ASEAN Defence Ministers’ Meeting:
Concept Paper on Establishing ASEAN Defence Industry Collaboration

I. Introduction

1. The proposal for the establishment of ASEAN Defence Industry Collaboration (ADIC) comes from a reality that ASEAN Member States are net purchasers of defence and security equipment. On the other hand, defence industries of ASEAN Member States are growing significantly, particularly over the last two decades in the aerospace, maritime, arms/weapons, automotive, as well as information, communication and technology (ICT) sectors.

2. The initiative to develop defence industry collaboration among ASEAN Member States was proposed at the 4th ASEAN Defence Ministers’ Meeting on 11 May 2010 in Ha Noi, Vietnam. Subsequently, the concept paper on ASEAN Defence Industry Collaboration was prepared and discussed amongst ASEAN Member States in order to set direction on the conduct of collaborations in this field.

3. It is important to recognise that there is a myriad defence industry structures and governance arrangements within ASEAN Member States. Some ASEAN Member States have defence industries which are solely under the control and ownership of their defence ministries and other relevant ministries. Others have defence industries comprising private companies that operate on commercial basis independent of the government, while the defence industries of other ASEAN Member States are in various stages of development. Therefore, defence industry collaboration is ultimately dependent on the governance arrangements that are unique to each ASEAN Member State, since the ASEAN defence sectoral cannot influence and effect the defence industry collaboration across all ASEAN Member States.

4. For the purpose of this paper, defence industry is defined by the activities that are related to defence production and manufacturing which encompasses production of capital equipment, components and spares as well as maintenance and repair services to meet military, enforcement and security needs of a country.
II. Principles

5. ADIC shall be guided by the following principles:

5.1 Participation in the ADIC initiative including but not limited to the specific projects, initiatives or proposals, shall be flexible, non-binding and voluntary. This principle shall supercede all the other clauses in this paper and any prior understanding between the parties in connection with the participation in the ADIC initiative;

5.2 Participation in the ADIC initiative, including but not limited to the specific projects, initiatives or proposals shall be consistent with the rights and obligations of the ASEAN Member States’ under any existing agreements to which they are parties.

5.3 Recognise that some ASEAN Member States may require the endorsement from their respective government before a project could be pursued;

5.4 Work on the basis of mutual interest (cooperation) rather than differences (competition); and

5.5 Based on mutual trust, transparency and in accordance with relevant national laws, rules and regulations.

III. Objectives

6. The formation of ADIC, where appropriate, shall compliment ASEAN’s existing efforts in enhancing confidence building measures and in contributing to peace and stability in the region. ADIC may have the following objectives:

6.1 Collaborate on common projects through partnerships, joint-ventures and co-production as well as explore opportunities for economies of scale;

6.2 Promote intra ASEAN trade on defence products and services provided by ASEAN’s defence industry sector;
6.3 Support ASEAN Member States’ defence trade shows and exhibitions;

6.4 Increase ASEAN technology and industrial competitiveness in defence and dual-use industry; and

6.5 Create incentives that would assist defence industry growth within ASEAN defence industry.

IV. Scope and Form of Activities

7. The defence industry covers a broad spectrum of economic activities, which may focus on areas involving products, systems and processes, services and technologies.

8. Activities that may be undertaken include:

8.1 Education and training in the defence industry sector;

8.2 Partnerships, joint-ventures and co-production in agreed project;

8.3 Joint research and development of agreed project; and

8.4 Joint promotion on the project development.

V. Institutional Arrangement

9. A Consultative Group shall be established under ADIC.

10. Participation in the Consultative Group shall be voluntary.

11. Participating Member States shall nominate their representatives to the Consultative Group.

12. The Chairman of the Consultative Group shall be appointed upon consensus by all the representatives.

13. The Consultative Group is tasked to plan, coordinate, implement and monitor the agreed projects under ADIC.
VI. Review and Report

14. All the outcomes and the activities of ADIC shall be duly reported to ADMM through the ADSOM and the ADSOM Working Group for information.

15. The Consultative Group shall be responsible for the preparation and presentation of the report.

VII. Desired Outcomes

16. ADIC is set to achieve the following outcomes:

   16.1 Establish a framework for continued multilateral cooperation, defence industry capability and capacity building, technical assistance, information sharing, and meaningful collaboration on all aspects of defence industry operations; and

   16.2 A shared market for defence industry products and services, within the region and global market.

VIII. Conclusion

17. ADIC offers a huge opportunity to collaborate in the area of defence industry for participating ASEAN Member States. It will be a major milestone for participating ASEAN Member States towards creating a coordinated defence industrial and technological base in the region. This effort may reduce participating ASEAN Member States’ dependency on the Original Equipment Manufacturers (OEMs) for defence equipments, supports and services and enhance participating ASEAN Member States’ collaboration in developing their indigenous capabilities and capacities without relying on external sources.