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# **NIDS ASEAN Workshop 2025**

## **New Strategies in Southeast Asia?**

**The National Institute for Defense Studies, Japan**

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# CHAPTER 1

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## Hedging as a Policy Without Pronouncement: A Tale of Three Defense White Papers

*Kuik Cheng-Chwee*

Hedging is a *prevalent* alignment behavior, a *persistent* choice, but also a *puzzling* phenomenon in contemporary international relations. It is the prevalent post-Cold War alignment pattern in Southeast Asia and other regions, where the vast majority of “middle states”—the sovereign actors sandwiched between two or more competing powers—have rejected the straightforward strategies of “balancing” (e.g., siding with Washington to counter-balance Beijing) and “bandwagoning” (siding with and showing subservience to Beijing to maximize profits and/or minimize security loss).<sup>1</sup> Instead of completely aligning and siding with a major power against the other, most of the middle states (including some U.S. allies like Brazil, Hungary, Qatar, Thailand, Türkiye, UAE) have insisted on pursuing a middle and opposing position—i.e., a mixed approach with mutually-counteracting measures—with an eye to hedging against multiple risks and keeping options open.<sup>2</sup> As an alignment choice, hedging typically involves three insurance-seeking approaches: *active neutrality* (actively making efforts to signal a “not-taking-sides” stance), *inclusive diversification*, and *adaptive offsets* to ensure fallback options in case things go awry in the anarchic international system.<sup>3</sup>

By the mid-2020s, it has become clear that hedging is a persistent decision for many middle

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<sup>1</sup> On “balancing” and “bandwagoning”, see Kenneth N. Waltz, *Theory of International Politics* (Illinois: Waveland Press, 1979); Stephen M. Walt, “Alliance Formation and the Balance of World Power,” *International Security* 9, no. 4 (1985): 3–43; Stephen M. Walt, *The Origins of Alliances* (Ithaca, NY: Cornell University Press, 1987); Randall L. Schweller, “Bandwagoning for Profit: Bringing the Revisionist State Back In,” *International Security* 19, no. 1 (1994): 72–107.

<sup>2</sup> See, for instance, Mehran Kamrava, *Qatar: Small State, Big Politics* (Ithaca, NY: Cornell University Press, 2013); Atul Kumar, “Sino-Turkish Strategic Partnership: Prudent Hedging or Irreversible Shift?,” *China Report* 49, no. 1 (2013): 119–41; Cheng-Chwee Kuik, “How Do Weaker States Hedge? Unpacking ASEAN States’ Alignment Behavior towards China,” *Journal of Contemporary China* 25, no. 100 (2016): 500–14; Ann Marie Murphy, “Great Power Rivalries, Domestic Politics and Southeast Asian Foreign Policy: Exploring the Linkages,” *Asian Security* 13, no. 3 (2017): 165–82; Matias Spektor, “In Defense of the Fence Sitters: What the West Gets Wrong About Hedging,” *Foreign Affairs*, April 18, 2023, <https://www.foreignaffairs.com/world/global-south-defense-fence-sitters>; Hussein Kalout and Feliciano de Sá Guimarães, “Hedging Between the US and China: Brazil Protecting Itself to Survive,” *CEBRI-Journal* 1, no. 4 (2022): 18–36.

<sup>3</sup> For a conceptualization of hedging as a neutrality-plus, insurance-seeking behavior under uncertainty aimed at minimizing and mitigating risks while maximizing returns and maintaining fallback options, see Cheng-Chwee Kuik, “The Essence of Hedging: Malaysia and Singapore’s Response to a Rising China,” *Contemporary Southeast Asia* 30, no. 2 (2008): 159–85; Cheng-Chwee Kuik, “Getting Hedging Right: A Small-State Perspective,” *China International Strategy Review* 3, no. 2 (2021): 300–15; Cheng-Chwee Kuik, “Explaining Hedging: The Case of Malaysian Equidistance,” *Contemporary Southeast Asia* 46, no. 1 (2024): 43–76. On alternative definitions of hedging, see Evelyn Goh, *Meeting the China Challenge: The U.S. in Southeast Asian Regional Security Strategies*, Policy Studies 16 (Washington, DC: East-West Center Washington, 2005); Darren J. Lim and Zack Cooper, “Reassessing Hedging: The Logic of Alignment in East Asia,” *Security Studies* 24, no. 4 (2015): 696–727; Jürgen Haacke, “The Concept of Hedging and Its Application to Southeast Asia: A Critique and a Proposal for a Modified Conceptual and Methodological Framework,” *International Relations of the Asia-Pacific* 19, no. 3 (2019): 375–417; John D. Ciorciari, “The Variable Effectiveness of Hedging Strategies,” *International Relations of the Asia-Pacific* 19, no. 3 (2019): 523–55; David Martin Jones and Nicole Jenne, “Hedging and Grand Strategy in Southeast Asian Foreign Policy,” *International Relations of the Asia-Pacific* 22, no. 2 (2022): 205–35; Kai He and Huiyun Feng, *After Hedging: Hard Choices for the Indo-Pacific States Between the US and China* (Cambridge: Cambridge University Press).

states. Despite the dramatic changes in power configurations at the global and regional levels over the past decade (i.e., the intensifying U.S.-China rivalry, the increasing activism of the next-tier powers in turning the Indo-Pacific construct into geopolitical and geoeconomic realities, and the gradual institutionalization of BRICS and other non-Western groups across the Global South), most regional states in Asia and beyond have continued to stick to, rather than depart from, their hedging approaches. This is especially so among the member states of the Association of Southeast Asian Nations (ASEAN), a group of small- and medium-sized states at the center of intensified Great Power competition and courtships.<sup>4</sup> With the advent of the second Donald Trump Administration (hereafter Trump 2.0) in the United States in January 2025, the already heightened rivalries and associated uncertainties are likely to further escalate across the military and non-military chessboards. These heightened uncertainties, in turn, are likely to deepen and widen middle-state hedging in the Indo-Pacific and elsewhere globally.<sup>5</sup>

Hedging, however, is an intriguing phenomenon in world politics. That is, even though many countries practice and pursue some form of hedging, very few (if any) governments and leaders ever explicitly label—let alone announce—their policy as “hedging”. Almost all hedger states prefer using such terms as “independent”, “neutral”, “non-aligned”, “equidistant”, “multi-vector”, “multi-aligned”, or “bamboo diplomacy” to describe their alignment position.<sup>6</sup> Why do hedgers “just do it” without proclaiming it? How do we know if hedging is in play? Put differently, since a hedger state typically hedges without announcing it, what then are the indicators of hedging?

This paper addresses these issues by focusing on the Defense White Papers (DWP) and related documents of three middle states in the Indo-Pacific—namely Australia, Malaysia, and Vietnam—as

<sup>4</sup> Alice D. Ba, “Beyond Dichotomous Choices: Responses to Chinese Initiative in Southeast Asia,” in *Regional Powers and Contested Leadership*, ed. Hannes Ebert and Daniel Flemes (Cham: Springer International Publishing, 2018), 189–227; See Seng Tan, “Consigned to Hedge: South-East Asia and America’s ‘Free and Open Indo-Pacific’ Strategy,” *International Affairs* 96, no. 1 (2020): 131–48; David Shambaugh, *Where Great Powers Meet: America and China in Southeast Asia* (New York: Oxford University Press, 2020); Jun Yan Chang, “Not between the Devil and the Deep Blue Sea: Singapore’s Hedging,” *International Studies Quarterly* 66, no. 3 (2022): 1–12; Dewi Fortuna Anwar, “Indonesia’s Hedging Plus Policy in the Face of China’s Rise and the US-China Rivalry in the Indo-Pacific Region,” *The Pacific Review* 36, no. 2 (2023): 351–77; Cheng-Chwee Kuik, “Shades of Grey: Riskification and Hedging in the Indo-Pacific,” *The Pacific Review* 36, no. 6 (2023): 1181–1214; Hunter S Marston, “Navigating Great Power Competition: A Neoclassical Realist View of Hedging,” *International Relations of the Asia-Pacific* 24, no. 1 (2024): 29–63.

<sup>5</sup> Graham Allison, “Trump Is Already Reshaping Geopolitics,” *Foreign Affairs*, January 16, 2024, <https://www.foreignaffairs.com/united-states/trump-already-reshaping-geopolitics>; Cheng-Chwee Kuik and Nur Shahadah Jamil, “The Feasibility and Future of Middle-State Hedging,” *East Asian Policy* 16, no. 4 (2024): 7–28; Matias Spektor, “Rise of the Nonaligned: Who Wins in a Multipolar World?,” *Foreign Affairs*, January 7, 2025, <https://www.foreignaffairs.com/united-states/rise-nonaligned-multipolar-world-matias-spektor>.

<sup>6</sup> Reuel R. Hanks, “‘Multi-vector Politics’ and Kazakhstan’s Emerging Role as a Geo-strategic Player in Central Asia,” *Journal of Balkan and Near Eastern Studies* 11, no. 3 (2009): 257–67; Carlos Fortín, Jorge Heine, and Carlos Ominami, “Latin America Between a Rock and a Hard Place: A Second Cold War and the Active Non-alignment Option,” *Global Policy* (2020): 1–18; Ang Guan Teo and Kei Koga, “Conceptualizing Equidistant Diplomacy in International Relations: The Case of Singapore,” *International Relations of the Asia-Pacific* 22, no. 3 (2022): 375–409; Kuik, “Explaining Hedging”. Some of these behavioral patterns are associated with “middle power” statecraft. See Thomas Parks, *Southeast Asia’s Multipolar Future: Averting a New Cold War* (London: Bloomsbury Publishing, 2023); Sarah Teo, *Middle Powers in Asia Pacific Multilateralism: A Differential Framework* (Bristol: Bristol University Press, 2023); Pongphisoot Busbarat, “Bamboo Stuck in the Chinese Wind,” *Contemporary Southeast Asia* 46, no. 1 (2024): 125–146.

empirical cases to illuminate how states choose to respond to intensifying Great Power rivalry.<sup>7</sup> We pay particular attention to whether these states are pursuing hedging or non-hedging policy approaches.

There are several reasons to focus on DWPs. To begin, a DWP is a government's official statement of strategic intent vis-à-vis target audiences, both internal and external, concerning matters of national defense. This key policy document *signals* how a country perceives its security environment; how it positions itself vis-à-vis competing powers, neighbors, and external actors; and how it plans to defend its national interests, preserve regional stability, and promote international security. Reading between the lines, one can discern signs, sentiments, and indicators that combine to reflect a country's outlook on, *inter alia*: (a) whether it perceives the presence of an imminent and direct threat, and if so, its magnitude and manifestation; (b) whether it perceives the availability, reliability and suitability of a principal patron, preferred partner, or pertinent platform to tackle the perceived danger(s); and (c) how its self-image and other domestic factors shape its choices in determining its prioritized interests and primary instruments of statecraft to defend these interests. These dimensions are among the most important indicators to infer whether, to what extent, and in what ways a country chooses to hedge (even without announcing it as such), balance, or adopt other approaches.

Why focus on Australia, Malaysia, and Vietnam? There are three reasons. First, the three countries represent different parts of the Indo-Pacific region: Oceania (Australia), maritime Southeast Asia (Malaysia), and mainland Southeast Asia (Vietnam). Second, they represent different types of alignment choices: hedging (Malaysia and Vietnam) versus non-hedging, and more specifically, balancing (Australia). These differences will be elaborated upon below. Third, the countries' different choices reflect intriguing puzzles: Why do the two ASEAN states—who are claimant states in the multi-nation disputes about the South China Sea—opt to hedge, while Australia, a non-claimant state, opts to balance? These choices seem counter-intuitive. Furthermore, why do the ASEAN states insist on hedging even as the Philippines, a fellow ASEAN member and claimant state, steps up its balancing strategy against China? Why do they persist in hedging even as the United States and fellow Quad members (i.e., Australia, India and Japan) deepen their counter-balancing measures against China and offer to partner with ASEAN states to jointly push back Beijing in the face of China's growing assertiveness?

To address these interrelated puzzles, the paper proceeds in four parts. The first part defines “what” hedging is in international relations, before enunciating the key differences between hedging, balancing, and bandwagoning. The second part explains “why” hedging is, in practice, a policy without pronouncement: a middle state's silent, seemingly incoherent but *strategically instinctive*

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<sup>7</sup> This study distinguishes between “middle states” and “middle powers”. Middle states, a broader term, refers to sovereign states who are sandwiched between two or more competing big powers. Middle powers refers to those middle states with three “I” agency: an ability to advance one's own *initiative* or idea; an ability to work with others for *institutionalizing* that initiative into regular cooperation; and an ability to promote that institutionalized initiative into an *impactful* cooperation that shapes contemporary inter-state interactions.



*behavior* to survive under conditions of high stakes and high uncertainty. The third part deals with the “how” issues by identifying the defining indicators of hedging which distinguish it from non-hedging behavior, such as balancing. It examines the empirical evidence of various alignment behaviors in the Indo-Pacific by focusing on the DWPs and related documents, contrasting Vietnam and Malaysia’s hedging approaches with Australia’s balancing strategy. The conclusion provides a summary and offers preliminary observations on the implications of hedging as an instinctive strategic behavior for middle states and emerging partners like Japan.

## **WHAT is Hedging: A Survival-Driven Alignment Choice Under Uncertainty**

Hedging is a common behavior in many domains of human activity—particularly agriculture, finance, academia, and politics.<sup>8</sup> Sovereign actors hedge along a logic similar to that followed by financial fund managers, farmers, writers, lawyers, and politicians. Rational actors opt for hedging when the stakes (survival, profit, reputation) are high *and* when the situation(s) determining those stakes are highly uncertain (e.g., unpredictable weather conditions, price fluctuations, unknown facts, unstable power relations, a volatile power structure).

The logic of hedging is discernable from several commonly-used phrases and expressions that reflect the basic attributes of hedging as prudent human behavior under high-stakes, high-uncertainties conditions. These include: “Just in case”; “Better safe than sorry”; “Do not put all your eggs in one basket”; “Do not burn bridges”; “Never say never”; “Working for the best, preparing for the worst”, etc. Such precautionary insurance-seeking mindsets and behavioral inclinations underpin hedging as a survival-driven middle-state alignment choice at the international level.

With these cross-disciplinary insights and everyday phrases in mind, we can offer a conceptualization of hedging for the study of IR:

Hedging is defined as an insurance-seeking alignment behavior under the conditions of high-uncertainty and high-stakes where a sovereign actor concurrently pursues the three prudent approaches of active neutrality, inclusive diversification, and adaptive offsets, with an eye toward mitigating risks while maximizing returns and maintaining fallback options.<sup>9</sup>

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<sup>8</sup> Ralph D. Stiles, “The Effect of Hedging upon Flour Mill Control,” *Harvard Business Review* 1, no. 1 (1922): 64–70; Glenn G. Munn, F. L. Garcia, and Charles J. Woelfel, *Encyclopaedia of Banking and Finance*, 9th ed. (New York: McGraw-Hill, 1991); Ken Hyland, “Writing Without Conviction? Hedging in Science Research Articles,” *Applied Linguistics* 17, no. 4 (1996): 433–54; Antoine Yoshinaka and Christian R. Grose, “Ideological Hedging in Uncertain Times: Inconsistent Legislative Representation and Voter Enfranchisement,” *British Journal of Political Science* 41, no. 4 (2011): 765–94.

<sup>9</sup> Cheng-Chwee Kuik, “Hedging in Post-Pandemic Asia: What, How, and Why?,” The Asan Forum, 2020, [www.theasanforum.org/hedging-in-post-pandemic-asia-what-how-and-why/](http://www.theasanforum.org/hedging-in-post-pandemic-asia-what-how-and-why/); Cheng-Chwee Kuik and Chen-Dong Tso, “Hedging in Non-Traditional Security: The Case of Vietnam’s Disaster Response Cooperation,” *The Chinese Journal of International Politics* 15, no. 4 (November 21, 2022): 422–42; Cheng-Chwee Kuik, “Southeast Asian Responses to U.S.-China Tech Competition: Hedging and Economy-Security Tradeoffs,” *Journal of Chinese Political Science* 29, 509–538.

Hedging is constituted and implemented by three insurance-seeking approaches, i.e., (a) actively signaling a neutral, not-taking-sides stance (thereby avoiding the twin strategic risks of entrapment and abandonment); (b) inclusively diversifying one's economic and strategic ties (thereby avoiding the dangers of economic dependence and political coercion, i.e., the danger of putting all one's eggs in one basket); and (c) adaptively pursuing mixed and mutually counteracting measures (e.g., concurrently pursuing engagement and containment, concurrently displaying selective deference and selective defiance) with an eye to offsetting multiple risks (all of the above-mentioned dangers and hazards), thereby ensuring fallback options in case things move in undesirable directions.

Table 1 below illustrates how hedging is distinguishable from balancing and bandwagoning. The distinctions cover several grounds: macro-level alignment positioning (avoiding siding with any power versus fully allying with a single power), primary ends/drivers, and primary means (tools and instruments).

**Table 1. Balancing, Bandwagoning and Hedging Compared**

	Balancing	Bandwagoning	Hedging
Macro-level alignment	Fully siding with one power against another (a rising power or a growing threat)	Fully siding with one power (a rising power or a growing threat)	Not taking sides / neutral / equidistance / non-alignment via multi-alignment
Primary ends	Security-seeking: Balancing the strongest power (Waltz) / Balancing the most threatening power (Walt)	Utility-seeking: Maximizing profits (Schweller) / Minimizing security threat (Walt)	Insurance-seeking: Mitigating and offsetting risks; Cultivating fallback options
Primary means (across micro-level domains)	Primarily military means (alliance and armament) + any other tools and instruments	Primarily political means (displaying full deference) + any other tools	All available instruments pursued in an opposite and mutually-counteractive manner * active * inclusive * adaptive

(Source: Kuik, "Explaining Hedging")

Describing hedging as a prevalent and persistent behavior is not to suggest that it is a permanent behavior. Like all other forms of alignment behavior, hedging emerges, evolves, and ends according to changing conditions.<sup>10</sup>

<sup>10</sup> For further elaboration, see Cheng-Chwee Kuik, "Southeast Asia Hedges between Feasibility and Desirability", East Asia Forum, July 4, 2023, <https://eastasiaforum.org/2023/07/04/southeast-asia-hedges-between-feasibility-and-desirability/>; Kuik and Shahadah, "The Feasibility and Future of Middle-State Hedging".

## WHY is Hedging An Unannounced Policy?

A policy typically involves policymakers consciously making an announcement or a series of statements, verbally and/or in a written format, regarding the policy's name, goals, and action plans. An explicit announcement, more often than not, is an essential element of a public policy. The announcement is necessary so that a policy's rationale, *modus operandi*, and intended results can be communicated clearly to all relevant targets, partners, and stakeholders to facilitate and ensure effective implementation.

However, this may not apply to hedging as an alignment behavior. Indeed, judging from how states have been pursuing hedging in the contemporary era, it is clear that in practice, hedging is a policy without pronouncement. That is, even though many governments have been implementing policies with the attributes of hedging, all of them have avoided admitting and announcing their policies as being such. Government leaders and policy officials have distanced themselves from using hedging as a term or label. There are several reasons why they have done so.

The first reason is perceptual. Nearly three decades after the term was brought into the study of IR from other disciplines, there are still common misperceptions and misunderstandings about hedging in foreign and security policy circles, where it is viewed as a negative word or behavior. Some equate hedging with a policy approach that is indecisive, inconsistent, or worse, two-faced. Some perceive hedging as an opportunistic and speculative act. Others dismiss hedging as an ineffectual and unworthy strategy. Still others blame it as a source of instability and unpredictability.<sup>11</sup> Given these negative misinterpretations, it is not surprising that no government wants to associate itself officially with hedging.

Another reason is pragmatic calculation: states want to reduce, not increase, risks. Since hedging is often associated with and understood as a precautionary act in response to uncertain intentions or unpredictable situations, proclaiming one's policy as hedging would be tantamount to signaling distrust of the target country. Such signaling would increase, not decrease, risks, thereby defeating its very purpose. A growing number of IR scholars have examined the links between "trust" and "hedging," arguing that in relationships that are trustworthy, there is "no need to hedge."<sup>12</sup> While this argument is not incorrect, it is incomplete, as it only covers trustful/ distrustful relationships between states, but overlooks that hedger states are not only cautious about uncertain intentions and less trustful

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<sup>11</sup> For a brief discussion on these misperceptions and misunderstandings of hedging, see Kuik, "Getting Hedging Right"; Kuik and Shahadah, "The Feasibility and Future of Middle-State Hedging".

<sup>12</sup> See, for instance, Vincent Charles Keating and Jan Ruzicka, "Trusting Relationships in International Politics: No Need to Hedge," *Review of International Studies* 40, no. 4 (2014): 753–70. See also Van Jackson, "Power, Trust, and Network Complexity: Three Logics of Hedging in Asian Security," *International Relations of the Asia-Pacific* 14, no. 3 (2014): 331–56; Kendall Stiles, *Trust and Hedging in International Relations* (Ann Arbor: University of Michigan Press, 2018).

relations, but are also unpredictability in circumstances *above and beyond intentions*.<sup>13</sup> These include power dynamics at the systemic level that are beyond the control of any single state. For example, this is shown in the action-reaction between two competing powers that might lead to a direct military conflict no one wants but risks entrapping middle states for a range of possible reasons (e.g., geographical proximity, association, miscalculation, accidental encounters, etc.). It is this wide array of risks and uncertainties, rather than mere distrust or a lack of trust, that is the primary driver of hedging behavior.

Leaders who opt for hedging are mostly aware of such broader risks of uncertainty, but the imperative of wanting to send the right signal to reduce risks convinces them that the hedging policy is best executed without announcing it. This is especially so for countries that see themselves as highly vulnerable, in a hostile neighborhood, or are confronting heightened power rivalries and an intensified pressure to take a side.

The third reason has to do with the loose and uneven nature of hedging as a state behavior. While many observers and writers have regarded hedging as a “strategy” in the strict sense of the term, some scholars see hedging more as an “instinctive” behavior. From the latter perspective, hedging may not necessarily be a well-orchestrated strategy, if by “strategy” one means a coherently crafted grand plan linking clearly identified political *ends* with carefully calculated *means* (military and non-military) and coordinated *ways* (across agencies).<sup>14</sup>

Rather, hedging is very often more of a prudent, precautionary behavior driven by “just-in-case” instinctive reasoning, and is typically manifested in loose, incoherent, and even seemingly contradictory policy actions. Such less-than-tidy policy features and processes should not surprise anyone familiar with real-world policy formulation and implementation, especially in countries constrained by contested leadership and inter-elite dynamics, a fragmented bureaucracy, intense inter-agency rivalries, diffuse governance structures, a divided society, or competing socioeconomic and bottom-up demands. After all, while all states want to have a sound and sophisticated strategy, very few states actually possess the required capacity and competency to devise—let alone execute—a coherent strategy in the strict sense of the word.

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<sup>13</sup> On uncertainty in international relations, see Brian C. Rathbun, “Uncertain about Uncertainty: Understanding the Multiple Meanings of a Crucial Concept in International Relations Theory,” *International Studies Quarterly* 51, no. 3 (2007): 533–57; Jonathan Kirshner, *An Unwritten Future: Realism and Uncertainty in World Politics* (Princeton: Princeton University Press, 2022), Chapter 7. On risks and uncertainty in various facets of human activity, see Peter L. Bernstein, *Against the Gods: The Remarkable Story of Risk* (New York: Wiley, 1996); Darryl SL Jarvis, “Theorising Risk and Uncertainty in International Relations: The Contributions of Frank Knight,” *International Relations* 25, no. 3 (2011): 296–312.

<sup>14</sup> On “strategy,” see Richard K. Betts, “Is Strategy an Illusion?” *International Security* 25, no. 2 (2000): 5–50; Lawrence Freedman, *Strategy: A History* (Oxford: Oxford University Press, 2013). See also B. H. Liddell Hart, *Strategy*, 2nd ed. (New York: Meridian, 1991); Michael Howard, “The Forgotten Dimensions of Strategy,” *Foreign Affairs* 57, no. 5 (1979): 975–86; Edward Luttwak, *Strategy: The Logic of War and Peace* (Cambridge: The Belknap of Harvard Univ. Press, 1987).

Hence, hedging is a strategic behavior which involves some use of means and instruments to pursue certain politically-defined ends. But it may or may not be a strategy depending on the *extent of coherence, calculation, and coordination* of the actual policy processes. Regardless, whether it is a “tightly-thought-through strategy,” or loose “strategic approach,” a state can hedge with or without making any announcements.

The assertion that hedging is a strategic behavior driven by precautionary, “just-in-case” instinctive reasoning does not mean that hedging is simply an inborn impulse without thinking. Rather, by “instinctive reasoning”, we refer to a state’s innate inclination to respond to external stimuli based on a combination of past *experiences, emotions, and political exigencies*. The logic of strategy is coherent calculations, whereas the logic of instinctive reasoning is gut reactions and existential needs; both of which are defined primarily by the governing elites of the day.

In sum, when the term “hedging” is used to describe state behavior, it simply suggests that the state’s actions exhibit a tendency—and indeed a choice—to hedge: a human inclination to offset risks when a situation is uncertain and the stakes are high. It does not imply that the country’s policymakers must have necessarily designed a cohesive, carefully crafted, and highly coordinated “strategy.” Nor does it suggest that a hedger state will always get what it wants through its hedging approaches. There is no panacea in the real world, and hedging entails its own set of limitations.<sup>15</sup> Furthermore, hedging does not necessarily have to be a consistent choice. Indeed, the one consistency in all forms of hedging behavior is the inclination to be *consistently contradictory* for the purposes of adaptive offsets (counteracting exposure to risks) and fallback preservation (cultivating maneuverability and contingency).

Future studies should unpack the origins of hedging in terms of the sources underpinning a state’s instinctive strategic reasoning, e.g., *how* a country’s historical memories and experiences intersect with sociopolitical emotions at the societal level; *why* these dynamics are filtered by leaders and elites’ political needs the ways they are; and *why* the interplay of elite politics and societal DNA has come to drive and limit the country’s alignment choices to optimize security, prosperity, and autonomy the ways they have.

## HOW Do We Know Whether A State Hedges?

Since hedging is a policy without pronouncement, how then do we know whether a state is hedging or pursuing something else? What are the key indicators that distinguish hedging from non-hedging acts, such as balancing? In the pages that follow, we examine the Defense White Papers (DWPs) of Australia, Malaysia, and Vietnam as empirical cases to identify the manners in which middle states

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<sup>15</sup> Kuik, “Getting Hedging Right”; Kuik and Shahadah, “The Feasibility and Future of Middle-State Hedging.”

opt to position themselves vis-à-vis Great Power rivalry.

Before we proceed, some conceptual clarifications are in order. Based on Table 1 above, the major differences between hedgers and non-hedgers are as follows. First, a non-hedger—in this case, a balancer such as Australia—makes a straightforward, clear-cut alignment choice: aligning completely with a big power (in this case, the United States) against another (in this case, China). A hedger (e.g., Vietnam, Malaysia), on the other hand, chooses not to choose—it insists on not taking sides between the competing powers. Second, a balancer holds a relatively black-and-white perception of threat and solution: China is seen as a direct threat, whilst Washington and its allies are seen as the principal solution to tackle that threat. A hedger, on the other hand, sees shades of grey (as opposed to a black-and-white perception), viewing both powers as sources not only of problems but also solutions across a variety of policy domains.<sup>16</sup> Third, a balancer regards alliance as the cornerstone of its external policies, whereas a hedger is, by and large, allergic to alliance. A hedger prefers instead to leverage multi-layered partnerships with as many powers as possible as the anchoring foundation of its external posture, deepening traditional ties while continuously exploring additional layers of cooperative mechanisms depending on the relative convergences of interests as external environments evolve. The modus operandi of hedgers, in short, is about pursuing non-alignment (ends) via multi-alignments (means and ways).

On the basis of the above conceptual parameters, a comparison of the DWP and related official documents of Australia, Malaysia, and Vietnam indicates that while Canberra pursues a realist-styled “balancing” strategy, Malaysia and Vietnam have persisted in implementing a hedging policy in practice (although their degree of hedging varies). For Vietnam and Malaysia, we focus on their DWPs, released in 2019 and 2020, respectively. For Australia, we focus primarily on the *2016 Defence White Paper (2016 DWP)* and its *2020 Defence Strategic Update (2020 DSU)*, alongside the *2020 Force Structure Plan*, the *2023 Defence Strategic Review*, the inaugural *National Defence Strategy* in 2024, and the *2022 DSU* and related releases. These documents indicate that Canberra’s alignment choice differs sharply from that of Vietnam and Malaysia in at least three core aspects:

- a) openly emphasizing differences with China and explicitly expressing concerns about Beijing’s threatening behavior;
- b) making clear its macro-alignment position of siding and aligning with the United States (and its allies) across all major policy domains to counterbalance the perceived Chinese threat; and
- c) anchoring on military alliance (as well as such alignments as the Quad and AUKUS) as the cornerstone of its external policy.

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<sup>16</sup> Kuik, “Shades of Grey”.



Each of these aspects—among the trademarks of a “balancing” strategy—is continuously evidenced, albeit unevenly, in the Australian government’s major documents and statements on defense and security as listed above. A comparison between the *2016 DWP* and the *2020 DSU*, for instance, reveals that while the 2016 document still shied away from explicitly registering Canberra’s concerns about China’s coercive behavior, Australia was already directly noting the country’s differences with Beijing and narrating Canberra’s convergence with Washington in terms of values, interests, and actions. Examples abound. The *2016 DWP*, after stating that the United States and China “will continue to be the most strategically important factors in the Indo-Pacific region to 2035,”<sup>17</sup> declared:

“For Australia, our relationships with both countries will *remain crucial in different ways*. The way the Government approaches our defense strategy reflects *these differences*. Australia’s alliance with the United States is based on shared values and will continue to be the *centerpiece* of our defense policy. The Government will continue to strengthen the alliance including by supporting the United States’ role in underpinning the stability of our region through its rebalance. The Government will also continue to work closely with the United States and *coalitions of like-minded countries* to address common global security challenges, such as in Iraq, Syria and Afghanistan [italics added].”<sup>18</sup>

Australia’s direct and open emphasis on its differences with China on one hand, as well as its like-mindedness with Washington and Western allies on the other, is clearly absent in Vietnam and Malaysia’s DWP (to be discussed shortly). While ideological differences are a reason for such differentiation in relationships, a direct and public signaling of such differentiated preferences is *a matter of strategic choice*. (For instance, Vietnam could have emphasized its communist affinity with China in a way that made their ideological like-mindedness the centerpiece of alignment, but this clearly is not the case. Hedgers prefer to emphasize “equidistance”, not partial differences.)

While the *2016 DWP* (during the Malcolm Turnbull government) was still marked by a relatively benign assessment of the security environment and “the China factor”, the language and tone of the *2020 DSU* under the Scott Morrison government were vividly grim in substance. Describing the post-COVID-19 world as less benign “with greater potential for military miscalculation”, the 2020 document stresses that the Australian Defense Force (ADF) “must be better prepared for the prospect of high-intensity conflict”, and Australia must be able and be understood as willing “to deploy military power to shape our environment, deter actions against our interests and, when required, respond with military force.”<sup>19</sup>

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<sup>17</sup> Australian Department of Defence, *2016 Defence White Paper* (Department of Defence, 2016), 41.

<sup>18</sup> Australian Department of Defence, *2016 Defence White Paper*, 44.

<sup>19</sup> Australian Department of Defence, *2020 Defence Strategic Update* (Department of Defence, 2020), 6.

Although the 2020 document did not use the word “threat” to describe China, it is more explicit than the 2016 DWP in revealing Australia’s perception of China as a major source of regional instability and insecurity: “Since 2016, major powers have become more assertive in advancing their strategic preferences and seeking to exert influence, including China’s active pursuit of greater influence in the Indo-Pacific. Australia is concerned by the potential for actions, such as the establishment of military bases, which could undermine stability in the Indo-Pacific and our immediate region.”<sup>20</sup> The 2020 DSU added: “Some countries will continue to pursue their strategic interests through a combination of coercive activities, including espionage, interference, and economic levers. Tensions over territorial claims and the establishment of new military facilities are rising and are involving the use of military or para-military forces more frequently than in the past, including coercive para-military activities in the South China Sea.”<sup>21</sup>

In his address to launch the 2020 DSU, Prime Minister Morrison said: “Tensions over territorial claims are rising across the Indo-Pacific region, as we have seen recently on the disputed border between India and China, and the South China Sea, and the East China Sea.” The words and tone in the 2020 Update had some observers commenting that the document was “all about China.”<sup>22</sup> Peter Jennings, an expert at the Australian Strategic Policy Institute (ASPI) who led the External Expert Panel in preparing the 2016 DWP, concurred: “When [the 2020 Update] talks about the bad behavior that’s happening in the region, the annexation of territory, coercion, the influencing of domestic politics, the use of cyber-attacks – it’s really only one country which is doing that at industrial levels, and that’s the People’s Republic of China.”<sup>23</sup> Greg Jennett similarly wrote: “It is pretty much all about China these days.” He added: “Who else could [the Update] be referring to when it inserts the words ‘coerce’ or ‘coercion’ a dozen times in a document only 12 pages in length?”<sup>24</sup> Euan Graham observed that even though the update was not a white paper, “its influence on Australia’s strategic policy may prove to be more enduring”, in part because the document’s “acceptance of the severe strategic challenges” as well as the defense force that will emerge as a result of the required adjustments and sweeping changes “may be the one that Australia has to go to war with.”<sup>25</sup>

Taken together, it is clear that the 2020 DSU and the subsequent defense documents reflect not only Canberra’s growing threat perception of China (as a principal source of Australia’s deteriorating

<sup>20</sup> Australian Department of Defence, *2020 Defence Strategic Update*, 11.

<sup>21</sup> Australian Department of Defence, *2020 Defence Strategic Update*, 12.

<sup>22</sup> Peter Layton, “Australia’s Defence Strategic Update: It’s All About China,” RUSI Commentary, August 3, 2020, <https://rusi.org/explore-our-research/publications/commentary/australias-defence-strategic-update-its-all-about-china>.

<sup>23</sup> Jade Macmillan and Andrew Greene, “Australia to Spend \$270b Building Larger Military to Prepare for ‘poorer, More Dangerous’ World and Rise of China,” ABC News, June 30, 2020, <https://www.abc.net.au/news/2020-06-30/australia-unveils-10-year-defence-strategy/12408232>.

<sup>24</sup> Greg Jennett, “The Hundreds of Billions Being Poured into Defence Shows Morrison’s Done with the Old World Order,” ABC News, July 1, 2020, <https://www.abc.net.au/news/2020-07-01/defence-spending-scott-morrison-military-strategy-jennett/12410464>.

<sup>25</sup> Euan Graham, “Australia’s Serious Strategic Update,” International Institute for Strategic Studies (IISS), July 3, 2020, <https://www.iiiss.org/online-analysis/online-analysis/2020/07/apacific-australia-defence-update/>.



security environment), but also an increasingly determined political will to step up deterrence and its resolve to respond with credible military force, while strengthening cooperation with “like-minded” partners across the Indo-Pacific region. Canberra’s vision of “Indo-Pacific” is attributable to Australia’s longstanding paradigmatic debate on defending continental Australia versus forward defense.<sup>26</sup> This vision is anchored in the U.S.’s preeminent global power, leveraging Australia’s location at the center of the Indo-Pacific arc connecting the Indian and Pacific Oceans through Southeast Asia, and working side-by-side with “like-minded” nations—through Quad, AUKUS, and multi-layered partnerships with other countries—to maintain the rules based order and defend Australian interests.

Canberra’s policy choice is clearly a “balancing” policy, as evidenced by its direct expression of concern about China’s coercive actions, alongside its determination to forge stronger alliances with the United States and wider coalitions of “like-minded” countries targeting Beijing. This approach differs markedly from Hanoi’s and Putrajaya’s. The latter’s approaches—quintessentially a “hedging” policy—are indirect but not inactive, low-profile but not indecisive, non-confrontational but not subservient.

In contrast to Australia’s pro-U.S. and anti-China position, Malaysia and Vietnam have avoided publicly depicting China as a threat, avoided siding with either Washington or Beijing, and rejected alliance as a policy option, even though both were formerly in alliance (i.e., the Anglo-Malayan/Malaysian Defense Agreement 1957-1971, the Soviet-Vietnamese alliance 1978-1991).<sup>27</sup> Instead, both countries have opted to pursue the three insurance-seeking approaches of active neutrality, inclusive diversification, and adaptive offsets. Even during the 2014 China-Vietnam oil rig crisis, Hanoi still stuck to its simultaneous “cooperation and struggle” strategy towards China: criticizing China’s coercive acts but not sliding into complete confrontation, instead insisting on keeping dialogue channels open and continuing cooperation—thereby maintaining Vietnam’s hedging policy of not siding with one power against another.<sup>28</sup>

<sup>26</sup> Paul Dibb, “Is Strategic Geography Relevant to Australia’s Current Defence Policy?,” *Australian Journal of International Affairs* 60, no. 2 (2006): 247–64, <https://doi.org/10.1080/10357710600696167>; Paul Dibb, “The Self-Reliant Defence of Australia: The History of an Idea,” in *History as Policy: Framing the Debate on the Future of Australia’s Defence Policy*, ed. Ron Huiskens and Meredith Thatcher (Canberra: ANU Press, 2007), 11–26; Paul Dibb, “The Importance of the Inner Arc to Australian Defence Policy and Planning,” *Security Challenges* 8, no. 4 (2012): 13–32; Rory Medcalf, “Balancing Act: Making Sense of the Quad,” *Australian Foreign Affairs*, no. 10 (2020): 30–48. See also Hugh White, *How to Defend Australia* (Victoria: La Trobe University Press, 2019); Rebecca Strating, “Strategy at Sea: A Plan B for Australian Maritime Security?” *Security Challenges* 16, no. 2 (2020): 58–70.

<sup>27</sup> Alexander L. Vuving, “The Evolution of Vietnamese Foreign Policy in the Doi Moi Era,” in *Vietnam: Navigating a Rapidly Changing Economy, Society, and Political Order*, ed. Karl Börje Ljunggren and Dwight H. Perkins (Cambridge, MA: Harvard University Press, 2023), 347–369; Elina Noor, “Foreign and Security Policy in the New Malaysia,” Lowy Institute, November 2019; Hunter Marston, et al., “Fair Winds and Following Seas: Maritime Security and Hedging in the South China Sea,” *Blue Security: A Maritime Affairs Series*, August 2023; Kuik, “Explaining Hedging”.

<sup>28</sup> Carlyle A. Thayer, “Vietnam’s Strategy of ‘Cooperating and Struggling’ with China over Maritime Disputes in the South China Sea,” *Journal of Asian Security and International Affairs* 3, no. 2 (2016): 200–220; Thuy T. Do, “Firm in Principles, Flexible in Strategy and Tactics: Understanding the Logic of Vietnam’s China Policy,” *Asian Journal of Comparative Politics* 2, no. 1 (2017): 24–39; Thi Bich Tran and Yoichiro Sato, “Vietnam’s Post-Cold War Hedging Strategy: A Changing Mix of Realist and Liberal Ingredients,” *Asian Politics & Policy* 10, no. 1 (2018): 73–99.

This does not mean that Hanoi's policy is static or rigid. Instead, Hanoi's policy is adaptive and dynamic. By the mid-2010s, in the aftermath of the oil rig crisis, Hanoi's longstanding "Three No's" policy (no military alliances, no foreign military bases on its territory; no siding with one country against another") was questioned by some within the Vietnamese establishment as a policy that "ties Vietnam's hands" and allows China to take advantage of Hanoi's accommodating posture.<sup>29</sup> Vietnam's 2019 DWP was largely a response to this and the wider changing dynamics at the regional and global levels. At the center of the 2019 document's adaptive statecraft was a recalibration of the Three No's policy to "Four No's and One Depends", i.e., adding the "4th No" ("no using force or threatening to use force in international relations") as well as "One Flexibility" guideline (the "Three No's" is subject to the 4th No: if Vietnam's sovereignty and security are threatened by any country's use or threat to use force, then Vietnam will promote defense ties with any power).<sup>30</sup>

Vietnam's 2019 DWP, while singling out the South China Sea imbroglio and stressing its determination to defend its sovereignty and interests, attempts to underscore its core messages subtly and indirectly. As observed by Derek Grossman and Christopher Sharman, Vietnam's DWPs have traditionally served as "generic, non-offensive policy statements on external threats to Vietnamese security", which are typically wrapped "in Marxist-Leninist ideological narrative and steeped in subtlety, ambiguity, and coded language."<sup>31</sup> Indeed, DWPs (of all countries) are significant not just for what is stated, but also for *what is not or is less stated* on paper but is actually taking place on the ground.

Hence, while Vietnam's 2019 DWP avoids describing China as a threat to Vietnamese security and territorial integrity, the 2019 DWP highlights the "East Sea" (South China Sea) 12 times in the 112-page document, acknowledging (but without emphasizing) the "[d]ivergences between Vietnam and China regarding sovereignty in the East Sea"<sup>32</sup> (This is probably the only divergence with China stated by Vietnam in the document.) While doing so, the 2019 document also performs a strategic *offset* by unequivocally stating what Vietnam is against:

"Vietnam consistently advocates neither joining any military alliances, siding with one country against another, giving any other countries permission to set up military bases or use its territory to carry out military activities against other countries, nor using force or threatening to use force in international relations."<sup>33</sup>

These statements are telling. At a time of intense major power rivalry, they reiterate Vietnam's position

<sup>29</sup> Personal conversation with a Vietnamese security expert, January 11, 2025, Putrajaya.

<sup>30</sup> Tu Lai, "Looking Beyond Symbolism in US-Vietnam Defence Cooperation", East Asian Forum, April 18, 2020, <https://eastasiaforum.org/2020/04/18/looking-beyond-symbolism-in-us-vietnam-defence-cooperation/>.

<sup>31</sup> Derek Grossman and Christopher Sharman, "How to Read Vietnam's Latest Defense White Paper," War on the Rocks, December 31, 2019, <https://warontherocks.com/2019/12/how-to-read-vietnams-latest-defense-white-paper-a-message-to-great-powers/>.

<sup>32</sup> Viet Nam Ministry of National Defence, 2019 Viet Nam National Defence (Hanoi: National Political Publishing House, 2019), 16.

<sup>33</sup> Viet Nam Ministry of National Defence, 2019 Viet Nam National Defence, 23–24.

of not taking sides vis-à-vis the Great Powers, thereby reassuring both parties. Significantly, the statements also serve to clarify that Vietnam's growing defense partnerships with multiple actors in recent years (which are *not* mentioned in the DWP) do not imply that Hanoi has departed from its no-alliance stance.

Having emphasized and clarified its bottom-line positions, the Vietnamese *2019 DWP* goes on to elaborate on the Communist Party of Vietnam (CPV) government's past and present accomplishments and strategies in defending Vietnamese security and interests. It also enumerates a wide range of perceived dangers and risks, both internal and external and military and non-military, particularly non-traditional security challenges such as cybercrime, terrorism, energy security, food security, climate change, natural disasters, epidemics, transnational crime, maritime piracy, etc.<sup>34</sup>

Elsewhere in the *2019 DWP*, Vietnam's defense diplomacy, international integration, and multilateral defense cooperation were mentioned.<sup>35</sup> What is missing, however, is any mention of Vietnam's expanding defense partnerships with the United States, Japan, and other countries, which have been growing closer and stronger over the past decade. This contrasts with Malaysia's *DWP*, which devotes an entire chapter to Malaysia's defense engagements and partnerships with countries near and far at multiple levels, including the United States, Australia, China, and other Asian countries<sup>36</sup> (The defense alignments with the Western powers, which started during the Cold War, predated the rise of China and the U.S.-China rivalry.) The omission of this information in Vietnam's *2019 DWP* presumably highlights the CPV government's own capacity and efforts to defend Vietnamese security, while avoiding sending the wrong signal to any external actors.

Like Vietnam's *2019 DWP*, Malaysia's *2020 DWP* avoids identifying *any* country as a threat. The *2020 DWP*, Malaysia's first, instead identifies a wide range of perceived risks and challenges, while emphasizing a *multi-pronged approach and multifaceted partnerships* (as opposed to relying primarily on alliance and alignment) in managing and tackling the increasingly challenging security environment. In the "Strategic Outlook" chapter, instead of highlighting any particular country or issue as a principal danger, the *DWP* identifies three broad sources of actual challenges and potential risks: "Although Malaysia is not beset by military threats or conflicts at the present moment, the nation still faces three main security challenges. They are: (1) uncertain big power relations; (2) a complex Southeast Asian neighborhood; and (3) increasing non-traditional security threats."<sup>37</sup>

Unlike Vietnam's *DWP*, however, Malaysia's *DWP*—like other Malaysian official documents and

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<sup>34</sup> Viet Nam Ministry of National Defence.

<sup>35</sup> Viet Nam Ministry of National Defence.

<sup>36</sup> Malaysian Ministry of Defence, *Defence White Paper: A Secure, Sovereign, and Prosperous Malaysia* (Kuala Lumpur: Ministry of Defence, 2020), 64–74.

<sup>37</sup> Malaysian Ministry of Defence, *Defence White Paper*, 20.

statements—appears to downplay concerns about any one single power, but opts to highlight the action-reaction nature of big power politics and the wider geopolitical dangers of power polarization in Southeast Asia. Instead of pointing to any single actor, Malaysia's 2020 DWP states: "Tensions have sparked in the South China Sea with the arrival of warships from outside the region. The *growing rivalry and action-reaction* between the powerful nations have raised *the risk of regional polarization* [italic added]."<sup>38</sup> Malaysia's diffused perceptions of dangers—and its heightened vigilance about the risks of entrapment (and abandonment)—are rooted in its historical experiences as a victim of Great Power politics. The 2020 DWP states: "Malaysia's history is, in many ways, a history of big power politics."<sup>39</sup> It elaborates:

"While different big powers have come and gone, *the geopolitical challenges* of the country remain. Although the present-day Malaysia is not directly threatened by any militarily stronger powers the same way as its predecessor polities experienced during the age of European colonization and World War II, its interests have continued to be affected by *the actions and interactions* of the big powers of the contemporary era [italic added]."<sup>40</sup>

Malaysia's choices in downplaying China-related concerns and delinking the China factor (at least publicly) from its strategic alignments with the Western powers—doing both while highlighting the action-reaction nature of Great Power politics—have to do with its mixed experience during the Cold War. On one hand, its 14-year-long alliance with its former colonial ruler, the United Kingdom from 1957 to 1971 served the security-maximization purpose of protecting Malaya/Malaysia from internal and external communist threats as well as *Konfrontasi*, a low-intensity conflict launched by Indonesia in 1963 to 1966 in opposition to the formation of the Federation of Malaysia. On the other hand, however, Britain's decision in 1968 to retreat "east of Suez" as well as the U.S.'s Nixon Doctrine in 1969 (which led to the withdrawal of U.S. troops from mainland Asia) exposed Malaysia to the risk of being abandoned, highlighting the unpredictable nature of alliances.<sup>41</sup>

In light of the historical memories and contemporary strategic circumstances, the 2020 DWP envisages Malaysia as serving as a "bridging linchpin" between the Asia-Pacific and Indian Ocean. Seeking to leverage Malaysia's regional activism and geographical centrality between the two ocean regions (and between the continental north and maritime south), Malaysia aspires to deepen its multi-level, multifaceted partnerships with fellow ASEAN members and other partners along the defense, development, and diplomatic spheres, thereby advancing Malaysia's current and future interests as "a maritime nation with continental roots" while contributing to regional security, prosperity, and

<sup>38</sup> Malaysian Ministry of Defence, 21.

<sup>39</sup> Malaysian Ministry of Defence, 13.

<sup>40</sup> Malaysian Ministry of Defence, 21.

<sup>41</sup> Kuik, "Explaining Hedging", 44-45.

stability *without* taking sides with any major power.<sup>42</sup> Such a self-image and external outlook underpin Malaysia's three-pillar national defense strategy (i.e., concentric deterrence, comprehensive defense, credible partnerships) and its external defense engagements. While Chapter Six illuminates Malaysia's defense ties with both newer (e.g., China) and longstanding partners (primarily the Western powers, i.e., the United States, Australia, the UK, and New Zealand), these defense partnerships are—for all intended purposes—alignments without alliance.

While Vietnam and Malaysia are both hedging states, there are signs (within and beyond DWPs) indicating that the former hedges more heavily than the latter. This is evidenced primarily in Hanoi's much more vigilant (albeit more implicit than explicit) perceptions of China-related dangers (e.g., maritime and military risks in the South China Sea; digital security over 5G Wi-Fi network) as compared to that of Malaysia.<sup>43</sup> It is also evidenced by Hanoi's greater tendency (than Putrajaya) to invest more in all conceivable risk-mitigation measures (armament and other self-defense readiness, strategic alignments with a wider range of Indo-Pacific powers, including 2+2 mechanisms) as well as Hanoi's greater readiness to defy Beijing (e.g., confronting China during the oil rig crisis; excluding Huawei in Vietnam's 5G networks; delaying some BRI ventures). Future studies should unpack the variations in hedging behaviors across Southeast Asia and beyond.

## **Conclusions: Implications of Hedging for Indo-Pacific Cooperation**

To conclude, hedging is a prevalent and persistent middle-state foreign policy behavior and alignment pattern vis-à-vis the intensifying Great Power rivalry of our time. In essence, hedging is an insurance-seeking behavior under high-stakes, high-uncertainty conditions. In practice, hedging is a policy without pronouncement, for reasons analyzed above. Hedging is typically implemented by concurrent pursuits of active neutrality, inclusive diversification, and adaptive offset approaches. A state is clearly hedging (even when it doesn't announce it) when you see all three approaches in play.

So, what are the implications of such prevalent and persistent middle-state alignment choices for next-tier powers such as Japan who share Southeast Asian states' concerns about the hyper-uncertainties surrounding an increasingly assertive China and an increasingly unpredictable U.S. under Trump 2.0? Despite—and precisely because—most states in the ASEAN region and elsewhere in the “Global South” would continue insisting on their “not-taking-sides” stance, these middle states remain the swing states whose eventual choices will potentially determine the direction of world order and polarity in the 21st century. Japan should respect these states' neutral position, while recognizing that their hedging instinct may not be a bad thing. After all, when most states refuse to side with one

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<sup>42</sup> Malaysian Ministry of Defence, 17–31.

<sup>43</sup> For elaborated discussions on Vietnam's perceptions of, and responses to, China-related maritime and digital insecurity, respectively, see Kuik, “Hedging in Post-Pandemic Asia”; Kuik, “Southeast Asian Responses to U.S.-China Tech Competition.”

power against another, this helps to avoid regional polarization, while affording space for pragmatic countries to continuously forge cooperation in an inclusive manner. This brings benefits rather than destruction and creates solutions rather than harboring suspicions. This may not be ideal for some powers, but precisely because this is not the best scenario for any of the rival powers, it is the next-best scenario for all under the current uncertain circumstances.

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## CHAPTER 2

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# Multilateralism's Challenges and Opportunities in an Era of Diminished Hegemony: The United States and ASEAN in the Asia-Pacific

*Alice D. Ba*

### Introduction

To read the headlines, multilateralism faces an uncertain future. Great power tensions stymie longstanding global governance institutions. Heightened US economic anxieties about US competitiveness have translated into US unilateralism and protectionism. The election and re-election of Donald Trump and his willingness to levy unilateral sanctions on partners and rivals alike add to the fragmenting pressures on multilateral trading regimes that have supported a system of global trade. These concerns play out especially acutely in East and Southeast Asia where states are especially dependent on international trade and where regional supply chains and geographic proximity make them especially sensitive to US-China tensions and threats of decoupling.

How can states manage such divisive and disruptive scenarios that threaten economic and security livelihoods? And how can multilateralism at global and regional levels weather the great power challenges? In East and Southeast Asia, questions focus especially on the Association of Southeast Asian Nations (ASEAN), an organization of smaller and medium-sized powers that have provided an important, albeit unexpected, locus for institutional activity in Asia. Developments challenge the model of inclusive great power engagement that has defined ASEAN frameworks. They also challenge the regional integration trends and incentives of the last 30-plus years and that have provided important foundations for more institutionalized multilateralism. This is to say nothing of the diplomatic mechanisms that have served to sustain regional relations despite occasional periods of acute tension between states.

Despite the challenges, however, there are opportunities. In Asia, these opportunities can be found in non-great powers and multilateralism itself. To illuminate these opportunities, this paper offers an alternative conception of multilateralism that is less dependent on major power initiative and leadership. Specifically, it highlights the development of multilateralism in Asia that has taken place alongside expanded regional relations in response to great power uncertainties, especially recurrent concerns about US leadership in Asia. And while the election and re-election of Donald Trump, US protectionism, and US unilateralism now threaten regional relations and multilateral platforms, there nevertheless remain opportunities for non-great powers to sustain and advance multilateral practices and collective rule systems; moreover, these opportunities have, in part, been created by multilateral practices.

This paper proceeds as follows. First, it begins by revisiting some longstanding arguments about hegemonic leadership and multilateralism. It gives special attention to the changing nature of US power in Asia and how it relates to the past, present, and future of multilateralism in Asia. It then turns to three related subsequent adaptations and changes related to multilateral and multi-actor cooperation in Asia: 1) heightened interdependence; 2) the availability of non-great power, regional platforms; and 3) the elevation of non-great powers as agents that can shape and condition great power developments. Importantly, these developments are not distinctive to the moment but are instead reflective of decades long processes of change and adaptation to US uncertainties. The final discussion considers these changes in relation to multilateralism's challenges and opportunities in 21<sup>st</sup> century Asia. Special focus is given to ASEAN and specific Southeast Asian states.

## **Hegemonic Leadership and Diminished Hegemony**

Hegemonic—and at least large power—leadership has long been associated with multilateralism. By serving as providers of public goods and as enforcers of common rules, large powers, for example, help ease transaction costs that can hinder collective action and cooperation.<sup>1</sup> Great power collaboration/concert and at very least, great power agreement is also seen as especially necessary to functioning cooperative regimes. These assumptions underlie recent concerns about the “crisis of multilateralism.” Not only are US-China tensions at an all-time high but the election of Donald Trump (twice) calls into question US commitments to all sorts of multilateral and cooperative arrangements. The United Nations, World Trade Organization, World Health Organization, and global climate change negotiations are all seen as direct casualties of great power dysfunction and conflict.

Questions about the United States in Asia focus especially on the United States' diminished political will to lead, especially on matters regarding trade and multilateralism. For example, there is general consensus among analysts and scholars of Asia and US-Asia policy, that what the US needs to do to maintain influence in Asia is to rejoin trade negotiations. But despite this consensus, there has been no action from Washington. Even the Biden Administration which sought to reengage partners and allies following the first Trump administration made the calculation that the domestic political costs of entering into or re-opening trade negotiations were too high. Consequently, the Biden administration, from the start, avoided even pursuing Trade Promotion Authority which had expired in July 2021. TPA from Congress would have meant negotiated agreements required only an “up or down” vote (without amendments), bolstering the US president's credibility when negotiating trade agreements.<sup>2</sup>

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<sup>1</sup> See, for example, Robert Gilpin, *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981); Robert Keohane, *After Hegemony* (Princeton, NJ: Princeton University Press, 1984).

<sup>2</sup> US domestic challenges in mobilizing domestic support for trade agreements are not limited to the Trump and Biden administrations, as evidenced by the politics of KORUS in the United States, when the United States was unable to mobilize the domestic Congressional consensus to ratify it. See, for example, Yul Sohn and Min Gyo Koo (2011) “Securitizing trade: the case of the Korea–US free trade agreement,” *IRAP* 11(3): 433-460.



However, there was no need for TPA in the absence of trade talks.

As for multilateralism, US participation in regional and global institutions have also increasingly been challenged. At the global level, the WTO and IMF (under multiple presidents), as well as the WHO and Paris Climate accords (under Trump) have been especially affected. Meanwhile at the regional level, US participation in ASEAN summits has been inconsistent. While the Obama administration made attending ASEAN Summits a priority, sporadic presidential attendance by both the Trump and Biden administrations underscores longstanding questions about US support for Southeast Asia's premier institution. Although many may debate how consequential presidential attendance is for policy outcomes, the US presidential absence is noted in ASEAN capitals, as well as in regional headlines, and adds to an overall impression of US dis-engagement. Similarly, while the United States, through the US Agency for International Development (USAID), has provided technical assistance to the ASEAN Secretariat, Working Groups, and individual member-states on prioritized areas (e.g., human rights, trade facilitation, and transnational crime), the USAID budget is also frequently vulnerable to domestic budget negotiations. This was shown to dramatic effect in 2025, when less than two weeks into the second Trump Administration, the United States implemented a wide-ranging freeze on foreign assistance. Included in that freeze were "stop work" orders that put on leave 60 career officials and furloughed or terminated nearly 600 other USAID contractors.<sup>3</sup>

Explanations for US changes, however, vary with most falling in one of three groups. The first and most prominent explanation is a realist one that highlights changes in US relative power and economic competitiveness and, in turn, changing cost-benefit calculations; that is, in contrast to an earlier period when the United States could "afford" to lead and when the benefits of leadership outweighed the costs, leadership has become too expensive for today's United States.<sup>4</sup> A related view correlates widened economic inequality with diminished support for US multilateral and international leadership.<sup>5</sup>

This explanation is countered, however, by the second interpretation's very different assessment of US relative power. Responding to "declinist" arguments about the US economy, they offer a vigorous defense of US power especially relative to China, as the key challenger to the United States. For example, they contrast China's government and government-associated investments against impressive statistics on US private investment and venture capital, as well as innovation and competitiveness in developing in both current and new technologies (digitization, the Internet, artificial intelligence,

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<sup>3</sup> Simon Lewis, Daphne Psadedakis, Humeyra Pamuk, "Hundreds of USAID internal contractors put on leave, terminated amid US freeze on global aid," *Reuters* (January 29, 2025).

<sup>4</sup> Robert Gilpin, *War and Change in World Politics* (New York: Cambridge University Press, 1981).

<sup>5</sup> Douglas Stokes, "Trump, American Hegemony, and the Future of the Liberal International Order," *International Affairs* 94, no. 1 (2018): 145.

and biotech).<sup>6</sup> More recently, some have also highlighted the United States' privileged positionality as a measure of its continued centrality, relational and structural power, and hegemonic status. Such positionality is theorized by Malkin and He (2024) as "extraterritoriality" where the United States retains competitive centrality in supply chain and alliance networks.<sup>7</sup>

Finally, a third explanation focuses on specific individuals like Donald Trump or previously, George W. Bush. Both were known for their positions on US unilateralism, transactionalism, anti-globalization and securitization of trade, and anti-multilateralism.<sup>8</sup> Both have also been faulted for destabilizing not just the institutions the United States helped build, but also for undermining the legitimacy on which US authority and leadership has rested. As Vines (2018) characterized the significance of Trump's first presidency: "Ever since that earlier period immediately after the Second World War, the world has looked to continuing the US leadership. But the anti-globalisation agenda, which has swept the US, and the election of Donald Trump, mean that this outward-looking leadership is now no longer available."<sup>9</sup>

One problem with all three explanations, however, is that they tend to limit their focus only on the moment rather than situating developments against longstanding positions (as in the case of longstanding US views on regional multilateralism in Asia, for example). Most important, they neglect a longer trajectory of change in which multilateralism has been both an important outcome and response to questions about US commitments in Asia.

## Responding to Great Power Uncertainty

What happens to multilateralism under conditions of great power uncertainty and tension? What happens when large power support is either absent or diminished? Such questions have at different times, animated debates about European and trans-Atlantic institutions, as well as global governance institutions. However, past discussions also highlight outcomes that are less dependent on large power leadership and where regional states take greater initiative. In Robert Keohane's seminal work, *After Hegemony*, he described, for example, how supporter states can take greater initiative and assume the 'burdens' once primarily shouldered by the hegemonic state. In his and other analyses,

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<sup>6</sup> Fareed Zakaria, "The Self Doubting Superpower", *Foreign Affairs* (December 12, 2023).

<sup>7</sup> Anton Malkin & Tian He (2024) The geoeconomics of global semiconductor value chains: extraterritoriality and the US-China technology rivalry, *Review of International Political Economy*, 31:2, 674-699. See also, William K. Winecoff (2020) "The persistent myth of lost hegemony," revisited: structural power as a complex network phenomenon, *European Journal of International Relations*, 26 (1\_suppl), 209-252.

<sup>8</sup> Richard Higgott, After neoliberal globalization: The "securitization" of U.S. foreign economic policy in East Asia, *Critical Asian Studies* 36,3 (2004): 425-444; Alice Ba, "Systemic Neglect: A Reconsideration of US-Southeast Asia Policy," *Contemporary Southeast Asia* 31,3 (2009); Pak K. Lee, "George W. Bush's Post-9/11 East Asia Policy: Enabling China's Contemporary Assertiveness," *International Politics* 61, no. 3 (June 2024): 587-611.

<sup>9</sup> David Vines (2018), "The BRI and RCEP: Ensuring Cooperation in the Liberalisation of Trade in Asia," *Economic and Political Studies* 6(3): 338-48.

Western European states, especially, have a role to play in providing alternative leadership. A related argument is made by Eric Brattberg who describes middle power activism and even an “Alliance for Multilateralism,” especially by Western European states, in response to the failures of US leadership under the first Trump administration.<sup>10</sup> Thus, Europe, it is argued, can provide leadership and at minimum, serve as an “additional pole” in a multipolar world where the United States is less dominant.<sup>11</sup>

In contrast to the emphasis on Western European initiative, it is interesting and perhaps revealing that IR scholars have not given the same serious consideration of that option in Asia or how Asian states might exercise their own agency outside of China or the United States. On the question of multilateral cooperation, for example, discussions tend to frame the answer to these questions in China-centric terms where China takes the United States’ place or alternatively, the United States returns to a more active leading role.<sup>12</sup>

There are at least two problems with this emphasis, however. First, it tends to ignore multilateralism’s conflicted relationship with large powers in Asia. For example, while it may be true that the United States has exercised multilateral leadership at the global level, both China and the United States are best described as late or reluctant joiners when it comes to regional multilateral processes. In other words, if they attach lower priority to ASEAN and regional multilateralism, this is not an especially dramatic departure from past practice. This said, China’s recent leadership in initiating new frameworks is notable. As for the United States, the previously mixed record on ASEAN multilateralism is not limited to Biden and Trump administrations. In fact, US interest and power have worked against multilateral and regional approaches in Asia. Instead, the United States has preferred a combination of more expedient unilateral and bilateral approaches that support its preferred outcomes. Consequently, the US displays a history of actively deterring, blocking, opposing, or preempting the creation of new frameworks—and not just by China. It has also worked against or worked to alter or preempt initiatives led by allies—Japan, South Korea, and Australia—and also by ASEAN states in Southeast Asia.<sup>13</sup> Most recently, this ambivalence has manifested in new minilateral initiatives like the Quadrilateral Security Initiative (the Quad) and AUKUS. Minilateralism, compared to multilateralism offers the United States important advantages. It limits US bargaining and coordination only to the states most in agreement with the United States (i.e., the “like-minded” states). This assures the United States that its preferences and agendas will not be subverted or diluted by others.

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<sup>10</sup> Brattberg, Erik. “Middle Power Diplomacy in an Age of US-China Tensions.” *The Washington Quarterly* 44, no. 1 (January 2, 2021): 219–38.

<sup>11</sup> See, for example, recent statements by Josef Borell, Vice President of the European Commission. Josef Borell (2021), “How to revive multilateralism in a multipolar world?” ([https://www.eeas.europa.eu/eeas/how-revive-multilateralism-multipolar-world\\_en](https://www.eeas.europa.eu/eeas/how-revive-multilateralism-multipolar-world_en))

<sup>12</sup> See, for example, Nick Bisley (2019), “Asia’s Regional Security Order: Rules, Power and Status.” *Aust J Politics Hist*, 65: 361–376.

<sup>13</sup> Alice D. Ba, “The United States and ASEAN: Bilateralism and Regionalism in a Changing Asia,” *Routledge Handbook of US policy in the Indo-Pacific*, eds., Oliver Turner, Nicola Nymalm, and Wali Aslam (Routledge 2023): pp. 357–370.

A second problem with US and China centric discussions is that it ignores how both multilateralism and regional initiative in Asia has evolved despite great power disinterest and in response to great power neglect. Reflective of its dominance in post-World War II Asia, questions about the United States, in fact, have provided one of the more regular triggers for expanded intra-East Asian relations, including regional multilateralism. Such recurrent dynamics are thus an argument to take a long view. A long view illuminates not only a historical process of regional initiative and adaptation to great power uncertainty but also material, psychological, and normative changes that have been decades in the making rather than a product of the contemporary moment.

Such changes go back as early as the mid-1960s when changing US and UK commitments provided a great power backdrop for a reconsideration of regional organization in Southeast Asia, which came in the form of ASEAN, whose institutional development would continue to display sensitivity to US and great power changes.<sup>14</sup> The Nixon shocks (Washington's surprise rapprochement with China and its abandonment of the Gold Standard) followed. Then, Richard Nixon, a different "maverick president" facing a different moment of domestic stress and diminished economic competitiveness in the face of emergent economies (then, it was Japan), called for a "new structure of peace" that depended less on the United States and expanded security and economic burden sharing by allies.<sup>15</sup> In addition to facilitating the US withdrawal from Vietnam, the Nixon shocks freed and incentivized regional states to normalize their own relations with China, as well as with each other. The Nixon shocks were followed by the Plaza Accords in the mid-1980s, when the United States sought to reduce its trade deficit with Japan, as well as Taiwan and South Korea, via monetary policy and measures. The result was an appreciated Japanese Yen, which, in turn, incentivized and spurred new regional investment from Japan and laid the groundwork for today's contemporary supply chains and regional economic integration. In the late 1980s and 1990s, US trade pressures extended to Southeast Asia. Those pressures plus new threats of Western protectionism incentivized the ASEAN Free Trade Agreement.

ASEAN and Southeast Asian states took on more prominent roles between 1989 and 2005, when regional cooperation then took on more institutionalized forms. This period was characterized first by new questions about US post-Cold War security commitments, additional US trade pressures, as well as an Asian financial crisis in which US and global responses proved lacking. What followed were expanded efforts by individual states to engage widely and beyond the United States, as well as a range of new regional frameworks and arrangements associated especially with ASEAN. These included the ASEAN Regional Forum and the ASEAN Plus Three, as well as APEC and expanded "ASEAN+1" cooperation between Southeast Asian states and individual dialogue partners, especially China and Japan. Other frameworks followed, including the East Asia Summit, ASEAN Defense Ministers

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<sup>14</sup> Alice D. Ba, *(Re)Negotiating East and Southeast Asia: Regions, Regionalisms, and the Association of Southeast Asian Nations* (Stanford, CA: Stanford University Press, 2009).

<sup>15</sup> Taesuh Cha and Jungkun Seo, "Trump by Nixon: Maverick Presidents in the Years of U.S. Relative Decline," *Korean Defense Analysis* 30, 1 (March 2018): 79-96; Michael Schaller, "The Nixon 'Shocks' And U.S. - Japan Strategic Relations,"

Meeting Plus and the Expanded ASEAN Maritime Forum. Strategically, regional frameworks offered a way to supplement longstanding US arrangements/commitments that were called into question. They also offered a way both to engage China and to offset Chinese influence, and more generally, to diversify partners. To borrow from Cheng-Chwee Kuik's discussion, regional relations offered a "hedge" and means by which to manage both the risks and opportunities associated with less-than-dependable patrons and partners.<sup>16</sup>

This also has implications for today's multilateralism in Asia. What is important to note is that the leading actors in initiating and supporting multilateral and institutional cooperation were not the United States or China but instead non-great powers, especially those in ASEAN. And while these are also the frameworks that many see as now challenged by both great power competition and great power disinterest (especially by the United States), their effects go beyond specific frameworks and these effects create incentives, avenues, opportunities, and necessity for non-great power initiative in support of multilateral rules and stability.

### **Multilateralism's Changes and Opportunities**

There are at least three outcomes or byproducts of the multilateral and regional engagements just outlined: 1) heightened interdependence; 2) the availability of non-great power, multilateral platforms; and 3) the elevation of non-great powers as agents that can shape and condition great power developments.

First, the expansion of regional relations has helped to make Asia into one of the more interdependent regions in the world. And while all states are interested in "derisking," decoupling would impose especially high costs. According to the IMF's Managing Director Kristalina Georgieva, for example, "As a highly integrated region, Asia would be the most adversely affected by runaway fragmentation," with the long term costs as much as 7% GDP.<sup>17</sup> And while some Southeast Asian economies have benefited from "China + 1" adaptations by companies and firms, their smaller size makes it more challenging for most to adapt or insulate themselves from disruptions. Put another way, compared to other states, East and Southeast Asian states may have larger incentives to work with others to offset fragmentation pressures.

A second consequence is the availability of multilateral frameworks and platforms for non-great power initiative. As noted, an important development of the last few decades has been heightened interest in regional relations and regional frameworks and means to offset the uncertainties associated with changing US commitments and policies. An important outcome is that states now have a range

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<sup>16</sup> See Kuik Cheng-Chwee, "Hedging as a Policy Without Pronouncement: What, Why, and How?" prepared for this issue.

<sup>17</sup> <https://www.channelnewsasia.com/asia/china-boao-forum-global-economy-trade-li-qiang-3387566>



of different platforms from which to pursue counter-fragmentation initiatives in support of more inclusive and less divisive multilateralism. These include ASEAN, extended ASEAN frameworks, sub-regional frameworks, as well as regional trilateral frameworks. This does not mean individual multilateral frameworks, including ASEAN's, will not be challenged, but they will still provide platforms for non-great power ideas and initiative, as well as opportunities for states to work with others in support of cooperative and common solutions whether it is via the institution as a whole or via a subset of states within an organization.

And finally, a third outcome is the elevation of non-great powers as agents that can shape and condition great power developments. Or put another way, multilateral and regional developments have produced a kind of multi-polarization in the sense that power has become more diffused. In addition to the heightened roles played by China and Japan, especially on economic and development fronts; multilateral platforms have also elevated the voice and agenda-setting powers, especially of Asia's smaller powers. Southeast Asian states have especially benefitted from ASEAN's multilateral platforms in that they served to legitimate states as security and economic actors, underscore Southeast Asian states' comprehensive security concerns, and expand states' relations and opportunities across defense, economic, and diplomatic fields. As an example, Lowy's Power Index factors in connectivity and states relative capacity to influence via their relationships and networks. In its assessment of 27 East, Southeast, and South Asian countries on measures of economic/diplomatic/defense networks and relations, multilateral power, and defense diplomacy, nearly all ASEAN member states ranked considerably ahead of South Asian states who do not have the same benefit of multilateral platforms.<sup>18</sup> There are also other interesting contrasts. On economic diplomacy, both Myanmar and Laos rank just above India, while eight of ASEAN's ten member-states rank above New Zealand and Russia on multilateral power.

Together, the three changes above heighten opportunities for non-great powers to exercise greater agency and "creative diplomacy"<sup>19</sup> in support of multilateralism and common rules at a time when larger powers are less able or less willing to exercise multilateral leadership. Three examples offer illustrations of ASEAN and Southeast Asian states making use of multilateral opportunities as means of countering fragmentation and supporting common rule systems.

#### *ASEAN's Outlook on the Asia Pacific (AOIP)*

The "ASEAN Outlook on the Indo-Pacific" illustrates an early ASEAN intervention and attempt to use the ASEAN platform to counter divisive pressures emanating from an intensifying US-China rivalry. In this instance, the immediate challenge came from the United States and the first Trump administration

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<sup>18</sup> The two exceptions tend to be Laos and Myanmar, whose relative isolation has more to do with the internal civil war taking place in that country. See Lowy Power Index 2024 Edition (<https://power.lowyinstitute.org/>)

<sup>19</sup> Indu Saxena and Stephen Nagy, *Southeast Asia and the Indo-Pacific Construct*. Nova Science Publishers, 2024.

and in the form of a “Free and Open Indo-Pacific Strategy (FOIP).” Characterized by an especially belligerent tone, the FOIP heightened Southeast Asian concerns about US-China conflict and its consequences for Southeast Asia. In this situation, Indonesia’s efforts were especially instrumental in pushing forward an ASEAN alternative. Based on ASEAN-led mechanisms, principles of inclusion, and priorities of common development, the AOIP served as a counter to the FOIP’s divisive effort to mobilize cooperation around “democratic values” and ideological opposition to China.

While the AOIP has not put an end to US-China tensions or the threat of division, it has become a common speaking point and principle among non-ASEAN states, including China, India, Japan, as well as US-ASEAN Leaders’ statements. And while it can be seen as mere “lip service” to ASEAN principles, it also keeps in play ASEAN concerns and makes the AOIP a measure of the acceptability/legitimacy of certain initiatives. It can also have indirect effects as in the Quadrilateral Security Dialogue (the Quad) whose security content has become less confrontational and controversial due its accommodation of ASEAN’s concerns and security priorities. Similarly, the a la carte approach adopted by the US Biden Administration’s Indo-Pacific Economic Framework was designed largely to bring in Southeast Asian states whose participation was seen as important to the IPEF’s efficacy and US standing in Asia.

To make one additional point on US minilateralism. As noted, the US turn to minilateralism partly reflects its dislike and frustrations with regional multilateralism in Asia. This move is sometimes characterized as reflective of US preferences for “coalitions of the willing” approaches that limit participation only to those that mostly share US priorities.<sup>20</sup> In this sense, US minilateral moves can be viewed as fragmenting and as a development contrary to multilateralism. However, there are at least two additional dynamics. First, US minilateralism represents an expansion beyond the United States’ historic bilateralism in Asia. Thus, while it is less than multilateralism; it is also more than bilateralism. The Quad and AUKUS can also be viewed as part of a larger trend by which the United States shifts more security burdens to its allies. Second, despite their tensions with ASEAN’s multilateral processes, the QUAD illustrates how US minilateralism can also offer platforms for non-great power agency and initiative and in working against some of the more divisive and fragmenting inclinations promoted by US administrations. While Japan has played the most prominent role in, for example, ensuring that ASEAN states are also engaged, India has also pushed back against the QUAD becoming more confrontational in its stances against China. Of course, time will tell how durable these groupings are and whether they move beyond being ad hoc coalitions of the willing and toward more institutionalized platforms.

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<sup>20</sup> Alice D. Ba, “The United States and ASEAN: Bilateralism and Regionalism in a Changing Asia.” *The Routledge Handbook of US Foreign Policy in the Indo-Pacific*, Routledge (2022).

### *RCEP*

At the height of US-China tensions during the first Trump administration and in response to US protectionist and unilateral tariff threats directed at a range of East Asian economies, ASEAN states redoubled attention to the China-inclusive Regional Comprehensive Economic Partnership (RCEP). Building off ASEAN's platforms and ASEAN+1 free trade agreements with partners—China, Japan, South Korea, Australia, New Zealand, and India (before its last-minute withdrawal)—RCEP offered a regional and geopolitical, as much economic, effort to stabilize intra-Asian regional supply chains. Chan Chun Sing, Singapore's Minister of Trade and Industry, was even more explicit about RCEP's significance for multilateralism. As Chan put it, "RCEP is more than just an economic agreement. It is a strategic signal to the rest of the world that this part of Asia continues to believe in upholding a global, multilateral trading order."<sup>21</sup>

While some question the extent of ASEAN's influence over RCEP's content<sup>22</sup>, the point here is that ASEAN provided a critical platform and performed a convening role that others might not have been able to play. Without ASEAN's platforms, it is not clear that a similar kind of "RCEP opportunity" would have existed, for example.

ASEAN's RCEP efforts have also been compared to Japan's efforts in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). There, too, "The Trump administration's economic nationalist agenda...served as an impetus for middle powers to defend the multilateral trading system."<sup>23</sup> In that instance, the Trump administration's decision to withdraw the United States from the original TPP threatened the collapse of a major trading agreement and additional threat to the regional trading system. Thus, Mireya Solis echoes the views of Chang Chun Sing. As she puts it, given failed US trade leadership, "the two mega trade agreements—the CPTPP and RCEP—acquired new meaning: as safe-harbour for middle powers to advance trade liberalisation and provide regulatory certainty for supply chains."<sup>24</sup>

### *DEPA*

Finally, the Digital Economy Partnership Agreement (DEPA) offers one of the more recent efforts to sustain and advance multilateral negotiations in the face of great power tensions and disfunction via minilateral and plurilateral action. Misra and Valencia, for example, characterize DEPA as "exemplary

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<sup>21</sup> Speech by Minister Chan Chun Sing at the Asia and ASEAN Forum, August 29, 2019 (<https://www.mti.gov.sg/Newsroom/Speeches/2019/08/Speech-by-Minister-Chan-Chun-Sing-at-the-Asia-and-ASEAN-Forum>)

<sup>22</sup> See Mueller, Lukas Maximilian. 2019. "ASEAN Centrality under Threat – the Cases of RCEP and Connectivity." *Journal of Contemporary East Asia Studies* 8 (2): 177–98.

<sup>23</sup> Brattberg, Erik. "Middle Power Diplomacy in an Age of US-China Tensions." *The Washington Quarterly* 44, no. 1 (January 2, 2021): 219–38; Fukunari Kimura (2021) "RCEP from the middle power Perspective", *China Economic Journal*, 14:2, 162-170; Shimizu, Kazushi. 2021. "The ASEAN Economic Community and the RCEP in the World Economy." *Journal of Contemporary East Asia Studies* 10 (1): 1–23.

<sup>24</sup> Mireya Solis, "The Heyday of Asian Regionalism?", ERIA Discussion Series No 435 (August 2022).



as the first digital economy agreement.” DEPA began as negotiations among three states – Chile, New Zealand and Singapore. Since negotiations began, DEPA has also attracted interest from other states, including South Korea which became DEPA’s fourth member in May 2024. China, along with Canada, Costa Rica, Peru, the United Arab Emirates (UAE), El Salvador and Ukraine have also expressed interest in joining.

In this process, Singapore’s role is significant. While it is the only Asian state negotiating in DEPA, it is also party to other negotiations on the digital economy in CPTPP and data regulation in RCEP. Singapore is also party to the ASEAN E-commerce Agreement, which went into force in December 2021 after gaining the requisite ratifications.

## Conclusion

The return of Donald Trump to the presidency of the United States raises questions about both the durability of US commitments and predictability of US actions. If the United States has served as a stabilizing force in Asia, it has been due to more than reasons of relative power but also the content of its foreign policy which have been an important source of foreign policy continuities despite personnel changes in the White House.

At the same time, as this paper highlights, there is a recurrent pattern involving interactive US and regional adjustments. More broadly, the prospect of US retrenchments incentivizes states to reconsider their regional relations, including relations with China.<sup>25</sup> This pattern is also not unique to Southeast and East Asia. In other world regions, as well, regional governance prospects are often heightened by global uncertainties and questions about global relationships. For example, some characterize DEPA and the ASEAN’s E-Commerce Agreement as part of a larger global trend of regionalist responses to the challenged WTO-Doha process.<sup>26</sup>

All this underscores several points. First, China has been given too much credit in driving changes. Second, questions about US leadership and US commitments in Asia are not new; nor are they limited to any one administration or political party. Thus, while it’s true that in the current context, multilateralism in Asia is no doubt challenged, it is not because US views have significantly changed. As highlighted, unlike its past support for global level institutions, the United States has never been a particular promoter of regional multilateralism. If anything, it has played obstructionist and spoiler roles. This said, US changes on global multilateralism are important for regional multilateralism. This is especially true on the trade front. But if past patterns provide a guide, US and global multilateral

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<sup>25</sup> On Southeast Asia’s early engagement of China and states’ sensitivity to US uncertainties, see Ba 2003.

<sup>26</sup> Mishra, Neha, and Ana Maria Palacio Valencia. 2023. “Digital Services and Digital Trade in the Asia Pacific: An Alternative Model for Digital Integration?” *Asia Pacific Law Review* 31 (2): 489–513.

uncertainties can also incentivize and catalyze regional initiative and frameworks.

Third, past patterns additionally teach us that agency and leadership need not come from hegemonic actors or even larger powers but also can come from non-hegemonic and smaller powers. At a time when neither China nor the United States seem equipped or able to lead Asia in achieving prioritized goals of national resilience, economic development, or regional stability, there is both a widened opportunity and intensified imperative for initiative by smaller, as well as middle, powers. Smaller powers—because of their numbers—also perform critical roles in legitimating the actions and power of other states.

## CHAPTER 3

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# Negotiating Redlines: Indonesia's Approach to Managing China's Assertiveness in the South China Sea

*Emirza Adi Syailendra*

### Abstract

This article examines Indonesia's strategic approach to managing its complex relationship with China in the South China Sea, particularly around the Natuna Islands, where Chinese incursions have risen since 2012. It argues that Jakarta pursues a pragmatic strategy by negotiating two key redlines: one shaping public narratives and the other preventing tactical maritime interactions from escalating. Redlines, defined here as limits of acceptable hostility, help Indonesia balance security imperatives with economic interests. The article contributes to the threat perception literature by showing how a regional power moderates its view of a rising power through two mechanisms. First, negotiating redlines compels leaders to distinguish between core and peripheral interests. Second, these redlines foster predictability by establishing informal yet consistent rules of engagement. The findings highlight Indonesia's calculated pragmatism in managing China—firmly opposing intolerable actions (e.g., violations of economic sovereignty) while managing negotiable risks (e.g., China Coast Guard (CCG) incursions) to prevent escalation, reflecting a clear prioritisation of national interests.

### Introduction

Three key trends in Indonesia-China interactions in the South China Sea are observable since 2016.

First, disputes coexist with cooperation: both China and Indonesia recognise that frequent low-intensity disputes, such as shadowing interactions between maritime security agencies in the disputed area, need not hinder progress in other areas.<sup>1</sup> China's nine dash line intersect with Indonesia's EEZ in the Natunas, and low intensity disputes have consistently occurred and attracted media attention more regularly since 2016. High-profile media reports on China Coast Guard (CCG) incursions in the Natunas occurred in 2017, 2019, 2020, 2021, and most recently in 2024, just before the inauguration of President Prabowo Subianto.<sup>2</sup> However, this constant frequency of incursions did not hinder improvement in their economic cooperation. China is Indonesia's largest trading partner, with

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<sup>1</sup> Evan A. Laksmana, "China making inroads with grey zone tactics against Indonesia," *The Strait Times*, 25 July, 2022, <https://www.straitstimes.com/opinion/china-making-inroads-with-grey-zone-tactics-against-indonesia>.

<sup>2</sup> Dian Septiari, "Now and then: China's incursions in Natuna," *The Jakarta Post*, 16 January 2020, <https://www.thejakartapost.com/news/2020/01/16/now-and-then-china-s-incursions-natuna.html>; Fadli and Yvette Tanamal, "China-Indonesia ties tested following North Natuna stand-off," *ibid.*, 25 October 2024.

bilateral trade reaching US\$149.09 billion in 2022, a 19.8% increase from the previous year.<sup>3</sup> Chinese enterprises have invested in a wide range of sectors in Indonesia, including agriculture, mining, electricity, real estate, manufacturing, industrial parks, the digital economy, and financial insurance.<sup>4</sup> These dual circumstances—persistent conflict alongside improving economic relations—challenge the conventional view that conflict and cooperation are mutually exclusive in international relations.<sup>5</sup> Instead, it aligns with the growing argument about the dualistic nature of Southeast Asian states' relations with China, where economic cooperation coexists alongside disagreements.<sup>6</sup> Additionally, it highlights the capacity of both Indonesia and China to tolerate displays of assertiveness as part of their ruling regimes' efforts to achieve performance legitimacy.<sup>7</sup>

The ability to separate disputes from cooperation suggests the presence of a variable that allows Beijing and Jakarta to continue deepening economic ties despite their increasingly conflictual relationship in the South China Sea. Interviews conducted in Jakarta in 2022 indicated the existence of a tactical redline at sea between the two countries—characterised by a presidential instruction to avoid provocation—which has been instrumental in managing tensions and preventing outright conflict.<sup>8</sup> This demonstrates the second key trend, where both countries have become increasingly sensitive to each other's interests. Despite the growing frequency of CCG incursions in the Natuna Sea, both countries maintain a restrained posture: Jakarta allows Beijing to maintain a temporary presence within its Exclusive Economic Zone (EEZ), while China refrains from disrupting Indonesia's economic activities in the Natunas. Tactical redlines refer to the boundaries of permissible assertiveness demonstrated by the maritime security agencies of individual countries to advance their claims at sea.

Under President Prabowo Subianto's administration in 2024, Indonesia initially took a more assertive

<sup>3</sup> However, there was a slight decline in 2023, with bilateral trade amounting to US\$139.42 billion, down 5.9% year-on-year. Despite this decline, China maintains its position as Indonesia's top trading partner. See further, <https://oec.world/en/profile/bilateral-country/chn/partner/idn>.

<sup>4</sup> Qian Zhou, "China-Indonesia closer economic ties: Trade and investment opportunities," *China Briefing*, 11 November 2024, <https://www.china-briefing.com/news/china-indonesia-trade-and-investment-profile-opportunities/>.

<sup>5</sup> Some scholars argue that limited conflict can generate new ideas, improve social interactions, and foster mutually beneficial solutions to shared problems. Additionally, it suggests that conflict can create opportunities for social change and development that benefit all parties involved. In Southeast Asia, such dynamics are particularly significant for sustaining performance legitimacy. Christopher Darnton, "Public diplomacy and international conflict resolution: A cautionary case from cold war South America," *Foreign Policy Analysis* 16, no. 1 (2020); Yi Seong-Woo, "The Nature of Cooperation and Conflict Events: Are they mutually exclusive?," *The Korean Journal of International Studies* 6, no. 1 (2008). For discussion on the importance of performance legitimacy, see Cheng-Chwee Kuik, "Elite legitimization and the agency of the host country," in *Global perspectives on China's belt and road initiative: Asserting agency through regional connectivity*, ed. Florian Schneider (Amsterdam: Amsterdam University Press, 2021).

<sup>6</sup> Some scholars have noted these dualistic trends, where Southeast Asian states can quarrel with China in the South China Sea without disrupting economic cooperation. Rosemary Foot and Evelyn Goh, "The international relations of East Asia: A new research prospectus," *International Studies Review* 21, no. 3 (September 2019); Alvin Camba and Janica Magat, "How do investors respond to territorial disputes? Evidence from the South China Sea and implications on Philippines economic strategy," *The Singapore Economic Review* 66, no. 01 (2021).

<sup>7</sup> At least from the Indonesian perspective, my interviewees often attribute one of the key reasons for China's assertiveness to domestic politics, where Xi Jinping sought to bolster his regime's legitimacy.

<sup>8</sup> This series of interviews was conducted in Jakarta between February and June 2022 and involved officials from the Indonesian Navy, Maritime Security Agencies, Defence Ministry, and Foreign Ministry.

stance by chasing and attempting to expel Chinese vessels.<sup>9</sup> However, this approach softened after his visit to Beijing in November 2024, reflecting continued restraint toward China. This softened approach reflects the third trend, which I refer to as the normalisation of conflictual relationships: Indonesia and China have shifted from denial to implicit acceptance of recurring skirmishes and disputes.<sup>10</sup> This acceptance enables them to acknowledge overlapping claims without seeking resolution while focusing on broader aspects of the relationship. Although this shift began in 2017, it was further evidenced by a 2024 joint statement during President Prabowo Subianto's visit to Beijing, which formally acknowledged the existence of overlapping claims.<sup>11</sup> However, this acceptance and its merits are not uniformly shared among domestic actors or institutions in Indonesia. While the Foreign Ministry (KEMLU) continues to harbour the desire to deny overlapping claims with China, senior leadership adopts a more pragmatic approach in dealing with Beijing: If acknowledging disputes with China proves more beneficial, they are willing to do so.<sup>12</sup>

I argue that the aforementioned trends are underpinned by negotiated redlines, embedded in Indonesia-China mutual understandings. Redlines here is defined as limits of acceptable hostility. These negotiated redlines play a crucial role in conflict de-escalation by promoting predictability. This predictability reduces the uncertainty that underpins the security dilemma. Redlines are not merely imposed warnings from one side but are negotiated, instrumental tools for actors to establish mutual awareness of limits and outline acceptable ways to manage disputes while keeping tensions under control.<sup>13</sup> This assertion challenges conventional neorealist views, which assert that smaller states either balance against or bandwagon with more threatening powers.<sup>14</sup> Instead, smaller states like Indonesia may negotiate implied concords with powerful states—such as China—to promote coexistence. The theory of hedging, as outlined by scholars like Cheng-Chwee Kuik, observes that Southeast Asian states selectively perceive and respond to both threats and opportunities.<sup>15</sup> I argue that further examining the role of redlines extends this observation by revealing the mechanisms that

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<sup>9</sup> As reported by Tria Dianti, "Indonesia's gutsy response to Chinese incursion shows ex-general Prabowo's assertiveness, analysts say," *Benar news* (Jakarta), 29 October 2024.

<sup>10</sup> I also discussed this in Emirza Adi Syailendra, "Understanding Prabowo's Natunas gambit with China," *Lowy Interpreter* (Canberra), 27 November 2024.

<sup>11</sup> Joint statement between the People's Republic of China and the Republic of Indonesia on advancing the comprehensive strategic partnership and the China-Indonesia community with a shared future," news release, 10 November, 2024, [https://english.www.gov.cn/news/202411/10/content\\_WS67301550c6d0868f4e8ecca9.html](https://english.www.gov.cn/news/202411/10/content_WS67301550c6d0868f4e8ecca9.html).

<sup>12</sup> Based on a personal conversation I had with an Indonesian official in December 2024, this is consistent with their public statements and their broader tendency to deny the existence of maritime disputes with China, rather than acknowledging them. For a study on KEMLU's perspective on China, see Ardhitya Eduard Yeremia, "Indonesian diplomats' and foreign policy scholars' perceptions and their implications on Indonesian foreign ministry bureaucratic responses to a rising China," *The Pacific Review* 35, no. 3 (2022)

<sup>13</sup> One of the most notable examples of redlines is President Obama's declaration of a redline against Syria's use of chemical weapons. This statement, made in 2012, signified that crossing this boundary would prompt military intervention, although subsequent events revealed the complexities of enforcing such commitments. Luis Da Vinha, "A tale of two red lines: Managing foreign policy crises in the Obama and Trump administrations," *Comparative Strategy* 40, no. 1 (2021)

<sup>14</sup> There are variations among neorealist scholars' arguments, but typically, they argue that the absence of central authority fosters a competitive environment where states strive to maximise their power and security. For example, Stephen M. Walt, "Alliance formation and the balance of world power," *International Security* 9, no. 4 (1985)

<sup>15</sup> Cheng-Chwee Kuik, "Shades of grey: Riskification and hedging in the Indo-Pacific," *The Pacific Review* (2022)

reassure Southeast Asian states to tolerate Beijing's assertiveness—not due to a lack of alternatives to deter it, but because of the existence of implied limits.

I observe that for Southeast Asian states, such as Jakarta, negotiating redlines with China is a more practical strategy than challenging or submitting to the rising power. Negotiation here should be understood not merely as meetings between state representatives, but also as iterative interactions that shape certain practices underpinned by mutual understanding between the two countries. Redlines can be communicated to an adversary through private or public statements or through “repeated actions,” eventually forming a “pattern” that shapes future negotiations.<sup>16</sup> While initial interactions between disputing parties may be ad hoc, they can evolve into established habits and preferences over time.<sup>17</sup> This approach is especially relevant in Southeast Asia, where states seek to benefit from China's economic rise while managing security risks, particularly in the South China Sea.

This article explores how negotiating redlines shapes Indonesia-China dynamics and the broader Southeast Asia-China relationship, offering insights into how smaller states can reconcile their interests and security imperatives with China.

## **Unpacking and Positioning Redlines in the Threat Perception Literature**

Negotiating redlines reframes threat perceptions into risks and moderates three key aspects of relations between Southeast Asian states and China:

- (1) what Southeast Asian states perceive or consider threatening;
- (2) how trade-offs in key areas of interest between Southeast Asia and China are managed; and
- (3) how both Southeast Asian states and China maintain relationships by allowing contestation to occur within set limits.

The negotiated aspect of redlines is crucial in this article, as redlines can often be perceived as unilateral impositions. The negotiated element, however, suggests a more mutual and dynamic interaction between the two sides, fostering confidence that both parties will adhere to the agreed consensus. Before examining how redlines reframe Southeast Asian states' threat perception of China into manageable risks, it is worth briefly highlighting the evolution of threat perception literature in International Relations and identifying where the perspective of negotiating redlines contributes.

Threat perception is the process through which actors evaluate the surrounding environment to

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<sup>16</sup> Bruno Tertrais, “Drawing red lines right,” *The Washington Quarterly* 37, no. 3 (2014/07/03 2014): 7.

<sup>17</sup> Thomas C. Schelling, “Bargaining, Communication, and Limited War,” *Conflict Resolution* 1, no. 1 (1957): 28.



assess potential dangers to their security, interests, or values.<sup>18</sup> The basis of this threat perception is information processing, which can be hindered by uncertainty about another party's intentions, often leading to a security dilemma.<sup>19</sup> The literature on threat perception can be divided into three streams:<sup>20</sup> Non-psychological (rationalist) approaches suggest that actors assess the credibility of others' intentions based on available information, with uncertainty leading to a security dilemma;<sup>21</sup> psychological (individual), which suggests that actors process information through pre-existing cognitive frameworks, influenced by biases and heuristics;<sup>22</sup> and psychological (collective), which suggests that group dynamics shape information processing, where prior beliefs are updated based on new information, but biases constrain these updates, making threat perceptions resistant to change.<sup>23</sup> The negotiation of redlines is situated within the latter—psychological (collective).

The psychological (individual) stream often views interests as fixed (e.g., security, economic).<sup>24</sup> However, Southeast Asian states perceive their interests as dynamic and hierarchical, allowing them to adjust concerns based on context rather than adhering to a zero-sum mindset. In contrast, the psychological (collective) perspective is more dynamic, suggesting that actors continuously update prior beliefs based on new information. Although these updates are constrained by existing biases, making threat perceptions resistant to change, in critical junctures, such as structural or order transitions, actors may alter the way they evaluate threats. In the Southeast Asia context, Ian Storey and Herbert Yee's edited volume *The China Threat: Perceptions, Myths, and Reality* (2004) is the most comprehensive compilation of studies detailing how Southeast Asian states changed their behaviour towards China as the regional order transitioned from the Cold War to the Post-Cold War

<sup>18</sup> Raymond Cohen, "Threat perception in international crisis," *Political Science Quarterly* 93, no. 1 (1978)

<sup>19</sup> In general, Southeast Asian states are anxious about being drawn into a cycle of conflict. I explored the limitations of conventional understandings of security dilemma theory, particularly by examining the Malaysia-China case. See Emirza Adi Syailendra, "Malaysia's strategic approach: Unpacking the 'action-reaction spiral' logic in the South China Sea," *Asian Politics & Policy* (2024)

<sup>20</sup> While the categorisation is mine, Janice Gross Stein also reviews this literature in her review article. See Janice Gross Stein, "Threat perception in international relations," in *The Oxford Handbook of Political Psychology* (2nd edn), ed. David O. Sears Leonie Huddy, Jack S. Levy, Oxford Handbooks (Oxford: Oxford University Press, 2013).

<sup>21</sup> Classical and structural realists argue that power asymmetry influences threat perception in international relations. For example, Stephen Walt's Threat Perception Theory (TPT) highlights four key factors influencing threat perception: aggregate power, geographic proximity, offensive power, and offensive intentions. Walt, "Alliance formation and the balance of world power." See also Chang-Ching Tu, Han-Ping Tien, and Ji-Jen Hwang, "Untangling threat perception in international relations: an empirical analysis of threats posed by China and their implications for security discourse," *Cogent Arts & Humanities* 11, no. 1 (2024).

<sup>22</sup> Cognitive perspectives in IR introduce "enemy images" to explain threat perception, acting as schemas to interpret potential threats. Scholars find that emotion, combined with cognition, influences policy choices based on these images. See Richard K Herrmann et al., "Images in international relations: An experimental test of cognitive schemata," *International studies quarterly* 41, no. 3 (1997). One example is Yuen Foong Khong's work, which examines the influence of analogy and schema in decision-making. Yuen Foong Khong, *Analogies at War: Korea, Munich, Dien Bien Phu, and the Vietnam Decisions of 1965* (Princeton University Press, 1992); Yuen Foong Khong, "Power as prestige in world politics," *International Affairs* 95, no. 1 (2019).

<sup>23</sup> This aligns with prospect theory, which suggests that perception, including threat, is reference-point dependent: actors' choices are shaped by how they perceive their current situation relative to a reference point. If leaders perceive their position as below this point, they may escalate to restore their status. Jack S. Levy, "Daniel Kahneman: Judgment, Decision, and Rationality," *PS: Political Science and Politics* 35, no. 2 (2002); Daniel Kahneman and Amos Tversky, "Prospect theory: An analysis of decision under risk," *Econometrica* 47, no. 2 (1979).

<sup>24</sup> Khong, for instance, would argue that analogy is persistent and almost impossible to change. Yuen Foong Khong, "How not to learn from history," *International Affairs* 98, no. 5 (2022)

period.<sup>25</sup> Key to the various works in this volume is how Southeast Asian states were able to shift their perception of China from a threat to a risk, enabling them to integrate China into the emerging post-Cold War regional order and architecture. I suggest that negotiating redlines were key mediating factors that allowed Southeast Asian states to downplay their predisposition to see China as a threat.

The reframing of threats as risks also stems from recognising that conflict is often an inherent part of relationships and that expressions of assertiveness are sometimes necessary for maintaining domestic legitimacy. Redlines, in this context, are integral to the fabric of mutual understandings between Southeast Asian states and China. These redlines, often implicit, serve as the limits of tolerable hostility. By examining redlines, scholars can identify the intervening variables that influence how Southeast Asian states perceive gains and losses in their relations with China, as they reorganise their priorities between core and peripheral interests.

If we consider redlines as limits, I suggest that they can be understood in two ways:

1. Limits as thresholds of intolerable loss: These are the boundaries at which losses become unbearable, where significant actions have crossed warnings and demand a response.
2. Limits as tools for policing boundaries: Here, redlines are not strictly about internal priorities but are used to shape the behaviour of others, setting expectations for acceptable portrayals of identity and conduct.

The following discussion suggests two mechanisms through which negotiating redlines moderates threat perception. First mechanism: Negotiating redlines compels actors to introspectively distinguish between core and peripheral interests. Second mechanism: Negotiated redlines reduce threat perception by fostering predictability.

### **First mechanism: Negotiating redlines compels actors to introspectively distinguish between core and peripheral interests**

The negotiation of redlines or limits in maritime disputes, whether through direct diplomatic engagement between leaders or indirect, iterative interactions between maritime security agencies, requires actors to refrain from viewing the pie and concept of interests as fixed and zero-sum.<sup>26</sup> Assuming China's assertiveness is confined to challenging secondary or tertiary interests while leaving primary interests untouched, Southeast Asian states may find accommodation more palatable. If such accommodation yields tangible benefits in other domains—such as economic cooperation—leaders may perceive it as

<sup>25</sup> Herbert Yee and Ian Storey, eds., *The China threat: Perceptions, myths and reality* (New York, NY: Routledge, 2002).

<sup>26</sup> Emirza Adi Syailendra, "The sense and sensibility of Malaysia's approach to its maritime boundary disputes," *Asia Maritime Transparency Initiative* (Washington D.C.), 21 November 2022, <https://amti.csis.org/the-sense-and-sensibility-of-malaysias-approach-to-its-maritime-boundary-disputes/>.



a strategic trade-off rather than a concession.<sup>27</sup> In such cases, negotiating redlines is not simply about defining territorial boundaries but about prioritising interests hierarchically—distinguishing between non-negotiable concerns and those subject to managed contestation.

In the South China Sea, interactions between Southeast Asian states and China are shaped by a discourse that frames security issues alongside economic cooperation.<sup>28</sup> This interplay is not merely a pragmatic choice but a recurring feature of official narratives. A key example is Indonesia's response to heightened tensions with China in 2016. Although confrontations occurred at sea, the government, led by President Joko Widodo, ultimately prioritised economic stability over military escalation.<sup>29</sup> Widodo's decision to hold a high-profile cabinet meeting aboard a warship in Natuna waters in June 2016 signalled resolve, yet the broader policy outcome focused on safeguarding economic interests—such as offshore energy projects and broader bilateral cooperation with China—rather than escalating the dispute.<sup>30</sup>

The domestic discussion inherently reshapes the distinction between core and peripheral interests, with sovereignty being a core interest, alongside Indonesia's ability to exploit oil and other resources. However, increasing cooperation with China is also viewed as a core interest, particularly given the importance of infrastructure investment to Indonesia's leadership. On the other hand, sovereign rights are significant but considered secondary to these other core interests. Therefore, as long as Indonesia can ensure that the legitimacy of its claims in its Exclusive Economic Zone (EEZ) remains protected through various strategies—ranging from maintaining a continued civilian and military presence, engaging in economic activities, and negotiating boundaries with other countries—Jakarta is willing to tolerate the presence of the CCG.<sup>31</sup> This tolerance, however, has limits: such a presence must not escalate to the use of force (a topic further explored in the next section).

Furthermore, distinguishing between core and peripheral interests moderated threat perception by linking security concerns with economic interests and bilateral cooperation with China. This evaluation occurred in tandem: when Indonesia's economic interests in the Natunas were protected—especially as China refrained from challenging Indonesia's sovereignty, in line with Beijing's redline—and as

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<sup>27</sup> For example, in one of my articles, I examined how Malaysia prioritised economic over security imperatives, tolerating CCG incursions in its Exclusive Economic Zone (EEZ) within limits, provided they did not interfere with its offshore oil exploitation. Syailendra, "Malaysia's strategic approach: Unpacking the 'action-reaction spiral' logic in the South China Sea."

<sup>28</sup> Evelyn Goh, "The Asia-Pacific's 'Age of Uncertainty': Great Power Competition, Globalisation and the Economic-Security Nexus," *RSIS Working Paper* (2022); Evi Fitriani, "Linking the impacts of perception, domestic politics, economic engagements, and the international environment on bilateral relations between Indonesia and China in the onset of the 21st century," *Journal of Contemporary East Asia Studies* 10, no. 2 (2021)

<sup>29</sup> Evi Fitriani, "Indonesian perceptions of the rise of China: Dare you, dare you not," *The Pacific Review* 31, no. 3 (2018)

<sup>30</sup> On 23 June 2016, President Widodo held a Cabinet meeting aboard the KRI Imam Bonjol near the Natuna Islands, signaling Indonesia's sovereignty to China. Jefferson Ng, "The Natuna Sea incident: How Indonesia is managing its bilateral relationship with China," *The Diplomat*, 20 January 2020, <https://thediplomat.com/2020/01/the-natuna-sea-incident-how-indonesia-is-managing-its-bilateral-relationship-with-china/>.

<sup>31</sup> I Made Andie Arsana and Clive Schofield, "Indonesia's 'Invisible' Border with China," ed. Bruce A. Elleman, Stephen Kotkin, and Clive Schofield, *Beijing's Power and China's Borders: Twenty Neighbours in Asia* (London: Routledge, 2013).

economic cooperation improved, the growing presence of the CCG in Indonesia's EEZ was seen as something Indonesia could tolerate. Indeed, maritime security concerns are frequently negotiated alongside economic imperatives, ensuring that tensions do not derail bilateral cooperation. While different state agencies weigh these priorities differently, under both Widodo and Prabowo Subianto, economic considerations have often taken precedence.<sup>32</sup> For example, in 2017, negotiations over Indonesia's redlines were conducted through direct communication between Coordinating Minister Luhut Panjaitan and his Chinese counterpart, where discussions of South China Sea tensions were integrated with investment talks. In 2019, when Chinese fishing vessels entered Indonesia's exclusive economic zone, Defence Minister Prabowo referred to China as a 'friendly nation,' reinforcing adherence to the diplomatic agreement.<sup>33</sup> This sentiment was reaffirmed during a 2021 leader-to-leader call between President Jokowi and President Xi Jinping, where both leaders highlighted their close ties, strengthened by Indonesia's reliance on Chinese COVID-19 vaccines.<sup>34</sup> Likewise, during Prabowo's visit, the Joint Statement issued by both governments linked maritime security concerns with economic collaboration. This pattern of diplomatic engagement underscores a tendency to link economic and security considerations, reflecting how both domains are increasingly intertwined in shaping foreign policy decisions and strategic priorities.

Beyond delineating core and peripheral interests, negotiating redlines also compels Indonesia to refrain from viewing the situation as a fixed zero-sum game. As long as China does not contest Indonesia's sovereignty over the Natuna Islands, maritime jurisdictional disputes are framed as risks to be managed, rather than existential threats. Jakarta's non-zero-sum approach to negotiating redlines and distinguishing core and peripheral interests aligns with broader patterns across Southeast Asia, where economic considerations often temper the rigid enforcement of sovereign rights. As seen in Malaysia's approach to CCG incursions, Indonesia has exhibited tactical flexibility, allowing China limited space for assertiveness—provided that core interests remain protected.<sup>35</sup> Through carefully framed discourse, Indonesia maintains a calibrated balance: asserting its claims while preserving avenues for economic engagement.

The aforementioned discussion highlights that as China and Indonesia navigate tactical interactions in the Natunas, Indonesian policymakers have underscored the importance of sectoral trade-offs, in which security imperatives and economic cooperation are not mutually exclusive. The objective is not absolute deterrence but the preservation of core national interests—sovereignty and economic

<sup>32</sup> Interview with the Director of Strategy at the Indonesian Defence Ministry in Jakarta on 6 March 2022.

<sup>33</sup> As cited in Lim Min Zhang and Joyce ZK Lim, "What will Prabowo's China policy look like? Analysts expect pragmatism over nationalism," *The Strait Times* (Jakarta), 16 February 2024, <https://www.straitstimes.com/asia/east-asia/what-will-prabowo-s-china-policy-look-like-analysts-expect-pragmatism-over-nationalism>.

<sup>34</sup> Interview with Director of Defence Strategy at the Indonesian Ministry of Defence.

<sup>35</sup> Cheng-Chwee Kuik and Yew Meng Lai, "Deference and defiance in Malaysia's China policy: Determinants of a dualistic diplomacy," *International Journal of Asian Studies* (2023); Syailendra, "Malaysia's strategic approach: Unpacking the 'action-reaction spiral' logic in the South China Sea."

stability—while managing secondary concerns within acceptable limits. By framing incursions as violations of sovereign rights rather than sovereignty, Indonesia moderates the perception of the threat posed by China. This redline distinction shifts the focus from territorial integrity, which would warrant a more forceful response, to a more flexible, manageable issue concerning economic interests and navigational freedoms. As a result, the threat is reframed within a legal and diplomatic framework, altering how both China and Indonesia approach the issue. By downplaying the severity of the incursions, Indonesia structures its interests around preserving diplomatic space and regional stability, rather than escalating tensions over what is perceived as a moderate, manageable risk. This strategic reframing allows Indonesia to engage with China within established legal norms while safeguarding its core sovereignty claims, maintaining the flexibility to respond without overcommitting to conflict.

### **Second mechanism: Negotiated redlines reduce threat perception by fostering predictability**

Indonesia and China have negotiated two redlines: one governing public discourse and the other regulating tactical interactions at sea. As noted above, these redlines resulted from both direct negotiations between leaders and tactical interactions at sea, which helped Indonesia and China understand each other's limits when engaging with one another. This section demonstrates how negotiating and understanding redlines or limits of behaviour between actors reduces uncertainty by introducing predictability. As noted in the literature review above, threat perception is primarily regulated through a framework that shapes how an actor interprets the actions of others. Uncertainty about intent can lead to a security dilemma when the primary assumption is that one country cannot be trusted. Therefore, negotiating redlines reduces threat perception by updating this framework: even though China may be assertive, it will adhere to Indonesia's redlines for various reasons. This confidence leads to a willingness to tolerate China's assertiveness, as it is bounded by limits and, in essence, benefits Indonesia in other sectors. Indonesia's confidence in the strength of its legal position also deters it from adopting a purely deterrence-based approach toward China.

In the Indonesia-China case, my 2022 interviews with officials from Indonesia's Ministry of Defence, Foreign Ministry, and maritime security agencies revealed three key reasons why they believed China would respect certain boundaries in the South China Sea:

1. China views Indonesia as an important regional partner.
2. Their economic interests are deeply intertwined, with China's significant foreign direct investment in Indonesia.<sup>36</sup>

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<sup>36</sup> Fitriani, "Linking the impacts of perception, domestic politics, economic engagements, and the international environment on bilateral relations between Indonesia and China in the onset of the 21st century."; Dewi Fortuna Anwar, "Indonesia-China Relations: Coming Full Circle?," *Southeast Asian Affairs* 2019, no. 1 (2019); Siwage Dharma Negara and Leo Suryadinata, *Indonesia and China's Belt and Road Initiatives: Perspectives, issues and prospects* (ISEAS-Yusof Ishak Institute, 2018).

3. The existence of *perjanjian tidak tertulis* (unwritten agreements) provides a framework for informal commitments to avoid escalation.<sup>37</sup>

While Indonesian officials did not explicitly use the term 'redlines,' their responses suggested an awareness of limits. In this context, redlines refer to informal yet mutually understood boundaries that, if crossed, would provoke a reaction.

## The first redline

The first redline in Indonesia-China relations emerged in 2016, amid rising tensions over Beijing's growing presence in the Natuna Sea.<sup>38</sup> This triggered a public debate in Indonesia, forcing Jakarta to adopt a firmer stance.<sup>39</sup> Jakarta's firmer stance, in turn, triggered Beijing to adjust its approach, as seen in the differing responses from Beijing's officials to the same event that year. Previously, Beijing would downplay such skirmishes by reaffirming Indonesia's sovereignty over the Natunas, thus masking their disagreement regarding the disputes in the area where the nine-dash line intersects Indonesia's EEZ.<sup>40</sup> However, following a June naval confrontation, China's Foreign Ministry changed its position.<sup>41</sup> They claimed the incident occurred in 'overlapping claims waters' and accused Indonesia of violating international law.<sup>42</sup> This marked Beijing's first public acknowledgment of a maritime dispute with Indonesia, largely driven by regional dynamics surrounding the 2016 South China Sea Arbitral Award.

Out of this interaction, the need arose for a mechanism that would allow both parties to assert stronger stances against each other while simultaneously downplaying the severity of their disputes. This stronger stance is necessary as both Jakarta and Beijing need to maintain performance legitimacy in the eyes of their political constituents. Furthermore, since 2016, following the arbitral award that nullified the legality of China's historical claims in the South China Sea, Jakarta has witnessed Beijing adopting a more defensive stance—requesting that its Southeast Asian partners refrain from

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<sup>37</sup> Interview with the Director of Defence Strategy of the Indonesian Ministry of Defence, 16 March 2022. The negotiation of this unwritten agreement and how it relates to Jakarta's broader tacit understanding with Beijing is discussed in Chapter 4. His account aligned with several other interviews I conducted with senior Navy officers on 23 and 26 January 2022.

<sup>38</sup> In my PhD work, I discussed the historical antecedents of the Indonesia-China redline and identified another redline negotiated between the two countries' Foreign Ministers, Ali Alatas of Indonesia and Qian Qichen of China, in 1995. While the details of this meeting are beyond the scope of this article, its core element was an implicit agreement on how the two countries would manage their disagreements, particularly regarding whether any disputes existed between them.

<sup>39</sup> For debates among the Indonesian elites concerning the South China Sea, see Emirza Adi Syailendra, "Indonesia's elite divided on China," *East Asia Forum*, April 20, 2018, <http://www.eastasiaforum.org/2018/04/20/indonesias-elite-divided-on-china/>; Emirza Adi Syailendra, "A nonbalancing act: Explaining Indonesia's failure to balance against the Chinese threat," *Asian Security* 13, no. 3 (2017).

<sup>40</sup> "Foreign ministry spokesperson Hua Chunying's regular press conference," news release, 23 March, 2016, <https://www.fmprc.gov.cn/ce/cedk/eng/fyrth/t1350212.htm>.

<sup>41</sup> From 1995 to 2016, both sides consistently avoided addressing whether disputes existed, deliberately steering attention away from the issue. Syailendra, "Understanding Prabowo's Natunas gambit with China."

<sup>42</sup> "Foreign ministry spokesperson Hua Chunying's regular press conference," news release, 20 June, 2016, <http://fm.china-embassy.org/eng/fyrth/t1373744.htm>.

invoking the award while increasing its aggressive presence to assert claims in the South China Sea. However, a significant portion of policymakers in Indonesia desires to challenge Beijing, such as by fully implementing a policy to rename the contested area from the South China Sea to the North Natuna Sea.<sup>43</sup>

In response to this need, Indonesian officials negotiated an unwritten agreement in 2017 that established a redline to prevent tensions from disrupting economic cooperation. The first notable action was Indonesia refraining from fully enacting the renaming policy—using the new name domestically but not pursuing formal recognition from the International Hydrographic Organization.<sup>44</sup> To manage tensions, officials have strategically distinguished between sovereignty and sovereign rights in their public discourse, affirming that sovereignty is non-negotiable while portraying sovereign rights as more flexible.<sup>45</sup> Interviews with Indonesian officials reveal how this distinction allows them to downplay Chinese incursions in the Natuna Sea. Indonesia asserts sovereignty over the islands and territorial waters, while its sovereign rights extend to the surrounding EEZ, where it can regulate economic activities but cannot restrict freedom of navigation. This distinction is embedded in official rhetoric, with sovereignty framed as absolute and sovereign rights presented as more adaptable. Officials often cite the principle of ‘innocent passage’ to explain Chinese incursions, allowing foreign vessels, including the CCG, to traverse the EEZ without breaching UNCLOS.<sup>46</sup> By presenting China’s presence as temporary and non-intrusive, Indonesia sought to mitigate the gravity of the situation, reassuring both domestic and international audiences that its economic and strategic interests remained secure. While scholars argue that the CCG’s extended presence challenges this principle, Indonesia uses this interpretation to downplay tensions, framing the issue as a manageable risk rather than a serious violation.

This diplomatic balancing act has evolved over time, reflecting a shift in the redline corresponding to changing approaches in public discourse and strategic interests between the two nations. As China’s insistence on recognising overlapping claims grows, Jakarta has become more willing to accept this

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<sup>43</sup> Tom Allard and Bernadette Christina Munthe, “Asserting sovereignty, Indonesia renames part of South China Sea,” Online, *Reuters*, 14 July 2017, <https://www.reuters.com/article/us-indonesia-politics-map-idUSKBN19Z0YQ>; Saifulbahri Ismail, “China demands Indonesia rescind decision to rename part of South China Sea,” *ChannelNews Asia* (Singapore), 2 September 2017, <http://www.channelnewsasia.com/news/asiapacific/china-demands-indonesia-rescind-decision-to-rename-part-of-south-9179992>.

<sup>44</sup> Kurnia Sari Aziza, “Luhut Pastikan Tak Ada Pengubahan Nama Laut China Selatan Menjadi Laut Natuna Utara [Luhut insisted that there will be no renaming of South China Sea to North Natuna Sea],” *Kompas* (Jakarta), 13 September 2017, <https://ekonomi.kompas.com/read/2017/09/13/193437026/luhut-pastikan-tak-ada-pengubahan-nama-laut-china-selatan-menjadi-laut>.

<sup>45</sup> See further discussion in the next section.

<sup>46</sup> Innocent passage is outlined in UNCLOS, specifically Articles 17 to 32. It refers to the right of vessels to pass through the territorial sea of a coastal state, provided that such passage is not prejudicial to the peace, good order, or security of that state. However, for passage to be considered “innocent,” it must adhere to certain conditions, such as being continuous and refraining from engaging in any activities that are considered hostile, including conducting surveys. Indonesian scholars and foreign policy analysts do not view China’s activities in the disputed area as innocent passage; rather, the Foreign Minister’s description of them as such was a way to soften and attenuate public concern. An interview with an Expert Staff member (Colonel level) at the Hydro-Oceanographic Centre (Pushidrosal), Indonesian Navy, on 26 January 2022.



narrative, albeit within limits.<sup>47</sup> For instance, during President Prabowo Subianto's visit to China in November 2024, he acknowledged the existence of 'overlapping claims' while framing this within a conciliatory tone, emphasising growing maritime and economic cooperation.<sup>48</sup> This recognition marks Prabowo's departure from the previous stance of denying any dispute with China. However, beyond acknowledging the existence of overlapping claims, Indonesia has no intention of recognising the legality of China's nine-dash line under UNCLOS. The recognition should be seen as a signalling manoeuvre by Prabowo to demonstrate his willingness to engage with China, provided Beijing remains a reliable partner. This requires China to exercise continued restraint in the South China Sea and enhance economic cooperation. The acknowledgement also avoided any detailed discussion on the nature of the overlapping claims or the establishment of a dispute resolution mechanism—areas where Indonesia's redline currently lies.

## The second redline

The second redline, governing tactical interactions at sea, emerged from repeated maritime encounters between Indonesian and Chinese security agencies. Indonesian officials have generally tolerated CCG activities, including monitoring and surveys, as long as they do not interfere with Indonesia's oil exploitation.<sup>49</sup> Interviews with Indonesian Naval officers revealed a presidential instruction of 'jangan bikin gaduh'—'do not escalate first.'<sup>50</sup> By adhering to this principle, both sides have managed to avoid direct confrontation, allowing China to assert its presence without triggering a crisis. While this redline was initially established through negotiations between leaders, repeated maritime interactions, even in the form of skirmishes, have further reinforced it. These encounters serve as mechanisms for solidifying redlines, fostering predictability, and creating routine exchanges.<sup>51</sup> Through these interactions, both sides have opportunities to test, refine, and strengthen mutual expectations, gradually deepening their understanding of each other's limits.<sup>52</sup> Key actors in these exchanges include China's

<sup>47</sup> This became more pronounced with a statement on 8 January 2020 by Chinese Foreign Ministry Spokesperson Geng Shuang, declaring that China's rights in the relevant waters were an 'objective fact,' irrespective of Indonesia's stance. As quoted in Niniek Karmini, "Indonesia president visits islands also claimed by China," *Associated Press* (Jakarta), 8 January 2020, <https://apnews.com/article/30ecc727451cbcaa0e28a198ef8bcccc>.

<sup>48</sup> Joint statement between the People's Republic of China and the Republic of Indonesia on advancing the comprehensive strategic partnership and the China-Indonesia community with a shared future," news release, 10 November, 2024, [https://english.www.gov.cn/news/202411/10/content\\_WS67301550c6d0868f4e8ecca9.html](https://english.www.gov.cn/news/202411/10/content_WS67301550c6d0868f4e8ecca9.html).

<sup>49</sup> A colonel (sea) from the Indonesian Navy lamented that the instruction restricted the Navy's freedom during patrols in response to the continuous presence of CCG vessels. Interview with the former Director of Cooperation at the Indonesian Maritime Security Agency on 28 March 2022 illustrates this as a typical example of a top-down directive for restraint, where leaders discourage hostile rhetoric and policies in the face of China's growing assertiveness.

<sup>50</sup> Emirza Adi Syailendra, "China, Indonesia, and Malaysia: Waltzing around oil rigs," *The Diplomat*, 18 August 2022, <https://thediplomat.com/2022/08/china-indonesia-and-malaysia-waltzing-around-oil-rigs/>.

<sup>51</sup> One similar example is James Manicom's work on the *modus vivendi* between China and Japan in the maritime domain, which emerged from an implicit consensus and iterative interactions at sea. James Manicom, *Bridging troubled waters: China, Japan, and maritime order in the East China Sea* (Washington, DC: Georgetown University Press, 2014), 60-61.

<sup>52</sup> This aligns with Ritual Theory in IR, which has gained significant attention in recent years, suggesting that ritualised practices developed through repetitive engagement can help reduce anxiety and manage conflict. Stephane J Baele and Thierry Balzacq, "International rituals: An analytical framework and its theoretical repertoires," *Review of International Studies* 48, no. 1 (2022).



Coast Guard, maritime militias, and Indonesia's naval and maritime agencies.<sup>53</sup>

This redline enables Indonesia to navigate its vulnerabilities by asserting sovereignty through maritime patrols and resource exploitation, while maintaining strategic flexibility in its relationship with China. Rather than responding to perceived threats with excessive force, Indonesia adopts a measured approach to maritime security. Operational practices such as shadowing allow both sides to test escalation thresholds without provoking direct conflict, reinforcing a restrained but firm presence at sea. A key indicator of this dynamic is Indonesia's consistent downplaying of CCG incursions. Indonesia has tolerated CCG monitoring activities and surveys as long as they do not interfere with its oil exploitation. For instance, when Indonesia began drilling in the Tuna Block on 30 June 2021, Chinese law enforcement vessels deployed to the area, maintaining a presence through rotating shifts. Additionally, China sent the survey vessel Haiyang Dizhi 10 to conduct seabed research related to hydrocarbon exploration. These actions mirrored China's practices against Vietnam and Malaysia, reinforcing Beijing's perception of Indonesia as part of the broader South China Sea disputes. Between July and November 2021, the Indonesian Navy conducted routine patrols, shadowing Chinese vessels rather than confronting them. This approach marked a shift from Indonesia's 2016 response, when warning shots were fired at Chinese fishing boats. Similarly, China refrained from disrupting Indonesia's drilling activities or deploying military escorts for CCG and survey ships. Unlike China's aggressive blockades against Vietnam and the Philippines, this restraint suggested an implicit understanding of redlines—violations would provoke warnings or physical confrontation. This dynamic resembled a careful waltz, with Indonesian Navy (TNI-AL) vessels stepping back, prompting CCG vessels to do the same. Indonesia's adherence to negotiated redlines reflects a belief that China is equally committed to respecting Indonesia's interests, reframing Chinese incursions as manageable risks rather than existential threats. For China, these maritime actions assert regional dominance; for Indonesia, they reinforce sovereignty over the Natunas within its Exclusive Economic Zone. By engaging in restrained maritime interactions, Indonesia asserts its national interests while preserving strategic flexibility. These redlines—governing both public discourse and tactical interactions—moderate threat perception by fostering predictability. They enable Indonesia and China to manage their differences, avoid direct conflict, and navigate a complex relationship shaped by regional dynamics, economic cooperation, and strategic competition, thereby ensuring stability and the protection of national interests.

The second redline allows Indonesia to assert sovereignty through maritime patrols and resource exploitation while maintaining strategic flexibility in its relationship with China. Rather than using excessive force, Indonesia takes a measured approach, such as shadowing Chinese vessels to test

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<sup>53</sup> The CCG plays a central role in asserting Beijing's claims, often supported by maritime militias that engage in harassment and shadowing activities. Initially, Indonesia relied on its Navy to respond, but since 2019, the Maritime Security Agency (Bakamla) has assumed a more prominent role, reflecting a shift towards a multi-agency approach.

escalation thresholds without provoking conflict. Indonesia has tolerated CCG incursions, such as monitoring and surveys, as long as they do not interfere with oil exploitation. For example, when Indonesia began drilling in the Tuna Block (located in the contested area) in June 2021, China maintained a presence with law enforcement and survey vessels.<sup>54</sup> Between July and November 2021, Indonesia's Navy conducted routine patrols, shadowing Chinese vessels instead of confronting them, marking a shift from its 2016 response.<sup>55</sup> China, in turn, refrained from disrupting Indonesia's activities, reflecting an implicit understanding of redlines—violations would trigger warnings or confrontation. This restraint mirrors a cautious exchange where both sides test boundaries without escalation.<sup>56</sup>

Indonesia's adherence to these redlines suggests it believes China will respect its interests, framing incursions as manageable risks, not existential threats.<sup>57</sup> For China, these actions assert regional dominance; for Indonesia, they reinforce sovereignty over the Natunas within its EEZ. Through restrained maritime interactions, Indonesia asserts its national interests and strategic flexibility. These redlines help moderate threat perception by fostering predictability, enabling both countries to manage differences, avoid direct conflict, and maintain stability in a complex, competitive relationship.

## Conclusion

My findings on negotiated redlines contribute to threat perception literature by identifying how redlines influence a state's strategic approach to security. Rather than viewing threats as binary—either direct confrontations or manageable risks—redlines offer a framework where states negotiate boundaries of acceptable behaviour. This allows states to manage tensions by setting clear escalation thresholds. Redlines do not eliminate the perception of threat, but shift responses from reactive confrontation to more restrained actions that maintain stability and avoid unnecessary escalation. In this context, redlines help states define provocation and institutionalise predictability in interactions, shaping strategic decisions in response to perceived challenges. This mechanism highlights the role of diplomacy and institutional engagement in moderating conflict and fostering stability.

Three key questions need to be addressed for further research. First, how can we determine that the negotiated redlines are genuinely the result of negotiation, rather than imposed limits serving only China's interests? Second, what incentives does Indonesia have for engaging in the negotiation of

<sup>54</sup> "Nervous energy: China targets new Indonesian, Malaysian drilling," *Asia Maritime Transparency Initiative*, 12 November, 2021, <https://amti.csis.org/nervous-energy-china-targets-new-indonesian-malaysian-drilling/>.

<sup>55</sup> This approach marked a shift from Indonesia's 2016 response, when it fired warning shots at Chinese fishing boats. Niniek Karmini, "South China Sea: Indonesian Navy Fires Shots, Seizes Chinese Fishing Boat," *The Sydney Morning Herald*, May 31, 2016, <https://www.smh.com.au/world/south-china-sea-indonesian-navy-fires-shots-seizes-chinese-fishing-boat-20160531-gp7s45.html>. For a brief domestic political discussion on this matter, see Syailendra, "Indonesia's elite divided on China."

<sup>56</sup> I also discussed this in Syailendra, "China, Indonesia, and Malaysia: Waltzing around oil rigs."

<sup>57</sup> Ibid.

redlines with China? Finally, further clarification is needed on how to identify redlines and, ultimately, why they matter. Due to word count limitations, these questions remain open for future investigation. However, this research demonstrates that Indonesia's approach to managing its relationship with China in the South China Sea reflects a pragmatic strategy for navigating asymmetrical power dynamics. By negotiating tacit redlines and adopting restrained engagement protocols, Jakarta reduces escalation risks while maintaining strategic autonomy. This approach challenges the view that Southeast Asian nations must choose between resistance and submission to China's influence. Negotiated redlines exemplify Indonesia's nuanced strategy in prioritising critical interests—such as sovereignty—while allowing flexibility on less vital issues. Actions that threaten Indonesia's sovereignty, such as Chinese incursions, are intolerable, whereas other threats may be more negotiable. This illustrates Jakarta's calculated pragmatism in its dealings with Beijing.

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## CHAPTER 4

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# Traversing Turbulent Waters: The Philippines' Evolving Indo-Pacific Strategy

*Aries A. Arugay<sup>1</sup>*

### Introduction

Since assuming office in June 2022, President Ferdinand Marcos Jr. has undertaken a significant recalibration of the Philippines' foreign and security policy to align with new strategic objectives. Under the banner of an independent foreign policy, his administration has reinvigorated its alliance with the United States while simultaneously adopting a more assertive stance toward China, particularly concerning the South China Sea. Beyond the confines of the U.S.-China rivalry, the Philippines has also deepened security cooperation with key Indo-Pacific states, including Australia, India, Japan, and South Korea.

This strategic pivot surprised both domestic and international observers, given that Marcos Jr. campaigned on a platform of policy continuity with his predecessor, Rodrigo Duterte. Duterte's administration embraced China unconditionally while taking an adversarial stance toward the United States and the European Union, even initiating the abrogation of the Philippines-U.S. Visiting Forces Agreement, a fundamental pillar of the region's oldest military alliance. In contrast, Marcos Jr. has reasserted the country's traditional commitment to upholding a rules-based international order, encapsulated in his "friends to all, enemies to none" foreign policy doctrine.<sup>2</sup>

However, several critical questions emerge regarding the long-term viability of this foreign policy direction. Can the Philippines sustain its current trajectory under Marcos Jr. amid an increasingly unstable regional security environment? To what extent might domestic political developments disrupt the government's ability to maintain strategic coherence? Addressing these questions is essential for assessing the country's security outlook, which demands strategic foresight, bureaucratic discipline, and effective statecraft. Nevertheless, as a small regional power grappling with persistent political and economic challenges, the Philippines' strategic position remains highly susceptible to external developments beyond its direct control.

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<sup>2</sup> Aries A. Arugay, and Ian Storey, "A Strategic Reset?: The Philippines-United States Alliance under President Marcos Jr.," *Perspective*, ISEAS-Yusof Ishak Institute, 2023/40.

## More Uncertainty in the Regional Strategic Environment

Although Marcos Jr. initially signaled continuity with his predecessor's policies, his swift moves to re-engage with the United States introduced new complexities in the Philippines' approach to its principal strategic challenge: navigating the intensifying U.S.-China rivalry in the Indo-Pacific. The president, as the country's chief architect of foreign policy, wields significant authority in shaping strategic decisions. In this sense, foreign policymaking in the Philippines is both a highly personal endeavor and the product of institutionalized processes.<sup>3</sup>

The shift in policy, however, extends beyond personalizing decision-making or leveraging the alliance for political gain. Since 2016, the Indo-Pacific region has faced increasing instability due to the escalating tensions between the United States and China, drawing other regional actors into a widening geopolitical contest. As Marcos Jr. observed, "we are now confronted with a different and complex security environment, which brings with it new challenges that require us to adapt." The Philippines' geopolitical concerns now extend beyond the South China Sea to the Taiwan Strait, marking a stark departure from Duterte's foreign policy approach. Marcos Jr. has articulated his firm belief that strengthening the alliance with the United States is critical to enhancing the Philippines' national security and strategic posture. Emphasizing the enduring significance of this relationship, he stated, "I cannot see the Philippines in the future without having the United States as a partner. When we are in crisis, we look to the United States."<sup>4</sup>

This foreign policy "new normal" should not be mistaken for a simplistic shift from China back to the United States. The notion of a binary foreign policy approach misrepresents the Marcos Jr. administration's strategic recalibration. Thus far, the administration has not explicitly adopted a confrontational posture toward China. Instead, it has pursued a diversified strategy that strengthens security ties with like-minded states while reaffirming the country's commitment to a rules-based international order—an approach that aligns with the Philippines' historical foreign policy trajectory.<sup>5</sup>

Paradoxically, the 2023 National Security Policy (NSP) under Marcos Jr. bears notable similarities to the defense and security orientations of the Aquino administration (2010–2016), despite the historical political rivalry between the Aquino and Marcos families. Unlike Duterte's security priorities, which were centered on domestic law enforcement—particularly the war on drugs, criminality, and counterinsurgency—the NSP has reoriented national security toward external defense and regional stability. For the first time, the policy explicitly defines the Philippines as an archipelagic and maritime nation, placing the protection of its maritime borders at the core of its national security

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<sup>3</sup> Bich T. Tran, "Presidential Turnover and Discontinuity in the Philippines' China Policy," *Asian Perspective* 43, no. 4 (2019): 621-646.

<sup>4</sup> Arugay and Storey, p. 2.

<sup>5</sup> Aries A. Arugay, "Philippines: A New Leader and a New Strategic Policy," *CSCAP Regional Security Outlook 2024*. Council for Security Cooperation in the Asia-Pacific, 2023, pp. 67-70.

strategy. As commander-in-chief, Marcos Jr. has underscored the Armed Forces of the Philippines' primary mission as territorial defense, identifying Chinese incursions in the West Philippine Sea as the foremost external security threat.<sup>6</sup>

To operationalize this shift, the Marcos Jr. administration has moved decisively to revitalize the Philippines-U.S. alliance through regular high-level engagements, policy coordination, and enhanced security cooperation. One of the most significant outcomes of this effort has been the reinvigoration of the Enhanced Defense Cooperation Agreement (EDCA). To Beijing's dismay, EDCA now includes an additional site in the northeastern frontier of the Philippines, strategically proximate to the Taiwan Strait and forming part of the "second island chain," where Chinese military activity has already been observed. Once fully implemented, EDCA will facilitate the first major deployment of U.S. troops on Philippine soil since the closure of American military bases in 1992.<sup>7</sup>

Predictably, the decision to expand U.S. military access in the Philippines has drawn criticism from China, as well as from pro-Beijing Filipino politicians who argue that such measures invite unnecessary escalation and external aggression. However, Marcos Jr.'s firm stance on alliance revitalization effectively neutralized these dissenting voices. The policy shift has been widely welcomed within the Philippine defense establishment, which views a strengthened alliance with the United States as essential to accelerating military modernization. Moreover, public sentiment in the Philippines remains overwhelmingly pro-American, fueled by deep-seated distrust toward China.

The Biden administration has responded by reaffirming the Philippines as an "irreplaceable ally," extending America's "ironclad" security commitment to Manila, particularly in the South China Sea. The Bilateral Defense Guidelines issued in May 2023 serve as an update to the 1951 Mutual Defense Treaty, outlining a long-term trajectory for the alliance. These guidelines explicitly extend U.S. security assurances to include a broader spectrum of contingencies, including attacks on non-military Philippine assets, such as coast guard vessels, in the South China Sea.<sup>8</sup>

In less than three years, Marcos Jr. has overseen a dramatic recalibration of the Philippines' strategic policy, significantly improving its security position. However, history has demonstrated that Philippine-U.S. relations have often alternated between phases of heightened engagement and periods of strategic ambivalence. The challenge ahead is to institutionalize this renewed momentum into long-term security commitments. Ensuring that alliance cooperation remains insulated from domestic political fluctuations will be critical in preventing future political actors from reversing these gains or

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<sup>6</sup> Alexander C. Tan, "The Philippines in 2023: Politics, Economy, and Foreign Affairs under Marcos Jr." *Asian Survey* 64, no. 2 (2024): 299-307.

<sup>7</sup> Aries A. Arugay, "The Curious Case of Cagayan: Localization of U.S.-China Rivalry in the Philippines", *Fulcrum*, 6 April 2023, <https://fulcrum.sg/the-curious-case-of-cagayan-localisation-of-u-s-china-rivalry-in-the-philippines/>.

<sup>8</sup> Arugay and Storey, p. 3.

undermining the country's evolving security posture.

## **A New Approach to the South China Sea**

To China's surprise and irritation, the Marcos Jr. administration continued and even expanded its approach to characterizing its legitimate claims in the South China Sea. This new policy has three components: transparency, coherence, and collaboration. Unlike the Duterte administration that dealt clandestinely with China on this issue, the current government did not just silently file diplomatic protests regarding China's incursions in the SCS. Because of this, the entire world has borne witness to China's tools of harassment, intimidation and bullying such as lasers that seek to temporarily blind the Philippine Coast Guard (PCG), water cannons, and even floating barriers in Scarborough Shoal to prevent access by Filipino ships. As journalists can report on each instance of unlawful Chinese activity, it was not difficult to rally both domestic public opinion and even international support to the side of the Philippines. Marcos Jr. also did not hesitate to summon the Chinese ambassador several times to 'account' for such behavior.<sup>9</sup>

The most severe clash between the two countries since the 2019 ramming incident was in October 2023 when a Chinese Coast Guard ship rammed a Filipino ship on a rotation and resupply mission to the Ayungin/Second Thomas Shoal which is part of the Philippines' exclusive economic zone. Such aggression was immediately revealed by the government and was immediately condemned by the country's allies and strategic partners.

This new approach was also seen as more coherent with the entire government speaking with one voice rather than the confusing cacophony of contradictory bureaucratic positions that one saw during the Duterte administration. And finally, rather than treat this as a matter solely between China and the Philippines, the Marcos Jr. administration welcomes assistance from other like-minded countries in improving its maritime security in the SCS.

Marcos Jr.'s new SCS policy seems to be delivering substantial gains as the Philippines has caught the world's attention by being a small country with a highly limited security sector standing up to an assertive superpower in the SCS. Sceptics, including pro-Beijing voices, however, are wary that this is a dangerous move as it can invite further escalation as the superpower is unlikely to de-escalate its maneuvers in the SCS. However, the main challenge seems to lie in the ability of the Philippines to maintain control of its strategy in the SCS and not to be lured by other major powers to do things that may not serve the country's interests. Similarly, the generous supply of hardware and other forms of security assistance to the Philippines to improve its maritime situation must be also carefully processed

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<sup>9</sup> Ibarra, E.J.A. and Arugay, A.A. "Something Old, Something New: The Philippines' Transparency Initiative in the South China Sea", Perspective, ISEAS-Yusof Ishak Institute, 2024/27.

and incorporated into its own defense planning. In other words, the Philippines under Marcos Jr. must ensure that it remains in charge and calling the shots as far as its own national security is concerned.<sup>10</sup>

## More Strategic Partners

Few anticipated that President Ferdinand Marcos Jr. would initiate deeper security cooperation between the Philippines and other Indo-Pacific states. Rather than being constrained by the U.S.-China dichotomy, the administration has pursued an expanded network of strategic partnerships with like-minded countries. This shift reflects a broader effort to strengthen the Philippines' regional security posture while maintaining flexibility in its diplomatic engagements.

One of the most notable developments has been the elevation of Philippine-Australian relations to a comprehensive strategic partnership in 2024. The active implementation of their visiting forces agreement is expected to enhance security collaboration through joint military exercises, intelligence-sharing, and capacity-building initiatives. Beyond defense cooperation, this partnership also extends to economic cooperation and increased people-to-people exchanges, further strengthening bilateral ties.<sup>11</sup>

The Philippines has also achieved a significant milestone in its security relationship with Japan. Given their shared concerns over China's growing assertiveness in the region, both countries have initiated negotiations for a Reciprocal Access Agreement (RAA), a defense pact designed to streamline military cooperation and facilitate logistical interoperability between their armed forces. Japan has long been a trusted economic partner and aid provider for the Philippines. Under Marcos Jr., multiple Japanese-assisted infrastructure projects have been implemented, reinforcing bilateral ties. This strategic collaboration is particularly relevant as the Philippines reduces its reliance on China's Belt and Road Initiative and diversifies its economic and security partnerships.

Beyond its partnerships with Australia and Japan, the Philippines is actively pursuing deeper security cooperation with India, South Korea, and ASEAN member states. While the United States remains a central pillar of the Philippines' national security strategy, Marcos Jr.'s complementary diversification strategy is designed to mitigate uncertainties in U.S. foreign policy and reduce overdependence on a single strategic partner. Notably, the trilateral security cooperation between the Philippines, Japan, and Australia has emerged as a promising regional security minilateral, with significant potential for

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<sup>10</sup> Maria Gabriela Alano and Deryk Baladjay, "The Philippines and West Philippine Sea: Bringing Deterrence Into the Picture," *Fulcrum*, 15 August 2024, <https://fulcrum.sg/the-philippines-and-west-philippine-sea-bringing-deterrence-into-the-picture/>.

<sup>11</sup> Lowell Bautista, "The Philippines-Australia Strategic Partnership in an Era of Geopolitical Realignment," *Fulcrum*, 21 March 2024, <https://fulcrum.sg/the-philippines-australia-strategic-partnership-in-an-era-of-geopolitical-realignment/>.



enhancing collective deterrence and defense capabilities.<sup>12</sup>

### **The Philippines and Japan: A Closer Partnership**

On 8 July 2024, Japanese Foreign Minister Kamikawa Yoko and Philippine Defense Secretary Gilberto C. Teodoro Jr. signed the RAA between their two countries. This landmark agreement was recognized as a significant step toward enhancing a rules-based international order and promoting peace and stability in the Indo-Pacific. The RAA builds on the momentum of security initiatives undertaken by the Marcos Jr. administration, including the inaugural Japan-Philippines-United States trilateral summit in April 2024 and the second Australia-Japan-Philippines-United States quadrilateral defense ministers' meeting in May 2024. In both meetings, leaders expressed concerns over China's increasingly assertive behavior in the South China Sea and East China Sea, reaffirming their commitment to a free, open, secure, and stable Indo-Pacific.

For the Philippines, Japan is only the third country with which it has signed such an agreement, following the visiting forces agreements with the United States in 1998 and Australia in 2007. Given the evolving security landscape in the Indo-Pacific, the RAA represents a strategic milestone, complementing the existing alliance system and strengthening the Philippines' defense partnerships.<sup>13</sup>

Although formal negotiations for the RAA began in November 2023, discussions for a similar agreement date back to November 2015, during the final months of President Benigno Aquino III's administration. However, these efforts were disrupted when Rodrigo Duterte took office in 2016 and shifted the country's foreign policy toward closer ties with China. Duterte's administration deprioritized security cooperation with Japan, despite China's continued assertiveness in the South China Sea. It was not until the final year of Duterte's presidency that Manila reconsidered its approach. In April 2022, during the inaugural Japan-Philippines Foreign and Defense Ministerial Meeting (2+2), both countries reaffirmed their commitment to strengthening defense ties, including through agreements that would facilitate military cooperation.<sup>14</sup>

Following President Ferdinand Marcos Jr.'s visit to Japan in February 2023, Manila and Tokyo formally committed to the RAA. Negotiations progressed swiftly, particularly after Japanese Prime Minister Fumio Kishida's visit to the Philippines in November 2023, which coincided with Japan's provision of a coastal surveillance radar system under its Official Security Assistance framework.

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<sup>12</sup> Justin Baquisal, "You Can't Put the Genie Back in the Bottle: Marcos Jr.'s Defence Cooperation Policy," *Fulcrum*, 20 March 2023, <https://fulcrum.sg/you-cant-put-the-genie-back-in-the-bottle-marcos-jr-s-defence-cooperation-policy/>.

<sup>13</sup> Arugay, A.A. and Galang, Mico A. "The Japan-Philippines Reciprocal Access Agreement: Complementing and Cementing the Hub-and-Spokes System", Perspective, ISEAS-Yusof Ishak Institute, 2024/70.

<sup>14</sup> Aries A. Arugay and Mico A. Galang, "The Philippines-Japan Security Relationship: A New Golden Age?", *Fulcrum*, 16 November 2023, <https://fulcrum.sg/the-philippines-japan-security-relationship-a-new-golden-age/>.

The RAA represents a significant evolution in Japan-Philippines security relations. Historically, their ties were primarily focused on economic and development cooperation. However, since the 2010s, both countries have increasingly emphasized the strategic dimensions of their relationship in response to shifting geopolitical dynamics in the Indo-Pacific.

The evolving Indo-Pacific security framework consists of two major components: the U.S.-led system of alliances and multilateral platforms for dialogue and cooperation, particularly those spearheaded by ASEAN. For much of the post-Cold War era, the U.S.-led alliance system has played a crucial role in maintaining regional stability, enabling economic development across Asia, including China.

As the regional security environment becomes increasingly complex, the U.S.-led alliance system must adapt to the shifting balance of power between Washington and Beijing. While the continued presence of the United States in the region is widely welcomed, it may not be sufficient in deterring China's assertive actions, particularly in the South China Sea. This underscores the need for greater security cooperation among U.S. allies and strategic partners. Unlike Europe, which benefits from the NATO collective defense framework, the Indo-Pacific lacks a comparable overarching security mechanism, making bilateral and trilateral partnerships crucial for regional stability.

As China has pursued expansionist policies using both military and non-military tools, states with shared security concerns have sought to strengthen their defense relations. In 2017, Australia, India, Japan, and the United States revived the Quadrilateral Security Dialogue (Quad), emphasizing a commitment to a free, open, and rules-based Indo-Pacific. In 2021, the trilateral security partnership between Australia, the United Kingdom, and the United States (AUKUS) was established, providing Australia with nuclear-powered submarine capabilities. In 2023, Japan, South Korea, and the United States held their first independent trilateral summit to ensure greater strategic alignment in the Indo-Pacific. Additionally, in April 2024, Japan, the Philippines, and the United States convened their first trilateral summit, agreeing to launch the Luzon Economic Corridor. This summit was preceded by a Maritime Cooperative Activity involving Australia, Japan, the Philippines, and the United States.<sup>15</sup>

Amid these evolving security partnerships, the RAA between Japan and the Philippines plays a complementary role in advancing a rules-based international order and strengthening regional deterrence.

## **Strategic Implications of the RAA**

First, the agreement enhances defense diplomacy between Japan and the Philippines. By establishing a legal framework for Japanese Self-Defense Forces to operate in the Philippines, Tokyo can deepen

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<sup>15</sup> Arugay and Galang, "The Japan-Philippines Reciprocal Access Agreement," p. 2.

its cooperation with the Armed Forces of the Philippines through joint training exercises, intelligence-sharing, and maritime security coordination. Given that the RAA is a reciprocal agreement, it also facilitates similar engagements for Philippine defense personnel in Japan.

Second, the RAA reinforces broader security ties among the United States, Japan, and the Philippines. As the third such agreement signed by the Philippines, it expands Manila's defense network and complements existing agreements such as the visiting forces agreements with the United States and Australia. Japan's participation in security exercises such as Balikatan—previously as an observer—can now be formalized, further integrating Japan into regional security cooperation. The agreement also raises the possibility of Japanese involvement in U.S.-Philippines security initiatives under the Enhanced Defense Cooperation Agreement, should Washington and Manila agree to such an arrangement.

Third, the RAA enables Japan and the Philippines to provide mutual support in times of crisis. For instance, when Super Typhoon Haiyan devastated the Philippines in 2013, the United States was able to deploy its military for disaster relief operations swiftly due to existing legal frameworks. With the RAA in place, Japan and the Philippines can now expedite military-led humanitarian assistance and disaster response efforts in each other's territories.<sup>16</sup>

The RAA provides a critical mechanism through which Japan and the Philippines can enhance their capabilities to address shared security threats, particularly those posed by China in the maritime domain. Unsurprisingly, China has criticized the RAA, perceiving it as a step toward "bloc confrontation" or a rekindling of Cold War dynamics. Chinese state media, including the *Global Times*, has characterized the agreement as a strategic maneuver orchestrated by the United States, allegedly using the South China Sea issue to contain China, with Japan and the Philippines acting as mere proxies. According to Beijing, the RAA is primarily a tool for Washington to exert influence over its allies amid its broader strategic competition with China.<sup>17</sup>

This portrayal, however, overlooks a fundamental aspect of the RAA: it is a manifestation of the strategic agency of Japan and the Philippines. Both countries have legitimate security concerns—concerns that happen to align with the interests of the United States—regarding China's increasingly assertive behavior in the maritime domain. The Philippines faces direct challenges from overlapping maritime and territorial claims with China in the South China Sea, while Japan has an ongoing territorial dispute with China over the Senkaku Islands (known in China as the Diaoyu Islands) in the East China Sea. Additionally, both nations are keenly aware of the potential risks associated with any

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<sup>16</sup> Arugay and Galang, "The Japan-Philippines Reciprocal Access Agreement," p. 3.

<sup>17</sup> Jason Gutierrez, "In China's shadow, Philippines and Japan sign groundbreaking defense pact," *Benar News*, 8 July 2024, <https://www.benarnews.org/english/news/philippine/philippines-japan-defense-pact-07082024050049.html>.

escalation in the Taiwan Strait, given their proximity and strategic interests.

More broadly, Japan and the Philippines, alongside Taiwan, are key components of the “first island chain,” a critical geopolitical zone that China seeks to dominate to shift the regional power balance in its favor. By establishing the RAA, Manila and Tokyo are not simply yielding to external pressure from another power. Instead, they are exercising their strategic autonomy to collaboratively address the security challenges they face. This agreement reflects a proactive effort by both countries to safeguard their maritime interests and enhance regional stability amidst an evolving security environment.

The Japan-Philippines RAA marks a historic step in their defense relations, as it is the first such agreement Japan has signed with an Asian country. The agreement underscores the Philippines' growing role as a key partner in Japan's regional security strategy and demonstrates the broader shift in Japan's defense posture in Southeast Asia.

The successful implementation of the RAA has the potential to significantly enhance both countries' defense and deterrence capabilities. It also complements broader regional efforts to uphold a rules-based international order. As strategic competition between major powers intensifies, Japan and the Philippines must ensure that their evolving security partnership remains resilient and adaptable to emerging geopolitical challenges.

## **Challenges and Prospects**

Unlike many of its Southeast Asian neighbors, the Philippines under President Ferdinand Marcos Jr. has not pursued a strategy of “strategic decoupling”—a policy of engaging China economically while reinforcing security ties with the United States. The Duterte administration attempted such an approach, but it ultimately failed to yield favorable results for the country. While China remains the Philippines' largest trade partner, the Marcos Jr. administration appears increasingly wary of Beijing's capacity for economic coercion, coupled with its growing assertiveness in advancing its maritime claims. As the Philippines adopts a more assertive stance, it must simultaneously develop contingency measures to mitigate potential Chinese retaliatory actions, whether through economic pressure or other instruments of state power.

While the Marcos Jr. administration remains dependent on the United States for security, it must ensure that its reliance does not become excessive. History has demonstrated that domestic political shifts in Washington can quickly alter U.S. strategic priorities in the Indo-Pacific. However, the impact of domestic politics is a two-way dynamic. Political instability within the Philippines has, at times, hindered the country's ability to maintain a coherent foreign policy. If Marcos Jr. faces significant political challenges at home, his capacity to advance national interests on the international stage may weaken, potentially affecting regional stability. To address this, the United States and other security

partners should complement their defense assistance with economic initiatives that support public order and sustainable governance. A persistently weak economic outlook could diminish the resolve of Filipino political leaders to sustain the country's strategic trajectory. Although maritime security in the South China Sea remains a top priority, the Philippines also faces a range of interconnected security and development challenges, including internal peace and order, terrorism, organized crime, natural disasters, food insecurity, and energy vulnerabilities.

Recognizing the need for a more robust national defense posture, the Marcos Jr. administration has prioritized key military and security enhancements. These efforts include improving maritime domain awareness, modernizing defense capabilities, and preparing for potential regional security contingencies. In 2024, the Philippines significantly expanded its international security partnerships. This included a comprehensive partnership with Australia, a new trilateral security arrangement with the United States and Japan, and defense agreements with Germany, Sweden, and Singapore. A major milestone in this strategy was the signing of the RAA with Japan, which functions similarly to a visiting forces agreement and strengthens bilateral defense commitments. While the RAA still requires parliamentary ratification in both countries, it represents a foundational pillar in the Philippines' evolving defense strategy. Additionally, within ASEAN, the Philippines has positioned itself as the closest partner of the Quad, composed of the United States, Japan, Australia, and India.

The Marcos Jr. administration has achieved notable progress in reshaping the country's security and foreign policy direction. However, sustaining this momentum will require continued discipline and cohesion within the government and among its political allies. One of the most pressing concerns is Beijing's persistent influence operations, aimed at fostering pro-China sentiment among Philippine political elites. This influence should be recognized as a potential threat to national security, as internal actors sympathetic to Beijing could undermine the country's strategic interests. Left unaddressed, such vulnerabilities could jeopardize the Philippines' current security policies. After all, external threats are less formidable when internal divisions weaken a nation's ability to defend its interests.

Marcos Jr.'s foreign policy represents a significant departure from the China-centric orientation of his predecessor, instead adopting a more comprehensive and strategic approach to regional security. However, ongoing Chinese assertiveness in the West Philippine Sea, coupled with domestic governance challenges—such as the Alice Guo case—highlight the complexities of managing both external threats and internal vulnerabilities. While the administration has taken decisive steps in strengthening international security partnerships and bolstering national defense, the broader challenges of maritime security and foreign influence require sustained vigilance and long-term strategic planning.

# Contributors

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**Alice D. Ba** is Emma Smith Morris Professor in the Department of Political Science and International Relations. She has published widely on the international relations of East and Southeast Asia, the politics and processes of regionalism, and Southeast Asia’s relations with China and the United States. Recent publications have addressed the roles of strategic narratives, the systemic effects of multilateralism and domestic change in Asia, ASEAN’s legitimation strategies and challenges, and the interplay between institutional frameworks in Asia. She is also the author of *(Re)Negotiating East and Southeast Asia: Region, Regionalism, and ASEAN* (Stanford 2009) and received US Fulbright awards for work in Beijing and Singapore. At the University of Delaware, she served as Department Acting Chair (2023-2024) and Director of Asian Studies (2009-2014).

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China Sea. He developed an innovative framework on tacit understandings to explain this mutual restraint. In 2022, he received the DFAT-funded Maritime Exchange Grant in Malaysia, spending six months as a fellow at the Institute of Malaysian and International Studies and publishing his findings in both policy and academic outlets. He is a Co-Chief Investigator of the Strategic Policy Grant on Indonesia's maritime strategy, which secured him a research fellowship at the Strategic and Defence Studies Centre, ANU (2023–2026). He won the 2023 College of Asia and the Pacific Commendation for Excellence in Education and was nominated for the 2024 Vice-Chancellor's Award for Emerging Academics. From 1 August 2025, Emir will commence a postdoctoral fellowship at the Rajaratnam School of International Studies (RSIS), Nanyang Technological University, Singapore.

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