

‘Security tensions’ in South China Sea and the U.S. arms industry

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(Note: This short paper is contributed for the 4th assembly of the ILPS. It deals principally on the military repercussions of the renewed territorial disputes in the South China Sea and the profits they bring to the U.S. war industry. It does not, therefore, discuss China’s military modernization and its impact on the SCS territorial tensions.)

Just as the post-9/11 “war on terror” was used to justify U.S.’ increased militarism in Asia Pacific and elsewhere in the world the heightened territorial disputes in the South China Sea are now being spun to boost the Pentagon’s encirclement strategy on China. The tension triggered by the territorial disputes is giving the U.S. grounds for strengthening and expanding its security relationships with traditional allies, vassal states, and other countries in the region. The immediate beneficiary of this enhanced militarism is America’s arms trade involving weapons suppliers and military training providers. Their war industry has been boosted by President Barack Obama’s new arms exports strategy in the region including Southeast Asia.

At a time when peaceful and diplomatic approaches may help defuse the tension in the South China Sea arising from the conflicting territorial claims, this renewed war environment is even stimulating an arms race among major states in the region further enhancing their dependency on the U.S. weapons supply chain.

In the first six months of 2011, various reports pointed to Chinese incursions in parts of the Spratly Islands claimed by Vietnam, the Philippines, and three other countries. Although Beijing denied the allegations, the reported incidents ignited diplomatic protests with at least one of the claimants – the Philippines – calling on U.S. protection by invoking the cold war-vintage 1951 Mutual Defense Treaty (MDT).¹ Amid the tension, bilateral war exercises have been held by the U.S. with the Philippines, Thailand, and other countries even as China likewise enhanced its maritime surveillance in the South China Sea (SCS).

Described as the “mother of all territorial disputes,” the SCS is also claimed as the “second Persian Gulf” presumed to be rich in oil, gas, and other sea-based minerals aside from being one of the world’s richest fishing grounds. Being the world’s busiest maritime superhighway, over 50 percent of global merchant fleet and supertanker traffic traverse its waters particularly the Malacca Strait. The SCS along with the Spratly Islands is claimed by China that dates back to 2 BC although its first official sovereign claim was made in 1951. China’s claim was subsequently followed by other countries notably the Philippines, Taiwan, Vietnam, Malaysia, and Brunei. Note, however, that the overlapping territorial claims on the Spratlys are just one of other flashpoints in the Sea that include Taiwan (China claim), the Korean peninsula, Senkaku Islands (Japan vs China), Sacotra Rock (South Korea vs China), Sabah (Philippines vs Malaysia), Hibernia reef (Australia vs Indonesia), Kanang Unarang (Indonesia vs Malaysia), Doi Lang (Burma vs Thailand), not to mention unresolved disputes between India and Pakistan, and between China and India.

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‘Core national interest’

With its fastest growing economy and in reaction to the counter-claimants, China has become more assertive of its sovereign claims. Last year, China described the SCS as a “core national interest” at par with Taiwan and Tibet, adding that its territorial rights are “indisputable.” Such determination can also be explained by the fact that 75 percent of China’s energy needs (it is now the biggest oil importer) are currently supplied through the SCS. The SCS is also China’s gateway to the Indian Ocean and other trade routes for its energy supplies sourced from various continents of the world where it has become a major investor.

Citing statements from some member-countries of the Association of Southeast Asian Nations (Asean) that China’s “bullying” warranted an active defense role of the U.S. in the SCS, Washington cast a new superpower posturing when last year it identified the Sea likewise as a “national interest.” While recent reports of Chinese incursions elicited policy reactions from the U.S. calling for “restraint” and “multilateral talks,” it has in no ambiguous terms continued to realign its military forces in the region while forging new defense partnerships, holding more war exercises, and opening new basing facilities. This network of treaties, access arrangements, forces and facilities is embedded in the U.S. Pacific Command with its 7th Fleet as well as the Central Command (Cencom) that have assured America an imperial presence in Asia Pacific in the past several decades.

Although security partnerships, expansion, and armed aggression have been embedded into the U.S. empire’s bid for continuing global supremacy, current conflicts and tensions not only in Iraq and Afghanistan but also in the SCS “arc of instability” boost the trade of arms and military services that earn huge profits for U.S. weapons manufacturers, military training providers, and other foreign suppliers. The military-industrial complex is very much in business.

Arms shopping

Tensions building up in the SCS since last year until today have led to unprecedented arms shopping in the U.S. particularly by claimant-countries including:

Philippines: Under President Benigno S. Aquino III, the purchase of U.S. naval equipment including a Hamilton class cutter, for patrolling the Spratly waters. Furthermore in April 2011, Aquino transferred PhP8 billion (U.S.\$183 million) for the deployment and training of naval personnel assigned to secure oil and gas explorations off Palawan and Mindanao. A report said part of the funds was to go to Blackwater, a notorious U.S.-based security firm.² Aquino’s energy department also announced the purchase of three blue water ships from the U.S. as well as helicopters and radar systems in support of oil projects in Palawan and Mindanao, southern Philippines.

Taiwan: A leading arms importer and military aid recipient of the U.S., Taiwan in 2010-2011 was set to buy new models of F-16 combat aircraft and two other purchases, all worth \$20 billion. U.S. arms manufacturers received \$16.5 billion of arms orders from Taiwan in 2007-2010 alone. Taiwan ranks fourth among U.S. arms customers worldwide behind Egypt, Israel, and Saudi Arabia.

Indonesia: Indonesia recently planned to buy fighter and cargo aircraft from the U.S. costing hundreds of millions of dollars. The U.S. also pledged \$35.7 million in 2010-2011 to help modernize the Indonesian military (TNI).

Aside from Indonesia, arms sales to Malaysia also increased significantly in recent years while Singapore became the first country in Southeast Asia among top 10 arms buyers worldwide.

By end-2011, U.S. arms traders would have amassed \$46 billion of military sales worldwide, nearly doubling the 2010 figures. Of the world's 10 largest arms vendors, seven are American: Lockheed Martin, Boeing, Northrop Grumman, General Dynamics, Raytheon, L-3 Communications, and United Technologies.³ As the world's biggest weapons supplier controlling more than 30 percent of the market, most of its military products go to, in descending order, Asia Pacific (39 percent), the Middle East (36 percent), and Europe (18 percent). Southeast Asia has been eyed by the Obama administration for major expansion of arms sales.

Obama's arms export policy

A new U.S. presidential policy makes this possible. In July 2010, U.S. President Barack Obama ordered the relaxation of arms export restrictions aimed at expanding the U.S. market share so that by 2015, he said, U.S. weapons exports would have doubled. Obama's new national security strategies and quadrennial defense reviews have essentially retained Bush's war on terror-inspired unilateralist and pre-emptive doctrines that also gave primacy to arms transfers all over the world.

As the U.S. reels from a prolonged economic recession, arms trade remains lucrative to the military-industrial complex. Profits reaped from weapons sales are guaranteed in regions gripped by tension and risks of war and armed conflicts. Thus the tensions arising from the territorial disputes in the South China Sea (SCS) have made it expedient for the U.S. to expand its military presence in the region capitalizing on revived xenophobia and anti-China bashing to justify Pentagon's strategic encirclement of China not only by strengthening its current security partnerships but also by exploring new alliances and realigning its forward-deployed forces and weapons especially nuclear missile systems. In turn, the enhancement of U.S. interoperability of its network of alliances opens new grounds for more frequent joint war exercises and military trainings and instructions that are closely tied to weapons sales and transfers. In short, arms acquisitions especially from U.S. allies and client states are "an integral and long-term partnership between the supplier and the purchaser"⁴. The captive market guarantees long-term profitability for the arms suppliers.

Arms sales or transfers are transacted especially with U.S. strategic allies and partners through government-to-government schemes and commercial military sales. Through the Foreign Military Sales (FMS) process, about 79 percent of arms exports are financed by client countries and organizations with the balance funded by U.S. aid programs. Other programs that facilitate arms trade are those managed by the state department or the Department of Defense (DoD) such as Foreign Military Financing (FMF), International Military Education and Training (IMET), Economic Support Fund (ESF), Coalition Support Funds, and the Major Non-NATO Ally (MNNA). In recent years, these programs were used by the U.S. as leverage for securing preferential access to oil and other strategic resources⁵ and for ensuring support to its wars of aggression. In particular, FMF and IMET help expand and deepen U.S. regional influence with its allies while the ESF, among other objectives, promotes U.S. engagement with ASEAN toward enhancing U.S. security objectives in the region.

U.S. security arrangements

The security issues sparked by the territorial disputes coupled with the much-hyped threats arising from China's military modernization are now being used by the U.S. to strengthen treaty alliances and access agreements with Japan, South Korea, the Philippines, Thailand, Singapore, Malaysia, Indonesia, and New Zealand. While potential defense partnerships are being explored with India – which maintains military hostility with China - and Indonesia, plans for joint war exercises with Vietnam are also afoot. Parallel to moving forward the new U.S.-Japan-Australia trilateral security initiative are plans for the U.S. to deploy new forces and missile systems in existing military bases west of Australia. Part of moves by the U.S. for the ASEAN to check Chinese "hegemonic ambitions" in the SCS are plans to establish a NATO- or

SEATO-type regional alliance force in the region. In no uncertain terms, these moves are clearly targeted supposedly to check an emerging “military hegemon” in China. The new security and basing rearrangements pursued by the U.S. enhance the military dependency of many countries in the region and, hence, reliance on the U.S. war industry for arms exports.

The arms strategy that the U.S. pursues in the region and elsewhere in the world bolsters the militarist and repressive tendencies of its traditional allies and defense partners who then adopt war-like policies even as peaceful and diplomatic mechanisms are in place that promote the resolution of territorial disputes. Repressive regimes among America’s allies and vassal states comprise the permanent ring of arms buyers and consumers for U.S. war profiteers or merchants of death. The U.S. arms strategy is consistent with the agenda of the military-industrial complex that, since the end of World War 2, has begun to cobble a permanent war economy. Entrenched in the top echelons of America’s social and political order, the financial oligarchs behind the military-industrial complex make sure that the armaments industry continues to thrive and profit under the permanent environment of instabilities and war scares most of which are contrived anyway by their ideologues, media monopolies, and neo-conservative think tanks.

END NOTES

¹ Forged by the U.S. and the Philippines in 1951, the MDT provides for mutual protection against “external aggression.” For the past five decades, progressives in the Philippines have called for its termination in the absence of guarantees for automatic retaliation by the U.S. and for being onerous in favor of the latter.

² Blackwater, founded by ex-SEAL members, has been denounced in the U.S. media as a mercenary army performing jobs for the Central Intelligence Agency (CIA). It was also reported to be maintaining a training facility inside Subic, Olongapo City (Philippines) – former site of U.S. naval base.

³ Figures by the Stockholm International Peace Research Institute (SIPRI).

⁴ Rick Rozoff, “Washington uses arms sales to achieve global supremacy,” Global Research, Dec. 30, 2010.

⁵ William D. Hartung & Frida Berrigan, “U.S. weapons at war 2008,” New American Foundation, December 2008.