

THE HERITAGE LECTURES

365

**Conflict Potential
in Southeast Asia
and the South
China Sea**

By Kenneth J. Conboy



The Heritage Foundation was established in 1973 as a non partisan, tax-exempt policy research institute dedicated to the principles of free competitive enterprise, limited government, individual liberty, and strong national defense. The Foundation's research and study programs are designed to make the voices of responsible conservatism heard in Washington, D.C., throughout the United States, and in the capitals of the world.

Heritage publishes its research in a variety of formats for the benefit of policy makers; the communications media; the academic, business, and financial communities; and the public at large. Over the past five years alone The Heritage Foundation has published some 1,500 books, monographs, and studies, ranging in size from the 927-page government blueprint, *Mandate for Leadership III: Policy Strategies for the 1990's*, to the more frequent "Critical Issues" monographs and the topical "Backgrounders," "Issue Bulletins," and "Talking Points" papers. Heritage's other regular publications include the *SDI Report*, *Business/Education Insider*, *Mexico Watch*, and *Policy Review*, a quarterly journal of analysis and opinion.

In addition to the printed word, Heritage regularly brings together national and international opinion leaders and policy makers to discuss issues and ideas in a continuing series of seminars, lectures, debates, briefings, and conferences.

Heritage is classified as a Section 501(c)(3) organization under the Internal Revenue Code of 1954, and is recognized as a publicly supported organization described in Section 509(a)(1) and 170(b)(1)(A)(vi) of the Code. Individuals, corporations, companies, associations, and foundations are eligible to support the work of The Heritage Foundation through tax-deductible gifts.

Note: Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

The Heritage Foundation
214 Massachusetts Avenue, N.E.
Washington, D.C. 20002-4999
U.S.A.
202/546-4400

Conflict Potential in Southeast Asia and the South China Sea

By Kenneth J. Conboy

Throughout its pre-colonial history, Southeast Asia was heavily influenced by outside powers. Located midway between India and China, this condition should come as no surprise. Yet even more than external influences, Southeast Asia historically has been the scene of intense internal competition, the result of the dynamic expansion and contraction of empires and kingdoms within the region.

This competition has been significant for several reasons. First, it produced deep, lasting animosities among various ethnic groups that continue to cloud foreign relations to the present time. Examples of this include the hatred between Vietnamese and Cambodians and, to a lesser extent, the sense of superiority felt by many Thais toward neighboring Laotians, Burmese, and Cambodians.

Second, the historical ebb and flow of the major Southeast Asian kingdoms led in many cases to the mass migration of populations. A good example is the Thai victories over Laos in the 19th century, which resulted in much of the population on the east bank of the Mekong River being forcibly moved to the west bank, now part of Thailand. So great was the migration that today more ethnic Laotians can be found in Thailand than in Laos. Shifts in population such as this are significant because they often provide seeds of conflict when defining contemporary borders.

THE COLONIAL EXPERIENCE

By the late 1800s, Southeast Asia had been effectively divided among the European colonial powers of Britain, France, Portugal, the Netherlands, and Spain. With the Europeans came Western religions, language, and culture, and political and economic systems. With the Europeans, too, came artificial borders that reflected the desire conveniently to safeguard lucrative colonial holdings rather than to attempt to divide the region into coherent ethnic groupings. Laos is a perfect example: the French fused together a conglomeration of diverse "states" in order to form a buffer between their rich colonies among the Vietnamese people to the east, and the expansionist Siamese and British in Burma to the west. Burma, Indonesia, and the Philippines have similar diverse compositions.

When World War II came to Southeast Asia, the indigenous peoples of the region for the first time saw an Asian power (Japan) defeat the Europeans (and Americans) in their colonies. This instantly shattered the myth of European invincibility and gave a critical boost to the numerous fledgling nationalist movements throughout the region. Significantly, as the outcome of the war became inevitable, Japan began actively to assist these nationalists in an attempt to prevent the Europeans from retaking their former colonies.

World War II had the added result of shifting several of the borders in Southeast Asia. For example, when the Japanese intervened on behalf of their quasi allies, the Thais, the French were forced to turn over entire border provinces of Laos and Cambodia to Bangkok. The French also shifted the border in the Mekong Delta, putting most of the region, with its ethnic Cambodian

Kenneth J. Conboy is Deputy Director of The Heritage Foundation's Asian Studies Center.

He spoke at the National Defense University, Washington, D.C., on November 14, 1991.

ISSN 0272-1155. ©1992 by The Heritage Foundation.

majority, under the administrative control of Vietnamese-dominated Cochin China. As will be seen, some of these border adjustments have been extremely problematic in more recent decades.

POST-WORLD WAR II

In the three decades immediately after World War II, conflict in Southeast Asia largely shifted away from the traditional struggles between countries and instead focused largely on the political tensions within individual nation-states. Initially, this was manifest in the independence movements against the resurgent colonial powers.

By the late 1950s, however, the anti-colonial struggle was replaced by Cold War battles waged between Soviet and Chinese proxies against the U.S., Britain, and their allies. These battles were conducted primarily as civil wars (with foreign assistance) rather than as conflicts between the Southeast Asian states.

During this period of Cold War struggles, many of the traditional animosities in Southeast Asia were temporarily suspended in the name of political cooperation. The ultra-nationalistic Khmer Rouge, for example, publicly cooperated with its historical enemies, the Vietnamese, against the U.S. and its allies. The Pathet Lao, too, suspended their traditional suspicion of the Vietnamese and worked closely with Hanoi.

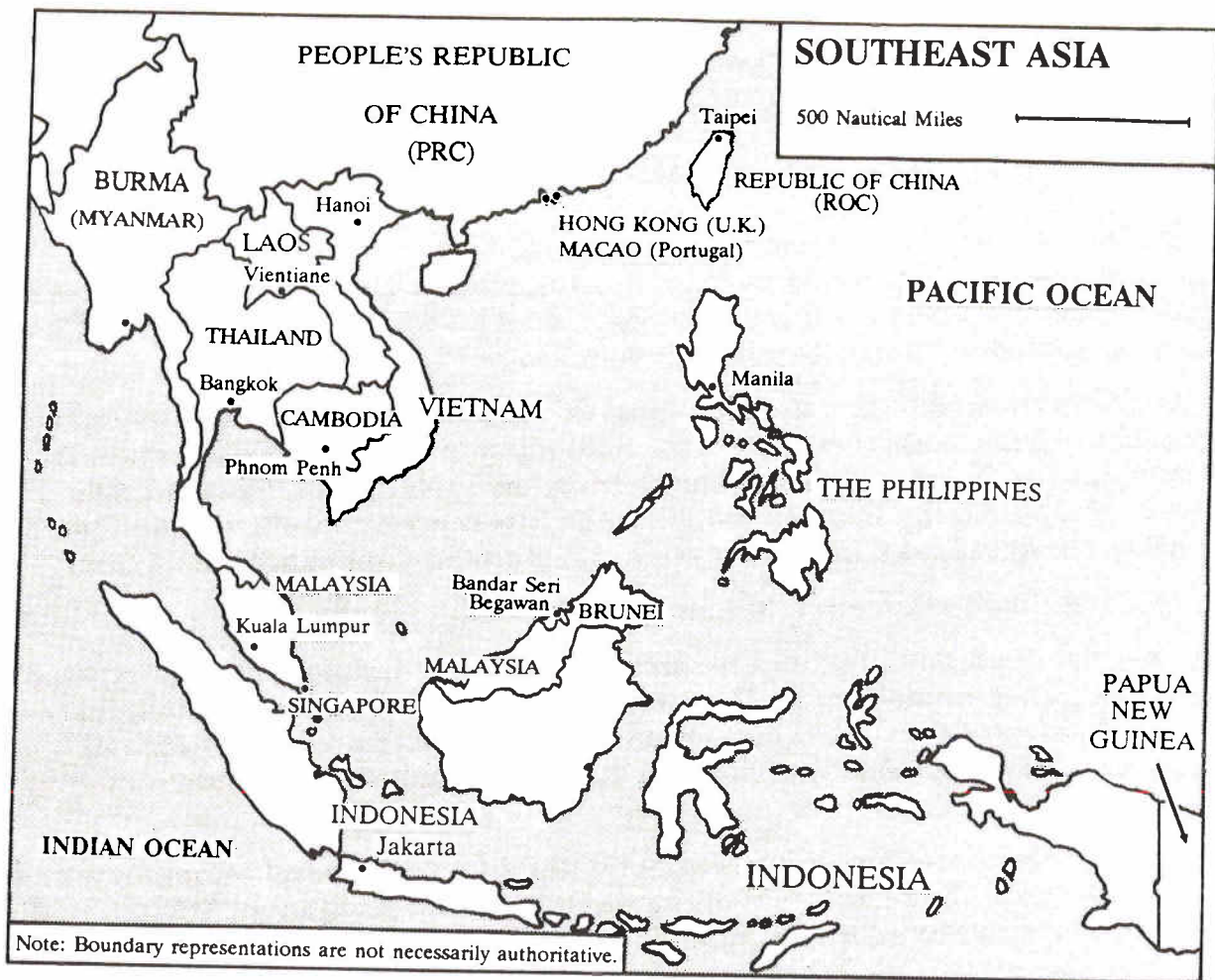
Such cooperation was not limited to the communists. The pro-Western Lon Nol regime in the Khmer Republic worked closely with Saigon. Lon Nol also cooperated with Thailand, despite the tension that had characterized Thai-Cambodian relations since the 13th century.

While ideology was a primary source of conflict during the Cold War period, the more traditional sources of conflict—territory disputes and ethnic tensions—had by no means ended. Examples include:

- ◆ The *Konfrontasi* between Malaysia and Indonesia. The cause: Indonesia claimed sovereignty over portions of Malaysia and Singapore.
- ◆ Filipino support for a guerrilla movement in Malaysia. The cause: Manila claimed control over the Malaysian state of Sabah.
- ◆ Border clashes between Cambodia and Thailand in the early 1960s. The cause: Bangkok claimed control of the border temple at Preah Vihear.
- ◆ Armed conflict between China and South Vietnam in January 1974. The cause: they both claimed control of the Paracel Islands.
- ◆ The massacre of Vietnamese civilians in Phnom Penh in early 1970. The cause: Cambodian nationalist extremism in the wake of a military coup d'état.
- ◆ Anti-Vietnamese insurgency by hill tribe minorities. The cause: ethnic discrimination on the part of lowland Vietnamese.

POST-VIETNAM

Today, with sixteen years of hindsight, it appears as if the three decades of ideological conflict in Southeast Asia following World War II were the exception to the rule. No sooner had the pro-Western regimes in Saigon, Phnom Penh, and Vientiane fallen to communism than the primary source of conflict in the region was tilting once again toward disputes along racial, ethnic, and territorial lines.



The most dramatic example of this was the bloody conflict between the Khmer Rouge and the Vietnamese waged after 1975. As already seen, the animosity between these two ethnic groups predates the arrival of the Europeans into Southeast Asia, and was exacerbated by the French ceding the Mekong Delta to Vietnamese administrative control.

Although the Khmer Rouge and the Vietnamese had cooperated briefly between 1970 and 1973, by early 1974 there were widespread reports of fighting breaking out between Cambodian and Vietnamese communist guerrillas. Soon after Saigon and Phnom Penh fell in the spring of 1975, the ultra-nationalist Khmer Rouge began a series of maritime and ground assaults against Vietnamese-held islands and border garrisons, apparently to bring at least some of these regions under what they deemed historical Cambodian control.

What began as cross-border skirmishes quickly escalated into full-scale infantry assaults by both sides in 1977. By early 1978, entire Vietnamese divisions retaliated by occupying huge enclaves in eastern Cambodia. Then in December of that year, Hanoi mobilized three of its four Strategic Army Corps (SACs) to conduct what was at that time the largest military campaign since World War II.

Vietnam's occupation of Cambodia would last slightly more than a decade. Significantly, aside from a border war with China in early 1979,¹ the conflict never expanded beyond Indochina. This was because, despite the fears of the Thai military about greater Vietnamese

1 China initiated the war to "teach Vietnam a lesson" for attacking the Khmer Rouge, Beijing's closest Southeast Asian ally.

intentions beyond Indochina, Hanoi was stretched thin having to contend with counterinsurgency tasks in Cambodia and the threat from China.

CONFLICT POTENTIAL IN CONTEMPORARY SOUTHEAST ASIA

During 1988-1989, in the face of heavy international diplomatic and economic pressure, Vietnam withdrew the bulk of its military forces from Cambodia. While numerous problems remain before peace comes to Cambodia, resolving that conflict has now become a problem for Cambodians, international humanitarian organizations, and the United Nations to solve.

Cambodia aside, what, then, are the prospects for peace and stability in Southeast Asia? In general, two forms of potential conflict exist—and will continue to exist—in the region. The first of these are the numerous, small insurgencies across Southeast Asia. These have little chance of expanding across borders and, as a result, have only a limited effect on the region's stability. The second and much more serious source of conflict involves territorial disputes.

Among the insurgencies now in Southeast Asia are:

Burma: Burma's highly fragmented ethnic composition is a perfect recipe for disunity. Rangoon is caught in a permanent catch-22: the numerous guerrilla forces have little chance of expanding beyond their current limits of territorial control, yet the central government, because of its own ethnic limitations, has little hope of succeeding in its counterinsurgency campaign.

Cambodia: There are enough hidden weapons caches in Cambodia to fuel fighting for years to come. At best, these excess guns will be used by disunified bandit gangs. At worst, a civil war will resume between more organized guerrilla forces. Given the fact that the current U.N. plan does not call for elections in Cambodia until early 1993, there is plenty of time for the U.N.-sponsored peace plan to fall apart, leading to a resumption of open warfare.

The Philippines: Manila has the dubious distinction of having the largest communist insurgency in Asia. This is all the more remarkable given the fall of communism elsewhere in the world. Although the government has made progress in its counterinsurgency program, it is unlikely completely to extinguish the revolutionary movement within the foreseeable future.

Laos: Laos is host to several small anti-communist guerrilla movements. All of these movements suffer from a lack of foreign support, and are little more than an irritant to Vientiane.

Indonesia: Indonesia faces small pockets of guerrilla resistance in Aceh, East Timor, and Irian Jaya. Their ability to inflict casualties on the central government is minimal.

In all of these cases, the negative effects of the insurgencies are felt almost entirely within the borders of each respective country. Moreover, there is little likelihood that fighting will expand such that neighboring countries will be drawn into the conflict.

More serious than insurgencies is the specter of territorial disputes. These include:

Thailand and Laos: Since the victory of the Pathet Lao forces in 1975, relations between Thailand and Laos have been strained. From Bangkok's point of view, Soviet-supported communism was now along its border. As for Vientiane, tens of thousands of anti-communist refugees were camped just inside Thailand, some of whom were launching cross-border raids back inside Laos while Bangkok turned a blind eye.

By 1977, there were armed clashes between both nations after Laos began aggressively to patrol the Mekong River, which forms part of its border with Thailand. Then in 1988 full-scale fighting broke out over control of seven border villages. In this brief conflict, Laotian troops held the advantage of terrain and inflicted minor yet embarrassing defeats to the Thai forces.

Although as recently as January 1991 both sides traded charges of border violations, bilateral relations have improved somewhat since the military coup d'état in Bangkok in February 1991, making the chances for open warfare between Laos and Thailand slim for the near future.

Vietnam and Cambodia: In 1985, Hanoi and the puppet Cambodian government it installed in Phnom Penh reached several bilateral agreements which, in effect, gave Vietnam control over several disputed islands and a large chunk of Cambodian territory near the city of Svay Rieng. The Khmer Rouge and both non-communist members of the current coalition have called for a cancellation of these agreements. To underscore their concern, these three factions have fashioned a new national flag for use during the interim period of U.N. control. This flag, significantly, features an outline of Cambodia showing the borders recognized in 1954.

Keeping in mind that border disputes were the cause for the Khmer Rouge forays after 1975, should Vietnam continue to claim control over the territories gained in 1985, this affront to Cambodian nationalism undoubtedly will provide the seed for future border conflicts.

Malaysia and the Philippines: Since the 1950s, Kuala Lumpur and Manila have clashed over control of the Malaysian state of Sabah. In 1968, then Philippine President Marcos secretly authorized training of Sabah rebels to battle the Malaysian government. Before it could be launched, the plot was exposed, to the embarrassment of Manila.

Formal delineation of the border remains controversial. Border discussion broke down in July 1989 when a group of Filipino senators reasserted their country's claim to Sabah. Kuala Lumpur says that the border dispute will never be resolved until Manila drops this claim.

Despite these lingering differences, the chances of this dispute escalating beyond a war of words is minimal.

Indonesia and Malaysia: Border disputes between these two nations date back to the *Konfrontasi* of the early 1960s. Since the rise of President Suharto in 1965-1966, Jakarta has had cordial relations with Kuala Lumpur.

Still, since 1969 there have been conflicting claims over ownership of two islands located east of Borneo and Kalimantan. In 1988, both nations agreed to maintain the status quo on the islands until a final agreement was reached.

Early this summer, however, Malaysia began to develop one of the two islands. Discussions were held in July, but no final decision was reached. Jakarta continues to protest Malaysia's moves, but insists that any differences over the islands will not endanger good bilateral ties.

Gulf of Thailand: Malaysia, Singapore, Cambodia, and Vietnam have declared Exclusive Economic Zones (EEZs) extending 200 nautical miles out to sea. Several of these claims (excluding Singapore) overlap in the Gulf of Thailand, and even intrude on Thailand's territorial waters. Should any of these nations attempt to enforce these EEZs with military or paramilitary maritime patrols, tension in the Gulf of Thailand is likely to rise considerably.

The South China Sea: This vast area, which includes the Paracel and Spratly Archipelagos and the Natuna Island group, is the most serious flashpoint in Southeast Asia.

The Paracels already have been a source of conflict in recent decades. Located about 200 miles equidistant from the coast of Vietnam east of Danang and south of China's Hainan Island, this island chain was claimed by the Chinese as early as the 15th century. Vietnam, meanwhile, dates its claim to 1802; by late that century, the French who colonized Vietnam and the Chinese were arguing over its control.

During World War II, the Japanese took over the islands. After the war, Tokyo in 1951 ostensibly relinquished control to the Chinese. However, Vietnam, still under French control, repeated its claim over the island chain.

Although the islands were thought to be of little economic value in the 1960s, the Saigon government quietly established a weather station and introduced a small militia garrison on three of the islands.

With the oil crisis beginning in late 1973, the South Vietnamese government signed several oil contracts in the area south of the Paracels. The Chinese, as a result, showed renewed interest in the Paracels and dispatched a fishing fleet with navy escorts in January 1974. Saigon reinforced its garrison, and the Chinese responded with an eleven-ship naval flotilla that sank one South Vietnamese ship and sent four limping home.

In the aftermath of the clash, South Vietnam protested, but was ill-equipped to reassert its control. North Vietnam, in the name of communist solidarity, supported the Chinese claim of control. Taiwan protested the move by Beijing, claiming that it was the rightful owner of the Paracels. The U.S. maintained a completely neutral position.

The Spratly Archipelago, stretching 600 miles south of China's coast nearly to Brunei, also is highly contested. Like the Paracels, South Vietnam occupied part of the chain through the early 1970s. China, meanwhile, claimed full control of the archipelago, despite the fact that it was 600 miles from its closest border. Taiwan also claimed historical control of the Spratlys, and maintained a small garrison on Itu Aba Island.

In February 1974, after losing the Paracels to China, Saigon reinforced its garrison with three platoons of SEAL naval commandos. South Vietnam was especially keen to control the island chain because a study by the U.N.'s Economic Commission for Asia and the Far East had hinted at promising oil deposits being located under the archipelago.

During the final week before the fall of South Vietnam in April 1975, the North Vietnamese 126th Naval Sapper Group conducted a surprise amphibious raid and occupied Saigon's garrison on the Spratlys.

Little was heard about the chain until 1988, when the Chinese navy began to assert its control over the islands. In the process, they scored several small but decisive victories over Vietnamese naval forces. Since then, Vietnam and China have refrained from further fighting, although the war of words persists.

The conflict over the Spratlys is complicated by two important factors. First, it is not simply a bilateral issue. A total of seven nations claim control of part or all of the archipelago. These include mainland China, Brunei, Malaysia, the Philippines, Taiwan, and Vietnam. In addition, just southwest of the Spratlys, Indonesia and Vietnam have conflicting claims over part of the Natuna Islands.

Second, there is ongoing speculation that oil may lie under the Spratlys. Already the Philippines have leased some portions of the Spratlys for drilling. In addition, Vietnam may offer thirty deepwater blocks for bidding in the near future.² Should oil or natural gas be found, those nations claiming control will undoubtedly try to enforce their claims.

To help head off what appears to be a future showdown in the South China Sea, Indonesia this June announced it would host a workshop on the Spratlys and Paracels. The meeting was held in July and was attended by diplomats, lawyers, and ex-military from mainland China, Brunei, Malaysia, the Philippines, Taiwan, and Vietnam. In addition, observers were sent from Indonesia, Singapore, Thailand, and Laos.

At the workshop, there was basic agreement by five of the participants on joint development of the archipelagos. They agreed that, with Vietnam fading away, China and India are the next military threats to Southeast Asia. China alone refused to agree to joint development of the islands, saying it would take place only if Beijing's sovereignty was recognized.³

At present, the Chinese maintain on the Paracels a helicopter-landing facility and a small port. Missile boats and patrol craft are permanently stationed there.

On the Spratlys, the Chinese occupy seven reefs and islands. There they maintain small garrisons and artillery; two minor ports are expected to be completed by next year. In late 1988, a major naval task force operated in the vicinity; since then, the islands are periodically patrolled by destroyers and frigates.

This May, Beijing announced that it would increase the number of combat drills in the Spratlys, upgrade their marines, and improve the fleet's ability to respond to "emergency needs." It is believed that once the two ports are completed, patrol craft will be permanently deployed to the Spratlys.

Vietnam occupies 25 coral reefs and islands in the Spratlys. It occasionally flies light planes to a small runway built on one of the islands.

Taiwan occupies Itu Aba Island, in the northern part of the Spratlys. There it has maintained a company-sized garrison since the early 1970s; Taipei ceased regular naval patrols of the vicinity in the mid-1970s.

Malaysia occupies three islands in the extreme south of the Spratlys. It has long maintained a token troop presence on the islands. This September, Kuala Lumpur announced its intention to build a 1,500-meter airfield on the island of Terumbu Layang Layang, 165 nautical miles off the coast of Malaysia's Sabah state. Earlier this year Malaysia opened a small hotel there and announced plans to promote it for tourism.

The Philippines occupy eight islands in the northwest portion of the Spratlys. A small number of troops are garrisoned there.

2 East-West Center, Asia Briefing Paper, No. 3, June 1991.

3 *Christian Science Monitor*, July 15, 1991, p. 4.

POWER PROJECTION IN THE REGION

Given that perhaps the most serious flashpoint in Southeast Asia is in the South China Sea, the capacity of the various nations in the region to project military power and to conduct extended naval operations has become increasingly important. Among the naval powers in the South China Sea are:

China: Although China is not a major world naval power compared to its competition in Southeast Asia, Beijing has the largest and most sophisticated navy available for deployment in the South China Sea.

Should China flex its military muscles in the South China Sea, the People's Liberation Army-Navy (PLA-N) can call upon 45 major surface combatants; slightly over 100 submarines; a proven ability to keep a naval task force at sea for at least thirty days; and a marine brigade that reportedly is being upgraded.

Although the PLA-N suffers from poor command and control, and many of its weapons systems are obsolete, it still could be expected to enjoy success against most Southeast Asian navies during any potential conflict in the Paracels or Spratlys. It should be noted, however, that Beijing is somewhat limited in interdicting civilian shipping in the South China Sea because it would make its own large mercantile fleet extremely vulnerable.

Thailand: The Royal Thai Navy has been undergoing an ambitious modernization program since the mid-1980s. Among its more recent acquisitions are three indigenous-built anti-submarine corvettes to be commissioned by the end of this year; two Chinese-made frigates launched in June 1990 and two launched this year; and two Chinese-made frigates with helicopter decks set for delivery by the spring of 1992. In addition, Bangkok discussed with the U.S. this summer the purchase of four Knox-class frigates, and thirty A-7E aircraft to form a naval combat air wing.

With these acquisitions, the Royal Thai Navy by 1996 will have an anticipated force strength of one German-built 7,800-ton Helicopter Support Ship, possibly equipped with Harrier V/STOL aircraft; six Chinese-built frigates, five U.S. and Thai-built corvettes; three 1970s-vintage frigates; nine fast attack craft, and five large patrol boats. Thailand also maintains a Marine Corps and Navy SEAL commandos.

Malaysia: Like Thailand, Malaysia has begun an ambitious modernization program for its fleet. Among purchases discussed this year were a contract for two British-made corvettes and an open competition for four diesel submarines.

Malaysia, moreover, regularly exercises with Australia, New Zealand, England, and Singapore as part of the Five Power Defense Arrangement. This May, for example, Kuala Lumpur hosted STARFISH 91, a maritime exercise with 39 aircraft and 34 warships from all five countries. An air defense exercise, ADEX 91, was held at the same time.

The Philippines: Of the various nations with claims in the South China Sea, the Armed Forces of the Philippines is one of the least capable of serious power projection into the South China Sea. Much of its maritime forces have been tasked with coastal defense and riverine counterinsurgency. This September, Manila announced plans to buy three missile boats from Spain, three other gunboats from Australia, and two logistics support vessels from China. Manila, significantly, claims that its 1951 mutual defense agreement the U.S. extends to its claims in the Spratlys; Washington disagrees.

Vietnam: In terms of sheer numbers, Vietnam in the 1980s had over seventy surface combatants, giving it the largest navy in Southeast Asia. These figures, however, are misleading when determining power projection. Much of the equipment captured from the South Vietnamese regime, for example, is obsolete. In addition, the Soviet Union has slashed its military assistance program, which could make it difficult for Hanoi to maintain all of its Soviet-made ships. Economic pressures in Vietnam are causing further military cutbacks. Already, it is believed that Hanoi may have disbanded two of its five naval infantry brigades.

CONCLUSION

Aside from simmering insurgencies, greater conflict in Southeast Asia is not inevitable. However, given the region's growing naval muscle, and the fact that no resolution to the overlapping territorial claims in the South China Sea appears in sight, there is perhaps a better than average chance of at least limited maritime clashes in the region.

The U.S. has two treaty allies in the region (the Philippines and Thailand), and last year signed a limited defense arrangement with a third nation (Singapore). Washington, however, has gone to great pains to remain neutral in the South China Sea dispute. Moreover, with the end of the Cold War and America's likely departure from Subic Bay, it will be increasingly difficult to keep Washington's attention focused on Southeast Asia.

Still, there are several reasons the U.S. should sustain a presence in Southeast Asia. First, through the South China Sea and the Strait of Malacca passes 90 percent of the oil destined for America's allies in Northeast Asia. Second, U.S. trade with the Asia-Pacific region already is larger than U.S. trade with Europe; by the end of this century, trade across the Pacific is expected to be twice that of trade across the Atlantic. Lastly, any power vacuum left by a U.S. withdrawal from Southeast Asia might be filled by China, not necessarily an appealing option to America or its Asian allies.

