

Asia's Naval Procurement Sees Major Growth

May. 19, 2013 - 10:27AM |
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Vietnam has procured six new conventional Kilo-class submarines from Russia. Here, the Russian Navy's Kilo-class sub Lipetsk is docked in Severomorsk, Russia. (Agence France-Presse)

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SINGAPORE — Asia-Pacific nations are modernizing their surface and underwater naval capabilities by buying stealthy warships, attack submarines, patrol vessels, sensors, radars, missiles and unmanned systems.

That much was clear at last week's biennial International Maritime Defence Exhibition and Conference (IMDEX) in Singapore.

The Asia-Pacific makes up roughly 25 percent of the global projected new ship market, said Bob Nugent, vice president of advisory services at AMI International, a US naval

analysis firm. “AMI projects that navies within the Asia-Pacific region will spend a combined [US] \$180 billion, almost 800 new ships, surface craft and submarines through 2031,” he said.

This comes out to about 1,000 new construction ships, submarines and 30-meter craft. Submarine and anti-submarine warfare (ASW) segments represent 100 new subs and make up 40 percent, or \$62 billion, of the global new build submarine market by volume.

“Traditional land border disputes have now moved to the maritime environment and each country is now much more focused on their respective EEZs [exclusive economic zones] and gaining full maritime domain awareness, which is a Raytheon ‘sweet spot,’ ” said Jim Hvizd, vice president, International Strategy and Business Development for Raytheon.

John Fox, president of L-3 Ocean Systems, said maritime domain awareness is a “big requirement for ports, EEZs and coastal areas.”

Due to coastal, port and EEZ drivers, the region is looking closely at littoral combat ships with shallow drafts. The US Navy showed off its first deployment of an LCS, the Freedom, in Singapore.

Lockheed Martin is now pushing the multimission combat ship, a variant of the Freedom, for the regional market. However, the planned deployment of up to four US littoral combat ships in Singapore could hurt sales.

“Further down the line, export opportunities in Southeast Asia are likely to be limited by costs and the maturing of current small vessel procurement programs by regional navies,” said Euan Graham, senior fellow in the Maritime Security Program at Singapore’s S. Rajaratnam School of International Studies.

“Arguably, the presence of up to four LCSs in Singapore could itself work against export opportunities, since why should Southeast Asian navies look to invest in a high-end platform which the US has already brought to the region?” Graham said.

One reason is that more than 60,000 vessels transit the Malacca Strait annually with much of the cargo aimed at meeting critical energy needs of Asia-Pacific countries, Hvizd said.

Other motivations for increased maritime security among Asia-Pacific nations are China's military modernization, the US Asia pivot policy and its Air-Sea Battle doctrine, North Korean antics, the steady rise of the gross domestic product in the region, and piracy and terrorist fears.

"As US forces progressively expand their footprint in the region in response to the pivot to Asia, there are many areas of opportunity for us to develop new business in the Asia-Pacific," said Raydon Gates, chief executive, Australia, Lockheed Martin.

Asia-Pacific customers face a variety of challenges in this market "largely driven by the reality of managing ocean borders and the need to more effectively secure lengthy coastlines as well as the critical maritime trade routes," said Bill Blair with Raytheon Asia.

While the US will remain the world's largest naval market by value, the Asia-Pacific region recently surpassed Europe as the world's second largest naval market, Nugent said.

China and India represent about 30 percent of the region's future naval market by number of hulls, Nugent said, and are expected to procure more than 100 new ships and submarines through 2031.

Nugent said Australia, Japan and South Korea will make up 220 new ships for a combined total of \$26 billion through 2031. Malaysia and Indonesia are "considered secondary markets in the region, but both are continuing to develop their indigenous shipbuilding industries and have plans to acquire large numbers of frigates."

Malaysia is planning to procure large amphibious ships and Indonesia has just completed a new class of five large amphibious ships and is moving forward with new submarines.

Vietnam is also in the midst of a full-scale fleet modernization and is procuring new submarines, frigates and fast attack craft, although it is still heavily dependent on the Russian supply chain, Nugent said.

BAE Systems Naval Ships has become an active supplier in the Southeast Asian market with two frigates in service with Malaysia and three frigates being transferred to Indonesia.

“To support our regional industrial partnership aspirations and the associated benefits of local skills development to be gained from licensed production, BAE Systems is offering its latest design of the 90-meter offshore patrol vessel for local build throughout the region,” said Clive Marchant, International Business Development, BAE Systems Maritime – Naval Ships.

Another area of growth, in northeast Asia, is ballistic-missile defense, largely due to North Korean missile tests and China’s expansion of conventionally armed ballistic missiles and anti-ship cruise missiles. Of particular concern is China’s development of an anti-ship ballistic missile, the Dong Feng-21D, often dubbed the “aircraft carrier killer.”

More Subs

Submarine procurement in the Asia-Pacific represents the largest submarine market in the world by hull numbers, and second largest, after the US, in planned investment, Nugent said.

China has the most aggressive submarine build and procurement program. Nugent said China is expected to procure 16 conventional and nuclear-powered submarines over the next five years.

China’s military modernization efforts and problems in the South China Sea have been the primary driver for Vietnam’s procurement of six new conventional Kilo-class submarines from Russia, which are expected to become operational within the next 12 months.

Singapore and Thailand have requirements for new submarines, while Indonesia has contracted with South Korea for combined foreign and local build of submarines derived from the German Type 209.

Japan has a “slow and steady” commitment to maintain modern and capable conventional submarines with continuing budget support for procurement of Soryu-class submarines, Nugent said.

Australia’s Collins-class submarine replacement program remains a “key bellwether for submarine development in the Asia-Pacific region,” he said. “The increasingly urgent need to find a suitable new platform to fill gaps left by shortfalls in current Collins-class

capabilities is offset by the projected cost of acquiring the new SEA1000 program hulls — a program worth \$30 billion by some accounts.”

The proliferation of submarines will facilitate a rise in the need for ASW equipment. L-3, a major producer of ASW equipment, said the “Asia market is so strong we’ve dedicated people to Northeast Asia and Southeast Asia, and have two guys in Australia,” L-3’s Fox said.

At IMDEX, L-3 Ocean Systems promoted its new mine destructor, multibeam side scan sonar systems, variable depth sonar systems, helicopter-equipped long-range active sonars, towed array sonars, mine countermeasures, and harbor security solutions.