN members' regional strategies—an insurance policy, of sorts, in case diplomatic engagement fails. According to leading scholars on Southeast Asia, this insurance policy long has had two components: (1) self-reliance through the buildup of indigenous forces, and (2) continued reliance on an external guarantor—primarily the United States, but also U.S. allies, including Australia, which has deep and long-standing defense ties to both Indonesia and Malaysia.⁶² Studies of defense and security policies of ASEAN members have lagged in recent years, particularly in the United States, and there remains an important if understudied dimension to these individual countries' approaches to China. This monograph seeks to fill that gap, by focusing on the defense and security components of two prominent ASEAN members' broader approaches to China.

Both Indonesia and Malaysia in recent years have begun to lean more heavily on the defense component of their strategies, after coming into direct contact with components of China's coercive campaign for control of the South China Sea. Proudly independent nations whose worldviews are strongly influenced by their respective colonial histories, both Indonesia and Malaysia are attempting to respond primarily through self-reliance, by increasing their naval and coast guard presence in disputed areas, which is enabled by ongoing acquisitions of new maritime capabilities. China is not the only factor driving the modernization of regional maritime capabilities, but there is growing evidence that it increasingly is the primary factor driving growth in coast guard acquisitions, as well as a reorientation in Malaysian and Indonesian defense postures toward the South China Sea.⁶³

Indonesia and Malaysia each continue actively to pursue a defense strategy centered on self-reliance, and have acquired advanced naval platforms for the surface and subsurface domains, the vast majority of which they are acquiring from U.S. allies in Europe and Asia. Both countries also are beginning to invest in larger and more-seaworthy MLE ships, many of which are being built indigenously, while others are being provided as part of security assistance from Australia and Japan. Their maritime modernization programs are enabled by growing defense budgets and continued high rates of economic growth.⁶⁴

After being reelected in April 2019, Joko Widodo will serve as president of Indonesia for a second and final term leading the world's third-largest democracy—smaller in population size only than India and the United States.⁶⁵ By far the most powerful strategic actor

in Southeast Asia, Indonesia's approach to the South China Sea disputes will play a pivotal role in determining the future trajectory of events there. With Widodo a longtime regional leader in diplomatic forums, often referred to as the "first among equals" in Southeast Asia, it is no coincidence that the headquarters of ASEAN is in Jakarta.⁶⁶ With a 2017 gross domestic product (GDP) of over \$1 trillion—more than twice that of the next-largest Southeast Asian economy—Indonesia already has the largest defense budget of any Southeast Asian claimant in the South China Sea.⁶⁷ Indonesia is a rising regional power in its own right, and is forecast to have the seventh-largest economy by 2030, surpassing U.S. allies Germany and the United Kingdom in the process.⁶⁸

On the basis of these long-term trends, the *Global Trends 2030* report from the U.S. National Intelligence Council highlighted Indonesia as an "emerging power."⁶⁹ Geographically, Indonesia is positioned at the crossroads of the Indo-Pacific region, between the Indian and Pacific Oceans, a position that Indonesian leaders since Mohammad Hatta have referred to with the Indonesian phrase *posisi silang*, meaning a crossroads or intersection. Seeking to capitalize on this maritime centrality, President Widodo has set about transforming Indonesia into a "global maritime fulcrum" (*poros maritim dunia*)—an ambitious goal that, if realized, likely would presage the emergence of a new, rising regional maritime power.⁷⁰ Most importantly, Indonesia is the only Southeast Asian country with the relative capability to compete effectively with China for primacy in the region on its own. There are growing indications that a long-dormant geostrategic rivalry between the two is now beginning to emerge in the wake of ongoing tensions in the South China Sea.

Even for Indonesia, though, whose GDP is approaching parity with that of U.S. ally Australia, a substantial asymmetry remains in maritime capability compared with China's.⁷¹ This asymmetry is even more pronounced for other Southeast Asian claimants, such as Malaysia, and neither Jakarta nor Kuala Lumpur has a clear defense strategy that connects threat assessments to procurements in an attempt to use its limited resources more effectively.⁷² Both countries nonetheless remain aware that their own resource constraints prevent them from achieving maritime parity with China solely through self-reliance. Their awareness of these limitations long has driven efforts to forge closer defense ties with outside powers, including the United States and Australia.⁷³ China's actions in the region are driving enhanced maritime-focused security cooperation with both partners. These subjects will be examined in detail in subsequent parts of this work.

Neither country has shown clear signs of developing an effective approach to countering China's campaign of maritime coercion at either the tactical or operational level, much less strategically. Instead, we see each responding primarily with ad hoc and poorly coordinated operations. Indonesian MLE personnel are assertive in their tactics, but to date the country has made little progress coordinating its various maritime agencies into an operational construct similar to China's, or at least one capable of meeting China's

official maritime forces along the full spectrum of conflict. Indonesian officials are aware of ongoing coordination problems and are attempting to correct them, with some signs for optimism emerging since late 2019.⁷⁴

Their efforts in this regard should not be ignored. While Indonesian and Malaysian forces will remain outclassed in terms of sheer tonnage, both are defending maritime areas of smaller scope than those encompassed by China's expansive claims, and doing so closer to their national coastlines. As China pushes its claims farther south toward their coasts, into the maritime heart of Southeast Asia, it is running directly into two of the region's leading powers.

Indonesia: An Emerging Strategic Rivalry Centered in the South China Sea

In January 2020, Indonesian president Joko Widodo once again traveled to Natuna Besar, this time to visit a new naval base that had been inaugurated in the time since his last visit to the island in 2016. Although Jokowi did not hold another cabinet meeting, the approach to strategic messaging was the same as with the previous visit in 2016. Standing on the deck of the *Bung Tomo*-class frigate *Usman Harun*, one of the Indonesian Navy ships deployed to the area as part of Indonesia's response to China's presence in his country's claimed waters, Jokowi again made Indonesia's position clear. "I am here to ensure law enforcement for our sovereign rights . . . over our country's maritime resources in the exclusive economic zone," the president stated, noting the deployment of Indonesian Navy and coast guard assets to enforce those rights.⁷⁵

Since taking office, Jokowi consistently has reiterated his resolve to defend Indonesia's sovereignty over the Natunas and its claims in the South China Sea. In December 2018, while speaking in front of an audience on the campaign trail for reelection, Jokowi referenced the incidents that had taken place in 2016. "When there was a claim that Natuna Island entered the South China Sea [disputes], I was hot, and I brought a warship to Natuna," Jokowi said.⁷⁶ Continuing, he stressed that Indonesia was prepared for a confrontation if China instigated one over the area: "If you want to fight, yes, we are ready."⁷⁷ As this and the other statements from the president indicate, although Indonesia does not want conflict with China, it considers itself a strategic counterweight to China and is resolved to protect its interests in disputed areas.

Indonesia long has positioned itself as a neutral arbiter in the disputes over the Spratly Islands among China and the other Southeast Asian claimants, since it is not itself a claimant in the disputes over the features there. These efforts date back to the early 1990s, when Indonesia began a series of informal workshops intended to build confidence and momentum toward an eventual agreement on the disputes. However, Indonesia's neutrality and status as a nonclaimant in disputes over the South China Sea more

broadly was called into question in 1993, when the Chinese delegation at one of the workshops organized by Indonesia produced a map, reportedly the now-infamous nine-dash-line map, which showed overlaps with Indonesia's claims north of the Natunas. At the conclusion of the 1993 workshop, the Indonesian foreign ministry reportedly "requested China clarify its claims in the Natunas."⁷⁸ China responded to this request two years later, in 1995, when its foreign ministry spokesman stated that, despite recognizing Indonesia's sovereignty over the Natuna Islands themselves, the two countries needed to negotiate their overlapping maritime boundaries.⁷⁹

Indonesian scholars and security analysts long have noted the potential for China to pose a direct threat to the country's security interests. During the Suharto era (1965–98), this threat perception was most acute regarding internal threats of subversion posed by Maoist China's revolutionary policies.⁸⁰ By the 1990s, the primary concern became the South China Sea and China's growing military power in the region. The 1995 Indonesian defense white paper warned that a rising China could become the preeminent military power in the region.⁸¹ By that time the Indonesian military had concluded that China was "the greatest potential direct threat to Indonesia's sovereignty."⁸² Indonesian strategic concern about the South China Sea was most evident following China's initial private clarification of its claims in the mid-1990s, and persisted into the twenty-first century. Since 2010, a string of incidents in disputed areas of the South China Sea has elevated Indonesian concerns once again, leading to the reemergence of a long-dormant strategic rivalry between the two countries.

Indonesia's Historic Perception of China: Natural Rivals

Underlying this more immediate concern in recent decades is a much deeper historical and geopolitical suspicion of China as an expansionist power intent on regaining a sphere of influence in the region, including in maritime Southeast Asia. Indonesia's perception of an expansionist China predates modern China and stretches all the way back into the latter country's imperial history.

According to Juwono Sudarsono, a former Indonesian defense minister (2004–2009), "China has strong notions that the South China Sea is its sphere of influence. The fact that China maintains its claim based on the ancient notions of cultural primacy rather than modern day sovereignty makes the issue even more perplexing."⁸³ Some members of the Indonesian elite take this a step further and draw parallels with China's thirteenth-century Yuan dynasty naval expeditions, when Kublai Khan sought to extend Beijing's hegemony across Southeast Asia, including into the South China Sea and onto the shores of Java. Instead of bowing to Chinese pressure, the Javanese resisted, cutting off the ear of Kublai Khan's envoy to demonstrate their determination, and subsequently expelled the Chinese naval expedition. Such stories of resistance to Chinese expansionism "are

still passed down through school textbooks,” including reportedly constituting part of the standard curriculum at Indonesian junior high schools.⁸⁴

According to Rizal Sukma, a prominent scholar and one-time Indonesian ambassador to the United Kingdom, this narrative “constitutes a basic element of Indonesia’s perception of traditional China, namely the image of China as an expansionist power.”⁸⁵ Sudarsono’s view that China will attempt to establish a sphere of influence in the region is a typical perception. “From a historical point of view, therefore, it is understandable why Indonesia has been concerned with the so-called ‘China threat’ to the region. In the eyes of many Indonesians, China has always tried to establish a ‘sphere of influence’ in Southeast Asia, and will continue to do so.”⁸⁶

Although Indonesian authors usually only state it implicitly, the underlying issue is that Indonesia itself shares a similar outlook, to the extent that it sees itself at the center of Southeast Asia—a perception that leaves little place for China to expand either its power or its sphere of influence into the region. Because of their parallel outlooks as “middle kingdoms” in their own regions, Michael Leifer came to the conclusion that any expansion of Chinese power into Southeast Asia would lead to the two countries becoming “natural geopolitical rivals.”⁸⁷ In Leifer’s view, Indonesia would perceive any expansion of Chinese influence into Southeast Asia as a threat to its leadership in the region, and would respond accordingly.

During the Suharto era, this rivalry remained real but largely dormant, as China projected its power into the region indirectly, through ineffective proxy rebel forces seeking to foment internal subversion. By the 1990s, however, Indonesian security concerns about China steadily were becoming more traditional, focusing on China’s growing conventional military capabilities, and specifically on the South China Sea maritime disputes.⁸⁸ It is clear that in the mid-1990s and into the first decade of the twenty-first century Indonesia was concerned by China’s actions regarding the South China Sea and was attempting to demonstrate its resolve to protect its claims through shows of force, aiming to deter further Chinese encroachment. As when President Widodo stood on the deck of *Imam Bonjol* in 2016, there is a clear historical trend of Indonesian leaders attempting to signal resolve through action when it comes to China and the South China Sea. It is often what is left unsaid that speaks the loudest about Indonesian security concerns surrounding China’s strategic intent in the area.

Since learning of China’s claims in the early 1990s, Indonesia repeatedly has attempted to signal its resolve in the South China Sea. In 1996, Indonesia responded to China’s 1995 assertion that a maritime dispute existed between the two countries by stating that there was nothing to negotiate, and by staging an unprecedented large joint (army, navy, and air force) military exercise that took place in the Natuna Islands, including some “20,000

troops, 50 warships, and 40 aircraft.”⁸⁹ According to one former high-ranking Indonesian military officer, the military was at that time “very much concerned about the defense of the Natunas,” and many interpreted the exercise as a show of force intended to convey clearly Indonesia’s message to China that there was in fact nothing to negotiate.⁹⁰

Ongoing concerns in the military over the South China Sea remained evident in Indonesian military exercises after the fall of the Suharto administration into the twenty-first century. In 2008, the Indonesian military held the largest ever triservice exercise in several areas in or near the South China Sea, including the Natuna Islands. The exercise, dubbed BATTLE READY (YUDHA SIAGA), reportedly involved more than thirty thousand troops and was attended by Susilo Bambang Yudhoyono, the president of Indonesia at the time, as well as the commander of the armed forces and the chiefs of staff for all three separate armed services.⁹¹ It was the first such joint exercise in the South China Sea since the one in 1996, and the reported “foreign maritime invasion scenario” of the 2008 exercise strongly indicates that the earlier strategic concerns had persisted through the intervening years.⁹²

This analysis is consistent with observations by Indonesian scholars, who have noted that, despite Indonesia’s signing of a “Strategic Partnership” with China in 2005, leaders in Jakarta continued to hold a “closeted yet persistent anxiety toward Beijing’s ambitions” in the South China Sea.⁹³ The potential for strategic rivalry remained, occasionally approaching the surface, but it was not until 2010 that the long-dormant rivalry between East and Southeast Asia’s regional leaders began to reemerge. Although China began to consolidate its claims in the Spratly Islands from the late 1980s into the mid-1990s, it only more recently began using its outposts there to expand its presence and influence into maritime Southeast Asia and the southern South China Sea.

Leifer envisioned the implications of just such a development back in the late 1990s. “Should China ever be able to extend its jurisdiction so as to realize in full its irredentist agenda in the South China Sea, a revolutionary geopolitical fusion of Northeast and Southeast Asia would occur. Such a worst-case fusion would make the People’s Republic [of China] as much of a Southeast Asian state as Indonesia, with the prospect of its being able to contend for command of the maritime heart of the region.”⁹⁴

China today indeed is attempting to extend its jurisdiction to the full extent of its irredentist claims in the South China Sea, initiating the “fusion” between Northeast and Southeast Asia to which Leifer referred. As Chinese power extends into the maritime heart of the region, located squarely in the South China Sea, China is becoming a de facto Southeast Asian power. This development risks upsetting a regional order in which Indonesia considers itself the dominant actor, and manifests itself in growing diplomatic and operational friction between the two nations.

Incidents in the South China Sea and an Emerging Strategic Rivalry

While Beijing may assert that its claims are historical in nature, Chinese official MLE vessels only began to assert a regular presence in Indonesian-claimed waters in the last decade. Prior to 2010, Indonesian maritime-security forces regularly enforced Indonesian laws and regulations against Chinese fishing vessels, routinely arresting and detaining them, with little more than diplomatic protests from China. But since 2010 China has backed up its words with action, and Chinese MLE ships have interfered repeatedly with Indonesian MLE efforts, leading to a number of incidents at sea. With such obvious official Chinese intent, these more recent incidents at sea provoke growing concern within the leadership in Jakarta, and are leading to the reemergence of a long-dormant strategic rivalry between China and Indonesia.

Indonesia primarily has responded by shifting assets to the Natuna Islands in an attempt to deter China's growing presence in disputed areas of the South China Sea. This has included the construction of new naval and MLE facilities on Natuna Besar and an increase in the frequency of patrols in the area. These efforts are consistent with Indonesia's ongoing emphasis on self-reliance in the defense component of its approach to China, but so far they have failed to achieve the desired strategic effect of deterring Chinese encroachment. Instead, there has been a spate of incidents involving forces from both countries.

Despite receiving comparatively little publicity, the incidents that have occurred between Indonesia and China in disputed areas have been some of the most severe to occur anywhere in the South China Sea, with Chinese forces threatening to open fire on Indonesian law-enforcement personnel and CCG patrol ships ramming boats under the control of Indonesian authorities. At least partly out of concern about being on the receiving end of these aggressive Chinese tactics, the Indonesian Navy on more than one occasion has fired warning shots and even disabling fire in an attempt to stop fleeing Chinese ships that had been operating in disputed areas.

At times, China's coercive tactics have achieved tactical success. According to a report from Japan's National Institute for Defense Studies, on 23 June 2010 former PRC Fisheries Law Enforcement Command (FLEC) large patrol ship *Yuzheng 311* reportedly "pointed a large caliber machine gun at an Indonesian patrol boat which had captured a Chinese fishing boat near the Indonesian held Natuna islands, and compelled it to release the boat."⁹⁵ The arrest occurred following a confrontation with a fleet of ten Chinese fishing vessels operating without permission in the Indonesian-claimed EEZ—and it was not the first such incident to have occurred.⁹⁶ This was a reprise of a similar incident a month earlier in May 2010, involving a Chinese MLE large patrol ship's threat to use force if an Indonesian patrol boat did not release the Chinese fishermen it

was holding.⁹⁷ These are the only incidents reported anywhere in the South China Sea involving a direct threat by a Chinese MLE vessel to use force.

By July 2010, these incidents—in which official Chinese vessels were attempting to reverse Indonesian law-enforcement actions—elicited enough concern that Indonesia's president, Yudhoyono, weighed in. He expressed concern over the situation in the South China Sea, maintaining that no country should be in a position to dominate the disputed area. He made mention of the relative peace and stability that had been achieved in the area up to that time, but noted that “the [South China Sea] region is a potential source of conflicts.”⁹⁸ Given the timing of this statement immediately following the May and June 2010 incidents, it is certain that Yudhoyono had the recent spell of Chinese assertiveness in mind.

Indonesia Takes Note and Begins Shifting Its Defense Posture (2010–13)

The concerns of Indonesia's senior leadership translated into a shift in Indonesia's policy toward the South China Sea. Also in July 2010, Indonesia filed a diplomatic note of protest with the United Nations Committee on the Limits of the Continental Shelf against a Chinese note submitted to the same body that included the nine-dash-line map of China's claims in the South China Sea. In a drastic and unprecedented shift in policy, Indonesia's protest note questioned the very foundation of China's claims in the South China Sea, asserting that China's nine-dash-line map “clearly lacks international legal basis.” Given this lack of legal basis, the note went on to state that China's claims were in contradiction to and risked upsetting the “fundamental principles” of the United Nations Convention on the Law of the Sea (UNCLOS), and thereby encroaching on “the legitimate interest of the global community.”⁹⁹

Although no similar incidents were reported in 2011 or 2012, the 2010 incidents evidently had a pronounced impact on Indonesia's strategic outlook. By 2012, the Indonesian military had become increasingly vocal, in public, about its growing concerns over the South China Sea. In August 2012, the chief of the general staff of the TNI, Vice Marshal Daryatmo, gave a more detailed speech on the South China Sea disputes, discussing them in the context of vulnerabilities and potential threats that could affect national security, both directly and indirectly. He stated that he (and, by extension, the TNI) needed to assess the strength of defense and security operations in the area, “particularly in the North of the Natuna Islands,” to “minimize spillover” should conflict in the South China Sea arise, and also to secure “various vital objects in the Indonesian EEZ.”¹⁰⁰

Daryatmo noted at the time that “this is a situation that we may face in the year 2012 and over the next five years.” The military needed to analyze continually the general trend of the situation, in his view, and he challenged the officers to “improve predictive thinking and anticipatory measures in order to establish and maintain strategic priorities.” In

addition to improving the estimative intelligence capacity of the TNI, Daryatmo called as well for the formulation of a strategy, practical scenarios, or both for securing Indonesia's claims in the South China Sea north of the Natunas.¹⁰¹

From September 2012 onward, these concerns began to have a tangible effect on Indonesia's defense force posture, including a shifting of naval assets to conduct more-frequent patrols in the Natunas. That month, five warships were deployed from Western Fleet Main Navy Base (Pangkalan Markas Angkatan Laut, or Lantamal) IV in Tanjung Pinang, Batam, to operate out of Naval Base Ranai. According to Cdre. Agus Heryana, at the time commander of Navy Base IV, this was a "strategic deployment" intended to reduce fishing in the area conducted illegally by foreign fishermen, who reportedly were "backed up by security forces" of their respective countries.¹⁰² Commodore Heryana obviously was referring to support that Chinese MLE agencies provided to Chinese fishermen, as no other country's fishermen had received operational support from their state security forces at the time.

In February 2013, Commander of the Western Fleet Rear Adm. Arief Rudianto similarly emphasized the role of an increased operational tempo in deterring violations at sea in the area.¹⁰³ The deployed patrol ships made use of a growing support infrastructure in the area, including Naval Base Pangkalan Angkatan Laut (or Lanal) Ranai on the main island of Natuna Besar, as well as the smaller naval post (Pos Angkatan Laut, or Posal) Sabang Mawang, on a small island of that name off the southwestern tip of Natuna Besar.

Admiral Rudianto's and Commodore Heryana's comments were consistent with messaging from the most senior ranks of the Indonesian Navy made during the same period. In December 2012, in a speech delivered as he assumed the position of chief of staff of the navy, Admiral Marsetio spoke about the need to evaluate constantly the trends in the South China Sea. He noted the difficulty of predicting developments in a dynamic regional security environment, particularly in the South China Sea, and the need for the navy to make certain adjustments if it was to address trends more effectively.¹⁰⁴

In January 2013, Commander of the Indonesian Armed Forces (Panglima TNI) Adm. Agus Suhartono became the most senior military officer to address the issue of the South China Sea directly. He stated, "[W]e need a careful posture. Do not let these claims become claims of territory. We have already protested this with the Chinese." During the same press conference Suhartono also announced that the government had decided to begin construction in the Natuna Islands, although he provided no details on this activity.¹⁰⁵

The initial incidents with China in 2010 clearly caught the attention of the Indonesian military, leading to a corresponding shift in the country's defense posture that included

an increase in the navy's operational tempo near the Natuna Islands. Although construction in the Natunas was announced, concerns had not yet risen to a level that would create sufficient impetus to overcome bureaucratic inertia and spur more-substantial action toward achieving this goal.

A New Round of Provocations Spurs Indonesia to Action

Following a roughly three-year gap in publicly reported incidents, in March 2013 another incident occurred between Indonesian and Chinese MLE forces in disputed areas of the South China Sea. Although not reported widely in the media initially, a copy of the Indonesian vessel captain's after-action report of the incident subsequently was leaked online.¹⁰⁶ This report indicates that the Chinese MLE patrol ship involved may have threatened to use force, as in the 2010 incidents, and probably also disrupted the Indonesian ship's communications using electronic measures.

On 26 March 2013, Indonesian MLE patrol ship *Hiu Macan 001* intercepted and arrested the crew of a Chinese fishing boat operating illegally some two hundred kilometers (km) northeast of Natuna Besar in areas Indonesia claims as part of its EEZ. The Indonesian MLE patrol ship making the arrest belonged to the Surveillance Ship Directorate (Direktorat Kapal Pengawas, DKP), a little-known organization falling under the Ministry for Maritime Affairs and Fisheries, and one of several MLE agencies with operational capability to enforce Indonesian claims in the area. After reporting the arrest to the DKP headquarters back in the Natunas, *Hiu Macan 001* began its return transit with the Chinese crew for further legal proceedings. The FLEC vessel *Yuzheng-310*, which arrived on the scene several hours following the arrest, prevented its return. *Yuzheng-310* immediately set about aggressively harassing the Indonesian patrol ship and demanding the release of the Chinese crew. When the captain of *Hiu Macan 001* attempted to report the incident back to his headquarters, he discovered that his communications no longer were working, implying that *Yuzheng-310* was jamming his communications. Fearing for the safety of his crew and isolated from his chain of command, the captain made the decision to release the Chinese boat and crew.¹⁰⁷

In 2014, a very public debate emerged within the Indonesian government over the country's involvement in the South China Sea disputes. Several Indonesian military officials, including the commander of the TNI, raised concerns about China's apparent claims near the Natuna Islands. In March of that year, Air Cdre. Fahru Zaini publicly acknowledged—for the first time in unequivocal language—that Indonesia had a dispute with China, stating that Beijing had “claimed Natuna waters as their territorial waters,” and that “this dispute will have a large impact on the security of the Natuna waters.”¹⁰⁸ Such comments from Zaini—the assistant deputy for defense strategy and doctrine to

the coordinating minister for security—regarding China’s claims in the area likely reflect a concern widely held within the Indonesian military.

The following month, in April 2014, the commander of the TNI, General Moeldoko, wrote an op-ed in the *Wall Street Journal* in which he expressed Indonesia’s “dismay” that China had “claimed parts of the Natuna Islands within the nine-dash line.”¹⁰⁹ The editorial not only expressed concern over China’s claims but announced that “the Indonesian military has decided to strengthen its forces on Natuna.” The growing number of incidents with China in disputed areas off the Natuna Islands clearly was having a significant impact on the perceptions of China of those in the military, including General Moeldoko personally, who had announced his intent to upgrade Indonesia’s military bases on Natuna Besar a month prior to writing the op-ed. To ensure that his message was not lost on China, he made this announcement during a trip to Beijing.¹¹⁰

It would be several more years before these plans could be implemented and Indonesia’s military facilities on Natuna Besar upgraded, but in the shorter term the Indonesian Navy increased its patrols in the area using the infrastructure already in place. In November 2015, the total number of ships assigned the task of patrolling the South China Sea increased from five to seven, with three of them deployed to Natuna and four more on standby at Main Navy Base IV in Batam. Reports characterized the strategic aim of these deployments as intending to produce a “deterrent effect.”¹¹¹ The increase in Indonesian Navy patrols followed reports of additional incidents occurring earlier in 2015, including an encounter in June in which a CCG ship provided support to a Chinese fishing vessel operating in Indonesian waters. According to the commander of the Indonesian Navy Western Fleet at the time, Rear Adm. Achmad Taufiqoerrockman (known as Taufiq), during that June confrontation he personally ordered the Chinese vessels to leave Indonesian waters.¹¹²

As in the past, the Indonesian Navy’s efforts to establish a more robust surface presence capable of deterring China failed to achieve the desired effects. In 2016, tensions escalated to their highest levels ever, with Indonesia facing the greatest number of incidents with China in a single year since physical encounters began occurring in 2010. In two of the three incidents that year the Indonesian Navy was able to accomplish its immediate tactical objectives—detaining Chinese fishing boats despite CCG ships’ attempts to intervene—but Indonesian MLE operations were less successful. In contrast to China’s operational concept, there was little to no coordination apparent between navy and MLE forces during any of the incidents in 2016, with each organization operating on its own.

The first of these incidents involved the ramming of a Chinese fishing vessel that was at the time under the command of personnel from the DKP.¹¹³ According to Susi Pudjiastuti, the minister for maritime affairs and fisheries, on 19 March DKP personnel

apprehended a Chinese fishing boat, KM *Kway Fey*–10078, and were towing the boat back to Natuna when a CCG ship rammed it.¹¹⁴ Following the ramming, a second, even larger CCG vessel arrived on scene, at which point the DKP personnel made the decision to abandon the fishing boat, out of concern for their safety.

The aggressive Chinese tactics and significant escalation involved in this incident likely led the Indonesian Navy to step up its own patrols in the area and adopt more-assertive tactics when this presence resulted in additional confrontations with Chinese fishing vessels operating in disputed areas. Rear Admiral Taufiq remained in command of the Western Fleet for both of the subsequent incidents involving Indonesian Navy ships, in May and June of 2016, and—given his comments the year prior about personally ordering Chinese ships to leave the area—he appears to have played an important role in directing the Indonesian Navy’s responses to the Chinese ships. Following the June 2016 incident involving KRI *Imam Bonjol* (detailed in the introduction), Taufiq commented that the detained Chinese fishing boat was one of twelve that he suspected of operating in the area at the time in a “structured” way—under escort by the CCG, in an area China considered its territory.¹¹⁵ In Admiral Taufiq’s view, *Imam Bonjol* provided the necessary and appropriate means by which to counter Chinese claims and operations in the area.

Following the succession of incidents in 2016, momentum began building toward the implementation of the previously announced base upgrades. After President Widodo announced during his cabinet meeting on *Imam Bonjol* in June that Indonesia would upgrade its maritime defense, details soon began emerging about what exactly the shift in defense posture would look like. By September, Gen. Gatot Nurmantyo, the commander of the TNI, announced that the military had begun building upgraded facilities for all three military services—army, navy, and air force—on Natuna Besar.¹¹⁶

In 2017, Indonesian concern over the series of incidents with China in 2016 emerged in the writings of naval officers and in military exercises conducted in the Natunas. In April 2017, the Indonesian Navy held an exercise in the South China Sea involving over twenty ships from the Western Fleet, including a *Martadinata*-class guided-missile frigate (FFG) and a *Makassar*-class amphibious transport dock. Named 2017 WESTERN FLEET COMBAT READINESS TRAINING (LATIHAN SIAGA TEMPUR KOARMABAR 2017), the exercise was aimed at testing tactical coordination in naval combat so as to maintain the sovereignty of Indonesia, according to Rear Adm. Aan Kurnia, the Western Fleet commander.¹¹⁷ Several weeks later, President Widodo flew to Natuna Besar to observe a separate exercise conducted by the army’s Quick Reaction Strike Force (Pasukan Pemukul Reaksi Cepat).¹¹⁸

Indonesian Navy officers made extensive public references to the alarming South China Sea incidents of 2016. One of the Indonesian Navy’s most strategically adept officers

(and also one of its most prolific writers), Captain Salim, published two separate books as a senior active-duty officer in the Indonesian Navy in 2017 and 2018 that discuss the South China Sea in some depth. Captain Salim describes China—in unusually frank terms—as a “threat” (*ancaman*) to Indonesia, although he also referred to it at times as the “Bamboo Curtain” (*Tirai Bambu*), a more common description of China in Indonesian media. Captain Salim recounts the March 2016 incident in tactical detail, and then quotes in full a news article about Cdre. Fahru Zaini’s 2014 comments on the strategic impact of China’s claims for Indonesia. Salim notes the “widespread concern” (*kekhawatiran luas*) over China making claims to Indonesian waters on the basis of a historical notion of entitlement.¹¹⁹

Another prominent book, written by retired Indonesian Navy rear admiral Darmawan, is much less forthright in its analysis of China, but nonetheless discusses the March 2016 incident with China in detail and the South China Sea disputes more broadly. Both Adm. Siwi Sukma Adji, then chief of navy, and Luhut Panjaitan, the coordinating minister for maritime affairs, wrote forewords to Admiral Darmawan’s book.¹²⁰ These senior officials’ endorsements imply that the South China Sea disputes remain of concern to the Indonesian government, even if Indonesian officials are not always publicly forthright about it.

More than Talk: Long-Discussed Base Upgrades Become Reality

In December 2018, Marshal Hadi Tjahjanto, the commander of the TNI, presided over the inauguration of the upgraded joint defense facility on Natuna that General Moeldoko had announced in 2014. The upgrades included a new pier built for the navy in Lampa Strait, which, according to photos from the event, is capable of accommodating the navy’s largest ships, including the 125-meter-long *Makassar*-class amphibious transport dock, and possesses the additional capabilities to berth submarines.¹²¹ This marks a significant improvement over the existing navy pier facilities elsewhere on Natuna Besar, which in 2014 were not only limited—capable of berthing only much smaller patrol craft—but in disrepair.¹²² Any surface combatant in the Indonesian Navy now can dock at the new facility, enabling Indonesia to deploy larger, more-capable combatants to the area, including the *Martadinata*-class and *Bung Tomo*-class FFGs; one ship of each class was present alongside the *Makassar* amphibious transport dock during the inauguration ceremony.¹²³

The deployments for the inauguration were consistent with other attempts by Indonesia to demonstrate its resolve over the South China Sea through displays of military power-projection capability, and are part of a broader operational trend that had begun earlier in the year with regular deployments of more-modern, more-capable combatants to the area. In April 2018, all three of Indonesia’s *Bung Tomo*-class FFGs were transferred to

the navy's Western Fleet, and by June the frigates had begun operating in areas of the South China Sea northeast of Natuna Besar.¹²⁴ With the inauguration of the new joint base in December, including the larger navy pier in Lampa Strait, patrols by these and other more capable combatants of the Indonesian Navy likely will become an increasingly regular occurrence.

The shift in defense posture toward the Natunas and the deployment of maritime power to the South China Sea have been Indonesia's primary response to growing concerns about China's claims and actions in the area over the past decade. Indonesia has attempted to "go it alone" in responding to China, relying on its own capabilities to deter future Chinese presence and coercive operations in disputed areas by signaling Jakarta's resolve to Beijing. So far, self-reliance has failed to achieve the desired results. Beijing shows no sign of walking back from its claims, and instead is operating farther out into the southern areas of the South China Sea, including those at the farthest extent of the nine-dash line.

China's operational successes have had unintended strategic consequences, however, including the reemergence of a long-dormant strategic rivalry with Indonesia. There are major asymmetries in this rivalry. While possessing the largest naval and MLE forces in Southeast Asia, Indonesia still remains at a disadvantage in this contest.

The Means for Self-reliance: Naval and Coast Guard Modernization

Indonesia's strategic response to China largely has been to double down on self-reliance. Significant upgrades to Indonesia's naval, coast guard, and MLE forces, especially maritime-patrol and naval-combat capabilities, reflect concerns about China's push into the southern portions of the South China Sea. The connection to China and the incidents in the South China Sea since 2010 is clear in the case of Indonesia's MLE modernization program, which has been fielding larger, more-seaworthy patrol ships, some of which bear a striking resemblance to China's own coast guard ships. Some recently acquired large patrol ships even have similar high-powered water cannon mounted aboard. This trend seems likely to continue, if not accelerate, with senior Indonesian officials, in the aftermath of a January 2020 confrontation with China, discussing the need to procure new MLE patrol ships to assert their claims.¹²⁵

The connection between China and Indonesia's naval-modernization program, however, is less clear. Although the navy's concerns about China's role in the South China Sea in particular remain pronounced and the navy continues to deploy the most-advanced naval combatants it acquires to the South China Sea, it is more difficult to connect naval procurements directly to strategic concerns about China. In fact, there seems to be little connection between Indonesia's perceived strategic environment and its naval-acquisition program, which continues to originate from "capabilities based planning," not the threat- or scenario-based planning common in Western militaries.¹²⁶

This divergence in priorities for procurement and deployment results from a long-standing disconnect between the armed services and the Ministry of Defense (MoD) in the procurement process. The MoD was created in 1985 and assumed responsibility for military budgeting and procurement.¹²⁷ Although the TNI retains control over operational military forces, and despite concern within the TNI about China and the South China Sea, it ultimately is the MoD, not the TNI, that makes the decision regarding actual procurements of naval platforms and associated weaponry. Acquisitions often are made on an ad hoc basis, with little oversight over or regard for the broader strategic implications of a particular procurement. This results in procurements from multiple suppliers, including suppliers whom the military views with concern. All this creates onerous problems for TNI logistics, training, and maintenance. Although it is clear that the military's concerns about China are driving the shift in defense posture and operations toward the South China Sea, it is less clear that these perceptions are impacting in any meaningful way Indonesia's naval-modernization program, which remains primarily driven by the MoD and to date has displayed limited direct connection to the navy's perception of the strategic environment.¹²⁸

Despite the shortcomings in strategic planning and procurement for the navy, the service nevertheless is acquiring new capabilities that are applicable to potential contingencies in the South China Sea, including larger and more-capable surface combatants. Although the military cannot control procurements, it does control how assets are deployed. As noted above, what assets the navy does acquire increasingly are being deployed to the South China Sea. In late 2019 and 2020, this included the deployment of several of these new surface combatants to the South China Sea as part of President Widodo's response to China, which marked the largest-ever operational deployment of Indonesian Navy and coast guard ships to the area.¹²⁹ The trend is clear; not only are both Indonesia's Navy and its MLE agencies acquiring more-capable oceangoing vessels, but they increasingly are deploying them to disputed areas of the South China Sea to respond to growing concerns about China's presence and activities there.

An Emerging Regional Naval Power

As with any naval-modernization program, Indonesia's ability to acquire new naval capability depends on the financial resources available through its defense budget, which has been growing steadily—it nearly quadrupled over the last decade.¹³⁰ While such a growth rate is nearly unparalleled in Southeast Asia, it also is important to consider such growth in context; Indonesia started from an extremely low baseline with regard to overall military expenditures. So even with these increased spending levels, the defense budget remains at roughly 1 percent of Indonesia's overall GDP—comparatively modest when viewed alongside the top regional defense spender in Southeast Asia, Singapore, which consistently spends between 3 and 4 percent of its GDP on defense.¹³¹

Successive administrations have promised to raise defense spending to 1.5 percent of GDP.¹³² Luhut Panjaitan, President Widodo's former chief of staff and current coordinating minister for maritime affairs, projected the defense budget to grow to as large as \$20 billion, but this has not come to pass.¹³³ The defense budget has continued to remain below 1 percent of GDP—a level that constrains Indonesia's naval-modernization program by limiting the resources that can be devoted to procuring new capability.

Despite these constraints, “the sheer size of Indonesia's armed forces suggests that Indonesia is the potential or putative regional power in Southeast Asia.”¹³⁴ Measured by numbers alone, Indonesia's armed forces indeed are impressive, with 302,000 military personnel total, including 233,000 in the army, 45,000 in the navy, and 24,000 in the air force, as well as a sizable reserve force of 400,000. However, in a regional security environment marked by the proliferation of long-range precision-strike and -targeting platforms, such “bean counting” amounts to very little. To operate effectively in this environment, the TNI has begun modernizing its forces. A historical preoccupation with internal security, and the ground force-centric orientation that resulted, left the naval and air forces underfunded and poorly suited to modern warfare, with outdated platforms and weaponry of often-questionable operational status.

Successive Indonesian leaders following the fall of Suharto, dating back to the administration of Abdurrahman Wahid (famously known in Indonesia as Gus Dur), have sought reform within the military. More recently, leaders have recognized the urgent need to modernize the naval and air forces. An increasing proportion of the overall military budget allocation has shifted to the naval and air forces over the last decade.¹³⁵ The growing defense budget has allowed these forces to begin acquiring the sophisticated weaponry needed to maintain a more credible deterrent and defense posture in the region today. These acquisitions are part of overall strategic plans that are subsumed under the heading of the Minimum Essential Force (MEF) required to fulfill these duties, and are slated for completion in 2024.¹³⁶

The most ambitious plan of any of the services is that of the navy, which since 2005 officially aspired to become a “green-water navy” by 2020.¹³⁷ Such a navy theoretically would be capable of patrolling and defending the entirety of the Indonesian archipelago, a task the TNI-AL currently cannot perform. Adm. Slamet Soebijanto, the chief of the navy in 2005, established this goal, but subsequent comments made by Admiral Soeparno, his successor, suggest that the navy's ambitions may have evolved after 2005. At a speech given in December 2012 when he was chief of the navy staff, Admiral Soeparno stated that “Indonesia has ambitions to become a major maritime power in Southeast Asia, even the world.”¹³⁸ While becoming a green-water navy remains a challenging near-term focus, the country clearly has wider ambitions to become a regional maritime power, although its vision of what being such a power would entail remains underdeveloped.

President Widodo has embraced these long-term ambitions for fielding a navy that, among other missions, can protect Indonesian maritime zones from encroachment by Chinese MLE and fishing fleets. Even before assuming office, Jokowi began outlining his strategic vision to turn Indonesia into a “global maritime fulcrum.”¹³⁹ This vision is now official doctrine, which Jokowi unveiled for the first time at the 2014 East Asia Summit, in Myanmar. The fifth pillar of this doctrine focuses on building up Indonesia’s “maritime defense power,” which includes both navy and coast guard forces.¹⁴⁰

These developments suggest that Indonesia has ambitions to become a regional, and even a global, naval power sometime beyond 2020—ambitions that the steady encroachment of PRC forces and a steadily increasing defense budget reinforce. While global naval capability remains a distant prospect, Indonesia likely will emerge as a regional naval power in its own right within the next ten to fifteen years if the current trajectory holds.

According to the 2008 defense white paper, the MEF for the TNI-AL is “at least 274 vessels comprised of various types,” divided into three forces: combat strike, combat patrol, and support.¹⁴¹ The combat strike force is expected to be composed of “missile destroyer escorts” (essentially frigates), submarines, fast-attack craft (FACs), torpedo boats, and minesweepers. The combat patrol force is “projected to achieve the capability of patrolling and securing Indonesia’s territorial waters with sufficient patrol boats of various types.” The support force is to include vessels such as multipurpose transportation and ocean hydrographic vessels, as well as tankers and ocean tugs.¹⁴² The navy already has obtained and has additional planned acquisitions of vessels in all three forces, including a growing number that are manufactured domestically—in Indonesian shipyards, often with assistance from foreign partners through technology-transfer deals.

The bulk of current and planned acquisitions fall under the combat-strike force, suggesting a heavy focus at present on building military combat capability in the naval forces. Although acquisition of combat-patrol-force vessels has progressed and likely will continue to do so, the current focus on acquiring combat-strike-force assets would suggest that the focus is not limited to maritime-security operations in the EEZ alone but rather extends into more-traditional war-fighting and deterrent roles. It is not clear that this focus is driven solely or even primarily by concerns about Chinese encroachment in the South China Sea; nevertheless, the current naval-modernization program is fielding significant new capabilities that are well suited to addressing that problem set. The ongoing focus in the combat-patrol acquisitions, including of naval patrol ships, creates inefficient redundancies with Indonesia’s MLE forces and reduces the resources that could be devoted to the combat-strike force, although the navy’s growing fleet of modern, antiship cruise missile (ASCM)–capable surface combatants and submarines has increased Indonesia’s green-water power-projection capability significantly.

The extent to which the Indonesian Navy truly can grow into a regional naval power will depend not only on these acquisitions but ultimately on the navy's calculation that maritime-security and patrolling functions are best left to civilian law-enforcement or coast guard agencies, allowing the navy to focus more on traditional war-fighting and deterrence functions. There currently is little indication that such a calculation has been made, with former chief of navy Admiral Marsetio continuing to focus on the navy's role in fulfilling law-enforcement missions. Marsetio's successor as chief of navy, Admiral Supandi, directed that maritime-security operations, specifically those targeting illegal fishing, would receive an even higher priority during his tenure.¹⁴³ At least partly this may have reflected President Widodo's focus on illegal fishing, but the navy's continued focus on MLE roles at some point will have to change if Admiral Soeparno's ambition for Indonesia to become a regional naval power is ever to be realized.¹⁴⁴ Such a shift also would require placing heightened importance on the eventual development of an effective coast guard capability.

Growing Naval-Combat Capability for Maritime Defense

However the Indonesian force structure develops overall, the naval force that will defend Indonesian claims in the South China Sea is increasingly capable. In January 2018, Indonesia took delivery of the second of two 2,400-ton, 105-meter-long *Martadinata*-class FFGs, which are fitted with MBDA's Exocet Block III ASCMs and VL MICA anti-air missiles.¹⁴⁵ At least two more likely will be acquired, although the contract has yet to be finalized.¹⁴⁶ Reports by Indonesian analysts suggest that the build-out of the class ultimately could encompass a total of anywhere from four to sixteen of the vessels, to be built in cooperation with Damen.¹⁴⁷

The ships also reportedly will be capable of embarking AS565 Panther helicopters, which are to be fitted with the Helicopter Long-Range Active Sonar dipping sonar and torpedo-launch system for antisubmarine warfare (ASW) operations.¹⁴⁸ The purchase of a total of eleven of the Panthers was announced in April 2014, with the helicopters manufactured jointly, by the Indonesian aerospace firm PT Dirgantara (PTDI) in cooperation with Airbus Helicopters.¹⁴⁹ By February 2019, at least eight of the helicopters had been delivered to the Indonesian Navy, which planned to assign them to Air Squadron 400 (Skudron Udara 400).¹⁵⁰ Acquiring the helicopters and standing up the squadron was part of a navy effort to develop a rotary-wing ASW capability in the fleet.

In addition to the *Martadinata*-class frigates, Indonesia also purchased three British-built frigates that all were delivered and commissioned under the renamed *Bung Tomo* class by the end of 2014. All three frigates are equipped with a helicopter flight deck capable of supporting medium-size aircraft such as the S-70B Seahawk.¹⁵¹ Such capability would allow them also to embark the Panthers, and reports have indicated that the navy

intends to do so.¹⁵² Along with the new *Martadinata* class, the *Bung Tomo*-class frigates are capable of berthing at the new naval base in Lampa Strait on Natuna Besar, and have begun operating in the South China Sea.¹⁵³

The planned frigate acquisitions will supplement existing naval-warfare capabilities of the Indonesian Navy, which already were strengthened recently through the acquisition of four corvettes. These smaller (1,700 ton) ships, referred to as the *Diponegoro* class, were commissioned between 2007 and 2009, and also are armed with Exocet ASCMs and Mistral surface-to-air missiles (SAMs), as well as antisubmarine torpedoes.¹⁵⁴

In addition to the ongoing acquisition of larger and more-capable surface combatants, Indonesia is continuing to expand its inventory of subsurface capabilities; it has been operating submarines for over a half century. In December 2011, a \$1.1 billion contract for three *Chang Bogo* Type 209 submarines was signed between the Indonesian MoD and South Korea's Daewoo Shipbuilding and Marine Engineering Company (DSME).¹⁵⁵ The first two submarines, of the *Nagapasa* class, were built entirely at DSME's shipyard in South Korea, and were commissioned in August 2017 and April 2018.¹⁵⁶ The third of these boats, which was partly assembled locally, by the PT PAL shipyard in Surabaya, with assistance from DSME, was launched in April 2019.¹⁵⁷

Indonesia previously (in 1981) had acquired two Type 209 subs from Germany, both of which DSME recently overhauled and upgraded, with the second completed in early 2012.¹⁵⁸ The upgrade reportedly included new weapons and combat-management systems, including submarine-launched missiles capable of targeting both air and surface platforms, as well as the ability to "simultaneously fire four wire-guided surface underwater torpedoes in a salvo at four different targets."¹⁵⁹ If reports are accurate that DSME's upgrade of the old Type 209s included submarine-launched missiles, this would suggest that it is likely the new Type 209s would be equipped with similar weaponry.

The *Nagapasa*-class submarines are likely to be only the beginning of a string of submarine acquisitions for Indonesia; officials previously stated that Indonesia needed "at least twelve subs" to meet the MEF requirements.¹⁶⁰ These numbers have been revised since then, and in late 2017 reportedly were reduced to eight submarines under the MEF.¹⁶¹ According to reports from April 2019, PT PAL was close to finalizing a contract for three follow-on Type 209 submarines that would be assembled in Surabaya, leveraging PT PAL's earlier work on the last of the first three.¹⁶² If a contract is signed for an additional three indigenously assembled Type 209 submarines, this would allow Indonesia to reach the revised MEF requirement if the two older submarines are retained.

The ongoing modernization of the Indonesian Navy is the product of numerous traditional and nontraditional security concerns. China's encroachment on Indonesian maritime areas has become a priority driving decision-making in the Indonesian Navy,

but it is not clear that these concerns are translating directly into naval-procurement programs. The current focus of modernization efforts on vessels categorized under the combat strike force is part of an effort to increase the traditional war-fighting and deterrence capabilities of the TNI-AL, capabilities that partly address the military's growing concerns over China. Once these capabilities are acquired, they are being deployed to the South China Sea as part of a broader shift in Indonesia's defense posture that is specifically intended to achieve this exact goal. The naval-modernization program has begun accelerating over the last several years, in line with a steadily growing defense budget, and can be expected to accelerate further in the years ahead. However, ongoing issues in the defense procurement process have left a yawning gap between the strategic direction of operational deployments and the naval buildup.

Indonesian naval strategists are aware of the problems in the current defense procurement process, including its basing in "capabilities based planning." If changes were implemented—moving to threat- or contingency-based planning, as some Indonesian Navy officers have urged—it likely would accelerate current trends toward acquiring higher-end naval-combat capabilities, streamlining Indonesia's limited defense resources in more-efficient directions.¹⁶³ It also is likely that a more strategically oriented procurement process in turn would accelerate Indonesia's near-term movement toward becoming a green-water navy, as well as its longer-term ambition to become a regional naval power in its own right.

Such ambitions are almost inevitable, given Indonesia's archipelagic geography and vast maritime territory, but the time frame in which such ambitions might be realized is approaching quicker than many might think, with current trends beginning to eclipse ongoing problems and previous cause for skepticism. What at present might be described best as playing catch-up with other Southeast Asian naval forces soon may turn into the TNI-AL surpassing its nearby neighbors, once the previous atrophy of its forces is overcome.¹⁶⁴ As Indonesia rises to play a more important leadership role in regional security going forward, part of that role may well include it becoming the preeminent maritime power in Southeast Asia, making it a critical partner in countering Chinese coercion and upholding international norms in the maritime domain over the coming decades.

An Indonesian Coast Guard?

The prospects for Indonesia emerging as the preeminent naval power in Southeast Asia are closely tied to the development of more-comprehensive national maritime power, including a more effective Indonesian MLE capability. What amounts to an "Indonesian Coast Guard" today strongly resembles the previous chaos of China's "five dragons" that existed before the formation of the CCG in 2013, in which multiple agencies with overlapping authorities were competing among themselves for limited resources.¹⁶⁵

For Indonesia, streamlining these agencies into a unified coast guard organization has remained an ongoing challenge, but there is cause for optimism that these challenges may be overcome, at least to some degree, in the near future. Progress toward a more unified operational MLE capability would enable more-effective options when responding to PRC activity in disputed areas. It also would allow the navy to focus on developing the naval-combat capabilities that would be required to succeed in deterring continued Chinese encroachment into the southern South China Sea.

Although disconnected and poorly coordinated at present, efforts by agencies such as the Maritime Security Agency (Badan Keamanan Laut, or BAKAMLA) and the DKP provide the clearest indication that Indonesian authorities are translating growing concern over China into the acquisition of new maritime capabilities intended to enable them to counter the CCG more effectively. The DKP's ships have been involved directly in multiple incidents with the CCG (and its predecessor organizations), and it was the first agency to respond by building larger, more-seaworthy ships to enable it to operate more effectively in disputed areas of the SCS. BAKAMLA only recently began acquiring its own operational capability, but since 2016 it has made similar investments in building larger and more-capable ships, including the KN *Tanjung Datu*-class large patrol ship, Indonesia's largest such ship at 110 meters in length and a displacement of two thousand tons. It is not an accident that the vessel's size is roughly comparable to that of many of the CCG patrol ships that Indonesia has been encountering in recent years, nor that the ship includes deck-mounted, high-power water cannon strongly resembling those on CCG ships. Beginning in December 2019, these larger, more-capable patrol ships were deployed for the first time to the South China Sea to confront China.

Prior to 2016, there was little indication of an overarching vision for either the development or the employment of MLE assets with South China Sea contingencies in mind. The development of Indonesia's MLE capabilities over the last several decades owed largely to domestic infighting between the navy and the maritime police (Polair).¹⁶⁶ In 2014, Jokowi created BAKAMLA via a presidential directive that established a mandate for the organization, signifying the intent of senior leaders in the administration to form a unified coast guard agency.¹⁶⁷ The creation of BAKAMLA reflected an ambition to provide command and control over the disparate MLE operations that multiple agencies were conducting at sea. However, in early 2015 BAKAMLA officials themselves admitted that they still could not even coordinate the various patrols that were occurring at sea, let alone provide command and control.¹⁶⁸

Despite these frank acknowledgments, the prospects for developing a more unified operational MLE capability in Indonesia have been improving steadily in recent years. China's activities in the South China Sea appear to have been at least partly responsible for accelerated movement toward the formation of a unified coast guard. While it is

still too early to know for certain, in January 2020 indications began to emerge that the confrontation with China might prove the final catalyst accelerating reform toward the long-standing goal of a unified coast guard, with BAKAMLA at the helm. Key decision makers, including Luhut Panjaitan, one of Jokowi's closest advisers, have expressed publicly their intent to put BAKAMLA in that position, and reports indicate that pending legislation could make it a reality.¹⁶⁹ The navy likely would welcome such a development and has been supporting BAKAMLA actively, transferring some of its most senior and capable officers into the new agency.¹⁷⁰ This includes the current head of BAKAMLA, Vice Adm. Achmad Taufiqoerrockman, the aforementioned Taufiq. A number of other highly capable Indonesian Navy officers also followed Admiral Taufiq to BAKAMLA when he became its commander, including his second in command, Rear Adm. Supriyanto Irawan, and Captain Salim, whose blunt assessments of Chinese intentions are clear in his many publications.¹⁷¹

The support from Jokowi's administration is more than rhetorical. BAKAMLA is receiving increased funding, including an additional \$56 million that the House of Representatives approved in February 2015. The majority of that money was used to acquire new patrol boats for the agency and to upgrade its existing operational facilities, including an early warning system. A smaller portion was allocated to operations, to improving the agency's coordination function, and for personnel for the organization. As part of the expansion of the new agency, the number of personnel is expected to grow to two thousand in the coming years—a fivefold increase from previous personnel numbers.¹⁷²

The increased funding allocated to BAKAMLA for ship acquisitions is being used to acquire larger, more-capable patrol ships that can compete more effectively with China in disputed areas of the South China Sea. In January 2018, BAKAMLA commissioned KN *Tanjung Datu* (WPS 301), one of three planned 110-meter ships being built for BAKAMLA.¹⁷³ Following *Tanjung Datu*'s commissioning, the ship was deployed with Indonesian marines on board, who conducted visit, board, search, and seizure operations from the ship, demonstrating increased cooperation between BAKAMLA and the navy—possibly a sign of more of the same to come.¹⁷⁴ In December 2018, BAKAMLA launched an additional three eighty-meter large patrol ships, the *Pulau Nipah* class, which BAKAMLA's deputy for operations stated the agency would deploy to Natuna and use to patrol the South China Sea.¹⁷⁵ In January 2020, BAKAMLA did just that, deploying two of the three *Pulau Nipah*-class WPSs to Natuna Besar to reinforce *Tanjung Datu*, which had been deployed to the area since mid-December 2019.¹⁷⁶

The focus on the South China Sea is of long standing and likely reflects the priorities of BAKAMLA's senior leadership, which currently is composed of a number of the Indonesian Navy's most capable officers. When Vice Admiral Taufiq became head of BAKAMLA in November 2018, he immediately emphasized turning the recently acquired ships

into an operational capability through personnel development and training.¹⁷⁷ Taufiq responded assertively to Chinese activity in disputed areas of the South China Sea during his time as commander of the Indonesian Navy Western Fleet in 2016, and in 2019 responded similarly as commander of BAKAMLA. Under his leadership, BAKAMLA was the initial Indonesian agency that detected and responded to the CCG-escorted fishing fleet in December 2019, with KN *Tanjung Datu* first locating and then challenging the fleet on 19 December.¹⁷⁸

Prior to receiving the larger patrol ships in 2018, BAKAMLA also acquired three smaller forty-eight-meter nonnaval coastal patrol craft (WPCs), the *Bintang Laut* class, the third of which was launched from PT Batam Expresindo Shipyard in February 2014.¹⁷⁹ One ship was assigned to each of BAKAMLA's three commands (Central, Eastern, and Western).¹⁸⁰ In 2015, the fourth, fifth, and sixth vessels of this class were launched.¹⁸¹ At the launching ceremony for the final two in November 2015, Vice Adm. Desi Mamahit, then the commander of BAKAMLA, stated that BAKAMLA planned to upgrade its basing infrastructure at Natuna so it could monitor the situation in the South China Sea better.¹⁸²

There are indications that BAKAMLA ships may have begun operating from Natuna around this time, with reports in November 2015 that BAKAMLA had provided “direct assistance” to expel Chinese vessels from waters around Natuna.¹⁸³ Admiral Mamahit long had been aware of the potential security implications from the overlap with China's nine-dash-line claim. Despite the lack of clarity surrounding Chinese claims in the South China Sea, he publicly stated in September 2014 that the claims are “clearly a potential real threat for Indonesia” (*potensi ancaman nyata bagi Indonesia*), one that inevitably will impact the country's national security, and that Indonesia must be prepared to respond to all possible contingencies. “Sooner or later, inevitably, Indonesia will be affected by the South China Sea conflict, either directly or indirectly.”¹⁸⁴

Reports from senior BAKAMLA personnel indicate that concerns about China's claims and operations continued after the 2016 incidents. During a February 2017 visit by Vice

Table 1. *Patrol Assets in the BAKAMLA Inventory*

Ship Class	Type	Number	Notes
<i>Tanjung Datu</i>	WPS	1	110 m in length, displacing over 2,000 tons. Capable of supporting helicopter operations. Equipped with high-powered water cannon.
<i>Pulau Nipah</i>	WPS	3	80 m in length. Capable of supporting helicopter operations. Equipped with high-powered water cannon.
<i>Bintang Laut</i>	WPC	6	48 m in length. First of class launched in 2013, final three launched in 2015.

Including primary platforms WPC and larger, excluding any classes planned or in process.

Adm. Agus Setiadji, the principal secretary of BAKAMLA, to the agency's Maritime Safety and Security Monitoring Station (Stasiun Pemantauan Keamanan dan Keselamatan Laut, SPKKL) at Natuna Besar, problems with Chinese fishing vessels remained a concern for BAKAMLA in the South China Sea, including "Chinese fishermen who are protected by the authorities when committing illegal fishing in the Natuna region that intersects with the South China Sea."¹⁸⁵

The plans for the new basing infrastructure and reports of recent operations indicate that BAKAMLA has begun operating within the overlap northeast of Natuna, something that would not even have been possible until recently owing to the agency's previous lack of patrol ships. BAKAMLA now is better equipped in terms of both ships and personnel to respond effectively to maritime-security challenges in Indonesian waters, including those involving Chinese fishermen in disputed areas of the South China Sea near the Natunas.

The Original MLE Operator in the SCS: Surveillance Ship Directorate

The agency leading Indonesia's responses in the South China Sea until recently was neither BAKAMLA nor the navy, but the Surveillance Ship Directorate, referred to as the DKP.¹⁸⁶ DKP vessels implement ministry policy regarding surveillance and law-enforcement activities within the EEZ, with the strategic goal of realizing an Indonesia that is "free from illegal fishing" (*Indonesia bebas illegal fishing*).¹⁸⁷

The DKP currently possesses some thirty-five patrol ships of various sizes, including one thirty-meter and one forty-two-meter vessel acquired in 2013, as well as four thirty-two-meter patrol ships that were launched in December 2015.¹⁸⁸ Operationally, these vessels are divided between an Eastern and a Western Command.¹⁸⁹ The entire budget for the DKP in 2013 was roughly \$16 million, with the Western Command operating some thirteen vessels with a budget barely exceeding \$6 million.¹⁹⁰ DKP operations in the South China Sea are headquartered out of DKP Station (Stasiun) Pontianak, with an operational work unit (*satuan kerja*, or SATKER) at Ranai, Natuna Besar. The SATKER at Natuna is one of ten scattered across the Riau Archipelago under the direction of Pontianak Station.¹⁹¹

The area of operations for this regional command includes the Karimata Strait, as well as the Natuna Sea and South China Sea, collectively referred to by the acronym WPP-NRI 711.¹⁹² In 2013, the personnel of the entire DKP numbered fewer than one thousand, with fifty-seven of them stationed at Pontianak.¹⁹³ These statistics reflect an organization that is as understaffed, undermanned, and underfunded as BAKAMLA. Yet despite these constraints, the DKP has been fairly successful at using its limited resources to meet its mission tasking. The organization has received renewed investment over the last several years and can be expected to remain a prominent force in the South China Sea, likely

operating either in conjunction with or under the direction of BAKAMLA, depending on the details of the forthcoming omnibus legislation.

Similarly to BAKAMLA, the DKP also plans to build larger and more-capable ships, and a number of these in fact are finished already, with four sixty-meter ships launched in late 2015 and early 2016. Part of the Indonesian Fisheries Inspection Vessel System, the fourth of these *Orca*-class patrol ships was launched in April 2016.¹⁹⁴ These four vessels represented a significant increase in DKP operational capability, and were divided evenly between the two regional commands, with two operating in the Western region, and one of those out of Natuna.¹⁹⁵ The ships are reported to have much longer endurance than the other thirty-one vessels currently in the DKP inventory, able to stay at sea for fourteen days.¹⁹⁶ Radar-detection capabilities on the boats also is greatly improved—120 nm, compared with only 36 nm for most of the other vessels. Reports indicated that at least one of the new *Orcas* was present at Natuna Besar during Jokowi's visit in January 2020, but it was not clear whether the DKP had conducted patrols out into the South China Sea from port during the confrontation.¹⁹⁷ The trend toward both the DKP and BAKAMLA acquiring larger ships is a direct response to the size of Chinese vessels encountered at sea, especially during the major incidents between 2010 and 2016, and is likely to continue following the recent confrontational period spanning late 2019 and early 2020.

At present, Indonesia's various agencies lack a unifying framework around which to integrate their various capabilities. But growing concerns about Chinese activities in the South China Sea finally may prove to be the catalyst to streamline command-and-control arrangements, enabling more-effective operational responses.

Prospects for Joint Navy and MLE Operations

Although both the DKP and BAKAMLA now are operating in the South China Sea, the navy shows no desire to relinquish its role over Indonesian maritime security in these and other areas. This noncombat role remains a primary mission for the service, including operations typically conducted by law-enforcement agencies. Navy doctrine continues to reflect this focus, which still accounts for the bulk of the navy's operational activities at sea.¹⁹⁸ Whereas navies in other countries such as Malaysia have sought to create coast guards to enable them better to focus on their traditional war-fighting roles, there is no indication at present that this has been a motivation for the Indonesian Navy. The evolution to this point of Indonesia's coast guard arrangements has owed more to the navy's desire to preserve its role in the face of competition from other organizations, such as the police.

For the navy to relinquish this role, it would have to have a greater level of confidence that funding for its main war-fighting role alone would continue to secure its budget

within the wider TNI, and also that other agencies (such as BAKAMLA) were competent to take its place.¹⁹⁹ Continued central government focus on maritime-security issues such as illegal fishing is unlikely to provide the navy a sufficient level of confidence to throw its weight solely behind war fighting. This will continue to prove a challenge for Indonesia's wider efforts to respond to Chinese assertiveness in the South China Sea and will complicate the ability of the navy to maintain an effective deterrent with its own limited resources.

For this reason, the primary objective behind establishing BAKAMLA—transitioning from coordination to command and control—becomes even more important. If BAKAMLA is able to pool resources under its command more effectively, the burden on the navy would be greatly relieved. Some navy officers are optimistic that this can be achieved, concluding that “the mission and associated assets of BAKAMLA should allow it to assume command authority rather than merely coordinate activities,” while also noting that such a development likely would take time, as institutional tension probably would persist.²⁰⁰ The close institutional ties between the navy and BAKAMLA, including the fact that BAKAMLA always has been commanded by a navy admiral, mitigate this tension to some degree, and BAKAMLA likely stands the best chance of any Indonesian MLE agency of developing a truly joint operational capability with the navy. The standing of senior and respected navy officers such as Vice Admiral Taufiq further reduces these tensions, creating new opportunities for this type of cooperation to progress.

Although challenges are likely to persist in relations with other MLE agencies, there also is a history of more-measured operational cooperation among the three primary agencies likely to be operating in the South China Sea: the DKP, the navy, and now BAKAMLA. Extensive cooperation and coordination in fact already exist among these agencies, including between the DKP and the navy. According to the DKP, this cooperation includes joint surveillance operations within the EEZ and a “joint agreement” (*kesepakatan bersama*) on fisheries enforcement.²⁰¹ Further cooperation also occurs through navy “crew training” (*pelatihan awak*) of DKP personnel on the use of firearms, such as the 12.7 mm deck guns that are standard on most DKP ships. The navy also may supply these and other handheld firearms to the DKP, as it apparently “loans” firearms (*pinjam pakai senjata api*) to the agency.

Joint operations also have been undertaken with what is now BAKAMLA, including Operation GURITA (OCTOPUS), which was conducted seven times over the course of 2013, resulting in six arrests of fishing vessels operating illegally at sea. Part of the DKP's strategy for 2013 included “increasing coordination” (*meningkatkan koordinasi*) with both the navy and BAKAMLA.²⁰² There already exists a precedent for not only coordination but actual joint operations among the three organizations, and this cooperation could

serve as a model for future joint operations conducted under BAKAMLA's strengthened mandate.

Actual joint operations would stand the greatest chance of occurring between BAKAMLA and the navy, where institutional barriers are less significant and there is a history of tight organizational connection. The navy's active support for BAKAMLA sets it apart from other MLE agencies, including the DKP. If BAKAMLA's role grows larger (i.e., leading a more unified Indonesian Coast Guard, as is being proposed) the prospects for improved coordination with the navy, and even perhaps joint operations to counter the PRC presence, would become greater. Such cooperation and joint activity will be essential if Indonesia is to overcome its divided MLE architecture and more effectively address the challenges it is facing in the South China Sea as China's campaign of maritime coercion pushes closer to Indonesia's shores.

Active Alignment: Indonesia's American and Australian Defense Ties

Indonesia's development of its own self-defense capability, including the modernization of its naval and coast guard forces, historically has overlapped closely with and been enabled by its close alignment with the United States and its allies, particularly Australia. China's operational push farther south not only propels forward enhanced Indonesian alignment with these Western partners but acts as a significant constraint on China's own attempts to build similar defense ties with Indonesia.

Despite continuing since the mid-1960s to espouse a declaratory policy of "free and active" (*bebas aktif*) nonalignment, Indonesia in fact has remained closely aligned with Western powers, foremost among them the United States and Australia.²⁰³ For roughly three decades up until the mid-1990s, the United States led the Western engagement with Indonesia and had extremely close ties with the Indonesian military during the New Order (Orde Baru) regime under Suharto. The two countries were not allies, but Indonesia's defense alignment with the United States came pretty close. When the United States began to reduce its engagement in the 1990s, Australia stepped in to fill the void, signing what amounted to a mutual-defense treaty with Indonesia. Significantly, this agreement was driven very much by concerns in Jakarta over Chinese activity in the South China Sea at the time.

As Indonesia transitioned to democracy in the late 1990s, the agreement with Australia fell apart, along with Indonesia's relationship with both Western powers. For several years, American and Australian defense cooperation with Indonesia stalled, instilling significant doubt in the Indonesian military about the reliability of both partners. But Indonesia has resumed defense cooperation with both the United States and Australia, including more maritime-focused cooperation in recent years, gradually overcoming the legacy of interrupted ties. This resurgence in Indonesian defense and security

cooperation with Western partners is driven at least partly by concern over Chinese actions and intentions in the South China Sea.

U.S.-Indonesia Defense Cooperation. Historically, the United States has been an important defense partner for Indonesia. During the New Order period, the United States was the leading supplier of defense equipment to Indonesia through robust military-assistance and -training programs.²⁰⁴ Between 1966 and 1981, U.S. arms transferred to Indonesia included navy destroyers, tank landing ships (LSTs), fighter aircraft, C-130s, and a major communications network. These acquisitions continued into the late 1980s, including the transfer of twelve F-16s armed with Maverick air-to-surface and Side-winder air-to-air missiles in 1989.²⁰⁵

Engagement did not stop at transferring weaponry. The United States also implemented one of the most robust military-training programs anywhere in the world, training the Indonesian military on how to use and maintain the equipment, as well as upgrading its intelligence capabilities. By the early 1980s, Indonesia had become the single-largest recipient of U.S. training in the world. The Indonesian military sent hundreds of military officers to the United States annually for over a decade, and between 1978 and 1981 Indonesia received more funding than any other nation under the U.S. International Military Engagement and Training (IMET) program.²⁰⁶ Indonesian personnel who studied doctrine and tactics in the United States then returned to Indonesia to develop the country's own doctrine and tactics, often filling prominent positions in the military and civilian bureaucracies. According to Indonesian Army lieutenant colonel Frega Wenas Inkiriwang, Indonesian military doctrine resembled U.S. military doctrine because having so much American equipment required it, and because of the knowledge that Indonesian officers gained while attending U.S. schools under the IMET program.²⁰⁷

This extensive military-assistance and defense cooperation began to increase significantly in the early 1990s, leading to enhanced U.S. access in Indonesia, including USN ship visits and, for the first time, logistical arrangements at Indonesian ports. According to retired U.S. Army colonel John Haseman, who at the time was the U.S. defense attaché, "from 1990 to 1992 the United States and Indonesia conducted dozens of military exercises, visits, and other exchanges between their senior military leaders."²⁰⁸ USN ship visits expanded, and in 1992 Indonesia offered visiting U.S. ships access to maintenance facilities at its shipyard in Surabaya for repairs while under way on deployment. These ship visits were accompanied by a steady stream of mobile training teams rotating through the country, as well as subject-matter-expert exchanges.

However, by the mid-1990s trends had shifted in the opposite direction, as the U.S. Congress imposed restrictions on military engagement with Indonesia over human rights concerns. From 1995 until 2005, engagement activities were reduced sharply, then

ceased entirely for several years around the turn of the century, leading to what many on both sides of the relationship have referred to as “the lost decade.”²⁰⁹

U.S.-Indonesian military engagement has been rebuilt gradually over the last decade and a half, although the improvement in relations has had to struggle against the inertia created by the decade of interrupted ties. In November 2005, the Bush administration issued a waiver of congressional restrictions on U.S. military engagement with Indonesia, ending an embargo on military sales and resuming training programs under IMET. Low-key U.S. security cooperation resulted in significant but little-known successes throughout the first decade of the twenty-first century, particularly in counterterrorism cooperation. This included U.S.-provided funding and support that enabled the creation of Special Detachment or Densus (Detasemen Khusus) 88, an elite counterterrorism squad under the National Police that severely degraded the terrorist threat in the country.²¹⁰ By 2008, the number of annual security-cooperation events, including joint military exercises and senior-level visits, was well over one hundred.²¹¹ Military assistance to Indonesia increased dramatically under the Obama administration from 2009 onward, with both foreign military financing and IMET to Indonesia nearly doubling in 2010.²¹²

In November 2010, President Obama signed the Comprehensive Partnership with his Indonesian counterpart at the time, President Susilo Bambang Yudhoyono.²¹³ Under a related Defense Framework Agreement signed in June 2010, the two partners committed to strengthening bilateral defense and security cooperation. Although the agreement did not reference the South China Sea specifically, its timing coincided with Jakarta’s official protest of Beijing’s claims and other responses in the latter half of 2010. By 2013, defense cooperation was bearing significant fruit, including the agreed transfer of twenty-four F-16C/D fighters equipped with Maverick air-to-surface missiles and eight AH-64D Apache Block III Longbow attack helicopters, as well as the associated equipment, parts, training, and logistical support for each acquisition.²¹⁴ All twenty-four F-16s and all eight Apaches were delivered by May 2018.²¹⁵

In October 2015, during President Widodo’s first visit to the United States, the relationship was elevated to a strategic partnership and it was agreed that there was a need to advance defense cooperation further.²¹⁶ The memorandum of understanding (MOU) between the two governments devoted specific focus to maritime-security cooperation. The two presidents noted that defense cooperation now comprised more than two hundred events annually, with that number having doubled since 2008. By 2019, USN ship visits were occurring regularly at Indonesian ports, including the May 2019 port call of the U.S. Navy’s Seventh Fleet flagship, USS *Blue Ridge*, in Jakarta.²¹⁷ Navy-to-navy engagements included the annual Cooperation Afloat Readiness and Training (CARAT) exercises, the twenty-fifth iteration of which concluded in August 2019. Since 2018, the CARAT exercises have reached new levels of information sharing, enhancing Indonesian

maritime domain awareness (MDA) through access to U.S. systems that include Sea-Vision and the Combined Enterprise Regional Information Exchange System (known as CENTRIXS).²¹⁸

The most significant factor in the strategic backdrop to this enhanced engagement, although often unstated, is China. The 2015 joint statement between Presidents Obama and Jokowi was perhaps the clearest indication that Chinese activity in the South China Sea was at the forefront of regional issues driving enhanced maritime cooperation. Without naming China explicitly, both leaders “expressed shared concerns about recent developments” in the South China Sea, which had “increased tensions, eroded trust, and threatened to undermine peace, security, and the economic well-being of the region.”²¹⁹ Compared with earlier statements from 2010 at the Comprehensive Partnership signing, the 2015 joint statement is much more forward leaning on the South China Sea, and it implicitly communicated Indonesian concern over Chinese activity while still displaying Indonesia’s ongoing general preference to avoid confronting China directly and in public over the issue.

Despite efforts over the last fifteen years to rebuild defense cooperation, significant doubts about American credibility persist in Indonesia. Indonesian academics continue to express concerns about U.S. staying power in the region, and have raised questions about the strategic implications for Indonesia of the Trump administration’s perceived “inward-looking” foreign policy.²²⁰ Indonesian doubts about the United States as a security partner are hardly new. Memories of the lost decade remain strong in the Indonesian military, particularly in the navy, where frustrations were more pronounced, since the service was not involved in any of the alleged human rights abuses that disrupted the relationship in the first place.²²¹ As recently as 2013, Indonesian military officers have raised concerns that previous U.S. congressional restraints on defense cooperation might be reinstated in the future.²²² Even at the height of U.S.-Indonesia defense cooperation in the early 1980s, “Indonesian officials felt that United States officials attached too little importance to their country and took its alignment for granted.”²²³

These obstacles are being overcome, but slowly; rebuilding strategic trust and restoring U.S. credibility as a primary defense partner will take time. Indonesian criticisms that the United States does not appreciate fully its strategic importance and takes its alignment preferences for granted are sometimes hard to refute, when even veteran American Indonesia watchers describe the U.S. approach to Indonesia as “less grand strategy than hands-on . . . improvisation at the operational level.” According to these observers, this improvisation is executed by midlevel officials in Washington and the civilian and military diplomats in Jakarta with little direction from higher-level cabinet officials or the president.²²⁴ Considering the importance of such a rising regional power as Indonesia,

actions at the operational level ideally should be aligned with policy and grand strategy that are articulated clearly from the seniormost levels of the U.S. government.

The Strategic Partnership and subsequent statements made during Jokowi's visit to the United States in 2015 indicate that under the Obama administration progress was being made in this direction, including that senior-level attention increasingly was being paid to the relationship. Momentum continued under the Trump administration, with recent increases in IMET allocations for Indonesia returning it to the top tier of the program.²²⁵ Defense cooperation continues to display strong growth at the operational level, but strategic content still needs to be added to the Strategic Partnership.²²⁶ Indonesia's growing concerns over China's claims and intentions in the South China Sea were amplified further by the developments in early 2020; this will continue to create new opportunities for enhanced U.S. engagement with Indonesia. If American leaders decide to pursue such opportunities, enhanced defense cooperation with Indonesia would serve to rebuild trust and credibility with an increasingly important regional partner.

Indonesia-Australia Defense Cooperation. As a nearby neighbor, Australia long had maintained a cooperative relationship with Indonesia. Australian defense and security engagement increased significantly in the mid-1990s, partly filling the void left by the U.S. drawdown. Although up to that point it had conducted nowhere near the scale and scope of America's military engagement, Australia soon eclipsed the United States to become the only security partner with which Indonesia ever has entered into a formal bilateral mutual-defense arrangement. Indonesia's decision to enter into the arrangement was driven both by a desire to maintain indirect access to U.S. doctrine and technical proficiency through Australia and by growing Indonesian concerns over Chinese activity in the South China Sea. More recently, Australia also has been rebuilding defense cooperation with Indonesia following a similar rupture in relations toward the turn of the century, and the enhanced cooperation since 2016 is focused increasingly on the maritime domain.

Australia's defense cooperation with Indonesia officially began in 1968 under the auspices of the Defence Cooperation Program (DCP); since that time it has included activities ranging from joint exercises and training to the transfer of defense capabilities to the Indonesian military.²²⁷ In 1971, an Australian strategic review concluded that the "favourable orientation" of the Suharto government created new opportunities to expand defense cooperation.²²⁸ Not long after, the first significant transfers of defense equipment occurred when Australia delivered two naval patrol craft and sixteen F-86F Sabre fighter aircraft to the Indonesian military.²²⁹

Beginning in the early 1990s, Australian assistance to Indonesia began to shift more toward software, with a more pronounced focus on joint exercises, training, and

human-capital development.²³⁰ By the mid-to-late 1990s, over two hundred Indonesians were studying in Australian military institutions annually, and three to four joint military exercises were occurring every year. Australia's increased training and education assistance was occurring just as the United States was beginning to curtail its previously robust programs in these areas.²³¹ By the middle of the decade, Australia effectively had replaced the United States as the principal provider of foreign defense training to Indonesia, amid what one Australian scholar referred to as an "explosion in bilateral defence contacts."²³²

This increased assistance was part of a broader and significant shift in Indonesia-Australia defense relations. In 1995, Indonesia and Australia signed the Agreement on Maintaining Security (AMS), the first and only mutual-defense treaty Indonesia has signed with another country. While some analysts have focused on the consultative nature of this agreement, other established defense treaties could also be described as consultative (such as that between the United States and Australia—a point that Rizal Sukma, a prominent Indonesian scholar, noted when analyzing the AMS).²³³ Furthermore, comments made by senior Indonesian officials, including the foreign minister at the time, make it clear that Jakarta had in mind very specific contingencies that might require consultation with Canberra under the agreement, including, among others, the "uncontrolled escalation [of tensions] in the South China Sea."²³⁴ Not only did Indonesia clarify that it might consult with Australia about assistance in such a scenario, but in the late 1990s Australia reportedly was assisting Indonesia with developing a defense strategy for the South China Sea near the Natunas.²³⁵

When viewed in the context of the timeline of the negotiations and rising concerns in Jakarta about Chinese behavior, these developments provide strong evidence that China was the primary strategic driver behind Indonesia signing the AMS. Negotiations for the agreement started in 1994, not long after China first clarified that it had claims that overlapped with Indonesia's. President Suharto reportedly signed off on the agreement in June 1995, several months after China's occupation of Mischief Reef. According to a former Australian defense attaché, China's occupation of Mischief Reef the previous April had amplified further Jakarta's concerns over Beijing's claims and strategic intent in the South China Sea.²³⁶ "There can be little doubt," one Western scholar wrote in examining these developments several years later, "that concerns over China were Indonesia's primary motivating factor when signing the AMS."²³⁷

The agreement proved short lived, however; Indonesia abrogated the AMS in 1999 following Australia's prominent role in East Timor leading up to its independence. Concerns over human rights abuses that the Indonesian military committed in East Timor during the lead-up to the vote similarly brought Australian defense cooperation to a standstill for several years around the turn of the century.²³⁸

By 2006, an effort to rebuild defense cooperation had begun achieving results, and the two countries signed the Lombok Agreement to institutionalize the progress.²³⁹ However, neither this nor subsequent agreements between the two countries have rebuilt mutual-defense commitments to the level embodied in the now-defunct AMS.

In some respects, however, current Australian defense cooperation with Indonesia has passed the peak levels of cooperation in the 1990s; for instance, the two countries now more regularly conduct joint military exercises. However, in other areas, such as education and training, cooperation lags behind the AMS standard. From 2006 to 2014, the number of military exercises increased to five or six per year, and from 2015 doubled in frequency to a dozen per year. Education and training programs have remained the principal avenue for cooperation since the initial shift in the 1990s, but the level of engagement never has returned to previous levels. Between 2006 and 2012, for instance, around forty Indonesian officers were enrolled in DCP education and training programs per year—only 20 percent of the two hundred officers attending similar programs annually in the 1990s. When shorter-duration courses are factored in, the number grows to over a hundred students per year, but Indonesian analysts have criticized this type of engagement as less meaningful and impactful than longer-duration opportunities.

While land-force engagements remain the main component of bilateral defense cooperation, since 2016 Indonesia and Australia have placed significantly greater emphasis on maritime cooperation.²⁴⁰ In February 2017, Indonesia and Australia signed the Joint Declaration on Maritime Cooperation, and in April 2018 the Maritime Cooperation Plan of Action.²⁴¹ The Plan of Action contains an annex that outlines a significant program of cooperation among the countries' navies and MLE agencies. In October 2018, Indonesian analysts called for a further recalibration of defense cooperation toward the maritime domain; they recommended ensuring greater focus on maritime-related courses and content in military-education programs, conducting truly joint exercises involving multiple services from each country, and exploring the possibility of joint development in naval shipbuilding.²⁴²

Indonesia's emergence as a maritime power is placing it increasingly in direct strategic competition with a rising China for the maritime heart of Southeast Asia. Indonesia's own rise, combined with China's efforts to advance its control in the South China Sea to the full extent of the nine-dash-line map, is beginning to activate the "incipient geopolitical rivalry" postulated over a decade ago. Recent incidents in the South China Sea have amplified previously existing concerns within the Indonesian elite, particularly in the military, over the long-term intentions of a rising China. Chinese law-enforcement vessels' efforts to enforce PRC law within Indonesia's EEZ are spurring a renaissance in

Indonesian will to push back against China. An overall increase in Indonesian threat perception toward China now is inspiring concrete actions to upgrade Indonesia's maritime-defense capability and enhance defense cooperation with powerful partners.

Although ongoing shortcomings in the procurement process for the Indonesian Navy may have caused a delay in translating perception into a more effective strategic response, elements of a new Indonesian strategy are beginning to emerge. The platforms the Indonesian Navy is acquiring, including increasingly capable surface combatants, increasingly are being deployed to the South China Sea. Concerns about China are driving an increase in Indonesian Navy patrols and a broader shift in the defense posture toward the Natuna Islands. Recent acquisitions of larger, more-seaworthy ships by coast guard-type services such as BAKAMLA and the DKP are the clearest evidence to emerge thus far of a buildup in Indonesian capability directly targeted to counter Chinese coercion. Although long delayed, progress may be occurring, albeit slowly, in efforts to streamline Indonesia's numerous enforcement agencies. BAKAMLA stands the greatest chance of integrating effectively with the Indonesian Navy for joint operations capable of matching China's own increasingly integrated operational concepts.

Significantly, Indonesia is the only Southeast Asian country capable of competing with China over the long term. However, given the discrepancies in relative power between Indonesia and China, Indonesia would find it difficult, even in ideal circumstances, to implement a successful strategic response to China's growing maritime might through domestic balancing efforts alone. These inherent constraints on its strategic options are compounded by an ineffective procurement process that often lacks strategic direction. Correcting these problems would help expedite Indonesia's eventual rise as a regional maritime power. Whether or not Jakarta is able to overcome its own near-term hurdles, Indonesia increasingly will find itself sharing maritime space with Chinese ships in disputed areas of the South China Sea.

With some fits and starts, Indonesia has remained actively aligned with the United States and Australia for the past half century. More recently, Jakarta has been increasing defense cooperation with these key partners in the maritime domain. As Beijing continues to push farther south, this cooperation can be expected to continue to increase. That cooperation will continue to be defined by ambiguity, including in degree of alignment, rather than the clear-cut parameters of an alliance. Indonesia predominantly is placing its bets on its own ability to develop a self-defense capability to push back against an increasingly assertive China.

Malaysia: Speaking Softly While Quietly Asserting Its Claims

At the end of an official visit to Beijing in August 2018, Malaysian prime minister Mahathir bin Mohamad stood together with Chinese premier Li Keqiang during a joint press conference and warned of a “new version of colonialism.”²⁴³ Mahathir made these comments at the end of the press conference, after Li had attempted to wrap it up. Mahathir got the final say, and used it to make a pointed rejoinder to his Chinese hosts about economic cooperation that benefited only rich countries such as China. At over ninety years of age, Mahathir is many things, but perhaps the singularly defining characteristic of his worldview is his staunch opposition to colonialism. Having personally experienced colonial subjugation as a young boy under British rule prior to independence and the formation of what is today Malaysia, he is a fiercely nationalistic leader. At times during his initial lengthy tenure as prime minister (1981–2003), Mahathir’s anticolonial ire was directed toward the West, although he quietly advanced defense cooperation with the United States and its allies, such as Australia. Now, during his second time in office, he was making a subtle but firm point to his Chinese hosts about how Malaysia expected a rising regional power to behave.

Mahathir’s concerns about a rising China predated his second premiership. In a 2017 interview given not long before returning to office, he stated that it was “very worrisome” that more-ambitious Chinese leaders were looking to “flex their muscles a bit,” a development that represented the greatest long-term threat to regional stability, in his view. Mahathir characterized the China challenge that Southeast Asian SCS claimants are now facing as follows: “Without actually conquering the countries, they have managed to increase their influence over many countries in Southeast Asia.”²⁴⁴

Much has changed since Mahathir’s previous period in office. China’s ability to project naval and nonnaval maritime power into the southern South China Sea near Malaysian shores has increased dramatically. The CCG, now the world’s largest coast guard force, continues to maintain a persistent presence near the disputed South Luconia Shoals. The persistent CCG presence in the area is supported by the People’s Liberation Army Navy (PLAN) over the horizon. These operations are facilitated and sustained by China’s expanded outposts in the Spratly Islands, which drastically reduce the operational distance to Malaysian waters. Malaysian analysts are increasingly aware of this “significant problem for Malaysia” and Malaysian maritime forces are beginning to shift their operations to defend its claims.²⁴⁵

Although Mahathir himself may not have been aware of many of these developments prior to returning to office, he now is receiving briefings on the South China Sea from security and defense officials in his government, including from senior RMN officers responsible for protecting Malaysia’s claims in the area. Such briefings occurred as recently

as April 2019, when Vice Adm. Abdul Rahman bin Ayob, the commander of Malaysia's Eastern Fleet, briefed Mahathir on the "security and operational situation in the South China Sea."²⁴⁶ Pictures from the briefing show Mahathir at the head of a table, flanked by Vice Admiral Ayob and other senior leaders in the RMN, including Adm. Mohd Reza Mohd Sany, the chief of navy.

Mahathir's cabinet ministers also have focused on these issues, and continued to play prominent roles in asserting Malaysia's claim in the South China Sea, including by raising the issue directly in meetings with their counterparts from China. Also in April 2019, Malaysia's foreign minister, Saifuddin Abdullah, stated publicly that Malaysia would not back down from sensitive issues such as the South China Sea disputes even as it pursued economic cooperation with China. Although he did not reference directly the ongoing CCG patrols at the South Luconia Shoals, he accused China of intimidating regional countries through the use of its massive coast guard patrol ships. "One big problem is that the Chinese coastal guard boats . . . are bigger than most of our navy vessels," Saifuddin stated during an interview, noting that it was a problem he had been trying to communicate to his Chinese counterparts because it created a situation in which "people can accuse you of intimidation."²⁴⁷

Malaysia's response to China is characterized best as speaking softly while actively asserting Malaysia's claims behind the scenes through quiet operations. These operations include an extensive but little-known program of hydrocarbon exploration and exploitation in disputed areas of the South China Sea. While China has increased its efforts to intimidate Malaysia in recent years, as the foreign minister's comments implied, Malaysia has maintained consistent resolve to continue quietly to assert its claims, despite Chinese pressure.

Quiet Diplomacy: Less Quiet, More Action

Given Mahathir's advanced age, succession was a near-term issue from the moment he reentered office. In February 2020, Mahathir resigned briefly as prime minister, and it was not clear at the time of writing whether he would continue in the role, or who would replace him if he stepped down.²⁴⁸ If history is any judge, though, Malaysia's response to China in the South China Sea is likely to be characterized more by continuity than change, as its approach has remained largely consistent over the past twenty-five years, spanning multiple administrations. In this time frame Malaysia typically has adopted a quiet approach to disputes, displaying a clear preference for keeping its diplomacy out of the public spotlight—largely carrying out its efforts behind closed doors—and downplaying any tension with China. For this reason, Malaysia's approach often has been labeled one of "quiet diplomacy."²⁴⁹ Malaysia traditionally has relied heavily on diplomatic

efforts to engage China, but has done so quietly, behind closed doors and with minimal publicity.

The consensus view in scholarly studies on Malaysian foreign policy holds that Malaysia has hedged against possible uncertainty by seeking to enmesh China within an evolving regional security architecture that maintains an ASEAN-centric orientation and facilitates the presence and engagement of the United States in the region and in these organizations.²⁵⁰ In this respect, Malaysia's approach to hedging future uncertainty overlaps with and is built on diplomatic engagement with all actors, including both China and the United States, in an effort to sustain a stable balance of power within the region.

Beginning with the creation of the ASEAN Regional Forum (ARF) in 1993–94, Malaysia has used multilateral security institutions as part of a wider attempt at “managing the rise of China and its effects on the regional balance of power.”²⁵¹ Since then this approach has expanded to include new organizations, such as the ASEAN Defense Minister's Meeting-Plus (ADMM+) and the East Asia Summit (EAS). Malaysia has been encouraging U.S. participation in these institutions, including the EAS, as part of greater overall U.S. strategic engagement in the region. Malaysia not only reversed a previous position of limiting EAS membership but became a vocal supporter of U.S. membership in the EAS, playing a key role in convincing other ASEAN countries to support U.S. inclusion in the organization.²⁵²

Malaysia repeatedly has raised the issue of the South China Sea in these forums, including at the ARF in 2010 and 2011 and the ADMM+ meeting in October 2011. Malaysian officials urged the United States to take a more prominent public position on the SCS in the lead-up to the 2010 ARF, a request on which the United States followed up, beginning with then-Secretary of State Hillary Clinton's remarks at the ARF that year.²⁵³ At the 2011 EAS—the first summit with the United States as a member—then-Prime Minister Najib Razak joined President Obama and fourteen other leaders—thus representing sixteen out of eighteen EAS member countries—in raising the issue and argued, contrary to China's viewpoint, that it was an appropriate topic for inclusion on the EAS agenda.²⁵⁴ In addition to private and back-channel diplomacy, Kuala Lumpur has continued to work through ASEAN, both publicly and privately, to advance its interests there.²⁵⁵

Malaysia's approach to the South China Sea has not always been as quiet (see below), and since early 2015 a subtle but discernible shift has been evident, with the issue increasingly entering the public sphere. While serving as chair of ASEAN in 2015, Malaysia first publicized China's coast guard presence at the South Luconia Shoals. Malaysia's “quiet diplomacy” continued, but now, for the first time, it was supplemented by a discernibly less quiet effort led by Shahidan Kassim, the cabinet minister in charge of the MMEA at the time.²⁵⁶ Shahidan remained vocal about the issue while a minister in the Najib

administration, and continues to do so now as a member of the opposition in parliament.²⁵⁷ He was and continues to be the most vocal elected official in Malaysian politics on the South China Sea, but his comments have become less exceptional over time. His nationalist resolve to protect Malaysia's claims is reflected throughout the Mahathir administration, as the comments by Foreign Minister Saifuddin suggest. Other cabinet ministers, such as Defense Minister Mohamad (Mat) Sabu, have let their actions speak for themselves, as Mohamad's did when he visited Malaysia's outpost in the Spratly Islands at Swallow Reef in October 2018.²⁵⁸ This has been and remains typical of Malaysia's approach to its claims in the South China Sea: minimal public comment while letting actions speak for themselves.

A History of Assertive Development in Disputed Parts of the South China Sea

During his first tenure as prime minister, Mahathir presided over a quietly assertive Malaysian approach to its claims in the South China Sea, including the construction of all five of Malaysia's outposts in the Spratly Islands and a robust hydrocarbon-development program, including in areas located near current flash points such as the South Luconia Shoals. The construction of the first of Malaysia's five outposts began at Swallow Reef under Mahathir in 1983; the construction of the final two outposts at Ardasier Reef and Investigator Shoal in 1999 also took place under Mahathir's direction.²⁵⁹ The same held true for hydrocarbon development in disputed areas of the South China Sea. Malaysia began developing offshore hydrocarbons in disputed areas near Luconia (e.g., the F23 field) in the mid-1980s, following earlier discoveries in the area dating back another decade.²⁶⁰

Assertive development of offshore hydrocarbon resources did not stop after Mahathir stepped down in 2003, and it has accelerated in the last decade. Sometime around 2009, several new deepwater blocks were announced near Luconia, and also near Malaysia's Spratly Islands outposts off Sabah. This included deepwater blocks ND4 and ND5, which are located near and at least partly overlap some of Malaysia's Spratly Islands outposts.²⁶¹ These blocks were surveyed in 2014 and 2015, and in October 2016 the drill ship *Noble Bully II* drilled the first well in the area, FALKON-1 in ND4. According to an official Notice to Mariners published by the Maritime Department of Malaysia, the FALKON-1 well is located approximately thirty nautical miles west of Malaysia's outpost at Swallow Reef.²⁶² Malaysia consistently has been developing hydrocarbon resources in disputed areas of the South China Sea for nearly half a century, and is the only claimant in the disputes actively to have surveyed and drilled hydrocarbon resources near its Spratly Islands outposts.

China's push into the southern South China Sea has not halted Malaysia's continuing efforts to exploit oil and gas offshore. From late 2018 into early 2019, the survey vessel

Ramform Hyperion conducted a 3-D seismic survey in an area similar to that of the earlier activity near Malaysia's outposts in the Spratly Islands, likely overlapping blocks ND4 and ND5, towing twelve cables, each of which measured 8,100 meters in length.²⁶³ Declining oil and gas production from maturing fields near Peninsular Malaysia increasingly is being offset by new discovery and production in East Malaysia, where more than half of the country's proven natural gas reserves now are located, predominantly offshore Sarawak. Nearly all Malaysia's oil reserves are located offshore, and as fields closer to shore mature and dry up the country increasingly is developing deepwater areas in the east. A staggering 20 percent of government revenue was generated from hydrocarbon production and development in 2016, creating strong economic incentives for Malaysian leaders to continue pressing forward with activity in disputed areas, despite Chinese pressure.²⁶⁴

Back to the Future: Malaysia's Old Approach Becomes New

The policy under the previous administration of Prime Minister Najib seemed to operate largely on the assumption that a perceived "special relationship" with China would allow things such as unilateral Malaysian hydrocarbon activity to continue unchallenged in disputed areas, with minimal apparent strategic thought being devoted to potential contingencies involving China that would invalidate that assumption.²⁶⁵ China's recent coercive actions against Malaysia, including its ongoing coast guard presence at the South Luconia Shoals since 2013, raise serious questions about just how "special" Malaysia's relationship with China really is. As China's ability to project power farther south into the South China Sea has grown, the strategic buffer Malaysia previously enjoyed as a function of its geographic position has been eroded steadily.²⁶⁶ The country now finds itself at the receiving end of coercive pressure similar to that facing other claimants farther north, such as Vietnam and the Philippines.

Prominent Malaysian academics with close ties to the government now are questioning the relationship with China. According to Kuik Cheng-Chwee, an associate professor of strategic studies at National University of Malaysia (Universiti Kebangsaan Malaysia) and head of the technical team involved in writing the 2019 Malaysian defense white paper, "From 2013 onwards, the special relationship changed when China began to respond very strongly over disputed features in SCS."²⁶⁷ In Professor Kuik's view, this change led to a shift in Malaysia's attitude, creating increased concern in Kuala Lumpur over Beijing's actions in the South China Sea, which in turn "aroused anxieties about the rising power's long-term intentions in Asia."²⁶⁸

These concerns about China's actions have become increasingly acute in Malaysia since 2013, but anxiety about China's long-term intentions in the region, including specifically China's ambitions in the South China Sea, are not a new development. Malaysian

concern over Chinese activity in the South China Sea began earlier than they did in Indonesia, and can be traced back at least as far as the mid-1980s. The concern was most pronounced within the Malaysian Armed Forces (MAF), particularly the navy, and reached a peak in the late 1980s under Mahathir. Malaysian leadership statements and public documents indicate not only that China—specifically, its actions in the South China Sea—was regarded as a potential threat, but that a primary component of Malaysia's military strategy revolved around planning for related contingencies (see below).

Unlike in the case of Indonesia, concern in Malaysia clearly affected its strategy and defense procurements in the late 1980s. This created the initial impetus for the modernization of the Royal Malaysian Navy; a revitalization of its defense ties to traditional defense partners, including Australia, as part of the Five Power Defence Arrangements (FPDA); and the beginning of low-key but substantial defense cooperation with the United States.

Concerns over China's long-term intentions in the South China Sea persisted, at least within the MAF and among some security scholars, despite a clear shift by the Malaysian political leadership in the mid-1990s toward emphasizing economic cooperation with China. The eminent Southeast Asian security scholar Amitav Acharya concluded that a divide had emerged in the 1990s between the country's declaratory policy and the actual views of its defense planners and security analysts. While the political elite tended to downplay any potential threat from China, "Malaysian defense and security planners are much more forthcoming than its political leaders in voicing concerns about the rising power of China."²⁶⁹

Although this divide persisted, by the late 1990s the relatively more complacent approach became dominant within the Malaysian government and persisted for over a decade. As the economic opportunity presented by China's rise came to dominate center stage, open discussion about Chinese military power and the South China Sea gradually became taboo, and serious discussion of the military and defense strategic components of Malaysia's approach disappeared almost entirely from public view. The pronounced focus from Malaysian security scholars and civilian researchers on diplomatic initiatives over time led to a deterioration of expertise on military and defense strategy in the country—a shortcoming that remains particularly acute today.

Although Malaysia's approach of practicing "quiet diplomacy" toward its disputes with China continues, Chinese actions in the South China Sea since 2010, including disputes over areas offshore of the East Malaysian states of Sabah and Sarawak, have given rise once again to the perception that China constitutes a potential threat. Malaysia's long-standing concerns about China's regional ambitions and intent in the South China Sea have reemerged and taken on growing urgency. This resurgent threat perception has led to changes in the Malaysian defense posture in these areas, which has occurred alongside

more-pronounced efforts to improve Malaysia's naval and coast guard capability. Since 2015, the taboo of publicly discussing China as a potential security threat has been dissolving slowly. This trend has become only more pronounced under the new government led by Prime Minister Mahathir. As during his earlier tenure in office, Mahathir appears to be advancing a quietly assertive approach to the South China Sea, creating new opportunities for engagement by the United States and allies such as Australia.

China and the Origins of MAF Modernization

Malaysia's geopolitical concern over China dates back to Malayan independence in 1957. From that time until at least the late 1970s, China was viewed as the biggest threat to Malaysia's national security, owing primarily to Beijing's support of the Communist Party of Malaya (CPM), a domestic insurgent group with strong ties to Communist China.²⁷⁰ Successive Malaysian prime ministers during this period described the country as living "under the looming menace of Communist China" and viewed Beijing as following an expansionist policy, with designs on dominating Southeast Asia. By 1967, China represented, in the view of then-deputy and later prime minister Tun Abdul Razak, "the gravest threat to world peace and world order." Despite being the first Southeast Asian capital to normalize relations with Beijing, in 1974, concern and suspicion continued to exist among Malaysian leaders from the time of normalization until China formally ended support for the CPM in 1989.²⁷¹

During the 1980s, Malaysia's perception of the potential threat China posed began to shift from internal subversion to external concerns—notably, the modernization and increasing reach of the PLAN into the South China Sea. Scholarship from Malaysia published before the mid-1990s frankly discussed China as being "a potential, direct military threat." By the late 1980s and early 1990s, the "fear of China as a military power" had begun to eclipse any domestic concerns. This "externalization" of the China threat became "centered on the resource-rich South China Sea, in particular the Spratly islands." Malaysians' fear stemmed largely from China's growth as a military power during the 1980s, particularly the growth of the PLAN and changes in People's Liberation Army doctrine that outlined new roles for the navy farther from China's shores, including in the South China Sea.²⁷²

China's expansive claims in the South China Sea extend to points a mere fifty miles off the coasts of Malaysia, Vietnam, and the Philippines. In 1979, Malaysia published a map laying claim to twelve insular features in the Spratly Island chain, all of which China also claimed. Malaysia currently occupies five of these features.²⁷³ Malaysia occupied three of them during the 1980s: Swallow Reef (Pulau Layang Layang), Ardasier Reef (Terumbu Ubi), and Mariveles Reef (Terumbu Mantanani). Malaysian forces occupied two more in 1999, Erica Reef (Terumbu Siput) and Investigator Shoal (Terumbu Peninjau).²⁷⁴ Since

then Malaysia has built naval bases on these five features; most include communications or control towers, helipads, and gun emplacements.²⁷⁵ In addition to a resort-type hotel, a diving center, and civilian housing, Swallow Reef also has a runway “capable of supporting C-130 transport aircraft and a dock allowing the RMN’s patrol crafts to dock there.” The Malaysian Armed Forces have been assigned the mission of maintaining the bases and securing Malaysia’s sovereignty over these claimed features.²⁷⁶

By the mid-1980s, the growing perception of China as a potential threat had begun to impact Malaysia’s defense strategy and planning process, which shifted from its prior focus on counterinsurgency to conventional warfare, particularly focusing on the maritime domain. As part of this shift, in 1986 Vice Adm. Abdul Wahab bin Haji Nawi established the new strategic concept of “forward defense.” Nawi pressed the need to prepare for contingencies in the South China Sea, and envisioned the deployment of a robust, asymmetric approach through the use of submarines to counter a rising Chinese power.²⁷⁷ Although the admiral did not cite China as a factor directly, a strong case can be made that “it was the rising power of China that warranted a forward defense strategy with asymmetric weapons such as the submarine.”²⁷⁸ The requirement for submarines was based on an assessment of the future operational environment, in which a more powerful foe would dominate the maritime and aerial domains in the South China Sea and “surface ships would find it difficult to survive in face of enemy air superiority.”²⁷⁹

A naval skirmish in March 1988 between China and Vietnam at Johnson South Reef had a significant impact on the thinking of Malaysian strategic analysts and defense planners about defending their own outposts in the Spratlys. According to Gen. Hashim Mohamed Ali, the chief of defense force at the time, by July 1988 the Spratlys had become a “top priority” for the MAF, with one assessment at the time describing China as a “central influence in the MAF’s defence planning.”²⁸⁰ One prominent defense scholar described the events of 1988 as “an important reminder for any defence force in the region, particularly those in the overlapping territorial claims, that the new contingency is real.”²⁸¹ The evidence suggests that the skirmish served as exactly that for Malaysia, which soon after announced that it would increase patrols in its own areas of the Spratlys in response.²⁸²

By this time, the need to take seriously the threat of conflict with China over the Spratlys had become apparent to Malaysian defense planners. Plans for potential contingencies there had begun to influence the actual defense procurement and acquisition process for the MAF by the end of the 1980s. Abdul Razak Baginda, an influential defense analyst and close associate of Najib Razak, the former defense minister and recent prime minister, concluded that the developments in the Spratlys at that time were “an important and genuine security consideration for defense planners in Malaysia,” and noted that “scenarios involving the Spratlys were part of the procurement process.”²⁸³ Given Baginda’s

close connections to the defense establishment and his sourcing of the information from interviews with defense planners at the time, his account suggests not only that Chinese activities in the South China Sea had an impact on Malaysian threat perception, but that this threat perception influenced the defense planning process and procurement decisions in the late 1980s.

In September 1988—the same year as the clash at Johnson South Reef, and only months after the statement that the Spratlys had become a top priority for defense planning—Malaysia announced that it had signed a multibillion-dollar MOU with Britain—the largest arms deal in Malaysian history. Malaysian analysts have described this deal as representing the beginning of the modernization of the MAF.²⁸⁴ Others have noted that the 1988 MOU embodied the shift to conventional defense and the maritime domain, with the navy and air force set to benefit most from the new procurements.²⁸⁵

Since this shift in defense strategy, including the development of new strategic concepts such as forward defense, resulted from an increase in threat perceptions of China, the very origins of the modernization of the MAF arguably can be traced to the same threat perception.²⁸⁶ Contingencies in the Spratly Islands involving the Chinese military were among the primary determinants of the shift in Malaysian defense planning, and thus decisions on how to modernize the force.

*Concerns Persist but Gradually Disappear from Public View
(1990s–Early 2000s)*

During the early to mid-1990s, the Malaysian government's public characterizations of China took on a more optimistic tone. Beginning with then-Prime Minister Mahathir's denunciation of the "China threat theory," official comments emphasized the immense opportunities that a rising China offered to countries such as Malaysia, especially with regard to economic cooperation and growth. "We do not look at China as our potential enemy," the prime minister stated in 1993. "We look at China as a country which has great potential for becoming an economic power."²⁸⁷

It took some time before the defense establishment was completely in sync with the prime minister's newly declared policy. Senior MAF officials continued to express concern about China throughout the mid-1990s, although this often was done outside the view of the general public—during conference presentations from which the papers were never published, or in speeches that never were given publicity in the media. In April 1994, then-Chief of Navy Vice Adm. Mohd Shariff Ishak did not mention China by name, but offered perhaps the most direct articulation by a senior Malaysian military official of the concern about a rising China, either during this period or since. "In maritime terms, there is a real and close threat which we must be prepared to deal with—one being the territorial disputes in the resource rich South China Sea. Issues of territorial

disputes could be used as a façade for the pursuance of a regional superpower role by those harboring hegemonic ambition. It would be naive for us to disregard the worst that could evolve from these developments.”²⁸⁸

In 1995, the chief of the Malaysian army also was direct in his assessment of the long-term trajectory of China’s rise. Despite China’s reassurances otherwise, the chief of army concluded that China’s growing naval power “immediately focuses attention on the most sensitive territory in Southeast Asia—the Spratly Islands,” and that China’s “long term aim is dominance.”²⁸⁹ At a conference held in Kuala Lumpur in 1996, then-Chief of Navy Vice Adm. Ahmad Ramli Mohd Nor raised questions about the implications of the rise of China, noting uncertainty surrounding how China would behave once it had risen to great-power status. “Will she conform to international or regional rules or will she be a new military power which acts in whatever way she sees fit?” the admiral asked, before stating that the “main challenge” to the region would be maritime in nature.²⁹⁰

While some Malaysian defense analysts, including the well-connected and influential Abdul Razak Baginda, publicly continued to discuss China as a potential threat into the early 1990s, by the middle of the decade it became increasingly clear that they were expected to toe the line of the official position. A 1995 article on the external maritime dimension of ASEAN security written by two prominent Malaysian maritime defense analysts captures well the evolution in this regard. The authors tread carefully in their references to China, limiting their comments to describing an “uncertainty” in the strategic environment and noting that, while China continued to “figure prominently in ASEAN’s strategic calculations,” it “is no longer regarded as a direct or immediate security threat.”²⁹¹

Most telling of all is the fact that the endnotes in the article contain the most interesting and important bit of information. In one note, the authors state that although Baginda had described China publicly as a threat as recently as 1991, and this view remained representative of the wider views of the MAF even at the time of writing in 1995, “these views have been subsequently revised.”²⁹² The note then references a speech given in August 1994 by future prime minister Najib Razak at a forum in Kuala Lumpur. He argued that China no longer was a threat to Malaysia. Najib was at the time defense minister, and this was not the only speech he gave that year to this effect. At a separate speech given in Singapore in September of that year, Najib stated point-blank that “we no longer regard China as a threat.” He continued: “On the contrary, China is rapidly becoming a close friend of ours.”²⁹³

While some MAF officials might have continued to air their views in semipublic forums through the middle of the decade, eventually it became clear that the word had come down from on high, and their comments would have to take the new policy into

account. When Najib spoke up as defense minister, the MAF listened. There is a stark difference between the comments that the respective chiefs of navy made before and after Najib's speech. Slowly but surely, concerns within the defense establishment about China disappeared from public view.

Despite a genuine shift in perceptions of China within the political elite following Mahathir's new declaratory policy toward China and the subsequent growth in the economic relationship between the two countries, concern over China's long-term intentions continues to linger today within the defense-planning community, particularly in the MAF.²⁹⁴ Although MAF public statements since the late 1990s have tended to reflect the declaratory policy on China, the defense posture and operational actions the military has undertaken speak louder than words.

Even as Najib began to state publicly that China was not a threat, the MAF had begun posturing in defense of Malaysia's claims in the South China Sea. During the early to mid-1990s, the MAF responded to a series of what were seen as provocative Chinese actions in the South China Sea by declaring the services' resolve and readiness to defend the country's claims in the Spratlys; increasing patrols in the area; and even conducting a large-scale military exercise nearby, following the Chinese occupation of Mischief Reef in 1995.²⁹⁵ After nearly a decade of absence from the public debate, over the last several years the views of the Malaysian defense establishment once again have entered into the public sphere, triggered by a growing Chinese presence in Malaysian-claimed areas of the South China Sea, as well as a number of confrontations and incidents that have resulted.

China Pushes South, and Malaysia Pushes Ahead (2010–2020)

Since 2010, there has been a steady increase in the presence of Chinese naval and non-naval assets in areas of the South China Sea near East Malaysia, beginning in the Spratly Islands and eventually shifting closer to the shores of the East Malaysian states of Sabah and Sarawak.²⁹⁶ By 2012, the Chinese MLE presence had pushed south into new areas even nearer to Sarawak, including the North and South Luconia Shoals, leading to an appreciable resurgence in threat perception among members of the Malaysian foreign-policy elite. The growing Chinese presence has brought the maritime-security forces of the two countries into ever-closer proximity—a new development that has resulted in a number of incidents and confrontations since 2010.

Although Malaysia's approach of "quiet diplomacy" is likely to have limited the reporting of encounters or incidents involving Chinese vessels, it is possible to piece together an accounting of Chinese activities in these areas from publicly available sources. Between 2008 and 2012, Malaysian observers noted as many as thirty-five ships from the PLAN and the various Chinese MLE agencies operating in Malaysia's EEZ in the Spratlys.²⁹⁷ By

2010, this new Chinese presence was leading to tense encounters and even confrontations at sea.

One such incident that received little publicity took place in April 2010 between a Chinese MLE vessel and the MAF near one of the five features Malaysia occupies. According to a report issued by the National Institute for Defense Studies in Japan, the RMN challenged the Chinese FLEC patrol boat *Yuzheng-311* after it approached Swallow Reef, ostensibly for “surveillance purposes.” The RMN dispatched a missile-equipped FAC, supported by patrol aircraft, to confront the vessel and continued to track its movements for eighteen hours before disengaging.²⁹⁸

The limited press coverage of this incident likely reflects Malaysia’s desire to avoid publicizing such matters to avoid escalating tensions. It also suggests that the RMN quietly had been confronting what were ostensibly civilian Chinese vessels attempting to conduct surveillance of the country’s occupied features. Such actions may have contributed to an increase in threat perception toward China at the time. According to one report, events in 2010 “reinforced and even heightened Kuala Lumpur’s fears of Beijing’s intentions in the region.”²⁹⁹ Therefore, 2010 can be viewed as the baseline year for a resurgence in Malaysian threat perception toward China. This perception then intensified over the ensuing years, as these incidents became more commonplace and their locations eventually migrated farther south, toward the shores of East Malaysia.

By 2012, Chinese MLE patrol ships were operating farther away from the Spratlys and much closer to the coast of Sarawak, including in areas such as the North and South Luconia Shoals and James Shoal. In August 2012, two vessels from what formerly was China Marine Surveillance and now is part of the CCG “came in contact with Malaysian owned survey vessels operating off James Shoal and North Luconia Shoals,” according to a Malaysian think-tank researcher.³⁰⁰ By January of the following year, similar incidents had occurred involving Chinese ships and a Shell-contracted survey vessel in areas proximate to the South Luconia Shoals. Although details remain unclear, the Shell-contracted survey likely occurred in mid-to-late December 2012. According to official Malaysian government documents, Shell contracted the survey vessel MV *Western Patriot* to conduct 4-D seismic surveys during this time frame in fields close to the shoals, including the F14 field, which is approximately 7 nm from Luconia Breakers.³⁰¹

Prior to 2012, the Chinese presence seems to have remained focused primarily around the Spratlys. By 2013, the Chinese presence—that of the CCG in particular—had shifted strongly to the southwest and centered on the South Luconia Shoals. This reef complex might be one of the most resource-rich areas anywhere in the South China Sea, with large populations of fish as well as substantial deposits of both oil and natural gas.³⁰² Malaysia long had been exploring and producing hydrocarbon resources in the area,

and now was beginning to expand that exploration to fields extremely close to the South Luconia Shoals, such as F14. All the operational gas fields in the area are connected via pipeline to Sarawak, where much of the production is exported as liquefied natural gas from terminals in Bintulu.³⁰³

The Malaysian government struggled to find an appropriate response to China's increasing presence near the South Luconia Shoals. From 2013 onward, what at one point might have been described best as periodic Chinese patrols in the area was now a persistent, rotational CCG presence. Local news coverage of a press conference given on 2 June 2015 by Shahidan Kassim, a minister in the cabinet of Malaysian prime minister Najib Razak, conveyed the sense of permanence surrounding this Chinese presence. A CCG vessel photographed during an aerial patrol on which Minister Shahidan had flown "had been anchored in the area for about two years."³⁰⁴ While that particular vessel, the CCG Shuke II-class WPS-1123, is unlikely to have been in the area for that length of time without returning to port, field research that the author undertook in Malaysia in early 2015 corroborates the establishment of a persistent Chinese maritime presence around the South Luconia Shoals around this time frame.³⁰⁵ Subsequent statements from Minister Shahidan in August 2015 confirmed this to be the case.³⁰⁶

Commercial satellite imagery from February 2015 demonstrated the rotational nature of this presence, showing the previously unannounced presence of the much larger (four thousand ton) CCG Zhaolai-class WPS-3401 stationed 3.5 km from the South Luconia Shoals at that time.³⁰⁷ Anchored 2.7 km northwest of the vessel is an RMN *Kedah*-class corvette (FFL) conducting surveillance and demonstrating its presence. This proximity has become a trend that is growing both more common and more pronounced. According to a Facebook post by Minister Shahidan about the June 2015 sighting of the CCG vessel, Malaysian MLE ships had been deployed similarly in response to the CCG vessel's presence, and were even closer than the satellite imagery suggested—less than one nautical mile apart.³⁰⁸

The CCG vessels involved in maintaining the Chinese presence at the feature by no means have been passive bystanders. They have staged an ongoing, multiyear confrontation with Malaysian forces at the South Luconia Shoals. The Malaysian forces (such as the *Kedah*-class corvettes that have been deployed to the area) have tended to conduct active surveillance, or shadowing, of the Chinese vessels rather than confronting them directly. The Chinese vessels, on the other hand, at times have sought actively to undermine the jurisdiction and law enforcement of the Malaysians, interfering in their efforts to detain and prosecute Chinese fishermen operating illegally in these areas.³⁰⁹ This activity is a continuous, low-intensity confrontation not dissimilar to what the Philippines experienced at Scarborough Shoal in 2012. One key difference is that Malaysia has

not ceded the feature to the Chinese presence, instead maintaining its own countervailing patrols there.

In testimony given before the Malaysian Parliament on 20 March 2014, Shahidan stated that the increase in Chinese presence since 2013 had not been confined to areas such as the South Luconia Shoals but has extended to other features in the area, such as James Shoal.³¹⁰ Shahidan noted that during 2013 alone there had been seven different “intrusions” conducted by sixteen different assets belonging to either the PLAN or the CCG. These comments suggest that the Chinese presence has not always been limited to coast guard or MLE vessels but at times has included military assets belonging to the PLAN.

The PLAN has been particularly active around James Shoal, the southernmost extent of China’s nine-dash-line claim. PLAN vessels conducted demonstrations of sovereignty by taking an oath near the submerged shoal in 2013 and 2014; these were publicized widely in Malaysia as constituting a threat. Tang Siew Mun, the former director of the Foreign Policy and Security Studies section at Malaysia’s Institute of Strategic and International Studies (ISIS), called the deployments a “wake-up call” for the country with regard to China’s conduct in the South China Sea.³¹¹ Shahrman Lockman, a senior analyst at ISIS Malaysia, has spoken recently of a “new reality,” whereby China’s current artificial-island-building activities in the South China Sea “will inevitably bring the operations of Chinese and Malaysian maritime forces into ever closer proximity.”³¹² This “new reality” is creating ever-greater strain on the relationship, and is likely to erode any special relationship Malaysia ever had with China.

In the case of James Shoal, the growing PLAN presence seems not only to have had an appreciable effect on Malaysian threat perception but to have led to an immediate and direct response in terms of force posture. In October 2013, Malaysia announced plans to build a naval base in Bintulu, the closest area of Sarawak to James Shoal, which lies just some 80 km offshore.³¹³ Reports suggested that a new marine corps would be created—modeled on, and perhaps even trained by, its U.S. counterpart—and that it would be stationed at the new naval base. Neither initiative has come to fruition, but reports from March 2018 indicated that the new naval base in Bintulu was continuing to move toward construction, although at a slow pace.³¹⁴

The announcement of the Bintulu naval base was part of a broader shift in Malaysia’s defense posture toward East Malaysia and the South China Sea. In March 2015, Deputy Defense Minister Abdul Rahim Bakri announced that there would be a shift in the country’s defense posture toward Sabah and Labuan (another island off the coast of East Malaysia) because “we want to increase surveillance in the South China Sea” (*kita ingin mempertingkatkan pengawasan di kawasan Laut China Selatan*).³¹⁵ According to Bakri, ships would be provided to the navy and coast guard forces in the area for them

to “constantly monitor” (*memantau sentiasa*) several important “hotspots”; the minister specifically mentioned that these included the North and South Luconia Shoals. Taken together, these statements make it clear that Malaysia slowly is beginning to respond to Chinese incursions into its jurisdictional waters.

China’s attempts to pressure Malaysian leaders, including through its persistent CCG presence at the South Luconia Shoals, have failed to elicit the strategic effects that Beijing presumably desires. Rather than acquiescing to China’s overwhelming capability, Malaysia has persisted in developing hydrocarbon resources in the area. In 2016, a significant gas reserve was discovered in block SK-408, and Petronas began producing gas from the NC3 field in nearby block SK-316 the same year. As of 2017, Malaysia reportedly was planning to develop two other substantial fields in this block, including NC8, by 2020.³¹⁶ As discussed previously, Malaysian hydrocarbon exploration and production has continued in disputed areas of the SCS from 2016 to the present, and Malaysian plans indicate that this activity likely will continue for the foreseeable future, despite China’s persistent presence and growing pressure to stop the production.

The pressure China has exerted on Malaysia arguably has traded operational gains for strategic setbacks. Malaysia’s broader defense posture toward disputed areas has stiffened, while its unilateral hydrocarbon activities have remained robust. In addition to more-concrete and -immediate responses (such as the 2013 announcement of a new naval base in Bintulu and the 2015 movement of forces toward Sabah and Sarawak), Malaysia has continued quietly building up its armed forces. The modernization of the armed forces has continued to focus on developing maritime capabilities, and the creation of a coast guard force responsible for carrying out many of the missions previously assigned to the navy was intended to allow the navy to focus more intensively on its war-fighting function.

Malaysia’s Strategic Response:

Self-reliance through Maritime Modernization

Malaysia’s current *National Defence Policy (NDP)* divides its interests into three broad categories: (1) core areas, (2) economic interests, and (3) strategic waterways and airspace.³¹⁷ Included in the definition of Malaysian *core areas* is the defense of Sabah and Sarawak, as well as the territorial waters and airspace surrounding them. The South China Sea falls under both the second and third categories, in that Malaysia has economic interests there in the form of natural resources and that it is regarded as a strategic waterway because of the importance of securing the SLOCs between Peninsular and East Malaysia. According to the *NDP*, Malaysia has a “special interest” in securing the SLOCs in the South China Sea, which originates from the country’s unique geography, specifically the separation of the two parts of Malaysia by the body of water. Any threat or

obstruction to the SLOCS in the South China Sea “could jeopardize the integrity of the two territories and Malaysia as a whole.”³¹⁸

Malaysia’s official defense policy emphasizes self-reliance, which as of 2010 remained the “overriding principle” of its wider defense strategy.³¹⁹ This includes building the military capability of the MAF so that it is capable of responding to any military contingency that might arise. The modernization of the MAF that began in 1988—specifically, the shift toward developing air and naval power—was premised on this requirement and driven in large part by contingencies involving Chinese power projection into the South China Sea. Self-reliance consistently has remained the primary component of Malaysia’s strategic response to the rise of China.

Malaysia’s economic growth has enabled it to increase its defense budget steadily for the last two decades, although defense spending remains well below 2 percent of GDP, and the recent growth started from a very low initial baseline. The 2019 defense budget saw a minor increase from baseline spending levels since 2017, with reports placing the overall budget for the year at \$3.78 billion.³²⁰ Even accounting for recent declines, the overall trend for the last two decades remains one of modest growth in Malaysia’s defense budget.³²¹ The RMN and Royal Malaysian Air Force (RMAF) have benefited substantially from the growth in the defense budget, and both are continuing to modernize and upgrade their forces.

While historically there is a clear relationship between strategic planning and concerns over a potential China threat (which is particularly evident in the concept of forward defense outlined above, and the corresponding plans to procure submarines), it is not clear whether similar planning efforts continued after Mahathir’s first tenure as prime minister. Since that time, a disconnect seems to have emerged in Malaysia between strategic planning and acquisition, with many procurements being the result of ad hoc or “opportunistic” purchasing decisions.³²²

Defense procurements since 2008 have focused on expanding and enhancing MDA, and have included aerial as well as surface-patrol assets of both services. Over the last several years, surface-force development has shifted away from patrol ships and back toward more-capable war-fighting platforms. Although the connection between the reemerging concern over Chinese intent in the South China Sea and Malaysian defense modernization is not as clear as it was in the 1980s, China remains a primary driver of more-recent modernization efforts as well. Analysis by Malaysian scholars at a government-connected think tank reached similar conclusions, arguing that “the rise of China appears to be a catalyst in Malaysia’s decision to upgrade its naval capability and revise its naval strategy.”³²³ The most China-oriented of these modernization efforts is the long-delayed acquisition of the submarine capability first envisioned in the strategic concept of

forward defense. Although in numbers these platforms do not approach what would be required for the asymmetric capability that the concept called for, they are notable.

In short, while there is evidence to indicate that Malaysia is building up its naval and air force capabilities, at least partly in response to concerns over China, over the last several decades these efforts often have given way to more-immediate domestic political considerations. Legacy issues, including the ongoing dominance of the army, have constrained further Malaysia's efforts to shift toward maritime defense in the South China Sea. According to Thomas Daniel, a researcher at the influential think tank ISIS Malaysia, the situation necessitates an honest reassessment of the role of the army, which currently is larger than the air force, navy, and coast guard put together.³²⁴

In contrast to Indonesia, whose air force to date has had minimal involvement in Jakarta's broader approach to the South China Sea because the navy operates its maritime-patrol aircraft, the RMAF has played an important role in the South China Sea. The RMAF already possesses a number of land-based, fixed-wing surveillance aircraft, including four Beechcraft 200T Super King twin-turboprop planes, as well as a number of aging CN-235 and C-130 transport aircraft, some of which are based in Labuan and are capable of operating from the airfield at Swallow Reef.³²⁵ While currently the Beechcrafts are assigned to conduct maritime surveillance in the South China Sea, their limited endurance constrains the ranges at which they can patrol disputed areas.³²⁶

Given that the larger fixed-wing platforms such as the CN-235s and C-130s are not equipped for maritime surveillance and are aging rapidly, the RMAF actively has been pursuing new acquisitions to improve the maritime-surveillance and air-defense capability of the force.³²⁷ Since at least 2014, this has included an effort to acquire additional and more-capable maritime-patrol aircraft (MPAs) that would allow the RMAF to conduct more-efficient surveillance of disputed territory, including in the South China Sea, although this acquisition effort has experienced repeated delays.³²⁸ Reports from March 2019 indicated that the MPA acquisition had moved to the top of Malaysia's priorities, and discussions were taking place with multiple firms, including with Indonesia's PTDI regarding two of the MPA variants it offers for its CN-235 platforms.³²⁹

In addition to conducting surveillance, the RMAF also is tasked to "deal with encroachment into Malaysia's maritime boundary and airspace," according to Gen. Tan Sri Rodzali Daud, a former RMAF chief.³³⁰ The RMAF is responsible for defending Malaysia's sovereign territory and airspace, and already possesses one of the more capable fighter wings in Southeast Asia, including eight F/A-18D fighter-bombers equipped with Harpoon antiship missiles (ASMs) and twelve Hawk fighters equipped with the Sea Eagle ASM.³³¹ During March 2015 testimony, then-Deputy Defense Minister Bakri announced that six of the Hawks (one squadron) would be transferred to Labuan as part of the wider shift

in defense posture toward the South China Sea; they were just one of several “important assets” (*aset yang penting*) moved to the area at the time. The intent of this shift in defense posture, according to Bakri, was “to create a deterrent” (*mewujudkan suasana deterrent*).³³² Given the recent developments involving Chinese forces operating in this area, it safely can be assumed that this effort to create a stronger deterrent is aimed squarely at China, particularly its future potential to begin projecting airpower more consistently into the Spratlys and the maritime areas off the Malaysian coast.

The RMN also has been modernizing its surface fleet steadily over the last decade; included in these efforts was the (long delayed) recent acquisition of a submarine capability. The fleet has grown steadily to include thirty-nine surface ships and two submarines. That being said, given the expanse of maritime territory that Malaysia claims and the corresponding mission-response area, some analysts have argued that the fleet remains undersized. Previous plans for expansion—which in the 1980s included acquiring submarines, and more recently frigates and a multipurpose support ship—at times have fallen victim to domestic political considerations, resulting in the projects being either canceled or put on hold.³³³ This has continued to be the case, despite the RMN’s depiction of the need for these acquisitions as urgent.

Despite ongoing financial and organizational constraints, a number of recent and planned acquisitions stand out, including those of two *Scorpene*-class diesel attack submarines (SSKs) and six *Kedah*-class corvettes. The *Scorpenes* are armed with torpedo tube-launched Exocet missiles and came with the option of retrofitting an air-independent propulsion system at a later date.³³⁴ Following sea trials, the second sub arrived in Malaysia in July 2010, and both are now operational, although there are questions about the extent of their operational capability.³³⁵ According to Adm. Tan Sri Abdul Aziz Jaafar, under his command as chief of navy the subs “have passed stringent operational tests, including that in tropical waters, and taken part in military exercises [more below] and high performance special operations.”³³⁶ In 2012, Aziz announced that the navy was planning to procure additional submarines, although this was not likely to occur in the near term, and no additional boats have been acquired since.³³⁷ Numbers aside, Malaysian analysis continues to articulate the forward-defense concept, including the role of submarines as “an important asymmetric capability to acquire against a far stronger naval opponent such as China in the South China Sea.”³³⁸

The most significant acquisition for the RMN surface fleet in recent years was the procurement of the six *Kedah*-class corvettes, two of which were delivered from Germany in 2006, with the remaining four built subsequently in Malaysia. They originally had been fitted for ASMs, although ongoing budgetary constraints continue to push this upgrade further into the future. Reportedly, the principal tasks of the *Kedah* class are “maritime patrol duties and surveillance in the Malaysian EEZ.”³³⁹ This includes conducting

surveillance against CCG ships and asserting a countervailing Malaysian presence near the South Luconia Shoals.

Acquisition of a second class of frigates was announced in 2008, with a contract signed in 2014 for a design by France's Naval Group that will be built in Malaysia.³⁴⁰ Construction of the ships (referred to locally as the Littoral Combat Ship [LCS] program) continues to progress, with keel laying on the fourth hull taking place in October 2018.³⁴¹ The lead ship, *Maharaja Lela*, was launched in August 2017, but the planned commissioning of the vessel by the end of 2019 appears to have been delayed. The 3,100-ton surface combatant is armed with Kongsberg's Naval Strike Missile ASCMs and a sixteen-cell VL MICA vertically launched SAM capability. Under the contract, all six *Maharaja Lela*-class frigates are supposed to be delivered by 2023, but possible delays in delivery of the lead ship could affect the follow-on vessels as well.³⁴² Once delivered, the new surface combatants will represent part of the larger trend in RMN modernization over the last decade toward building a more credible war-fighting capability within the naval force structure.

In addition to these more recent procurements, the RMN also possesses a number of FACs, both missile (eight) and gunboat (six) versions, as well as two *Lekiu*-class frigates. The *Lekius* arrived in 2000 and are armed with sea-skimming Exocet Block II ASCMs, and also are equipped with a flight deck capable of supporting Westland Super Lynx helicopters, of which the navy operates six. The Super Lynxes also are tasked with antisurface warfare (ASuW) and ASW roles, and to this end are equipped with torpedoes and ASMs, as well as two 12.7 mm miniguns.³⁴³ They also are equipped with Seaspray radar and forward-looking infrared (FLIR) and electronic-warfare capabilities. Although the navy reportedly included in Malaysia's tenth five-year plan (covering 2011–15) the acquisition of a further six ASW helicopters in more-capable versions with longer range and endurance, by the end of that period no acquisition had been made.³⁴⁴ The Lockheed Martin / Sikorsky MH-60R Seahawk or AgustaWestland AW159 have been mentioned as potential candidate helicopters, should the funding for the purchase materialize.

All hardware acquired is to be divided between the RMN's two fleets, the Eastern and Western, which between them comprise three separate command areas (COMNAV I, II, and III). The Eastern Fleet was created in 2017 and is headquartered in Kota Kinabalu, Sabah.³⁴⁵ Once the new base in Bintulu is completed, the RMN plans to add a fourth command area for Sarawak waters, but until that time COMNAV II covers the coastlines of both Sabah and Sarawak, extending outward to include all of Malaysia's claimed maritime territory and EEZ east of longitude 109° E.³⁴⁶ COMNAV II generally is regarded as the most important of the command areas; it includes the South Luconia Shoals as well as Malaysia's outposts in the Spratly Islands. The RMN refers to its outposts in the

Spratlys by the Malay term Gugusan Semarang Peninjau; loosely translated, this means the “frontier reconnaissance island chain.”³⁴⁷ The decision to place both new submarines as well as the first two *Kedah*-class corvettes in the Eastern Fleet sends a strong signal about the area’s importance.

The South China Sea has been the location for a series of Malaysia’s largest and most complex military exercises, including that held most recently in July–August 2019. Beginning in July, the RMN held two exercises back to back in the South China Sea: Exercise KERISMAS and Exercise TAMING SARI. The exercises involved at least ten surface combatants and one *Scorpene* SSK from the RMN, as well as F/A-18D Hornets and Beechcraft 200T King Airs from the RMAF.³⁴⁸ According to Adm. Mohd Reza Mohd Sany, the RMN commander, the exercises were designed to test and enhance the readiness of the RMN fleet.³⁴⁹ Exercise TAMING SARI involved two live-missile firings on 16 July, including that of an Exocet Block II ASCM from a *Kasturi*-class corvette (FFL 25) and a Sea Skua ASCM from a Super Lynx helicopter. The missiles appear to have been launched simultaneously, executing a combined, multiaxis strike against a target barge.³⁵⁰ Defense Minister Mat Sabu observed the missile firings, commenting afterward that “the RMN and the Malaysian Armed Forces stand ready to uphold peace and defend their interests in the South China Sea.”³⁵¹

The RMN’s exercise series previously had included joint exercises involving both the RMN and RMAF under the Operation Sea Training Exercise (OSTEX), which previously was conducted in 2010 and 2011 in the South China Sea. The 2010 exercise involved one of the new *Scorpene* SSKs as well as ten ships, including *Lekiu*-class frigates and *Kedah*-class corvettes that conducted training exercises in coordination with a number of aerial assets and personnel from the RMAF. Lasting a little over a week in summer 2010, the exercise had a stated purpose of assessing fleet readiness and interoperability between the RMN and the RMAF, particularly in conjunction with the new submarine, as well as to “highlight the RMN’s presence in the South China Sea and to test contingency plans for the defence of the RMN posts located in the Spratly Islands.”³⁵² According to official RMN sources, not only does the MAF have contingency plans to defend the country’s claims in the South China Sea, but these plans appear to involve the integration of surface, subsurface, and aerial-combat power-projection capabilities, which are then tested through exercises in preparation for implementing the contingency plans, should that ever prove necessary.³⁵³

The fact that the location chosen for the 2019 and previous OSTEX events was the South China Sea is significant; it likely reflects ongoing concern within the RMN over Chinese encroachment in the area, including near Malaysia’s outposts in the Spratly Islands. Defense Minister Mohamad’s attendance at and statements after the live-missile firings

during the 2019 TAMING SARI exercise likely were intended as a demonstration of resolve to China that Malaysia remained ready to defend its interests in the South China Sea.

The recent acquisition of higher-end combat capabilities and the stationing of diesel attack submarines near disputed parts of the South China Sea similarly reflect Malaysia's ongoing concern about continued Chinese encroachment. In accordance with shifts in naval strategy that began in the 1980s, Malaysia is seeking to establish a more credible deterrent posture through asymmetric lines of effort drawn from its forward-defense concept. In addition to the recent acquisitions, Malaysia is freeing the RMN to focus on its operations and training for a traditional war-fighting role by relieving it of some of its previous MLE duties. To this end, a new coast guard was created roughly a decade ago, although shifting the entirety of the burden remains a work in progress.

A Unified Coast Guard for Malaysia

In addition to the Malaysian Armed Forces, the Malaysian Maritime Enforcement Agency also patrols the country's maritime area and airspace.³⁵⁴ In contrast to the RMN's three commands, the MMEA is organized into five maritime regions, which then are subdivided into eighteen maritime districts. The headquarters of the agency, located at Putrajaya, is considered separate from this structure. The maritime regions are divided between mainland Malaysia, with (1) Northern, (2) Southern, and (3) Eastern Peninsular; and (4) Sarawak and (5) Sabah and Labuan Commands.³⁵⁵ As with the RMN, the Sabah region is headquartered at Kota Kinabalu, with bases there and in Labuan. The MMEA considers Sabah and Sarawak to be separate regions, as the navy aspires to do once COMNAV IV is created following the opening of the new base in Bintulu. Like COMNAV II, Regional Command 5 of the MMEA is especially important because it includes the Spratly Islands, and Regional Command 4 is of increasing importance given recent developments off the coast of Sarawak, including those at the South Luconia Shoals.

The MMEA was established formally in May 2004 under the MMEA Act and commenced operations on 30 November 2005.³⁵⁶ The agency was established to "overcome the overlapping functions, jurisdictions, and operating areas at sea" of as many as eight different maritime agencies, including the RMN and RMAF as well as Marine Police, Customs, Fisheries, and others.³⁵⁷ The deciding factor in establishing the MMEA seems to have been a perceived need for the RMN "to focus more on [its] warfighting duties and less on constabulary ones."³⁵⁸

The primary mission of the agency is to "protect and safeguard peace, security, and national sovereignty" in the Malaysian Maritime Zone (MMZ).³⁵⁹ The formation of the MMEA is part of larger regional trends whereby coast guard or maritime paramilitary forces increasingly are taking over security functions that navies and other military components traditionally have carried out, as evidenced most clearly in the formation of

the CCG.³⁶⁰ Since the MMEA's creation it has been the principal agency tasked with law enforcement in the MMZ.

However, while it was reported that the MMEA would emerge as the "sole agency" in charge of MLE by 2011, uncertainty persists regarding overlap with mission areas of the MAF.³⁶¹ The MMEA effectively has taken over the previous functions and jurisdiction of many of the smaller civilian agencies, such as Customs and Fisheries, but the RMN has continued to take the lead role in law enforcement farther out at sea, as evidenced by the aforementioned April 2010 incident involving the Chinese FLEC vessel *Yuzheng-311*, which was confronted by an RMN missile patrol boat.

The MMEA ambition to take over these functions remains more aspirational than actual. The MMEA mission statement addresses law enforcement as an important component of the security and sovereignty of the state, a mission that previously had fallen to the MAF. The role of MMEA forces in sovereignty protection and the relation to law enforcement was articulated clearly in a speech given in June 2010 by Adm. Zulkifili bin Abu Bakar, then the head of regional enforcement and now director general of the MMEA. He stated that "a lack of enforcement portrays lack of display of authority and eventually, sovereignty," and furthermore that "the absence of an effective law enforcement mechanism invites intervention by the security forces from other States."³⁶²

Zulkifili's speech seemed to constitute part of an ongoing delicate dialogue over the issue of whether the MMEA in fact would become the sole agency responsible for maritime law enforcement. The reason for making it so, according to the admiral, was that some believed that "the military, in particular, navies, may want to focus on its warfighting role." As mentioned, the need for the RMN to be rid of law-enforcement responsibility and free to focus on combat operations may have been the deciding factor in establishing the MMEA. The admiral further pointed out that "engaging in law enforcement duties requires a substantial commitment of time and effort in terms of training, execution, and court duties," before concluding that "ultimately, it is up to the stakeholder [presumed to be a reference to the Malaysian government] to decide on the eventual role."³⁶³

Another possible arrangement going forward would be for the MMEA to continue to maintain the principal role in law enforcement in the MMZ, with the RMN and RMAF evolving to focus less on law enforcement, making it a "secondary" function, an arrangement Admiral Zulkifili seemed to suggest in his speech.³⁶⁴ The trends are in this direction.

However, for now the greatest success following the formation of the MMEA has been the strengthened coordination among the various agencies, particularly that of the MMEA with the RMN. Improvement in this area was an aim from the MMEA's inception, one that largely seems to have been accomplished. The two services work closely

together; in fact, in the view of the admiral, the two “complement each other.”³⁶⁵ If managed and coordinated properly, the two respective services could strengthen one another in critical mission areas during peacetime, although this needs to be balanced better with the RMN’s traditional war-fighting role. In the event of “war, special crisis, or emergency” the MMEA would be placed under the command of the MAF, and the two forces would operate in conjunction with one another.³⁶⁶

In addition to law enforcement and the maintenance of maritime safety and security, the MMEA also is tasked with maritime search-and-rescue and surveillance operations, as well as the prevention and suppression of illegal acts, including human trafficking, drug smuggling, and piracy. To carry out these missions, the agency is granted the power to board, inspect, search, and detain any vessel or aircraft suspected of illegal behavior, as well as to “expel any vessel which it has reason to believe to be detrimental to the interest of or to endanger the order and safety in the [MMZ].”³⁶⁷ The MMEA’s missions and enforcement powers are derived from a maritime-security strategy that is based on MDA, visible deterrence, and the ability to respond swiftly, remain ever present, retain a forward reach, and maintain maritime community cooperation.³⁶⁸ The MMEA is empowered not just to conduct presence missions and surveillance but if necessary to deal forcibly with intrusions into and illegal acts in the MMZ, with the goal of acting in a deterrent capacity.

The agency has been growing steadily in terms of size and manpower since 2005, and seems set to continue to grow in the years ahead. In 2011, Adm. Mohd Amdan Kurish, the MMEA director general, announced plans to obtain more patrol ships, aircraft, and other assets from the government going forward.³⁶⁹ After these plans stalled repeatedly in the face of budgetary problems, in March 2015 Minister Shahidan Kassim admitted that the government was “aware that the assets and personnel of the MMEA are definitely inadequate to cope with enforcement activities.” He noted that many of the assets in the MMEA’s inventory are aging, and that recently the service had been forced to retire seven ships that exceeded fifty years in age.³⁷⁰

To compensate for these problems, the construction of six new so-called Next Generation Patrol Craft was included in the 2015 budget, and a \$90.43 million contract was signed in November of that year with Destini Shipbuilding for construction of all six ships. The lead ship in the class, *Bagan Datuk*, was launched in March 2017.³⁷¹ By July 2018, three of the six *Bagan Datuk*-class patrol craft (WPCs) had been commissioned by the MMEA, and the final three were expected to be commissioned by the end of 2020. These WPCs are forty-four meters in length, displace approximately three hundred tons, and are armed with the Aselsan 30 mm SMASH dual-feed automatic naval cannon. Additionally, all six of the new patrol craft will be fitted with Fulmar unmanned aerial

vehicles that can be launched via a deck-mounted catapult system, extending the patrol craft's ship-based surveillance capabilities substantially.³⁷²

In 2016, additional funds were allocated under the national budget for the MMEA to procure three new large patrol ships.³⁷³ The keel-laying ceremony for the lead ship was held at the TH Heavy Engineering Berhad shipyard in December 2017, and all three reportedly were under construction at the yard by March 2019.³⁷⁴ The lead ship was expected to be launched by the end of 2019, with the other two following by February 2020. At eighty-three meters in length, the new patrol ships would mark a significant increase in the MMEA's ability to operate in more-distant maritime areas and to sustain presence offshore for longer periods.

For that reason, Admiral Zulkifili has referred to the new patrol ships as "a game changer," noting that existing MMEA assets were aging and lacked the ability to maintain a persistent presence "due to their short or limited operational range."³⁷⁵ Reportedly, the new patrol ships, like the *Bagan Datuk*-class WPCs, will be armed with the 30 mm Aselsan SMASH automatic cannon, and will be equipped as well with a helipad capable of accommodating a medium-size helicopter. According to Admiral Zulkifili, once commissioned the three patrol ships will be assigned to the eastern coast of Peninsular Malaysia, Sabah, and Sarawak.³⁷⁶

In July 2018, Admiral Zulkifili publicly articulated the MMEA's request that the government fund the procurement of at least three "multi-purpose mission ships" for the organization. These would be larger than the new patrol ships and act as mother ships of a sort, with the capability to launch six small-boat crews to interdict foreign fishing vessels operating illegally in Malaysian waters. Admiral Zulkifili noted that the "MMEA's biggest challenge now is the invasion of foreign fishermen in our waters."³⁷⁷ Although no contract has been signed yet, during a visit to the MMEA's Subang Air Base in April 2019 Muhyiddin Yassin, Malaysia's home minister, stated that the government was aware of the request and that it was under consideration.³⁷⁸

Admiral Zulkifili's articulation of the MMEA's prioritization of preventing an "invasion" of foreign fishing vessels, combined with the focus on South China Sea waters apparent in the planned home-port locations for the three WPSs, indicates that the earlier incidents with China profoundly influenced the MMEA's most senior leadership. These leaders, including Admiral Zulkifili himself, now are driving a robust modernization program to acquire larger patrol ships capable of maintaining a persistent coast guard presence to countervail China's.

And for the first time in the organization's history, the MMEA is receiving significant support and funding from the civilian government. This shift in government support toward building MMEA capability began in 2015 and clearly is tied to the growing

concern within the government about Chinese actions in the South China Sea, as evident in then–Minister of the MMEA Shahidan Kassim’s 2015 comments on the CCG presence at the South Luconia Shoals. With government support, the MMEA’s efforts to build a more capable offshore patrol capability is already showing results, with three new *Bagan Datuk*-class patrol craft now commissioned and at least six more patrol ships coming on line within the next several years.

According to Admiral Zulkifili, the MMEA plans to increase its inventory of patrol ships to 228 by 2040 and its personnel numbers to 9,400 while building a sizable aviation component of fifteen rotary-wing and twelve fixed-wing aircraft. This would be a substantial increase from the approximately 130 vessels, eight aircraft, and 5,369 personnel that the MMEA had in 2018.³⁷⁹ Many of the ships in the MMEA’s current inventory measure less than twenty meters in length, including fifty-three rigid-hull inflatable boats, but—in keeping with the trends evident in the recent and planned acquisitions discussed above—a growing number are larger boats, many of them over thirty meters. The majority of the vessels in the MMEA fleet are armed, many heavily. While many of the boats were transferred from the previous civil maritime agencies, such as the Marine Police or Fisheries, several boats, including two *Langkawi*-class large patrol ships, were transferred to the MMEA from the navy (see table 2).

All the aircraft the MMEA operates are land based at present, but include both rotary- and fixed-wing assets. According to First Adm. Zammani Mohd Amin, the agency’s director of air-wing operations in 2013, the air wing already has expanded and will continue to do so into the future.³⁸⁰ Future requirements are likely to include both fixed-wing and rotary aircraft with longer range. Currently, in addition to three Eurocopter Dauphins, the MMEA acquired three AgustaWestland AW-139 helicopters in 2010.

Table 2. *Patrol Assets in the MMEA Inventory*

Ship Class	Type	Number	Notes
<i>Langkawi</i>	WPS	2	75 m in length, displacing over 1,300 tons; 5,000 nm range. Capable of supporting helicopter operations. Armaments include 157 mm main gun and two 30 mm miniguns.
<i>Pekan</i>	WPS	2	Transferred from Japan in 2016–17. ~ 90 m in length, 1,000-ton displacement. Capable of supporting helicopter operations.
<i>Sipadan</i>	WPC	15	Transferred from the navy in 2006. Armed with Bofors 40 mm / 70 guns.
<i>Gagah</i>	WPC	15	Transferred from the Marine Police in 2005. Armed with 20 mm Oerlikon anti-aircraft gun.
Bay	WPC	2	38 m in length. Transferred from Australia in 2015.

Includes primary platforms WPC and larger, excluding classes planned or in process.

Sources: Jane’s Fighting Ships, New Straits Times, The Star

Both the Dauphin and the AW-139 are multipurpose designs intended for a multitude of different roles, including MLE, interdiction, general surveillance, and special operations. The AW-139s were expected to be based in Sabah at Kota Kinabalu. The MMEA also possesses two Bombardier CL-415MP twin-turboprop planes, which recently were equipped with more-advanced surveillance equipment, the Swedish Space Corporation (SSC) MSS 6000.³⁸¹

According to SSC's website, the MSS 6000 "is a fully integrated system including SLAR [side-looking airborne radar], still and video cameras, AIS [Automatic Identification System], IR/UV [infrared/ultraviolet] scanner; FLIR [thermal imaging] and communication via high speed satellite data link and HF [high-frequency] radio." The website describes the SLAR as "the ideal sensor for large area surveillance for very small vessels, target types that are difficult at best, and often impossible, to detect with traditional radar technology."³⁸²

Such a capability would make it easier for the MMEA to carry out its assigned mission to detect activities in Malaysian waters by the smaller vessels of foreign MLE agencies or even civilian fishing vessels. All information obtained during patrols can be saved and then uplinked via satellite communications to "a command center or cooperating units."³⁸³ The planes will be able to link vital information in real time not only to other ships operating on the water but to a central command. The system will increase significantly the MDA of the MMEA, and may improve interoperability by offering easier information sharing among the coast guard and the various armed forces. This capability was on display in June 2015 when Minister Shahidan flew on board the surveillance flight that one of the aircraft conducted over the South Luconia Shoals.

Cooperation between the MMEA and the MAF is occurring already and continues to mature in operational terms. Most notably, all MMEA aerial assets are flown by RMAF pilots.³⁸⁴ Cooperation with the RMAF also has extended to surveillance, beginning with the transfer of a network of radar-surveillance sites, referred to as remote-sensing sites (RSSs), at Lumut on mainland Malaysia. The MMEA's RSS network expanded to include three more sites that were expected to cover the western parts of Sabah; they are located at Pulau Balambangan (in the north, near Palawan); Pulau Gaya (off Kota Kinabalu); and Pulau Mantanani (Mariveles Reef), one of Malaysia's outposts in the Spratlys.³⁸⁵

The three new RSS locations became operational in 2012, and all are situated close to and facing the Spratly Islands; Mariveles Reef is itself a disputed feature. A further seven RSS installations are planned that are intended to cover all Sabah, and to expand to cover Sarawak as well. The MMEA has been sharing information gained from the RSS network with the MAF, which operates its own radar network, and the two services plan to integrate their two systems "under one interfacing platform."³⁸⁶ Such cooperation bodes well

for Malaysia's ability to continue to maintain MDA in disputed areas in the South China Sea, including the Spratly Islands, and if necessary to respond in a timely manner to the increasing Chinese presence in the area.

At the moment, the MMEA, like its naval counterpart the RMN, remains a service under strain.³⁸⁷ Its aging ships and limited long-range maritime-patrol capability have prevented it from realizing its ambitions to fulfill its initial mandate of assuming responsibility for Malaysia's MLE requirements. Members of the government acknowledge these limitations and plan to bring the service's capabilities more in line with its and their strategic ambitions. MMEA involvement in recent confrontations with China in areas of the South China Sea extending from Sabah and Sarawak indicate an urgent requirement for more oceangoing capability. Now, for the first time since its inception, the MMEA is beginning to receive newly built vessels that will allow it to sustain an effective law-enforcement presence in disputed areas of the South China Sea. Such a capability might allow the RMN finally to begin focusing more on its war-fighting role, and generally would strengthen Malaysia's broader deterrent capacity against Chinese coercion in the South China Sea.

The Ties That Bind: Malaysia's Low-Key Alignment with the West

Despite Malaysia's declared policy of self-reliance, nonalignment, and neutrality, since independence Malaysia in practice has remained closely aligned with Western defense partners, including the United States and Australia.³⁸⁸ In contrast to Indonesia, where the United States served as the primary defense partner from the mid-1960s onward, Malaysia has maintained closer ties to the Commonwealth, initially with the United Kingdom, with which it maintained an alliance from the period after independence until the early 1970s. Since the early 1970s, as the United Kingdom withdrew from its alliance commitments in Malaysia, Australia has served as Malaysia's primary defense partner, leading the FPDA, the little-known formal defense pact referred to as the Arrangements.

Defense cooperation with the United States began in the mid-1980s under a once-secret defense accord known as the Bilateral Training and Consultation (BITAC) agreement. Since that time the United States has served as Malaysia's second-most-important defense partner. The existence of the BITAC agreement no longer is an actual secret, but little has been published about Malaysia-U.S. defense cooperation during the agreement's now more than three decades of existence. As recently as 2002, a former Malaysian prime minister still referred to defense cooperation with the United States as "an all too well-kept secret."³⁸⁹

Malaysia conducts defense cooperation with both the United States and Australia in a low-key manner, largely outside the public eye. It is robust, however, and Malaysia likely would lean heavily on its Western defense partners in the event of serious escalation

with China in the South China Sea. As with Indonesia, recent tensions have driven closer engagement between Malaysia and these Western defense partners, and the China threat plainly is at the center of Malaysia's calculations in maintaining and enhancing these ties. If history is any guide, China's operational push farther south likely will continue to propel forward enhanced alignment with these Western partners, and almost certainly will act as a significant constraint on China's own attempts to build similar defense ties.

Malaysia's Quiet Alliance with Australia. Malaysia maintains a little-known but incredibly close defense alignment with Australia. The surprising extent of Malaysia's defense cooperation with Australia, including in portions of the South China Sea, can be glimpsed in comments made in 2014 by Kim Beazley, then the Australian ambassador to the United States. While serving as a moderator of a panel at an event in Washington, DC, on the U.S.-Australia alliance, Beazley made a point of mentioning an altogether separate set of arrangements with which few in the room would have been familiar. Specifically discussing recent Chinese activity in the South China Sea, the ambassador felt it pertinent to point out to the audience that "we [Australia] *are responsible for Malaysia's air defense*, and regularly surveil, with all sorts of aircraft, the South China Sea." He went on to note that Chinese enforcement of its claims in the South China Sea could conflict with these commitments and activities, specifically if China were to attempt to implement an air-defense identification zone over these areas. Any attempt by China to do so would "run into a whole range of activities by other military powers. Not just the United States; *it will run into us.*"³⁹⁰

These comments may have surprised many in the room at the time, but they do not reflect an ambassador speaking off the cuff with little knowledge of or regard for the topic under discussion. Rather, they reflect the considered analysis of a former minister of defense, who during his tenure in that position in the mid-to-late 1980s was a strong advocate for the Australian defense relationship with Malaysia.³⁹¹ The relationship, which continues as part of the FPDA, in fact underwent a revitalization during his tenure in that position, as China established its foothold in the Spratlys.

The specific operational commitments that Beazley outlined in 2014 originated in and have evolved under the FPDA over the last several decades. The FPDA typically is considered a "loose consultative arrangement," not a formal alliance.³⁹² This is primarily because an undue emphasis has been placed on the language contained in the communiqué the five members (Australia, Malaysia, New Zealand, Singapore, and the United Kingdom) issued in 1971 when they announced the formation of the Arrangements. Although the FPDA undoubtedly is "consultative" by nature, it also is clear that the communiqué provides a solid commitment for mutual military support against an external threat under specified circumstances.³⁹³ The specific language states that in the event of

an externally organized attack, or threat of attack, on either Malaysia or Singapore, “their [all FPDA members’] Governments would immediately consult together for the purpose of deciding what measures should be taken together or separately in relation to such an attack or threat.”³⁹⁴ So even though much has been made of the consultative nature of this commitment, official statements and actions imply that a tacit understanding exists between Malaysia and Australia that commits them more definitively to mutual defense.

According to official submissions from Australia’s Department of Defence, the FPDA “commits” Australia, along with the other FPDA members, “to assist Malaysia and Singapore against external aggression.”³⁹⁵ This language implies a level of commitment to mutual defense that in fact may exceed that embodied in the 1971 communiqué. The potential for a more robust commitment also is reflected in Ambassador Beazley’s 2014 comments regarding Australia’s role in Malaysia’s air defense. This commitment is not reflected in the original communiqué; it was incorporated later through the practical implementation and institutionalization of the Arrangements. For these reasons, Australia’s relationship with Malaysia under the FPDA is best understood as an alliance. It is a quiet alliance, unknown to most citizens in either country, and neither country would describe it as such, but it is an alliance nonetheless.

Despite varying degrees of commitment the five members of the FPDA have displayed, Australia has always played the key role in the organization. Although the FPDA ostensibly is Commonwealth (i.e., U.K.) led, from the beginning it was essentially Australia led, and, in Beazley’s words, “It’s really been the Australians ever since.”³⁹⁶ In practice, the Australian commitment to Malaysia is robust. It entails not only an extensive program of joint military exercises but also an operational dimension that is unique within the wider Southeast Asian defense and security architecture. The operational dimension of the FPDA exists primarily within the Australia-Malaysia dyad of the partnership, and will be discussed in greater detail below. In the view of Australia, it is this operational dimension that makes the arrangement unique, as it is “the only multilateral arrangement with an operational dimension in Southeast Asia.”³⁹⁷

Owing largely to Malaysian sensitivities, the cooperation is kept low-key, leading one scholar to label the Arrangements “the quiet achiever.”³⁹⁸ There is a gap between Malaysia’s declaratory policy and its actual strategy regarding defense cooperation with external partners. While the declaratory policy has stressed “self-reliance,” in reality Malaysia has increased the levels of cooperation and has continued to rely on the “quiet alliance” with Australia as an assurance against higher levels of external threat.³⁹⁹

According to First Adm. Sutarji bin Kasmin (Ret.), the former MAF director of defense operations and commandant of the MAF Defense College, Malaysia’s ability to rely on self-defense is contingent on the level of threat it is facing. At higher threat levels,

self-defense no longer may be a feasible option, and allied support would be required. “Should the threat level be beyond the capability of the local force, Malaysia has to seek external assistance.”⁴⁰⁰ This is an unusually blunt assessment, particularly coming from a senior Malaysian defense leader such as Sutarji. Although more careful with his wording regarding the precise form of external assistance that would be sought, he makes it clear that the FPDA would be the primary avenue.

The tension between relying on self-defense and seeking external assistance highlights the important institutional aspects of the alliance through the FPDA, which have served to assist Malaysia in building up its own self-defense capability, ultimately increasing the range of threats to which it can respond adequately on its own. According to Group Capt. Allan Crowe, Royal Australian Air Force (RAAF), the original intent behind the FPDA was for it to be a transitional arrangement, which would allow Singapore and Malaysia “to develop their capabilities through increased involvement in FPDA exercises,” eventually providing their own self-defense capability.⁴⁰¹ Although the “transitional” nature of the Arrangements long has been in doubt—they have endured for over four decades now—it nonetheless is clear that the emphasis on interoperability and capacity building has been there from the start and remains in place.

Over the last several decades the arrangements between Australia and Malaysia under the FPDA have become well institutionalized. Initial efforts proved halting, but there were some notable successes from the start, the most important of which was creation of the Integrated Air Defense System (IADS). IADS was established “within the framework of FPDA to assume responsibility for the air defence of Malaysia and Singapore,” and its headquarters (IADS HQ) was declared operational in September 1971.⁴⁰² The commander of IADS (CIADS) always has been an Australian air vice-marshal, who has been assisted by a deputy whom Malaysia and Singapore supply in rotation.⁴⁰³

Remarkably, when the CIADS position first was created, it was given emergency powers “to employ assigned forces, including those assigned by all five countries, against a surprise attack.”⁴⁰⁴ Although it is unclear how truly institutionalized the command-and-control arrangements later became under IADS, official Australian accounts have stated that in practice CIADS authority was limited primarily to IADS HQ. This reportedly did not include authority over “the forces required to respond to any threat,” although at the same time IADS has remained “the operational cornerstone of the FPDA.”⁴⁰⁵

In June 1987, a separate agreement was reached under the FPDA to establish an air-defense operations center (ADOC) at IADS. This agreement highlights another less-well-known aspect of the FPDA—its operational dimension. The establishment of the new ADOC at IADS entailed an upgrade of the communications and other equipment there while also formalizing the training program and courses that until that time had

been conducted on an ad hoc basis.⁴⁰⁶ Similar upgrades “to the Operations Room and communications facilities” also had been undertaken at the RMAF’s base in Butterworth in March 1980 as part of “operational support activities” intended to facilitate the operational component of the FPDA and IADS, known as Operation GATEWAY.⁴⁰⁷

GATEWAY: The Operational Dimension of the FPDA. Operation GATEWAY has its origins in Australian commitments to the United States under the Australia–New Zealand–United States alliance and Australia’s involvement in maritime-intelligence operations conducted at the height of the Cold War. While Australian maritime-patrol aircraft had conducted limited, ad hoc patrols out of Malaysia since 1974, this was nothing compared with the robust operational cooperation that emerged between Australia and Malaysia in the 1980s under Operation GATEWAY.⁴⁰⁸ The two governments reached an agreement in December 1980, and several months later, on 1 February 1981, Operation GATEWAY commenced with the arrival at RMAF Butterworth of the first detachment of thirty-five personnel from RAAF No. 11 Squadron aboard a P-3 Orion surveillance aircraft.⁴⁰⁹ The plane was one of up to three P-3s that the Malaysian government had agreed would be deployed “under the provisions of the FPDA,” and RAAF personnel (from Nos. 12 and 295 Squadrons as well) began to operate regularly out of RMAF Butterworth, on thirty-day rotational deployments.⁴¹⁰ The P-3s operated under the direct command of an RAAF group commander who is the commanding officer of Detachment A, No. 92 Wing RAAF—an arrangement that became permanent in 1982.⁴¹¹

While the detachment provided the RMAF with regular training in maritime surveillance, from the beginning its primary role was operational.⁴¹² Detachment A consists of maritime-surveillance aircraft (RAAF AP-3C Orions) that regularly surveil an area that stretches from the northern Indian Ocean through the Malacca Straits and into and across the South China Sea. The original purpose of the program, “as part of Australia’s intelligence contribution to the Western alliance,” was to monitor and later aggressively prosecute Soviet shipping, particularly submarines, transiting through these areas.⁴¹³ This included both conventional and nuclear Soviet submarines, as well as destroyers, cruisers, and Soviet logistics ships, being surveilled at extremely close distances—regularly approaching one hundred feet.

In contrast to *aerial surveillance*, *prosecution* involved the use of radar and sonobuoys to detect, identify, and track Soviet subs. This often was done in cooperation with allied American assets operating in the region, which would pick up the contacts from their RAAF counterparts once the target had exited the area of operations. According to one account, these missions “were carried out with all the determination that would normally be associated with attacking enemy surface and subsurface targets during time of war, short of live weapons release.”⁴¹⁴ While it is unclear whether RMAF personnel participated in the flights directly, senior military leaders in the MAF seem to have been

aware not only of the nature of these missions but of the intelligence role they played in conjunction with the U.S. alliance.⁴¹⁵ Even if RMAF personnel did not participate in the missions directly, the extent of operational cooperation between Australia and Malaysia during this period was pronounced.

Following the collapse of the Soviet Union and the end of the Cold War, the operational tempo slowed considerably, although Operation GATEWAY remains ongoing. The operational sorties that regularly had been conducted as frequently as five or six days a week during the 1990s slowed to “about four to five per year,” with five being flown between 2010 and 2011.⁴¹⁶ Over the last decade these numbers have increased, but only modestly, with six sorties being conducted in 2013–14.⁴¹⁷ The surveillance flights have continued to operate across the entirety of the South China Sea, including the eastern areas proximate to the Philippine coast.⁴¹⁸

In December 2015, it was revealed that GATEWAY flights involving RAAF AP-3C aircraft routinely operate in areas of the South China Sea proximate to features that China has occupied in the Spratlys. After a British Broadcasting Corporation (BBC) reporter flying near Mischief Reef overheard an AP-3C’s radio transmission to Chinese forces, the Australian Department of Defence (ADoD) confirmed the encounter, stating that the RAAF plane was conducting “a routine maritime patrol.”⁴¹⁹ According to Australian press reporting from around that time, the tempo of GATEWAY patrols had increased over the previous twelve to eighteen months, and the statement about “routine” operations could be taken to indicate Australia’s commitment to continue conducting such operations despite Chinese protests.⁴²⁰

While this encounter does give some indication of the nature of the GATEWAY patrols conducted in the South China Sea, publicly available sources do not articulate the details of current operations and have tended to emphasize Australia’s contribution to maritime security, vaguely but more broadly, toward “the preservation of regional stability and security.”⁴²¹ In addition to confirming the December 2015 encounter near Mischief Reef, the ADoD also reiterated this language, noting that the patrols were part of “Australia’s enduring contribution to the preservation of regional security and stability in South East Asia.”⁴²²

GATEWAY operations have established a precedent for the monitoring of surface and submarine traffic of common interest from the base at RMAF Butterworth. Such precedent could apply to China, were the two allies to decide there was a need to conduct such operations, perhaps in light of growing Malaysian concern over Chinese activities in the South China Sea. There is nothing to indicate that such a decision has been made yet, but the December 2015 revelations of routine RAAF operations near China’s outposts

does indicate that at least some form of enhanced cooperation against China is at least a possibility under GATEWAY auspices.

Defense Cooperation under the FPDA: Building Capacity to Deter. In addition to the operational arrangements under GATEWAY, Australian defense cooperation with Malaysia under the FPDA has focused consistently on improving the MAF's self-defense capability, primarily through regular joint military exercises. Outside of overseeing GATEWAY, CIADS also is responsible for planning and conducting exercises.⁴²³ It is through the regular and increasingly robust program of exercises conducted under the FPDA that Malaysia benefits most from its quiet alliance with Australia. While the exercises focused for the first decade on air defense of Peninsular Malaysia and Singapore, by the 1980s they had increased in both scope and complexity, moving toward the maritime domain, and specifically into the South China Sea.⁴²⁴

Just as Malaysian threat perception surrounding China's actions in the South China Sea began to reach a peak toward the end of the 1980s, a revitalization of the FPDA began to occur, including new institutional arrangements and dramatic changes to the exercise program. From 1985, the maritime exercises began to become more advanced, first introducing submarines that year and then electronic warfare in 1987.⁴²⁵ A watershed year for the FPDA was 1988, beginning with Exercise LIMA BERSATU, which was the largest air- and maritime-defense exercise held up to that point. The exercise was carried out in the airspace of Malaysia and Singapore, as well as in the South China Sea. The scenario involved a potential aggressor "which had sought to secure territory from the two in order to further its position in a dispute over resources in the South China Sea." The air and naval exercises were unprecedented in their scope, and the air forces of all five members for the first time "operated as a single entity."⁴²⁶

Significantly, it marked the return of U.K. forces after a fifteen-year absence, with a full naval task force that included the aircraft carrier HMS *Ark Royal* and its complement of Sea Harriers.⁴²⁷ This was the first time an aircraft carrier had been included in the exercises, and it also marked the first time Australia's new FA-18s participated. The next July, another large FPDA exercise occurred, involving twenty-four ships, eighteen aircraft, and three thousand personnel conducting three-dimensional maritime-warfare drills (ASW, ASuW, and anti-air warfare). This exercise, code-named STARFISH, was described by one analyst as the "largest and most complex exercise to date."⁴²⁸

While at one point prior to 1988 the Malaysian deputy defense minister had characterized the FPDA as "dead wood," from that point on Malaysia considered the arrangements to have been rejuvenated, with their deterrent value enhanced.⁴²⁹ In addition to the perceived deterrent role of the joint exercises, Malaysia also had decided to move forward to institutionalize the arrangements further, although—as the issues with

command and control discussed above suggest—there were limits. Despite this, the parties made significant progress revitalizing the consultative process, reaching agreement in 1988 that separate meetings among the five defense ministers and among the chiefs of defense would be held every three and two years, respectively.⁴³⁰

The first IADS Air Defense Seminar was held the following year in November, and comments by senior Malaysian officials during speeches given there make clear not only Malaysia's threat perception during this time but also that regional security cooperation, and specifically the FPDA, were a key part of their response. In a speech given at the seminar in 1989, General Hashim, the MAF commander, laid out the necessity for regional defense cooperation in the face of possible external threats, specifically those pertaining to aggression coming from an unnamed "communist nation."⁴³¹ While this ambiguity may have allowed other nations to pick and choose which Communist nation represented such a threat to them, it is clear from the above analysis that, in the minds of General Hashim and other Malaysian defense thinkers, the anonymous nation was China.

Bilateral cooperation between the two countries received a boost with the signing of the Malaysia-Australia Joint Defense Programme (MAJDP) in 1992. According to Najib Razak, at the time Malaysia's defense minister, both countries at the time "saw a need to formalize and streamline the bilateral activities under a formal structure," the end result of which became the MAJDP.⁴³² The agreement strengthened the direct operational connections between the Australian Defence Force (ADF) and the MAF, including through long-term exchanges or attachments between their respective officer corps.⁴³³ These attachments included senior positions for ADF personnel not only in Malaysia's defense colleges but in permanent cross-posting of Australian officers in important positions within the MAF. Most significant of these is an army lieutenant colonel located in the MAF headquarters—the only non-Malaysian officer physically located within MAF headquarters—as well as a Royal Australian Navy lieutenant commander serving as principal warfare officer instructor at RMN Tactical Training Centre, Lumut.⁴³⁴

From the initial revitalization of the alliance in 1988 to the present, the program of defense exercises under the FPDA, as well as those conducted bilaterally under the MAJDP, continued to evolve toward joint and increasingly complex scenarios. At the 1990 FPDA Defence Ministers' Meeting it was decided that the exercises would move toward incorporating more joint and combined capabilities. From this time the maritime- and air-defense portions of the exercises began to merge, culminating in the 1997 FLYING FISH exercise, which was the "first truly joint and combined exercise conducted under the FPDA umbrella." This evolution in the FPDA was institutionalized in 2000, when air defense and maritime defense were merged into "area" defense, making IADS the Integrated Area Defense System.⁴³⁵ This is the single largest transformation in

the history of the FPDA, and reflects the enlargement of Australia's defense commitments to Malaysia to include maritime as well as air defense, effectively extending these commitments out into the South China Sea.

The emphasis on area defense several years later began to overlap with a growing focus on nontraditional maritime-security challenges and law-enforcement issues arising in the EEZ. By 2004, FPDA exercise scenarios reflected this focus. This included the involvement of civilian maritime agencies in exercises such as BERSAMA LIMA 2005 and BERSAMA PADU 2006, in which the scenario involved a ship being interdicted in the South China Sea for weapons trafficking.⁴³⁶ Subsequent exercises also reflected these types of scenarios, including BERSAMA LIMA 2013, which was conducted in the South China Sea, with a planning phase taking place first at Butterworth under IADS.⁴³⁷

Considering the totality of the institutional and operational arrangements that have evolved within the FPDA over the last forty years, it is clear that the arrangements between Malaysia and Australia meet the criteria to constitute an alliance. But while this helps provide conceptual clarity, it actually tells us very little about the impact of that alliance on the broader regional security environment. Some authors have concluded that the FPDA "provides a credible deterrent to a potential aggressor," specifically acting as a psychological deterrent in terms of conventional military power.⁴³⁸ Official Australian assessments draw similar conclusions, describing it as contributing to "effective deterrence."⁴³⁹ Among Malaysian defense planners, "the deterrence value of the FPDA is still appreciated." According to Zakaria Ahmad, the FPDA remains "a key consideration in Kuala Lumpur's strategic planning."⁴⁴⁰ Even though self-reliance continues to remain the principal foundation of Malaysian defense policy, this policy also rests on the assumption (articulated by Admiral Sutarji, among others) that Malaysia could seek external assistance in the event of any serious contingency. The plausibility of wider involvement by Australia in a South China Sea scenario is certain to influence the Chinese appetite for risk in Malaysia-claimed waters, and goes some way toward explaining Malaysia's success in exploiting oil and gas resources in areas that China disputes.

The Region's Best-Kept Secret: U.S.-Malaysia Defense Cooperation. In 2002, then-Defense Minister (and future prime minister) Najib Razak gave a speech in the United States to the Heritage Foundation on U.S.-Malaysian defense cooperation, characterizing that cooperation as a remarkable success, but also as an "all too well-kept secret."⁴⁴¹ The speech was the first and only time a senior Malaysian official publicly has discussed Malaysia's extensive defense cooperation with the United States in detail. "[F]or many years U.S. and Malaysian forces have cooperated on a wide range of missions with virtually no fanfare or public acknowledgement," Najib told the crowd. The speech was intended to lay the groundwork for Prime Minister Mahathir's final trip to Washington, DC, which

occurred several weeks later. The extensive defense cooperation with the United States outlined in the speech all had occurred under Mahathir's direction as prime minister, beginning with the signing of the BITAC agreement in 1984.⁴⁴²

The BITAC agreement provided for joint defense exercises, mutual logistical support, and intelligence sharing between the United States and Malaysia.⁴⁴³ Since that time, American and Malaysian armed forces regularly have conducted joint training and exercises, and the United States routinely enjoys robust access to Malaysian ports and airfields. This access included the creation of a small naval-ship-repair facility in Lumut, Ipoh, and a U.S. Air Force repair facility in Kuala Lumpur. Between 2000 and 2003 alone, the U.S. Navy conducted more than seventy-five ship visits to Malaysia.⁴⁴⁴ In 2005, logistical arrangements were formalized and made reciprocal with the signing of an acquisition and cross-services agreement, which applied to “combined exercises, training, deployments, operations, or other cooperative efforts.”⁴⁴⁵ The United States regularly conducts joint exercises with Malaysia, including CARAT exercises, the most recent of which was conducted in August 2019. Marking twenty-five years of maritime exercises with Malaysia since the program started in 1995, the 2019 exercise was the first time that MMEA ships participated alongside the RMN. USN ships involved included USS *Montgomery* (LCS 8); U.S. Coast Guard Cutter *Stratton* (WMSL 752) also participated.⁴⁴⁶ Since 2011, U.S.-Malaysia joint exercises under CARAT also have included USN P-8 maritime-patrol aircraft and nuclear attack submarines, exposing the RMN and now the MMEA to significant U.S. maritime capability and operational proficiency.⁴⁴⁷

Malaysia remains a significant recipient of U.S. military training and education under the IMET program, although not on the same scale as Indonesia. Between 1950 and 2017, a total of 3,475 MAF personnel studied in U.S. military institutions or benefited from other training under the IMET program. The heyday of the U.S. IMET program with Malaysia began after the signing of the BITAC agreement in 1984, with the numbers of Malaysian students that year increasing to over 150; by the end of the decade, these numbers approached two hundred students annually. Following a significant decline after the end of the Cold War and a brief return in the late 1990s to the higher levels of the prior decade, since 2001 the number of Malaysian participants in the IMET program has remained fewer than a hundred annually, often significantly lower. For instance, in 2016 there were only twenty-three Malaysian participants in the program. Between 2010 and 2017, the *total* number of Malaysian students barely exceeded two hundred—roughly the same number of Malaysian students involved *in a single year* at the height of the program.⁴⁴⁸

In addition to training and joint exercises, since the late 1960s the United States has been a primary supplier of weaponry to the MAF. Between 1968 and 2018, the United States supplied the MAF with several large naval ships, including landing ships and LSTs;

fighter aircraft, including the F-5 and later the F/A-18C Hornet (which still remain in service); over a dozen C-130 transport aircraft (a number of which remain in service); four Beechcraft 200T King Air maritime-patrol aircraft, which were upgraded with new radars in 2014; and a large number of light helicopters and transport helicopters. The transfer of American defense equipment to Malaysia has declined overall since 2000, and since then has consisted mostly of weaponry or engineering equipment for existing platforms. The United States has provided weapons and munitions for previously transferred platforms, including guided bombs, air-to-air missiles, and antiship cruise missiles.⁴⁴⁹

The United States also has provided engineering equipment and spare parts for non-U.S. platforms, including diesel engines for Malaysia's six *Kedah*-class FFLs, as well as turboprops and turboshafts for various aircraft and helicopters. Additional American support for MAF platforms acquired from other countries has included providing what at the time would have been relatively sensitive equipment, such as combat acquisition radars for the RMAF's Hawk fighter aircraft in the mid-1990s. What limited military capability has been transferred in recent years has been oriented increasingly toward the ground forces, including twenty-four M-109A5 155 mm howitzers provided in 2018. These developments do not reflect the growing maritime focus in defense cooperation provided under senior-level direction from leaders in both governments; however, they may serve to highlight opportunities to integrate better American defense-cooperation efforts with those of other allies, including Australia, as the MAF's requirements and procurement patterns continue to evolve.⁴⁵⁰

Not long after Malaysia began shifting its defense posture toward the South China Sea following growing concerns about Chinese coercion, it accompanied this effort by a parallel effort to strengthen its partnership with the United States. Similar concerns over China in the 1980s led to the revitalization of the FPDA, and now, three decades later, are driving similar enhanced engagement with the United States. In 2014, the United States and Malaysia signed a Comprehensive Partnership, which reaffirmed the long-standing defense cooperation between the two countries. Although no concrete agreements on maritime cooperation were concluded at the time of signing, both sides agreed to continue discussions on "opportunities for practical future cooperation in the maritime domain," including "ways the United States could support the development of Malaysia's maritime enforcement capacity through the provision of training, equipment, and expertise."⁴⁵¹

During a September 2017 visit by then-Prime Minister Najib to the White House to meet President Trump, the two leaders agreed to strengthen bilateral defense cooperation in priority areas, including maritime security and information sharing between defense and security forces. They gave priority to enhancing Malaysia's MDA, including through "the development of maritime capabilities such as surveillance,

communications, and information-sharing.” Tellingly, the South China Sea received extensive mention in the joint statement, including an emphasis on upholding the rules-based international order and on settling claims without “the threat or use of force, intimidation, or coercion.” Discussions toward creating a code of conduct were mentioned, as they were in the 2014 joint statement on the partnership, but the 2017 agreement provided much greater detail on issues relating to international law and coercive behavior in the South China Sea.⁴⁵²

The efforts to enhance the partnership reflected in the 2017 agreement have continued under Mahathir, including during an August 2018 visit by Secretary of State Michael R. Pompeo to Malaysia.⁴⁵³ These agreements provide senior-level strategic direction to guide defense cooperation between the two countries, firmly expanding it into the maritime domain, including through new initiatives to build Malaysian maritime capacity and domain awareness.

More-tangible manifestations of maritime cooperation, particularly when directed toward Malaysia’s ongoing security challenges in the South China Sea, probably would assist in addressing lingering doubts in Malaysia about U.S. credibility and reliability as a defense partner. Even as Malaysia signed the BITAC agreement with the United States during Mahathir’s first tenure in office, Mahathir himself remained wary of relying too heavily on an uncertain American security commitment in the region, fearing possible abandonment if push came to shove. In typical Mahathir fashion, he put it bluntly during his first term in office: “There is ample reason to doubt that the U.S. would come to our aid if we were under attack. It seems to me that the Americans offer help only when they themselves feel threatened.”⁴⁵⁴

Mahathir seems to have retained his hesitancy to become overly dependent on the United States as a security partner, and similar concerns continue to be reflected in Malaysian academic writings as well. Malaysian academics, including Professor Kuik, have written about “eroded credibility” under the Trump administration, arguing that then-President Trump’s unpredictability created unease among U.S. security partners in Southeast Asia, including in Malaysia. Kuik provides a seminal warning to American policy makers: that, while the trend has not yet impacted the alignment choices of countries such as Malaysia, “if the trend persists—if U.S. credibility wanders and increasingly lags behind its commitment—this could shake the foundation of the U.S.-led order in Asia.”⁴⁵⁵ This growing concern about American credibility in turn fuels greater regional fears of abandonment, which are related more to perceptions of long-term U.S. intent than to its military capability alone.

As China begins to push farther south, applying greater pressure in ways that directly challenge Malaysia’s national interests in the South China Sea, concerns over Chinese

behavior are driving Malaysia to put greater emphasis on long-standing ties and a low-key alignment with the United States and Australia. Yet at the same time, Chinese pressure also may be amplifying long-existing doubts in the Malaysian leadership about U.S. credibility as a reliable security partner. These doubts provide fertile ground for the growing narrative of inevitable Chinese control in the South China Sea, creating risk that the narrative could begin to find a larger audience in Kuala Lumpur, absent American action to arrest its momentum and reassure partners such as Malaysia of U.S. commitment to regional security and stability.

China is likely to continue attempting to exploit any perceived vulnerabilities in Malaysia's alignment with the United States and Australia, particularly through the use of gray-zone operations involving coercive tactics short of war. Unless this is addressed and Chinese momentum is arrested, the United States may wake up at some point in the not-too-distant future to find that China has achieved its strategic objectives without firing a shot. China's increasingly escalatory coercive maritime operations eventually will give rise to uncomfortable and difficult questions about the nature and future direction of Malaysia's quiet alliance with Australia and its growing defense cooperation with the United States—questions that Malaysian defense planners and political officials generally have preferred to leave unasked until now.

The previous shift in Malaysia's approach to the FPDA suggests that if Malaysia's threat perception toward China continues to increase, Malaysia may be more willing to reexamine some of these assumptions. The decision to revitalize the alliance in 1988 was taken at exactly the same time that the threat perception in the Malaysian defense community was reaching its peak. There is no evidence yet that a similar reevaluation is under way today regarding the Australian alliance, but growing defense cooperation with the United States since 2014 serves to highlight future potential should current trends continue and correspondent threat perceptions become more acute. It is clear that Malaysian defense planners and officials continue to regard the FPDA as a critical aspect of the country's defense policy and appreciate the contributions that the training and exercises conducted under the FPDA make to building their own self-defense capability. However, the tension between self-defense and external assistance may be more pronounced than many are willing to admit, whether publicly or privately, given the continued strain on Malaysia's naval war-fighting capability.

Clear evidence began to emerge in the mid-1980s, with the strategic reorientation toward forward defense, that there was an intent to build up corresponding naval and air forces to offset growing Chinese power-projection capability and its potential employment in the South China Sea. The operational concept of confronting a superior military

power through asymmetric employment of submarine and other naval forces was novel and well ahead of its time. The effect of this concept on Malaysia's actual procurements and corresponding force structure has been uneven, with the first two submarines only being acquired more than two decades later. Even if these two subs are exploited to their fullest potential, their small number will not provide the collective operational capability needed to achieve forward defense—still less because the relative power asymmetry with China has become infinitely larger than it was thirty years ago.

In recent years, there is less evidence to indicate that growing concerns about China are creating a similar urgency for naval and air force modernization, although Malaysia continues to make some modest progress in advancing these programs. The link between coast guard modernization and strategic concerns about China is clear, and Chinese coercion in the South China Sea provided the catalyst that finally was able to attract the necessary funding to build up the MMEA's aging and insufficient surface-platform inventory beginning in 2015. Expanding capabilities and ongoing concerns from the seniormost leaders in the MMEA over Chinese activity likely presage a growing role for the agency operating in disputed areas of the South China Sea.

Immediate further investment in naval and coast guard capability would be a prerequisite for any serious strategic response to China's rise as a naval power. The investment in new ships and capabilities for the MMEA would have the added effect of finally allowing the RMN to shift its focus to naval war fighting—the whole reason the coast guard was created in the first place. Yet, even in the event of substantially increased Malaysian investment in these areas—something that at present seems unlikely—there simply is no way that Malaysia would be able to compete militarily with the Chinese behemoth on its own. For this reason, any effective strategy would require greater reliance on external partners for any more-substantial near-term growth in capability, as well as to develop the requisite concepts for operational and tactical success.

The changing strategic dynamics in the region and China's strategy in the South China Sea increasingly will test the quiet alliance between Canberra and Kuala Lumpur, as well as the region's best-kept secret of robust defense cooperation with the United States. Significant changes and difficult decisions will have to be made in all the relevant capitals if they are to respond to these new challenges together effectively. Malaysian policy makers will have to find the right balance in their strategy between domestic and external initiatives, moving both forward simultaneously in a mutually reinforcing manner. The FPDA has demonstrated since its inception its ability to contribute substantially in both these areas, and seems set to continue doing so well into the future—if the right decisions are made. American cooperation has achieved similar successes, with similar prospects if strategic leadership continues to be injected into the growing defense relationship with Malaysia.

Conclusion

Over the last decade, China steadily has been implementing a campaign of maritime coercion intended to expand its effective control over the South China Sea out to the farthest extent of the nine-dash line. Beijing implements this campaign primarily through the employment of nonnaval maritime forces of the CCG and various maritime militia units supported over the horizon by increasingly capable combat-power-projection capability residing in the PLAN. China has upgraded its outposts in the Spratly Islands and placed advanced military weaponry on them, but the most important effect of China's outposts-expansion program has been its enabling of nonnaval power projection farther south into the southern South China Sea. Since 2010, China has been attempting to advance its claims to disputed areas of the South China Sea—locations where, prior to that time, it had maintained no regular official maritime presence. The maritime area over which Beijing is increasing its presence is over 700 nm from Hainan Island. The locus of Chinese maritime activity continually grows closer to Southeast Asian shores and ever more distant from mainland China.

China has achieved significant operational and tactical successes in advancing its claims into these southern areas of the South China Sea, but it does not yet control the entirety of the South China Sea. Chinese control primarily remains clustered around disputed features in the northern portions of the South China Sea, such as Scarborough Shoal and individual outposts in the Spratly Islands; China has struggled to advance its control into the southern portions of the South China Sea. Even with new logistical nodes at its Spratly Islands outposts, China's ability to control a maritime area as expansive and geographically porous as the southern South China Sea likely will remain fragile and contested—in large part because Indonesia and Malaysia are capable and determined nations with an underappreciated record of opposing China in the South China Sea.

China is attempting to push into a region that is emerging as a geopolitical fulcrum in its own right, into areas historically under the influence of other rising powers such as India and Indonesia. Even at the height of its expeditionary power during the Ming dynasty, the Chinese tributary system never stretched into the maritime core of Southeast Asia. Today, China in effect is attempting to create an unprecedented fusion of Northeast and Southeast Asia—two historically and geographically distinct regions. And, as historically has been the case, China is running into resistance to its efforts to expand farther south in this manner; nationalist sentiment toward maritime space is hardly limited to China.

Today, as China attempts to expand its control farther south into the South China Sea, it is running directly into two of Southeast Asia's most important strategic players. Indonesia and Malaysia form the center of gravity in relation to China's current efforts to expand its effective control over disputed maritime areas, providing the connective

tissue through the heart of the southern South China Sea. Centrally located, and strategically challenged by China's rise, they are natural partners of the United States in efforts to advance a free and open Indo-Pacific region. Yet there still is limited general awareness in the United States of the two countries' importance, despite recognition of them as "growing economic and security partners" in the U.S. National Security Strategy, as well as admirable efforts by USN officers to correct these shortcomings.⁴⁵⁶

Indonesia is a rising regional power worthy of strategic engagement in its own right, and is the key to any successful effort to counter China's attempts to control the South China Sea. A longtime regional leader in diplomatic forums, Indonesia already has the largest naval and coast guard forces in Southeast Asia and is forecast to surpass key U.S. allies in Europe, including the United Kingdom, to become the seventh-largest economy in the world within the next decade. Both Indonesia and Malaysia are successful democracies, with Malaysia holding a historic election in early 2018 that saw the first peaceful transfer of power between ruling coalitions since independence. Indonesia is the third-largest democracy in the world, and in early 2019 reelected President Widodo in the largest single day of voting anywhere on earth, further consolidating the democratic institutions built in the country over the last two decades.

Located at the heart of the South China Sea, positioned between the Indian and Pacific Oceans, Indonesia and Malaysia form the maritime fulcrum of the Indo-Pacific region. The success or failure of Beijing's efforts to expand its control farther south into the region will be driven by events on the water, and will hinge on the response from political leaders ashore in Jakarta and Kuala Lumpur. Leaders in both countries not only display the political will to oppose Chinese control of the South China Sea; they are acting on it.

Understanding and Supporting Partner Preferences

Strategically, the United States has neglected Southeast Asia for decades, and at present is poorly positioned to understand the nuanced trends emerging in the region.⁴⁵⁷ There are few Southeast Asian programs focused on Indonesia and Malaysia at American universities, and the number of such programs receiving federal funding has declined over the past decade.⁴⁵⁸ Most professors focusing on the region were trained and educated during the Vietnam War era and now are retiring, with few candidates to replace them. The gap that will result after this generation of scholars retires threatens to degrade American expertise on the region significantly, with a reduced capacity to train the next generation of Southeast Asia scholars. These risks are even more pronounced regarding foreign policy and security studies expertise on the region, which always has been even more rare, and risks vanishing altogether from academic institutions in the next decade unless otherwise addressed.

These problems are not limited to academia; they extend to the U.S. government as well, including professional military education programs. For instance, while China studies are well represented at institutions such as the U.S. Naval War College, no current member of the institution's faculty focuses on Southeast Asia.⁴⁵⁹ The U.S. Navy should prioritize correcting the deficit in Southeast Asia expertise, first as part of its broader effort to strengthen its own naval university system, and then it should work to lead a whole-of-government effort directed at addressing the same deficit in the U.S. public university system. To compete effectively with China, the United States needs to understand the regional partners and allies it is competing *for*, not just the great power it is competing *against*.

In both Indonesia and Malaysia, the reflexive response to growing concerns about Chinese ambitions in the South China Sea over the last three decades has remained relying first and foremost on their own capability to defend their national interests. The United States and its ally Australia need to understand these long-standing preferences for self-reliance and the various factors driving the two regional countries' growing concerns about China. Understanding Indonesia and Malaysia—countries often overlooked in a long-neglected region—increasingly will become an indispensable foundation for any successful effort to promote a free and open Indo-Pacific region.

Previously protected by the tyranny of distance and limitations on Chinese operational endurance, the strategic buffer these two countries long enjoyed now is being eroded steadily. China's growing projection of maritime power into the southern South China Sea has influenced, and in some cases has been the primary driver for, naval and coast guard modernization programs in Indonesia and Malaysia. Simultaneously, growing concerns about China and the shifting balance of power have driven closer alignment with their traditional defense partners, the United States and Australia. At present, the maritime fulcrum of the Indo-Pacific is tilting decisively toward the United States and its allies.

Malaysian concerns about rising Chinese power in the South China Sea predate those in Indonesia, reaching a peak in the late 1980s. At that point, it was clear that Malaysian concerns about China were impacting MAF planning and procurement decisions. Those decisions were, in fact, the clearest evidence from that time to the present that either country was translating its assessments about Chinese capability and intent into a force construct designed to counter China's growing strengths. There is no evidence that a similar process ever has operated in Indonesia, with procurement decisions there guided instead by vague "capabilities based planning" and opportunistic acquisitions, with little thought given to overall force structure and interoperability of equipment. In the decades since, this less deliberate planning and procurement process seems to have become the norm in Malaysia as well.

Despite these shortcomings, both Indonesia and Malaysia continue to acquire significant new military capabilities well suited to conventional defense scenarios in the South China Sea, including modern surface-combatant ships and submarines armed with antiship cruise missiles. Many of these platforms are being produced at least in part domestically, with assistance from American allies. Both countries also increasingly are deploying new and existing assets to bases proximate to disputed areas in the South China Sea, part of broader shifts in their defense postures that are a direct response to growing concerns about Chinese actions at sea. Malaysia was the first to make this shift, basing its two *Scorpene* submarines as close as possible to its Spratly Islands outposts. Indonesia increased its naval patrols in the Natuna Islands not long after the first incidents with China in 2010, but it was not until 2018 that it finally completed construction of a new naval base at Natuna Besar capable of berthing many of the larger naval combatants it has been acquiring in recent years. Indonesian intent to build the base had been announced several times prior to 2016, but the series of incidents that occurred that year involving Chinese fishermen and coast guard patrol ships finally provided the catalyst for its completion.

Both Indonesia and Malaysia increasingly are confronting the same problems, with large Chinese fishing fleets operating under the protection of CCG patrol ships in the waters between the Natuna Islands and the South Luconia Shoals. The incidents in these areas have become the primary driver for coast guard and MLE modernization in both Malaysia and Indonesia, and there is a growing body of evidence that clearly connects MLE acquisition decisions to an intent to counter Chinese coercive activity. Larger patrol ships are being acquired—ships more capable of standing toe-to-toe with the CCG. Many of these new patrol ships are being built domestically in both Indonesia and Malaysia, with Malaysia also receiving some new ships from American allies, including Japan and Australia.

Allies such as Australia long have appreciated the importance of orienting their defense cooperation with Malaysia and Indonesia around both countries' desires to increase their own capability to defend their national interests. American cooperation with Indonesia in particular historically was oriented around this understanding, and the relationship is now in the process of returning to its historic heights. Both Indonesia and Malaysia increasingly are looking to the United States and Australia to assist them in building their naval and coast guard capacities, strengthening already close defense alignments.

The depth of defense ties and historical alignments provide the United States and Australia with significant competitive advantage over China in building robust defense-engagement programs with Indonesia and Malaysia, including access to military ports and airfields in both countries. While China attempts to build its relationships with

these countries essentially from scratch, the United States and Australia are rebuilding their relationships from a strong foundation grounded in over half a century of engagement. China's operational push farther south not only propels forward enhanced Indonesian and Malaysian alignment with Western defense partners but acts as a significant constraint on China's own attempts to build similar defense ties. China's attempts to coerce Indonesia and Malaysia into acquiescing to its expansive claims have aggravated long-standing suspicions in each country about China's strategic intentions in the South China Sea and the broader region.

Reinforcing the Maritime Fulcrum: Opportunities for U.S. Engagement

These alignments should not be taken for granted, as they have been for far too long in the United States. With a country such as Indonesia—a regional leader and rising power worthy of engagement in its own right—the United States no longer can afford to conduct its engagement efforts through operational improvisation. American strategic-level guidance that is commensurate with Indonesia's strategic importance is required, and should come from the highest levels of the U.S. government. Any effective U.S. strategy would not be limited to defense cooperation alone but instead would require a whole-of-government approach that includes economic and diplomatic components.⁴⁶⁰ The long history of U.S. defense cooperation with these partners should not be overlooked, though, and there are signs that the United States is beginning to recognize the competitive advantage it represents, serving to enhance its partnership with Indonesia and shifting it toward a growing focus on security cooperation in the maritime domain.

The clear prioritization in recent years of IMET funding for Indonesia is a testament to the history of the relationship and the heights of cooperation in the late 1970s and early 1980s, and it constitutes commendable progress. But if the Indo-Pacific truly is the priority theater, there is no reason that countries in the Middle East or Europe still are receiving larger allocations of IMET funding.⁴⁶¹ If funding were to be realigned with priorities under the Indo-Pacific strategy, Indonesia could return to being the foremost recipient of U.S. IMET funding in the world. Consistently with Indonesia's strategic effort to realize its maritime potential, this funding should be directed increasingly toward the maritime domain. Educational and training programs with a maritime focus should be prioritized, and, if necessary, less relevant programs should be cut to allow for growth in maritime-focused cooperation.

Malaysia also has been receiving a larger proportion of IMET funding in recent years, although at a slightly lower level than Indonesia. This is natural, given Indonesia's relative size and strategic importance, but overall growth for education and training assistance to both partners is a trend that should be maintained. Malaysia's overall number of students in the IMET program has been less than impressive in recent years, and an immediate

effort should be made to bring these numbers back up to historical levels. Similarly, expanded cooperation under the program should be tailored toward priorities in the maritime domain, with naval and coast guard personnel given priority in selection.

Both Indonesia and Malaysia could benefit substantially from U.S. doctrinal education being provided to their navy and coast guard personnel, as both countries' maritime emphases are a relatively recent development. As the two countries acquire new platforms and capabilities, training and assistance on maintenance and operational proficiency also likely would be well received. Such assistance would empower U.S. partners to build their own self-defense capabilities and go a long way toward reassuring them of American commitment and staying power in the region.

The United States also should consider collaborating with key allies such as Australia on its defense-engagement initiatives with Indonesia and Malaysia. According to the 2019 U.S. *Indo-Pacific Strategy Report*, Australia and the United States already are engaged in deliberate coordination of their respective policies and priorities underlying regional engagement, and the report specifically discusses leveraging the unique training and joint-exercise opportunities provided by current U.S.-Australia force-posture initiatives.⁴⁶² Australia's reported assistance to Indonesia in the late 1990s to develop a defense strategy for the Natunas provides a noteworthy historical foundation for allied cooperation with Southeast Asian partners in developing plans and capabilities to defend their claims and counter Chinese coercion in the South China Sea. Specifically, the American presence at Darwin, Australia, could be leveraged to expand joint-training and -exercise opportunities with Indonesian and Malaysian naval and marine forces; and, to the extent that partner forces expressed interest, such training could be tailored toward relevance to their growing security challenges in the South China Sea.

Recommendations by Indonesian scholars that Australia and Indonesia consider jointly developing naval shipbuilding capacity should receive notice in the United States, and consideration should be given to how the United States could assist Indonesia, either bilaterally or working trilaterally with Australia. American collaboration with Australia in this regard would have the added incentive of developing the shipbuilding capacity not only of an emerging partner, Indonesia, but of a critical ally, Australia. Such joint cooperation would be consistent with the goal outlined in the *Indo-Pacific Strategy Report* to explore new models of acquisition and sustainment with Australia, and future collaboration with Indonesia to develop defense industry partnerships in the same areas.⁴⁶³

Australian shipbuilding entities such as Austal already are closely integrated into the U.S. defense industrial base, having built smaller classes of ships for the U.S. Navy, including the littoral combat ships.⁴⁶⁴ While the U.S. Navy ultimately decided that the LCSs did not meet its future needs, smaller surface combatants are very much in line with the needs

and requirements of Southeast Asian partners in Indonesia and Malaysia. The development of a joint shipbuilding program also could apply to building coast guard patrol ships, and could be integrated into the separate emerging initiatives that are expanding maritime cooperation with Malaysia as well. Assisting both these partners with ship design for new hulls could enable their domestic shipbuilding industries, with the initiative potentially evolving into joint shipbuilding programs.

Reflecting on Australia's development of defense cooperation with Malaysia under the FPDA, the RAAF's Group Capt. Allan Crowe wrote in 2001 that, in hindsight, the purposeful decision to implement cooperation in a low-key manner was "most wise."⁴⁶⁵ This is undoubtedly true, and would apply equally to U.S. cooperation with both Indonesia and Malaysia today; tighter alignments stand the best chance of succeeding if new engagement initiatives are executed gradually, in a low-key manner. This is not a foreign concept to the United States, which has had its own successes cooperating with these countries in a low-key manner, notably including extensive defense and counterterrorism cooperation with Indonesia conducted consistently over the past half century.⁴⁶⁶ American policy makers and planners must learn from these experiences and let their actions speak for themselves. Progress does not need to be broadcast in the media for the message to be received in Beijing, and the United States should let Indonesian and Malaysian partners take the lead in deciding what type of publicity is best, if any.

This is not to say that the United States should remain passive when it comes to regional narratives, and it is imperative for it urgently to begin active efforts to counter the emerging narrative of inevitable Chinese control in the South China Sea. This narrative serves Beijing's regional ambitions but is at odds with the reality on the water. First, the United States should initiate an active and robust informational and messaging program intended to improve partner MDA and shine a light on Chinese coercive operations in the southern South China Sea. There is no need to spin the narrative—China's program of gunboat diplomacy spins itself. Regional claimants draw their own conclusions from Chinese operations of which they are aware, and respond accordingly. The American goal should be to provide them with the best information possible, to inform their respective national leaders and sovereign decision-making processes.

Building on the successes in sharing information with Indonesia and Malaysia through exercises such as CARAT, the U.S. Navy or the Department of Defense should create a permanent embedded maritime adviser position dedicated to making this information sharing regular and routine. Either based at and operating out of the U.S. embassy in the host nation or working directly with the host nation's coast guard or navy on request and by agreement, the position would have a primary function of increasing the partner's MDA using tracking tools, including SeaVision.⁴⁶⁷ If partner agencies so request, a significant focus of this effort could involve tracking Chinese activity in disputed areas

of the South China Sea, which researchers at the U.S. Naval War College already have demonstrated is possible through leveraging commercially available AIS data.⁴⁶⁸

The maritime adviser ideally would have access to additional resources back in the U.S. government to ensure that the information being provided to partner agencies was accurate and timely. Former senior U.S. government officials recently have voiced their frustration with the challenges of getting information about China to allies and partners in an expeditious manner owing to classification issues.⁴⁶⁹ An improved arrangement would reduce obstacles to the timely sharing of information by leveraging unclassified tracking tools the partners themselves could access, with the long-term goal of training the partner agency's own analysts and building the partner's own MDA capacity. To that end, previous U.S. efforts to provide Indonesia and Malaysia with maritime sensors could be expanded to include coastal radars in South China Sea-facing areas, such as at Natuna Besar, integrating them into a common operating picture.⁴⁷⁰ The embedded adviser would provide continuous support along these lines of effort, both directly and by leveraging assistance from U.S. mobile training teams.

The rapid momentum gathering right now behind the narrative of Chinese control over the South China Sea is perhaps the most immediate and severe challenge currently confronting U.S. policy makers.⁴⁷¹ If not arrested, the growing narrative of Chinese control eventually may become a self-fulfilling prophecy. Long-standing trust deficits and doubts about U.S. credibility persist in both Jakarta and Kuala Lumpur. China's campaign of maritime coercion is uniquely tailored to exploit and magnify these doubts, raising questions about American or Australian commitment to uphold the rules-based order. China's actions have been fueling doubts about U.S. credibility in both countries, and, if not addressed effectively, over time could begin to unravel recent progress made in enhancing U.S. defense cooperation with these two increasingly important partners, thereby threatening the foundations of these historically robust relationships.

This is the nature of the maritime competition currently under way between the United States and China in the South China Sea. The military component matters, but increasingly it is taking a back seat to competition in the gray zone—in the diplomatic and informational realms, with nonnaval maritime forces fighting on the front lines. It is a long-term battle for trust and credibility with allied but also nonallied partners, where there are no clear treaties or absolutes in alignments.

Despite their declaratory policies, neither Indonesia nor Malaysia ever has been neutral or nonaligned. Today they do not sit passively, positioned evenly between the United States and China, waiting for the great powers to trample them underfoot like the grass beneath two elephants. This metaphor is heard often throughout Southeast Asia, but it poorly reflects the reality of maritime Southeast Asian defense alignments. Indonesian

and Malaysian leaders do not want to be forced to choose sides between the United States and China, but they must and do make decisions every day. Long ago they decided that their national interests are served best by making limited alignments with Western powers, including the United States and Australia. It is along the spectrum of alignment, with its varying levels of reciprocal access and defense cooperation, that the future of competition with China will play out.

As the U.S. Chief of Naval Operations (CNO) Adm. Mike Gilday stated in his December 2019 update to his predecessor's *Design for Maintaining Maritime Superiority*, we must recognize the fight we are in. "[W]e are battling for influence and positional advantage today."⁴⁷² The CNO emphasized building alliances and partnerships, as his predecessor had done in his revised version of the *Design*, which had directed the Navy to prioritize its efforts to "exploit our strengths against our competitors' weaknesses."⁴⁷³ The U.S. Navy needs to become comfortable conceptually with operating in the gray zone against China, and to recognize its competitive strengths with Indo-Pacific partners such as Indonesia and Malaysia.

It will not be easy for the U.S. military to digest the nuanced and subtle nature of this competition. When senior American military officials have discussed the competition with China publicly, their commentary typically has remained focused on capabilities and scenarios at the higher end of the conflict spectrum. For instance, Dale Rielage, former director of intelligence and information operations (N2/N39) for the U.S. Navy's Pacific Fleet, presciently has warned of the potentially disastrous long-term consequences of continued deterioration in the U.S. high-end war-fighting capability, leading to a hypothetical American defeat in the Great Pacific War of 2025.⁴⁷⁴ Comments by other senior officials, including regional combatant commanders, reflect a similar focus on traditional military capabilities.⁴⁷⁵

But as China continues to advance its control over the South China Sea through coercive means, there is a growing need for the U.S. military to expand its aperture beyond conventional warfare to the lower ends of the conflict spectrum—where Chinese forces currently are operating. Developing an effective approach to peacetime competition with China is likely to prove a conceptual and cultural challenge for the U.S. military, including for the U.S. Navy. While continued focus will be required to prevent, and if necessary to prevail in, any contingency resembling the Great Pacific War of 2025, China is challenging the foundations of the U.S. military presence in the South China Sea *right now*.

The strategic implications of this competition with China in the South China Sea have become increasingly clear for the United States. Failure to develop an effective approach that allows it to compete successfully short of armed conflict risks ceding U.S. military access in maritime Southeast Asia to China. China's efforts to erode American access

and influence are clear, but the United States continues to enjoy strong competitive advantages in maritime Southeast Asia, and these advantages are pronounced in the cases of both Indonesia and Malaysia. Building off these relative strengths and empowering these two emerging democratic partners to secure their own national interests in the South China Sea could strengthen the foundation for the maritime fulcrum of a free and prosperous Indo-Pacific region—a region in which no single country maintains sole control over the South China Sea, and other regional powers are empowered to continue rising peacefully alongside China, without fear of coercion or intimidation.

Notes

- Dr. Bentley is a civilian analyst for the U.S. Department of the Navy, but the views expressed herein are those of the author and do not necessarily reflect the views of the Department of the Navy, Department of Defense, or U.S. government. This monograph draws extensively from research undertaken for the author's PhD dissertation while resident in Canberra at the Australian Defence Force Academy, University of New South Wales. The author wishes to thank Carl Thayer, Don Emmerson, James Goldrick, Jack McCaffrie, John Garofano, and Bob Lowry for helpful comments on earlier versions of the dissertation's chapters. The author also would like to thank Isaac Kardon and Rob Ayer for their editorial assistance on the monograph, as well as Ryan Martinson for additional editorial recommendations and Peter Dutton for his confidence in publishing the material under the China Maritime Studies Institute's Red Book series.
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 37. I am indebted to discussions with Isaac Kardon for the latter point regarding China seeking veto power over resources in the South China Sea.
 38. Carlyle A. Thayer, “Regional Security and Defense Diplomacy” (paper presented at the “Conference on Resilience in the Age of Global Insecurity,” Philippine National Defense College, Quezon City, Phil., 16–17 August 2018), p. 11. China's recommended language was inserted into the Single Draft Negotiating Text (SDNT) for the ASEAN-China Code of Conduct in the South China Sea, section 2c(iii), “Self Restraint / Promotion of Trust and Confidence.” Draft language specifically mentioned “countries from outside the region,” which is Chinese shorthand for the United States and its allies. This language was not seconded by any other ASEAN country and is unlikely to be adopted in the final draft, but nonetheless provides a clear demonstration of Chinese intent.
 39. Thayer, “Regional Security and Defense Diplomacy,” p. 11. According to Thayer's copy of the draft SDNT, in section 2c(iii) Indonesia recommended “voluntary” notification regarding any impending joint military exercises, thereby removing the veto power over such activities that China seeks.

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404. Crowe, *Five Power Defence Arrangements*, p. 6.
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409. RAAF Air Power Development Centre, "Operation GATEWAY," p. 1.
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415. Zakaria Ahmad, "A Quasi Pact of Enduring Value," in *Five Power Defence Arrangements at Forty*, ed. Ian Storey, Daljit Singh, and Ralf Emmers (Singapore: ISEAS, 2011), p. 103. A footnote cites a conversation with a retired former chief of the RMAF, during which he stated that the FPDA had a role in containing Communist influence and also "provided surveillance capabilities and information to the US."
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455. Kuik, "Opening a Strategic Pandora's Jar?"
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457. Marvin Ott, "The Dragon's Reach: China and Southeast Asia," in *China's Future: Constructive Partner or Emerging Threat?*, ed. Ted G. Carpenter and James A. Dorn (Washington, DC: Cato Institute, 2000), p. 111.
458. The only Malaysian government-endowed position at a U.S. university is the Tun Abdul Razak Chair at Ohio University. The university is one of roughly a dozen American universities teaching Indonesian-language courses and one of the very few offering occasional courses in Malay. The decrease in U.S. government funding included the Ohio program, which, although retaining Malaysian government funding, lost U.S. federal funding in 2008. The data of the U.S. Education Department archived on its website now stretch back only to 2010, but 2006–2009 funding levels can be accessed at web.archive.org/web/20100310223627/http://www2.ed.gov/about/offices/list/opec/iegps/nrclflgrantees2006-09.pdf.
459. In fairness, this problem is not spread uniformly throughout the naval university system. The Naval Postgraduate School (NPS) is fortunate to count among its faculty one of the country's foremost experts on the region, Prof. Michael Malley, who continues to teach courses on the region to students at NPS. In contrast, the gap is particularly noteworthy at the Naval War College (NWC), which is the center of excellence for research and strategic thinking on the Indo-Pacific in the Navy. Similar problems exist at the undergraduate level of the Navy system, with one professor specializing in mainland Southeast Asia in the History Department of the Naval Academy; a similar deficit exists on maritime Southeast Asia.
460. The author agrees with Indonesian scholars who have asserted that defense cooperation alone would make a poor foundation for ties between the United States and Indonesia. However, defense cooperation historically has represented a significant component of relations between the two countries and remains an ongoing competitive advantage for the United States over China. While defense ties alone may not prove adequate to serve as the foundation for the relationship, they have and should remain a significant pillar of cooperation. For a well-considered Indonesian view on the matter, see Evan A. Laksmana, "Are Military Assistance Programs Important for US-Indonesia Ties?," *East Asia Forum*, 18 April 2018, www.eastasiaforum.org/2018/04/18/are-military-assistance-programs-important-for-us-indonesia-ties/.
461. Eric Sayers, "Assessing America's Indo-Pacific Budget Shortfall," *War on the Rocks*, 15 November 2018, warontherocks.com/2018/11/assessing-americas-indo-pacific-budget-shortfall/.
462. U.S. Defense Dept., *Indo-Pacific Strategy Report*, p. 26.

463. Ibid., pp. 27, 38.
464. "Littoral Combat Ship," *Austal*, usa.austal.com/featured-ship/littoral-combat-ship-lcs/.
465. According to RAAF group captain Crowe, keeping cooperation low-key was part of the official FPDA "public relations guidelines" from 1972. These guidelines apparently "required that statements on FPDA activities should be low key and any comment should be in response to enquiries rather than initiate discussion or invite further exploration of FPDA activities." Crowe, *Five Power Defence Arrangements*, p. 15.
466. Ed Davies and Olivia Rondonuwu, "U.S.-Funded Detachment 88, Elite of Indonesia Security," *Reuters*, 18 March 2010, www.reuters.com/article/us-indonesia-usa-security/u-s-funded-detachment-88-elite-of-indonesia-security-idUSTRE62H13F20100318/.
467. "Overview," *SeaVision*, info.seavision.volpe.dot.gov/.
468. In particular, Ryan Martinson's work tracking Chinese maritime activity via commercially available AIS programs such as Marine Traffic has been exemplary. This work demonstrates the potential to track and share relevant and timely information on Chinese operations in the South China Sea via unclassified sources.
469. Ely Ratner, "Blunting China's Illiberal Order: The Vital Role of Congress in U.S. Strategic Competition with China; Testimony before the Senate Armed Services Committee," *CNAS*, 29 January 2019, www.cnas.org/publications/congressional-testimony/blunting-chinas-illiberal-order-the-vital-role-of-congress-in-u-s-strategic-competition-with-china.
470. Ristian A. Supriyanto, "US Provides 'Ballast' in Australia-Indonesia Relations," *Jakarta Post*, 10 February 2020, www.thejakartapost.com/academia/2020/02/10/us-provides-ballast-in-australia-indonesia-relations.html.
471. David Shambaugh, "US-China Rivalry in Southeast Asia: Power Shift or Competitive Coexistence?," *International Security* 42, no. 4 (May 2018), pp. 86–87. Shambaugh argues that the U.S.-China rivalry not only will continue in Southeast Asia but is likely to intensify. This author agrees with Shambaugh on this point but has a less sanguine view of the nature of the competition under way, seeing the threats from China to the American position in the region as being more pronounced than Shambaugh's concept of "competitive coexistence" would suggest.
472. Michael M. Gilday [Adm., USN], "Fragmentary Order (FRAGO) 01/2019: A Design for Maintaining Maritime Superiority," December 2019, p. 4, www.navy.mil/cno/docs/CNO%20FRAGO%20012019.pdf. Emphasis in original.
473. Megan Eckstein, "Navy Planning for Gray-Zone Conflict: Finalizing Distributed Maritime Operations for High-End Fight," *U.S. Naval Institute*, 19 December 2018, news.usni.org/2018/12/19/navy-planning-for-gray-zone-conflict-finalizing-distributed-maritime-operations-for-high-end-fight/. See also U.S. Navy, *Design for Maintaining Maritime Superiority, Version 2.0* (Washington, DC: Chief of Naval Operations, December 2018), p. 5.
474. Dale Rielage [Capt., USN], "How We Lost the Great Pacific War," *U.S. Naval Institute Proceedings* 144/5/1,383 (May 2018), www.usni.org/magazines/proceedings/2018-05/how-we-lost-great-pacific-war/.
475. Davidson, "Advance Policy Questions," p. 18.

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