

FEATURE ARTICLES

Keeping the Edge: How South Korea Can Stay Competitive In Southeast Asia's Defense Market



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Southeast Asia has emerged as one of the world's most competitive defense markets, attracting suppliers from across Asia, Europe, and North America. For its part, South Korea's defense firms have established a growing presence in the region, with its defense firms securing contracts with several Southeast Asian states. This expanding footprint reflects South Korea's ability to offer capable and

relatively cost-competitive platforms. Yet sustaining this momentum will become increasingly difficult as competition intensifies.

South Korean defense firms are no longer competing solely with the traditional suppliers, the United States, Russia, and China. They have to compete with an increasingly diverse group of established European manufacturers, including Germany and Sweden, as

well as emerging exporters such as Japan and Türkiye. Success in Southeast Asia will therefore require more than competitive products. South Korean firms will need a nuanced understanding of the region's diverse security environments, procurement priorities, and industrial ambitions. By identifying gaps left by other suppliers and offering more flexible forms of defense cooperation, South Korea can move beyond transactional arms sales and establish itself as a credible long-term defense partner for Southeast Asian states.

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SOUTH KOREA'S ROLE IN SOUTHEAST ASIA

South Korean defense firms are well positioned to capitalize on the changing dynamics of Southeast Asia's defense market. As Russia's market share declines due to sanctions, supply chain disruptions, and maintenance challenges, alternative suppliers are increasingly sought. However, it is challenging for the United States and China to fully capture Russia's share of the Southeast Asian arms market. American arms exports remain constrained by export restrictions, high costs, and political conditions. Several Southeast Asian states view the import of China-manufactured weapon systems and platforms

with caution because of territorial disputes in the South China Sea and, to a lesser extent, concerns about the quality of the export versions of these platforms.¹ This situation enables other players, such as South Korea, an opportunity to gain market share in Southeast Asia.

South Korea has been a significant supplier in the Southeast Asian arms market. Between 2020 and 2025, the region accounted for over 25% of South Korea's total arms exports, underscoring its importance as a key market for South Korean defense firms.² Indonesia, Malaysia, the Philippines and Vietnam have all acquired South Korean defense equipment, including fighter aircraft, submarines, frigates, armored vehicles, artillery and trainer aircraft. Seoul's growing success in Southeast Asia is underpinned by a compelling combination of advanced defense technology, competitive pricing, reasonable delivery timelines, and to some extent, a willingness to offer technology transfers and industrial partnerships.

Defense-industrial cooperation has generally remained more limited but expanding. Through projects such as the KF-21 fighter program and naval cooperation, Indonesia has developed a considerably deeper defense-industrial relationship with South Korea than most other Southeast Asian states. South Korea has transferred maritime defense technologies, enabling Indonesia to launch its first locally assembled diesel-electric submarine in 2019, marking a significant milestone in the country's indigenous naval shipbuilding capability.³

¹ Rahman Yaacob, "Southeast Asia's arms suppliers, by the numbers," *The Interpreter*, January 21, 2025, <https://www.lowyinstitute.org/the-interpreter/southeast-asia-arms-suppliers-numbers>

² Data obtained from Stockholm International Peace Research Institute (SIPRI) Arms Transfer Database, <https://armstransfers.sipri.org/ArmsTransfer/ImportExport>

³ Janes, "Indonesia moves third Nagapasa submarine to alternative site for long-delayed launch," March 29, 2019,

In addition to the submarine program, South Korean shipyard Daesun Shipbuilding & Engineering has partnered with PT PAL to manufacture the Makassar-class Landing Platform Dock (LPD) for the Indonesian Navy.⁴ Malaysia has acquired 18 F-50 Block 20 Korean combat aircraft, with 14 to be assembled locally.⁵

However, defense-industrial cooperation also carries risks. The KF-21 program illustrates how financial disputes and technology-security concerns can complicate joint development. Indonesia initially committed to 20% of development costs but later negotiated a substantial reduction, while alleged technology leakage involving Indonesian engineers triggered a South Korean investigation.⁶ These challenges highlight the difficulties of managing cost-sharing and technology transfer between a South Korean defense firm and a foreign entity.

Overall, South Korea's defense engagement with Southeast Asia remains largely focused on platform sales, with limited industrial cooperation in areas such as local production, technology transfer, and MRO (maintenance, repair, and operations). This presents an opportunity for South Korean firms to use arms sales as a gateway to deeper, longer-term industrial partnerships, strengthening their market presence and competitiveness across the region.

SOUTHEAST ASIA IS NOT ONE DEFENSE MARKET

<https://www.janes.com/defence-intelligence-insights/defence-news/indonesia-moves-third-nagapasa-submarine-to-alternative-site-for-long-delayed-launch>

⁴ Army Recognition, "PT Pal Cuts First Steel for Indonesian Navy - TNI AL - Sixth Landing Platform Dock," May 2, 2017.

<https://www.armyrecognition.com/archives/archives-naval-defense/naval-defense-2017/pt-pal-cuts-first-steel-for-indonesian-navy-tni-al-sixth-landing-platform-dock>

⁵ Defence News, "Malaysia inks light combat jet, maritime patrol aircraft deals," May 25, 2023,

Southeast Asia should not be regarded as a single, homogeneous defense market. Each state has distinct strategic environments, threat perceptions, defense priorities, operational requirements and procurement practices. Terrain plays an important role too. Maritime states generally prioritize naval, maritime surveillance, and coastal defense capabilities, while mainland states tend to place

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greater emphasis on territorial defense and land-based systems. Even within these broad categories, requirements differ significantly. Indonesia and Singapore are two examples of maritime Southeast Asian states with different approaches to arms procurement.

Singapore, given its small population, prioritizes technologically advanced systems and qualitative military superiority.⁷ On the other hand, Indonesia's defense procurements are driven by the need to avoid overreliance on a single supplier, as

<https://www.defensenews.com/global/asia-pacific/2023/05/25/malaysia-inks-light-combat-jet-maritime-patrol-aircraft-deals/>

⁶ Asia News Network, "Two Indonesians probed in suspected leak of fighter jet tech in South Korea," March 18, 2024, <https://asianews.network/two-indonesians-probed-in-suspected-leak-of-fighter-jet-tech-in-south-korea/>

⁷ Michael Raska, "Singapore's smart army," *East Asia Forum*, May 2, 2014, <https://eastasiaforum.org/2014/05/01/singapores-smart-army/>

well as the ambition to develop local defense-industrial capabilities.⁸ These differences mean that South Korean firms cannot rely on a one-size-fits-all approach.

Mainland and Maritime Southeast Asia

At a broader regional level, Southeast Asia can be divided into two strategic sub-regions: mainland and maritime Southeast Asia. They have different threat perceptions and security considerations. In the case of maritime Southeast Asia, and to some extent Vietnam, a major concern is protecting and defending their maritime interests. They prioritize naval modernization, maritime domain awareness, and air power to protect their extensive coastlines, sea lines of communication, and exclusive economic zones. Brunei, Malaysia, the Philippines, and Vietnam have competing maritime claims with China and Taiwan in the South China Sea. Indonesia is not a claimant in the South China Sea disputes. Still, China claims the waters around the Indonesian Natuna Islands, located at the southern end of the South China Sea.⁹ Singapore's position as a maritime hub and reliance on maritime trade

pushes the small island state to maintain a small but modern navy.¹⁰

Concerns over maritime security and stability prompted several Southeast Asian maritime states, including Vietnam, to focus on strengthening their air and maritime capabilities. The Philippines, and now Indonesia, have acquired Indian-built BrahMos anti-ship missiles.¹¹ Malaysia, with assistance from the United States, has built up its maritime domain awareness in the eastern Malaysian states of Sabah and Sarawak, which are geographically closer to the contested South China Sea.¹²

On the other hand, mainland Southeast Asian states such as landlocked Laos and Myanmar, where an insurgency against the military junta is ongoing, focus more on domestic security, where the role of the army is significant.¹³ Cambodia and Thailand, which were involved in deadly military clashes along their land border in 2025, are focused more on building up their land forces as a critical component to enforce their land claims. In July 2026, Cambodia received 39 Chinese-made T-59D tanks out of the 93 units it had ordered.¹⁴ Thailand continued to

⁸ Roundtable with a group of Indonesian senior military officials, May 2024. See also Alfin Febrian Basundoro, "In contested region, Indonesia diversifies arms imports," *The Strategist*, September 10, 2025, <https://www.aspistrategist.org.au/in-contested-region-indonesia-diversifies-arms-imports/>

⁹ Rahman Yaacob, "Prabowo's China challenge around the Natuna Islands," *The Interpreter*, October 25, 2024, <https://www.lowyinstitute.org/the-interpreter/prabowo-s-china-challenge-around-natuna-islands>

¹⁰ Singapore's Ministry of Defence, "Fact Sheet: Safeguarding Singapore's Maritime Trade and Industry," April 19, 2018, https://www.mindef.gov.sg/news-and-events/latest-releases/19apr18_fs/. See also Defense News, "Indonesia drops KF-21 co-production plans, eyeing stock warplanes instead," July 6, 2026, <https://www.defensenews.com/global/asia-pacific/2026/07/06/indonesia-drops-kf-21-co-production-plans-eyeing-stock-warplanes-instead/>

¹¹ Brahmos Aerospace, "India delivers first batch of BRAHMOS missiles to Philippines," April 19, 2024,

<https://www.brahmos.com/brahmos-in-media/114>. See also Naval News, "Indonesia Signs BrahMos Missile Deal with India", July 7, 2026, <https://www.navalnews.com/naval-news/2026/07/indonesia-signs-brahmos-missile-deal-with-india/>

¹² Rahman Yaacob, "Malaysia's Silent Military Buildup on Borneo", *The Diplomat*, June 10, 2025, <https://thediplomat.com/2025/06/malysias-silent-military-buildup-on-borneo/>.

¹³ Lao News Agency, "Under Party Leadership, the Lao People's Army Advances Toward a Modern, Professional Force", January 8, 2026, <https://kpl.gov.la/En/detail.aspx/detail.aspx?id=96423>; BBC News, "Millions opposed military rule in Myanmar. Is their dream of a revolution over?", July 31, 2026, <https://www.bbc.com/news/articles/ckgd3k7xe39o>.

¹⁴ The National Interest, "Cambodia Is Buying Dozens of Chinese Tanks. Thailand Isn't Too Worried," June 14, 2026, <https://nationalinterest.org/blog/buzz/cambodia-buying-dozens-of-chinese-tanks-thailand-isnt-too-worried-ps-061426>,

upgrade its armored fleet and artillery capabilities, acquiring VN1 8×8 wheeled armored vehicles from China.¹⁵ In addition, the Royal Thai Army has received 17 Stryker armored vehicles from the United States in early 2026 and is considering acquiring American-made M142 High Mobility Artillery Rocket System (HIMARS).¹⁶ Cambodia and Thailand will likely continue investing in their land forces, given ongoing land border disputes.

Threat Perceptions

Southeast Asian states do not share a common assessment of the regional security environment. While some increasingly view China as their principal external security challenge, others remain more concerned with neighboring states or internal threats such as separatist-led insurgencies.¹⁷ China's military build-up, the U.S.-China rivalry, and territorial disputes with China and neighboring states are other factors driving Southeast Asian states' arms procurement programs.¹⁸

As Beijing continues to expand the size and capabilities of the People's Liberation Army-Navy (PLAN), many Southeast Asian countries seek to strengthen their defense capabilities to protect their security and maritime interests, especially for maritime Southeast Asian states and Vietnam. China is expected to field about 435 warships by 2030,

compared to fewer than 300 ships in the US Navy.¹⁹ China's growing maritime capabilities have heightened concerns in many capitals throughout Southeast Asia, which are further affected by their maritime disputes with China in the South China Sea. These differing strategic priorities shape military capability development and procurement choices.

A PARTNER OF CHOICE

South Korea could emerge as one of the principal beneficiaries of the trends and challenges mentioned above. However, there are a few factors that the South Korean government and defense firms could consider to secure their position as preferred defense partners for Southeast Asian states.

Air and Maritime Domains

Southeast Asia's arms procurement patterns have been heavily skewed towards the air and maritime domains. Between 2010 and 2025, roughly 75% of the USD 36 billion spent on imported arms and weapon platforms was allocated to air and naval platforms and munitions.²⁰ Thus, these domains offer significant opportunities for South Korean defense firms to expand their presence and develop longer-term partnerships in the region.

¹⁵ Asean Military Review, "Thai Army Buying 1 Billion Baht Worth of Armored Vehicles from China," January 16, 2026, <https://www.asianmilitaryreview.com/2026/01/thai-army-buying-1-billion-baht-worth-of-armored-vehicles-from-china/>

¹⁶ The Nation, "Thai army receives 17 Stryker vehicles from US after Hanuman Guardian joint exercise," March 20, 2026, <https://www.nationthailand.com/news/general/40064053>; see also Defence Security Asia, "Thailand Moves Toward HIMARS Acquisition After Border Rocket Attacks, Reshaping Southeast Asia's Strategic Deterrence Balance," June 23, 2026, <https://defencesecurityasia.com/en/thailand-himars-acquisition-southeast-asia-strategic-deterrence/>

¹⁷ These points were raised during a Lowy Institute's workshop, Coordinating in Crisis: Indo-Pacific Security Workshop, held

from 10-11 June 2026 in Sydney, Australia. The author moderated two panels on Southeast Asian threat perceptions.

¹⁸ Rahman Yaacob, Gatra Priyandita, Sylvia Laksmi, "Southeast Asia's security landscape: Lessons for the ADF," *Occasional Paper, Australian Army Research Centre*, 2023, https://researchcentre.army.gov.au/sites/default/files/op_17_southeast_asia_s_security_landscape_lessons_for_the_adf.pdf

¹⁹ US Congress, "China Naval Modernisation: Implications for U.S. Navy Capabilities—Background and Issues for Congress," April 24, 2025, <https://www.congress.gov/crs-product/RL33153>

²⁰ Data obtained from Stockholm International Peace Research Institute (SIPRI) Military Expenditure Database, <https://www.sipri.org/databases/milex>.

The maritime domain is particularly promising, with regional states in various stages of upgrading their naval platforms—frigates, corvettes, submarines, patrol vessels, maritime surveillance systems, and coastal defense capabilities, including land-based anti-ship missiles. With tensions in the South China Sea showing little sign of abating and much of Southeast Asia's economic prosperity dependent on secure maritime trade, South Korean defense firms could focus on assisting regional states to improve their maritime domain awareness. LIG Nex1 Maritime Surveillance Radar-II, which could be mass-produced and deployed along the coast, offers an attractive option for large archipelagic states such as Indonesia and the Philippines, or those with long coastlines such as Malaysia and Vietnam.

A few Southeast Asian states still lack air defense capabilities. The Cheongung-II air-defense system, which has proven itself on the battlefield in the Middle East, has the potential to be marketed to Southeast Asian militaries seeking to establish credible air defense capabilities. Malaysia and the Philippines are potential markets, given that they operate or will operate Korean-made FA-50 combat aircraft.

Drones, Unmanned Platforms & Loitering Munitions

Another area of interest in Southeast Asia is the development of drones and unmanned platforms. The 2025 Cambodia–Thailand border conflict demonstrated the growing importance of unmanned systems in Southeast Asian military

operations, with drones being used extensively for surveillance, targeting, and strike missions.²¹ Indonesia, given its vast archipelagic geography, is also seeking to expand its use of drones and unmanned underwater platforms to enhance maritime surveillance and conduct naval patrols more efficiently.²² Singapore, meanwhile, is developing loitering munitions as part of its broader effort to strengthen precision-strike and distributed warfare capabilities.²³ These developments point to growing regional demand for relatively affordable, flexible unmanned systems, creating opportunities for South Korean firms with expertise in drones, autonomous systems, sensors, and precision weapons.

Commit to the entire life cycle of the platform

Southeast Asian militaries place considerable value on suppliers that remain engaged long after delivery. Reliable after-sales support, including training, maintenance, software upgrades, spare parts and technical assistance, is critical to keeping equipment operational throughout its service life. This creates opportunities for South Korean firms to establish regional MRO facilities to support platforms such as the FA-50 light combat aircraft operated by or being acquired by Malaysia and the Philippines. MRO facilities for naval platforms are a promising possibility, given that the Philippines, Thailand, and Vietnam operate South Korean-built vessels. Regional MRO hubs could reduce downtime, repair costs, and reliance on overseas support while ensuring faster access to technical assistance and

²¹ Jonathan Tenhove, "Drone Warfare and Escalation Risks on the Thailand - Cambodia Border", *Bloomsbury Intelligence and Security Institute (BISI)*, March 17, 2026, <https://bisi.org.uk/reports/drone-warfare-and-escalation-risks-on-the-thailand-cambodia-border>

²² Antara News, "Indonesia plans drones, unmanned subs for efficient naval patrols", April 16, 2026,

<https://en.antaranews.com/news/412513/indonesia-plans-drones-unmanned-subs-for-efficient-naval-patrols>.

²³ Defence Security Asia, "ST Engineering Unveils EagleStrike Loitering Munition at Singapore Airshow 2026, Redefining Tactical Warfare in the Indo-Pacific," February 2, 2026, <https://defencesecurityasia.com/en/st-engineering-eaglestrike-loitering-munition-singapore-airshow-2026/>

spare parts. This approach would create the impression that South Korean systems are sustainable and offer value for money in the long run.

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Developing Long-Term Institutional Partnerships

Many Southeast Asian states are increasingly seeking to move beyond being passive consumers of imported defense materiel and platforms. Their objective is to develop greater domestic industrial capacity and reduce exposure to disruptions or political uncertainties within external supply chains. Malaysia's naval modernization program illustrates the risks associated with such dependence. Norway's cancellation of the Naval Strike Missile sale to the Royal Malaysian Navy in May 2026, despite Malaysia having reportedly made most of the payment, underscores the vulnerability of defense procurement to supplier-side decisions.²⁴

South Korean defense firms can differentiate themselves through deeper defense partnerships beyond industrial ones. Beyond industry-to-industry cooperation, Seoul could partner with Southeast

Asian defense institutions to develop internships and exchange programs, including Malaysia's Armed Forces Defense College, Singapore's Temasek Defense Systems Institute, and Indonesia's Defense University. Such initiatives would build professional networks, strengthen institutional trust, and give Korean firms greater insight into regional operational and procurement needs.

CONCLUSION

South Korea's success in Southeast Asia will ultimately depend on whether it is seen not merely as an arms supplier, but as a trusted long-term strategic partner. By supporting local industrial development, providing dependable lifetime support, and pursuing deep-dive partnerships beyond just industry-to-industry, Seoul can secure a lasting competitive advantage in the Southeast Asian arms market.

²⁴ The Straits Times, "Malaysia rebukes Norway over cancelled missile deal; calls out global 'hypocrisy' on war crimes," May 31, 2026, [https://www.straitstimes.com/asia/se-asia/malaysia-](https://www.straitstimes.com/asia/se-asia/malaysia-rebukes-norway-over-cancelled-missile-deal-calls-out-global-hypocrisy-on-war-crimes)

[rebukes-norway-over-cancelled-missile-deal-calls-out-global-hypocrisy-on-war-crimes](https://www.straitstimes.com/asia/se-asia/malaysia-rebukes-norway-over-cancelled-missile-deal-calls-out-global-hypocrisy-on-war-crimes)

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