

# Arms in Asia: the EU, Weapons Exports and South-East Asia

Fabio Figiaconi | 22 May 2023

## Key Issues

- In the wake of intensifying Sino-American rivalry and China's actions in the South China Sea, more and more states in south-east Asia are building up their defensive capabilities by means of arms acquisitions.
- Collectively, European states do play an important role in supplying defensive weapons to the region. Yet, so far, these transfers have been done in a rather uncoordinated fashion, without fully assessing their strategic repercussions on the region.
- Considering recent developments towards an increased EU role in security affairs, its emergence as an arms provider to Ukraine and the importance of south-east Asia's stability for European economic security, it is worth reflecting upon potential ways to leverage this untapped potential in a manner that aligns with European strategic priorities.

In February 2022, two important deals between France and Indonesia for the provision of state-of-the-art fighter jets and submarines were sealed. The agreements are quite explicative in underscoring the [often-overlooked](#) role that some European Union (EU) member states play in the security dynamics of south-east Asia by means of arms transfers. Pooled together, the transfers made by major EU arms exporters between 1999 and 2018 [accounted for](#) around 27.9% of south-east Asia's total, higher than the United States (US) and Russia. Far from being just a trade-related issue, this trend presents EU member states, and possibly the European Union itself, with important strategic considerations to reflect upon. As has been argued, [\[a\]rms relationships are not purely commercial \[...\] instead, arms relationships](#)

[are meant to connote strategic alignment between the exporter and recipient – signals of commitments from both sides as to a shared set of interests, with varying degrees of scope'.](#)

This Policy Brief contends that, for the most part, European arms transfers to the region have not been subject to an *ex-ante* assessment of what they entailed for the evolving regional security balance and Europe's interests and standing in the area. This Policy Brief shows how current security developments in Europe, the growing attention that south-east Asia has been receiving and the fundamental role that it holds for European economic security, plus the regional states' quest for peculiar forms of strategic diversification, may provide a unique window of opportunity to start a strategic reflection in this direction.

## Military spending in south-east Asia: an upward trend amid growing security uncertainties

At present, south-east Asia is experiencing a substantial surge in its military spending. According to data by the Stockholm International Peace Research Institute, between 2009 and 2018 the total military expenses in the region augmented by around [33%](#), rising from [US\\$30.8 billion](#) to [US\\$41 billion](#). Additionally, arms acquisition increased significantly – between 1999 and 2018 [8.1%](#) of the total global arms trade had south-east Asia as a final destination, with the imports [growing significantly](#) since 2007. While some scholars warn against using the term “[arms race](#)” to describe the current arms import trend, it is undeniable that in the past years the region has experienced a [significant push](#) towards acquiring new weapon systems and military modernisation.

The accentuated focus towards rearmament can primarily be linked to the consequences of intensifying great power competition. China’s growth as a great power, its massive [programme of military modernisation](#) and increasing assertiveness play a major role. In particular, five south-east Asian states have overlapping territorial claims with it over portions of the South China Sea. Beijing’s [land-reclamation operations](#) and [aggressive actions](#) in the area amplify the risk perception and have been met with grave concerns by most regional actors. In parallel, the US continues to be a crucial stakeholder in the maintenance of the regional order and has been signalling its intention to [stay engaged](#) in the Indo-Pacific. However, the possibility of its military decline in relative terms *vis-à-vis* China and the ever-present possibility of its retrenchment present south-east Asian states with an acute security conundrum. Finally, the souring of Sino-American relations over Taiwan and China’s frequent military exercises around the island contribute to regional states’ assessment of a rapidly deteriorating security environment.

### What do regional states buy, and why?

As a result, south-east Asian nations have shown a certain activism in purchasing different kinds of weapons systems to bolster their military capability.

For most of them, the bulk of the expenditure has been directed towards the acquisitions of arms that can fit within an Anti-Access/Area Denial ([A2/AD](#)) strategy. This [consists](#) of trying to deny enemy forces access into a specific theatre and to make it extremely costly to continue to operate within it. The main arms transfer deals finalised in south-east Asia in the last years do indeed mainly point towards the building up of capabilities that can be ascribed to an A2/AD logic. A case in point is Vietnam, whose key driver of military modernisation is [linked](#) to its overlapping claims with Beijing in the South China Sea. Hanoi’s maritime-related acquisitions account for [53.3%](#) of its total defence spending in hardware such as frigates, corvettes and, notably, six Kilo-class submarines purchased for [US\\$2 billion](#). Additionally, Vietnam has reinforced the capacity of its air force by acquiring 36 Sukhoi 30MK fighter aircrafts for a total of [US\\$2 billion](#).

Elsewhere in the region, the Philippines is active in procuring weapons consistent with its own A2/AD strategy, and the recent acquisition of three batteries of the [BrahMos supersonic cruise missile](#) system can be considered as a further step in this direction. While a [strategy of denial](#) is not officially part of Indonesia’s military doctrine, [recent tensions](#) with China over the Natuna Islands are moving the country towards acquiring weapons that could be ascribed to an A2/AD paradigm. Indeed, Jakarta is currently engaged in what some observers have defined as a “[defence shopping spree](#)”, which has so far included the purchase of [eight frigates](#) from Italy and the preliminary approval for the acquisition of 36 [F-15EX fighters](#) from the US, in addition to the aforementioned deals with France.

Additionally, Singapore presents a unique defence profile among south-east Asian states, as its critical geostrategic location overlooking the Strait of Malacca would make it particularly exposed in case of a regional clash. As such, it devotes an [important share](#) of its Gross Domestic Product to military expenditures, and a substantial part of these resources goes into arms acquisition. Singapore has concluded an order worth [US\\$1.8 billion](#) for four Invincible-class submarines from Germany. In parallel, the island-state has also resolved to modernise its air fleet through the acquisition of [twelve F-35B fighter jets](#) from the

US, with the objective of reinforcing its [deterrence capabilities](#).

### Who exports arms to south-east Asia?

If one looks at the numbers of the top exporters from 1999 to 2018, two states notably stand out: Russia and the US, with sales totalling [US\\$10.7 billion](#) and [US\\$8.2 billion](#) and a market share of 26% and 20%, respectively. Russia has historically been a key provider of cheap weapons systems to south-east Asia, and its defence relations with some of the regional states are longstanding. Yet, since its illegal annexation of Crimea in 2014, and the subsequent imposition of Western sanctions on its defence sector, Russia's industrial and exporting capacities have been in [relative decline](#). Russia's full invasion of Ukraine in 2022 means that there are hardly any prospects to [reverse this trend](#).

As for the US, its main feature as an arms provider consists of supplying technologically advanced weapons to selected regional states, which as of late have been experiencing an [upward push](#). However,

minor arms producers such as the [Republic of Korea](#), [India](#) and [Japan](#) has been expanding.

### The overlooked importance of EU arms transfers to south-east Asia

From 1999 to 2018, major EU states have supplied arms to south-east Asia worth a value of around [US\\$11.3 billion](#), which represents [more than one quarter](#) of the total exports to the region. In recent years, European arms exports have increased. Indeed, different EU states do play quite a pivotal, yet somewhat underestimated, role in the field of arms provision to the region. Undoubtedly, the one state that stands out is France, which is a resident power in the Indo-Pacific and possesses an [established network](#) of local defence partners. As mentioned above, last year Paris announced the conclusion of two important arms contracts with Indonesia, one worth [€8.1 billion](#) for forty-two Rafale fighter jets, and another related to the construction of [two Scorpène-class submarines](#) for the Indonesian Navy. Apart from this, France delivers a [full array](#) of weapon systems to south-east Asian nations such as ship

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the [sanctions](#) approved by the US Congress in 2017 to punish states buying weapons from Russia have put pressure on some south-east Asian states, forcing them [to walk back](#) on agreements that had already been signed. Furthermore, Washington's turn to a more pronounced military posture in the Indo-Pacific may trigger in local states the fear of an “interoperability trap”, making them wary of further deepening arms trade relations with it. In comparison to the US and Russia, China – with its [6.3%](#) share of the south-east Asian market between 1999 and 2018 –, has so far played in a different league. However, there are signs that the void left by Russia's decline as an affordable arms supplier could potentially be filled by Beijing, which may leverage new arms deals to push its own [security agenda](#) in the region. Lastly, the role of relatively

engines, transport aircrafts, missile systems, radars and helicopters. Germany is also an important player. While humanitarian concerns are often [central](#) in its thinking about arms transfers, German companies are quite active in south-east Asia, with Singapore being a privileged market. Besides the submarine deal, Berlin has provided Singapore with more than [200](#) Leopard-2A4 tanks between 2007 and 2019, while patrol crafts and corvettes have been sold to Brunei and Malaysia and light helicopters have been purchased by Thailand.

Next to those major exporters, one should not overlook the trade of other EU states such as Italy, the Netherlands, Spain and Sweden, which in the last two decades registered sales of around [US\\$1 billion](#) each by providing equipment such as naval

guns, missiles, frigates, radars and aircrafts, all items that are critical enablers for building up A2/AD strategies of defence.

### **Towards a European strategic approach to arms transfers to south-east Asia**

Despite the volume of exports, it is apparent that arms sales from the EU to south-east Asia have been so far carried out in a rather uncoordinated fashion, without a parallel in-depth reflection on their possible geopolitical implications. This has led some analysts to frame EU states' standing in the region as "[influential by default](#)". The acceleration and deepening of military cooperation in Europe spurred by the war in Ukraine, the launch of Permanent Structured Cooperation and the European Defence Fund and the persistent calls for European [Strategic Autonomy](#) provide a basis to step up the EU's role. This, paired with the importance of south-east Asia's security for the EU's prosperity, can pave the way for a more coherent and goal-oriented EU arms transfers policy in the region – especially important in light of the EU's activism in [arming Kyiv](#). Additionally, the prevalent hedging policy that most south-east Asian states are adopting to [diversify their security options](#) away from entanglement with both China and the US could represent a solid ground to build upon for Europe.

[Ultimately](#), decisions about arms transfer policies remain within the remit of EU national governments. However, recent developments in EU defence could lead more and more to the production of joint armaments, which in turn could set the stage for a possible new EU logic for arms exports in the future. In addition, the EU already plays an important complementary role in arms transfers-related affairs. The [2008 Council Common Position](#) sets out eight criteria that EU exporters should follow when transferring arms, mostly dealing with the respect of human rights and relevant international agreements, such as the [UN Arms Trade Treaty](#). Importantly, Article 5 of the Common Position provides that when exporting, EU nations shall take into account '[the potential effect of the military technology or equipment to be exported on their defence and security interests as well as those of Member States and those of friendly and](#)

[allied countries](#)'. Furthermore, [the Working Party on Non-Proliferation and Arms Exports](#), set up within the Council of the EU, is home to one subgroup dealing with conventional arms exports ([COARM](#)), which is conceived as a venue for discussion and cooperation in export-related issues.

Building up on this track-record, the EU's arms exporters could consider setting up some sort of spinoff of the Working Party format, establishing a group for debating the strategic implications of their transfers for Asia's security dynamics – among which south-east Asia is quite pivotal – and the possible common objectives to be achieved there. Additionally, such a platform could help map out current gaps in the arsenals of south-east Asian partners (e.g. [C4ISR-related systems](#)), and work in concert with them towards providing a possible solution for capacity building.

Finally, the recent common strategic vision presented under the [Strategic Compass](#) could also represent a favourable window of opportunity to leverage existing mechanisms towards achieving a more prominent and coherent role for the EU as a security actor in the Indo-Pacific. A case in point is the recently established [European Peace Facility](#), which allows the EU to provide military equipment to strengthen partners. As such, Europe shall reflect upon using it to contribute to the reinforcement of the current A2/AD posture that is widespread among south-east Asian partners. While this move would likely raise eyebrows in Beijing, it would nonetheless be perceived as an indirect step and less confrontational than sending warships to patrol the Taiwan straits, as recently [suggested](#) by the High Representative / Vice-President Josep Borrell.

Even if the EU Indo-Pacific Strategy only mentions arms transfers *en passant* and prevalently in terms of non-proliferation, it would be wise to start addressing this mismatch and acknowledge that European arms transfers are key in bolstering the deterrence capacities of regional states and partners, which contributes to upholding the stability of the regional order. In order to maximise its effectiveness in the region, a more rational and whole-of-Europe approach to weapons transfers to south-east Asia is therefore needed more than ever.



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