Strategic concerns of the US and China, regional hedging and the evolving security order in the Asia-Pacific

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Introduction
For more than half a century the US security presence in the Asia-Pacific, also know as the ‘hub-and-spoke’ security system of bilateral military alliances, has underwritten regional security order. With the rise of China and the increasing anxiety in Asia about Beijing’s future strategic intentions and capabilities, regional calls for a deeper American engagement have become more salient. The Barack Obama administration has responded to such concerns with its policy of strategic ‘pivot’, or, later labelled as, ‘rebalancing’ to Asia. As Washington has sought to reaffirm its regional commitments, the sustainability of its renewed engagement has become increasingly scrutinised in various Asian capitals.

The perceived American ‘decline’, especially due to domestic economic difficulties and budget cuts, versus the China ‘rise’ has become a focal point of attention across the Asia-Pacific. The growing influence of the People’s Republic of China (PRC) on regional economic and security relations is undisputed. This influence has become more palpable in the wake of the 2008 financial crisis and with the PRC’s continuing focus on military modernisation, especially in the domain of maritime security. Although countries in the Asia-Pacific, as well as the US itself, have come to recognise the benefits of an economically stronger China, the perceived Chinese assertiveness since the final years of the Hu Jintao administration in dealing with territorial disputes in the East and South China Seas has intensified the debate in Asia and the US concerning Beijing’s future strategic intentions.

This paper examines how the two major ‘strategic uncertainties,’ on the one hand, about the US security commitments to the region, and, on the other, about Chinese intentions in the Asia-Pacific, especially in the maritime domain, are influencing Asian states’ security perceptions and respective security responses. As the focus is on how countries perceive uncertainties, the perceptions of leaders and political elites in the context of state-to-state relations is emphasised. The analysis is based upon the concept of ‘hedging’ as a primary response to strategic uncertainties by Asian-Pacific countries (as well as the US itself).

Geographically, the paper defines the Asia-Pacific as including the subregions of Northeast Asia and Southeast Asia. The paper further narrows down the analysis to those states with major maritime security concerns, for regional worries about China are, at present, largely driven by the PRC’s maritime security behaviour. Accordingly, in the Northeast Asian subregion, it examines Japan – a treaty ally of the US, heavily dependent on America for its defence. Tokyo’s concerns associated with China have steadily grown over the past five years as a result of its maritime territorial dispute with Beijing in the East China Sea (ECS).

The Southeast Asian subregion includes ASEAN’s mainland and maritime states with different links to, and concerns about the PRC, as well as treaty and non-treaty allies of the US. Collectively, ASEAN has played a central role in seeking to manage great power competition and mitigate uncertainties by ensuring great power involvement in regional

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1 An analysis of US and Chinese responses to uncertainties goes beyond the scope of this paper.
security multilateralism. The paper focuses, in particular, on those ASEAN states that have territorial disputes with China, notably the Philippines, Vietnam and Malaysia. A special attention is also given to Indonesia, a country particularly concerned about maritime stability in Southeast Asia amid the growing tensions in the South China Sea (SCS). Jakarta has traditionally played the role of a balancer within ASEAN, seeking to emphasise the organisation’s unity, its leading role in regional multilateralism and autonomy from great power domination.

**Conceptualisation of hedging**

Given the uncertain regional environment, the Asian states’ hedging behaviour is not surprising. A number of studies, some of them reviewed below, have examined Asian responses to uncertainties with reference to hedging. For example, stressing the uncertainty of intentions, Medeiros (2005) has analysed US and Chinese policies towards one another, defining them as mutual hedging. His analysis stresses engagement and institutional binding policies, on the one hand, and realist-style balancing, such as the strengthening of alliances and alignments with various Asian players in tandem with national military build up, on the other. McDougall (2011) has examined the strategies of East Asian states in response to China’s rise through the framework of ‘soft balancing’, i.e. the pursuit of political and diplomatic initiatives, and accommodation, using this framework to emphasise the coexistence of different approaches within hedging. Similarly, Thayer (2014) has underscored the mixed strategies pursued by Southeast Asian countries to address US-related uncertainties, including comprehensive engagement through ASEAN, and varying degrees of hedging and indirect balancing. Finally, Park (2011) has argued that the US and its Asian-Pacific allies have utilised the ‘hub-and-spoke’ security system as a hedge against uncertainties associated with the evolution of an undesirable multilateral order in Asia. A common point in the above-mentioned studies is the element of uncertainty in response to which states choose hedging. Hedging typically stresses the complex nature of Asian states’ alignment behaviour located on the broad spectrum between bandwagoning and balancing, and involving a mix of various forms of cooperation and competition.

This paper applies Kuik’s (2016) conceptualisation of ‘hedging’, developed as a framework for examining the weaker ASEAN states’ responses to China-associated uncertainties. Kuik’s study emphasises the ‘constituent components’ of this form of alignment behaviour, including military and non-military (economic and diplomatic) approaches, as well as their interplay. As the present paper’s analytical focus is on elucidating the links between Japan’s and ASEAN states’ policy choices and their specific regional concerns (generated by the US- and China-related strategic uncertainties), and on examining how the various policy responses interact to shape regional order, Kuik’s conceptualisation is particularly useful. The main aspects of this approach are briefly reviewed below and applied later in the paper.

Hedging is understood here as an ‘insurance-seeking behaviour’ on the part of a smaller or a middle power that simultaneously seeks maximisation of returns and risk reduction in its interaction with a bigger power. One of the defining characteristics of hedging, as stressed by Kuik (pp. 5-6), is that it is deliberately ambiguous in character and includes contradictory policy options pursued towards the stronger power: some of these approaches indicate its acceptance, while others point to its rejection. A hedger’s main objective is thus to avoid choosing a side in an uncertain strategic environment. Policies that seek maximisation of returns typically emphasise the strengthening of economic ties and institutionalisation of relations by means of politico-diplomatic engagement with the bigger power, both bilaterally and multilaterally.\(^2\) Risk-reduction

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\(^2\) I am grateful to Jae Jeok for this remark.

\(^3\) This paper does not strictly follow Kuik’s conceptual configuration of the different constituent options because the present analysis includes Japan (not a small power) and also focuses on US-associated uncertainties. Therefore, the discussion examines only those options that are relevant for the Asian states as they respond simultaneously to both uncertainties.
options include, what Kuik (p.6) defines as, ‘economic, political and military hedges’. They refer to various non-military and military approaches designed to diversify ties and avoid dependence, as well as to constrain the competitor in a more indirect way. As hedging is composed of various policy choices, it makes conceptual sense to consider it as a ‘broad strategic orientation’ rather than a single strategy (ibid.).

An important caveat should be made. Although the paper refers to both dimensions of hedging, it places a particular emphasis on the risk-reduction policies of Japan and ASEAN countries. This is because the analytical focus is on their alignment choices vis-a-vis the two great powers, i.e. the US and China, and on how these choices interact to shape regional order. Importantly, the particular interest is looking not only at how Asian states hedge vis-a-vis China (with the US or with each other), but also at how these same hedging policies are used by regional players to simultaneously address their US-related uncertainties. In this regard, a special attention in the paper is given to non-treaty alignments and collective acts through multilateral institutions. As pointed out by Ciorciari (2009), avoiding tight alignments not only helps ‘manage the risk of a rising threat’, but it also reduces the risk ‘that an ally will prove unreliable.’ Since the main uncertainties examined in this paper concern, on the one hand, the reliability of the US (as an ally and partner) and, on the other, the intentions of a rising China, limited alignments are especially useful to the hedgers as a way of dealing concurrently with these two uncertainties. As discussed later in the paper, the same applies to collective acts through ASEAN-led mechanisms.

**US rebalance to Asia and uncertainties about China**

The strategic ‘rebalance to Asia’ of the Obama administration, initially articulated as a ‘pivot’ in 2011, has underscored the US intention to remain deeply engaged in the Asia-Pacific region. Since the official announcement of the term ‘rebalance’ in early 2012 the Obama administration has advanced major initiatives to implement the new strategy in its three major dimensions: namely security, diplomatic and economic.

The security component of the rebalance has included the deployment since 2013 in Singapore (on the basis of a 2005 agreement) of one of the US navy’s newest littoral combat ships⁴, USS Fort Worth, and the stationing of 2,500 US Marines at Darwin military base in Australia on a rotational basis. In 2014, Washington signed a new defence pact with Manila, which gave America increased access to military bases in the Philippines, while the latest bilateral agreement of 2016 would allow permanent US military deployments across five bases on a rotational basis. In 2015, the new **US-Japan Defence Guidelines** were announced. Other initiatives have included conducting joint military drills and port calls, and engaging in high-level defence talks with partners such as Indonesia, Malaysia, and the Philippines. The economic component of the rebalance has been represented by the **Trans-Pacific Partnership** (TPP) agreement, initiated under the George W. Bush administration, and concluded in 2015. Obama has further accorded more priority to multilateral diplomacy in Asia and, in particular, to America’s relations with ASEAN as an organisation, also know as the diplomatic leg of the rebalance. In 2009, the US signed the Treaty of Amity and Cooperation (TAC) and held its first ever summit with ASEAN, and in 2011 it became a member of the East Asia Summit (EAS). The US–ASEAN relationship was elevated to a strategic partnership in 2015, which was followed by a US-ASEAN summit in early 2016 hosted by Obama in Sunnylands.

To a large extent the rebalance indicates a continuity in US objectives and policies in the Asia-Pacific, such as deepening bilateral military alliances and America’s commercial access to the region, protecting sea lanes and sustaining US leadership. To be sure, the emphasis on supporting regional (ASEAN-centred) multilateralism is more pronounced under Obama than under the previous George W. Bush administration. At the same time, the rebalance arguably articulates in a more clear, yet implicit, way the growing US uncertainties about the region’s evolving security order (and its own position within it)

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⁴ This is a new, relatively small high-speed warship that can operate near shorelines.
amid China’s rise.

Washington’s worries about Beijing’s future strategic intentions are certainly not new (see, Medeiros 2005). Yet, it is the PRC’s continuing military build-up, especially the development of ‘anti-access, area-denial’ (A2/AD) capabilities, and its regional security behaviour, notably in the SCS, in recent years that have intensified existing, and have added new concerns for the US. In particular, previous uncertainties about Chinese strategic intentions due to its limited transparency in defence policy and military modernisation have been supplemented by new uncertainties about America’s own ability to defend its allies. The latter undercuts the core objective of the US alliance structure in the Asia-Pacific. In addition to considering a Taiwan scenario, some observers (e.g., Womack 2011) point to the SCS as a possible future test of US military superiority vis-a-vis China.

Beginning in 2010 Washington has increasingly come to perceive the SCS, a maritime space that is critical to global trade, as an area of growing concern. Underscoring US national interest in the freedom of navigation in the area, the Obama administration’s senior officials have expressed worries over what they see as China’s ‘destabilising, unilateral actions asserting its claims’ in the SCS (Hagel 2014). The growing tensions between the PRC and the Philippines, and with Vietnam, and, notably, the acceleration of Chinese land reclamation activities in the SCS have been major triggers of US concerns. Washington has responded by engaging since 2015 in ‘freedom of navigation’ operations by sending US military aircraft and ships to operate in the vicinity of China-controlled geographical features in the SCS. The Sino-Japanese dispute over the Senkaku/Diaoyu islands, too, has seen a greater US involvement in the past couple of years with America’s reaffirmation (on numerous occasions) of its commitments to Japan under the US-Japan Security Treaty. US own anxieties about China are now increasingly focused on the PRC’s naval power and, in particular, its behaviour in the SCS. This may be sending a signal to Asian states that one of the most critical aspects of the US security engagement in the region – namely, its ability to ensure the stability of Asia’s shipping lanes, is now being challenged.

US uncertainties also include more broad anxieties about regional exclusion in the long term. Washington is worried about how Asian states may choose to respond to Beijing’s growing economic and diplomatic influence, especially to China’s support for exclusive regionalism centred on ASEAN+3 (see, Van der Putten 2013). Not only is China a number one trading partner of most US allies and partners in the Asia-Pacific, Beijing is now an active participant in, and even a driver of regional multilateral initiatives. Among others, the latter includes China’s role in promoting the Regional Comprehensive Economic Partnership (RCEP) and sponsoring the Asian Infrastructure and Investment Bank (AIIB); neither of which includes the US. The Obama administration’s engagement of ASEAN, for example, through the Lower Mekong Initiative, its active participation in various ASEAN-led multilateral frameworks, and its push for the TPP conclusion, all being part of the economic and diplomatic aspects of the rebalance, testify to these US concerns. While these initiatives and the 2016 US-ASEAN summit serve to reaffirm ASEAN’s geopolitical importance to America, US engagement with ASEAN-led multilateral mechanisms under Obama clearly reflects Washington’s efforts to avoid marginalisation in regional multilateral organisations, especially, in light of China’s growing regional presence (Atanassova-Cornelis and Van der Putten 2015).

**Chinese uncertainties in the context of the US rebalance**

PRC leaders have for many years perceived the US to be the power that could pose the greatest threat to Chinese interests and regional ambitions, thus struggling with uncertainties regarding the objectives of America’s China policy and about Sino-US relations. Obama’s policy of rebalance has reinforced Beijing’s long-standing mistrust towards Washington.

Some Chinese observers focus primarily on the military dimension of the rebalance, e.g. US deployments and military capabilities, and promote the narrative of a perceived
‘strategic encirclement’ of the PRC (Saunders 2013). According to this line of thinking, the US is now pursuing a deliberate strategy aimed at preventing the rise of a potential challenger to its leadership in the region. Obama’s policies of cementing the American alliances in Northeast Asia, especially with Japan under Prime Minister Abe Shinzo, as well as enhancing the US involvement in Southeast Asia, notably in the SCS disputes, are seen in this light. As stated in a commentary in People’s Daily, ‘the US verbally denies it is containing China’s rise, but while establishing a new security array across the Asia-Pacific, it has invariably made China its target’ (Zeenews 2012).

The narrative in Beijing presents the American rebalance to Asia as a source of increasing tensions in the East and South China Seas, for the PRC’s neighbours are said to be taking advantage of the US involvement in order to press their territorial claims (Wu 2012). Perceptions of Japan utilising the Sino-Japanese tensions over the disputed Senkaku/Diaoyu islands to ‘normalise’ and to reinforce its military ties with the US have come to dominate the Chinese political discourse on Japan. The strengthening of the US-Japan alliance is interpreted by many Chinese observers as a direct response to the PRC’s growing naval strength and as the alliance’s attempt to constrain, if not openly to contain, Chinese power in (maritime) Asia and restrict the PLA’s access to the Western Pacific.

While Chinese uncertainties about the US-Japan alliance’s objectives are long standing (although in the past they were primarily associated with a Taiwan conflict), worries about possible shifts in ASEAN’s China strategy are rather recent. Although the PRC’s unresolved maritime territorial disputes intensify its US-related uncertainties, they also make Chinese leaders wary of the intentions of its Asian neighbours. Beijing has been openly critical of its neighbouring countries for taking ‘provocative actions and reinforcing their military presence on China’s reefs and islands that they have illegally occupied’ (Ministry of National Defence PRC 2015). In particular, China is now concerned that some ‘individual countries’ involved in the SCS disputes, notably the Philippines and Vietnam, with the support of the US ‘are taking hostage the China-ASEAN relationship’ (Asahi Shimbun April 28, 2015). Indeed, ASEAN is growing increasingly divided due to the SCS disputes, with some of its members seemingly tilting towards the US. Beijing fears that this may affect the organisation’s traditional policy of non-alignment, which, in turn, could undermine ASEAN’s centrality in regional multilateralism. The net result could be a strengthening of the US-led bilateral and multilateral (e.g., the TPP) arrangements in the Asia-Pacific, or a more dominant American role in defining ASEAN agendas, and hence China’s regional marginalisation.

At the same time, as observed by Saunders (2013), there is another strand of thinking among Chinese elites and observers – those who doubt the US ability to maintain its regional leadership in the long term, viewing it unnecessary for China to confront a ‘declining’ power. Reflective of this line of thinking was the statement by President Xi Jinping at the 2014 Conference on Interaction and Confidence-Building Measures in Asia (CICA). Xi presented an alternative vision (to the US-led security system) for Asia’s security order, one in which, as Xi stressed, ‘Asia’s security should rely on Asians’ (China Daily 2014). This was an unequivocal message for Washington not to meddle in Asian affairs and an indicator of a growing competition with the US for regional influence.

Indeed, China now appears to be testing Washington’s security commitments in Asia, which runs contrary to its previous policies of conflict avoidance. Especially in the wake of the 2008 financial crisis, there was a growing perception among Chinese leaders of the PRC’s rapidly increasing relative power and of the corresponding American decline (Yahuda 2013). A China that once shied away from openly confronting America in Asia has become more vocal in objecting, for example, to US military exercises with allies and to US intelligence-gathering activities in the PRC’s Exclusive Economic Zone (EEZ). The PRC has also focused on displaying its growing naval power through military drills by the PLA in the SCS, and has stepped up the dispatch of patrolling vessels to disputed waters in the East and South China Seas. Beginning in 2016 there have been revelations of Chinese missile deployments on the Paracels and of high-frequency radar installations on the Spratlys, allegedly for the purpose of monitoring surface and air traffic in the area.
This military build-up seems to be part of a broader strategy that reflects China’s growing maritime security ambitions, as suggested in the PRC’s 2015 *White Paper on Defence*. The document stressed that China’s naval strategy would shift from ‘offshore waters defence’ to combined ‘offshore waters defence with open seas protection’ (Ministry of National Defence PRC 2015). This latest strategy paper thus points to the PRC’s intention of expanding its maritime sphere of influence.

### Regional US-associated uncertainties

For Japan and countries in Southeast Asia US-associated uncertainties have two fundamental dimensions: the first dimension concerns America’s regional engagement and is a long-standing worry; the second dimension is related to US-China relations and is more recent.

Japan, due to its position as the more dependent partner in the bilateral alliance, has had long-standing anxieties about ‘abandonment’ amid possible US disengagement from Asia (Ashizawa 2014). Since the 2008 financial crisis, in particular, Japan has worried about the sustainability of the US military commitments due to the growing fiscal and economic constraints, especially cuts in America’s defence spending. Now, four years since the announcement of the rebalance, Tokyo’s concerns about Washington’s ability to fund the rebalance remain. The rise of Chinese power, and the implications this has for the US security commitments to Japan and, more broadly, to the Asia-Pacific have become an additional source of Tokyo’s anxieties.

As a grouping of small and middle powers, ASEAN’s strategic uncertainties are driven by the shifting balance of power in the Asia-Pacific, more specifically, by fears of America’s relative decline, and the implications this has for the organisation’s interests and position in the evolving regional order (Thayer 2014; He 2015b). As in Japan, many strategists in Southeast Asia remain unconvinced about Washington’s ability to sustain its mid- to long-term security commitments to the region. Anxieties about the (staying) economic and military power of the US remain, and the rebalance does not seem to have achieved the desired reassurance and trust across Southeast Asia. Instead, the rebalance appears to have generated diverging concerns. On the one hand, there are worries about a more pronounced US-China power struggle and its outcome. Indeed, many Asian states are economically dependent on the PRC, but rely on the US for security protection against the prospect of a more hostile China. For ASEAN, this raises, what He (2015b) calls, the dilemma of ‘taking sides’ and is a long-standing concern. On the other hand, similarly to Tokyo, there are fears of a reduction of US presence in the region, possibly as a result of Washington’s inability to fund the rebalance (and/or changes from 2017 on in US Asia policies under the new administration), or of its decision to accommodate Beijing. The latter aspect is a relatively recent concern directly related to regional perceptions of American decline and of the concomitant uncertainties associated with the transition towards a post-US regional security order (that may or may not be dominated by China).

Given Japan’s security over-reliance on America, Japanese strategists are particularly concerned about a possibility of Washington’s future accommodation of Beijing, which may mean a certain degree of Sino-US strategic understanding at the expense of Tokyo. A source of these anxieties was the Obama administration’s emphasis on engagement of the PRC, especially in 2009-2010, and Obama’s positive response to the ‘new model of great power relations’ discourse of the Xi government. Japan’s ‘fear of abandonment’ thus acquired a somewhat different dimension: a reduction of US commitment to Japan not due to American withdrawal from Asia *per se*, but due to a shift in Washington’s China policy.

At the same time, Japanese strategists have recognised that the alliance with Japan has remained a main pillar of America’s continuing regional involvement under the

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5 Interview with Kotani Tetsuo, Tokyo, November 2015.
6 Author’s personal communications and interviews in Jakarta, Singapore and Tokyo in 2015.
7 Ibid.
8 Author’s interviews with Japanese officials and scholars in Brussels in 2014 and in Tokyo in 2015.
rebalance. The Obama administration’s reaffirmation, on numerous occasions, that ‘our [US] treaty commitment to Japan’s security is absolute, and Article 5 covers all territories under Japan’s administration, including the Senkaku islands’ (Asahi Shimbun, 2014) has been a manifestation of the continuing value the US attaches to its alliance with Japan. Washington has also strongly supported Tokyo’s security initiatives under Abe, discussed below. While Japan’s abandonment concerns may have subsided, they have remained latent. A US-China accommodation, however remote it may seem at the time of this writing (summer 2016), remains a distinct possibility.

In Southeast Asia, the prevailing view among ASEAN states has been to keep the US strategically engaged in the region, but avoid siding with it against the PRC. Singapore’s Prime Minister Lee Hsien Loong has aptly summarised this, by saying that while ‘[the 7th fleet] has a stabilising influence on the security of the region... we want the US to have constructive and stable relations with China... Then we don’t have to choose sides’ (Weymouth 2013). This thinking is driven by the uncertainty about Sino-US relations in this period of power transition, and, especially, as observed by He (2015b), by ‘the uncertain nature of China’s rise’. At the same time, it also reflects ASEAN member countries’ long-standing principle of avoiding alignment with external powers.

Acharya (2009) notes that despite the above principle, Southeast Asian states have largely accepted US military dominance of the Pacific, as an ‘off-shore balancer’, but are unlikely to accept China in such a role. Indeed, as discussed below, there is regional apprehension (in varying degrees) in Southeast Asian capitals regarding Beijing’s strategic objectives in light of its military modernisation, and especially due to its recent behaviour in the SCS disputes. Goh (2015) goes even further by arguing that Southeast Asian strategic approach towards America is one of ‘facilitating’ and ‘sustaining’ US military preponderance. This view is shared by Ciorciari (2009) who suggests that ASEAN’s maritime states have facilitated a ‘limited form’ of American primacy in the maritime sub-region. Accordingly, fears of a reduction of US security commitments in the future (or a US retreat from the Asia-Pacific altogether) arguably generate even more anxiety than the ongoing US-China tensions. This is so because US disengagement would likely lead to Chinese domination.

Regional China-associated uncertainties
For Japan and countries in (maritime) Southeast Asia, China-associated uncertainties include long-term worries about the PRC’s future intentions and how it will use its growing military power, and more specific short- to mid-term concerns about Chinese maritime security objectives in the Asia-Pacific. These anxieties have grown in response to the PRC’s perceived assertiveness since 2010 in pursuing its territorial claims in the East and South China Seas. Yet, it is the worries about the sustainability of the US security engagement that arguably exacerbate regional China-associated uncertainties.

Japan’s concerns related to the PRC’s strategic intentions in Asia have progressively increased over the past two decades. Similarly to the US, a perceived lack of transparency on the PRC’s national defence, as well as the double-digit growth of its defence spending over the past 20 years have led to the ‘China threat’ perception in Japan. As the tensions over the disputed Senkaku/Diaoyu islands have escalated since 2010, Japan’s wariness of its neighbour has become especially pronounced. For example, the 2013 strategy documents of the Abe administration, namely the National Security Strategy (NSS) and the National Defence Programme Guidelines (NDPG), depicted the PRC’s security behaviour (e.g., China’s military modernisation, and its intensified activities in the seas and airspace around Japan) as an ‘issue of concern for the international community, including Japan’ (Prime Minister of Japan and His Cabinet 2013a, 2013b). The perception that the PRC attempts to change unilaterally ‘the status quo by coercion’ (in the East China Sea), disregarding international law and infringing upon the freedom of navigation has come to dominate the political discourse in Japan.

Japanese uncertainties about the PRC’s growing military power are related to China’s expanding naval and air military capabilities, and, particularly, the modernisation
of its missile potential. Indeed, the PRC’s rapid development and deployment of short- and intermediate-range missiles has increased its ability of striking not only Taiwan, but also Okinawa and some of the main US military bases in the Asia-Pacific. Potentially, these same missiles could be used in a Senkaku/Diaoyu conflict.

As the Chinese navy is developing capabilities to control the ‘near seas’ (within the ‘first island chain’) and A2/AD strategy, Tokyo fears that China’s military modernisation may potentially have broader regional objectives, notably ambitions for a future domination of maritime East Asia (Atanassova-Cornelis et al. 2015). In the short term, Japanese strategists worry that China’s A2/AD strategy would deny the US access to the western Pacific, as well as possible intervention in a Senkaku/Diaoyu contingency to assist Japan. Additionally, the sea lanes crossing the ECS are crucial to Japan’s trade and energy imports. Should the PRC acquire control of this maritime space, it would be able to block strategically critical for Japan trade routes that, in turn, could have potentially devastating economic (and security) implications for this island nation.

In Southeast Asia, too, there has been long-standing anxiety about the objectives of China’s military build up and its regional ambitions. The US rebalance and the growing tensions in the SCS have generated new uncertainties. In particular, these now include more specific fears of Chinese naval domination (in the context of a perceived US inability to sustain the rebalance) and are predominantly a concern of those Southeast Asian states with unresolved maritime territorial claims (but increasingly of some non-claimants, such as Indonesia). These worries are evolving together with, what He (2015b) calls, ‘the flashpoint danger’, i.e. the negative implications of the SCS disputes for ASEAN’s future as an organisation and for its relations with China more generally.

Asian anxieties about a potential Chinese domination of maritime Southeast Asia have been generated by the Chinese behaviour in the SCS over the past five years. Recent grievances include, among others, PRC’s taking control in 2012 of the disputed with the Philippines Scarborough Shoal, its placing an oil rig in Vietnam’s EEZ in 2014, and its dramatic acceleration of land reclamation works on reefs and islets in the SCS beginning in 2014. Raising alarm about the PRC’s construction activities, as it expands its presence in the heart of maritime Southeast Asia, a high-ranking Filipino defence official has said that China’s aggressiveness was causing concern ‘not only because it would deter freedom of navigation, but also due to its possibility of military purposes’ (AsiaOne 2015).

To be sure, with the notable exception of the Philippines, Southeast Asian leaders have largely refrained from openly articulating the ‘China threat’ in official discourse (Ciorciari 2009). At the same time, statements by different high-ranking officials in recent years reveal growing (and more explicit) anxieties. The Vietnamese General Phung Quang Thanh pointed out at the 2014 Shangri-La Dialogue that there was a ‘conflict of interest’ in the region, which was leading to ‘actions of mutual containment’. Hanoi’s traditional approach of avoiding to antagonise Beijing, not least due to the close bilateral economic and political ties, seems to be giving way to a more openly critical attitude. For his part, Singapore’s Defence Minister Ng Eng Hen expressed at the 2015 Shangri-La Dialogue a common concern with the US in relation to China’s reclamation works in the SCS, by saying that ‘even though we are not claimant states and we do not take sides in the dispute, we are concerned of the potential disruption of these critical waterways’ (Channel News Asia 2015, emphasis added).

One of the most noticeable signals, however, comes from ASEAN’s own statements. For example, a Joint Communique released after the 2014 ASEAN Foreign Ministers’ Meeting (AMM) in Myanmar stressed that ASEAN was ‘seriously concerned’ over ‘the increased tensions’ in the SCS, and called on all parties concerned ‘to exercise self-restraint’ and avoid actions that could jeopardise peace in the area (ASEAN 2014). The Chairman’s Statement following the 2015 ASEAN Summit in Malaysia expressed shared concerns over ‘land reclamation’ in the SCS, ‘which has eroded trust and confidence and may undermine peace, security and stability’ in the region (ASEAN 2015, emphasis added). The statement also stressed the importance of maintaining freedom of navigation in the area and called for ‘the expeditious establishment of an effective Code of Conduct’.
This rather strong language seen in the above statements stands in stark contrast to ASEAN Ministerial Meeting failure in 2012, under Cambodia’s chairmanship, to issue a closing communique for the first time in ASEAN’s history. Differences among members over how to deal with China’s claims in the SCS caused a split within the organisation. Cambodia (a Chinese ally) refused to include references to the Scarborough Shoal standoff (and to the disputes themselves), despite a strong pressure from the Philippines. Compared with the situation back in 2012, ASEAN now seems to be, what He (2015b) calls, ‘technically hijacked’ by the Southeast Asian claimants in the SCS. In 2015, it was reportedly due to the strong concerns by Vietnam and Indonesia that Malaysia agreed to address the SCS issue in its closing statement. Malaysia usually prefers to keep a restrained attitude towards its territorial disputes with China, not least because the PRC is its largest trading partner (Thayer 2014).

Regional hedging responses
Regional hedging responses to strategic uncertainties include military, politico-diplomatic, and economic dimensions, and are situated at the individual state level, bilateral and multilateral levels.

Defence self-reliance and alignments with the US
A common response to strategic uncertainties in the military dimension, with a particular focus on maritime security in the ECS and SCS, includes Asian states’ increased emphasis on defence self-reliance through military modernisation.

In the case of Japan, this has included a growing defence budget under the Abe Shinzo administration (2012-present), acquisition of capabilities to deal with potential ECS contingencies, and an overall expansion of Japan’s security role in terms of both geographical focus and security missions. Since 2010 the growing tensions with China over the Senkakus/Diaoyus have led to Japan’s decision to start investing more heavily in Japan’s maritime defence. The emphasis is increasingly being placed on enhancing Japan’s own capabilities to respond to ECS contingencies. Under ‘Abe, the defence budget has seen four consecutive years of rise. The latest approved budget of 5.05 trillion yen (US $41.4 billion) for fiscal year 2016-2017 represents Japan’s largest ever military budget. The expected military acquisitions include, among others, Osprey transportation aircraft, Kawasaki C-2 military transport aircraft, a fleet of Global Hawk drones and amphibious assault vehicles, which can be used for retaking islands under foreign occupation. In 2014, the Abe cabinet reinterpreted Article 9 of the Constitution in order to allow a limited exercise of the right to collective self-defence.

In Southeast Asia, the growing defence budgets and naval build up have been taking place since the early 2000s. However, this trend appears to have accelerated over the past five years with regional countries seeking to specifically constrain China’s maritime advances in the SCS. For example, the Philippines under President Aquino has prioritised modernising its maritime defence capabilities and has acquired two decommissioned coast guard cutters from the US (Thayer 2014). In 2013, based on Manila’s request, Prime Minister Abe agreed to provide the Philippines with 10 new coast guard patrol ships. Vietnam, too, is expecting to receive six patrol vessels from Japan, while purchasing most of its military hardware from Russia. Malaysia is certainly not lagging behind by pursuing, what Thayer (2014) calls, ‘a robust programme of defence self-help’ through military modernisation. It has acquired frigates, corvettes and submarines from the UK and France (Bitzinger 2015). Indonesia, a non-claimant state in the SCS disputes, is under President Joko Widodo seeking to become a regional naval power in the Indo-Pacific based on his announced in 2014 ‘Global Maritime Fulcrum’ doctrine (Gindarsah and Priamarizki 2015). This includes an ambitious policy of military modernisation, primarily focused on the navy and air force, and supported by major increases in defence spending (ibid.). As observed by Bitzinger (2015), the acquisition of

9 Author’s personal communications and interviews in Jakarta, Singapore and Tokyo in 2015.
previously lacking military hardware, such as longer-range warships, submarine fleets and vessels for expeditionary warfare, has significantly increased Southeast Asian navies’ power-projection capabilities and ability to safeguard territorial interests.

Asian states have pursued defence self-defence in tandem with a strengthening of their military alliances with Washington. The purpose is to ensure the continuing US defence commitments, while also offsetting the security risks associated with China. The Japanese case is illustrative of this. Although Japan’s China policy in the past was largely pursued within the framework of economic and diplomatic engagement of Beijing, over the past decade (and noticeably since 2010) it has also acquired a clear military hedge. Tokyo’s policies have included an incremental strengthening of Japan’s defence capabilities and responsibilities within (and commitments to) the alliance, thereby seeking to simultaneously reduce the risk of US ‘abandonment’ and increase Japan’s ability to constrain the PRC (individually and together with America).

The latest development in the US-Japan alliance under the rebalance was the 2015 Revision of the Bilateral Defence Guidelines, which replaced the 1997 document. The new guidelines removed the geographical limitations on Japan’s security missions, allowed the SDF to protect US military assets, and envisaged enhanced operational coordination and interoperability between the allies (Ministry of Defence, Japan 2015). They covered also US-Japan cooperation at the regional and global levels, for example, for securing the safety of sea lanes, and in peacekeeping and international humanitarian relief missions. Although not explicitly stated, the message was one of strengthened joint deterrence of China’s naval expansion in Asian waters. The emphasis on maritime security in the guidelines arguably reflected Japan’s ongoing shift to southwestern defence, especially to the Tokyo-Guam-Taiwan strategic triangle. While this shift is aimed at reinforcing Japan’s surveillance of the vital sea lanes converging in this area, it also enhances Japan’s support for the US presence in the Western Pacific (Patalano 2014), which is consistent with Tokyo’s policies aimed at keeping the US engaged in Asian-Pacific security.

In Southeast Asia, both traditional alliances and non-treaty partnerships with the US have been reinforced over the past five years. Manila has been one of the strongest supporters of the rebalance; the signing of the 2014 bilateral defence pact is a major example of this. Both Indonesia and Malaysia have signed comprehensive strategic partnerships with the US in 2010 and in 2014, respectively. The case of Vietnam is particularly illustrative due to Hanoi’s close relations with Beijing. Hanoi has largely converged with Washington on the SCS issue, despite their traditionally difficult political ties due to human rights issues. Bilateral diplomatic and defence ties have deepened since 2010. In 2013, during a high-level meeting in Washington between President Truong Tan Sang and President Obama, the US and Vietnam signed a Comprehensive Partnership agreement. In 2015, US Defence Secretary Ashton Carter signed with Minister Phung Quang Thanh a Joint Vision Statement to guide future military cooperation between the two countries. Carter also announced a US pledge to allocate US$18 million to help Vietnam buy six high-speed US patrol vessels. The culmination in relations was arguably in 2016 when President Obama on his visit to Hanoi announced the full lifting of the US embargo on sales of lethal weapons to Vietnam.

With the notable exception of the Philippines, however, the Southeast Asian states under consideration in this paper have generally sought to address their strategic uncertainties by continuing engagement of China, paralleled by a reinforcement of their military ties with the US. They seek comprehensive engagement with the PRC multilaterally, through ASEAN-led frameworks, and bilaterally, through high-level visits, military exchanges and strategic partnerships (Thayer 2014). The political and military hedges are present in so far as most of these players focus on strengthening their militaries and defence self-reliance, as well as their security and diplomatic ties with the US, especially through defence cooperation and strategic partnerships with Washington. Importantly, through these policies ASEAN players try to avoid directly targeting China.

10 China has strategic partnerships with Malaysia, Vietnam and Indonesia.
Pursuing limited (rather than tight) alignments with America allows them to continue maximising political and economic gains with the PRC, but also to minimise their reliance on the US and vulnerability in case of ‘abandonment’. Furthermore, expanding ties with Japan, as discussed below, is also a way for Southeast Asian states to reduce the risks associated with both the US and China.

**Strategic diversification**

A noticeable trend in regional responses has been the pursuit of diversification policies (away from the US and China) by Asian states, especially by those having (or concerned about) territorial disputes with China. This has included establishing new, and reinforcing existing strategic (or comprehensive) partnerships with other countries in the Asia-Pacific – partnerships that combine politico-diplomatic and economic initiatives with enhancement of military ties (military hedge). Smaller and middle powers seek to deal with strategic uncertainties by increasing their strategic autonomy (see, Ciorciari 2009). Strategic diversification may be associated with China-related uncertainties in so far as regional players seek to reduce the risks of a possible Chinese domination. At the same time, these same approaches are relevant for addressing regional states’ concerns about the sustainability of US regional engagements. Thus, as observed by Ciorciari (2009), while limited alignments seek to manage the risks associated with a rising threat (notably China), they also seek to reduce the risks related to over-dependence on an ally (the US). Importantly, these approaches are particularly useful to the hedgers, for they do not explicitly target any particular state (i.e., the PRC), nor do they jeopardise hedgers’ respective ties with an ally (i.e., America).

For Japan, this has been reflected in, what some scholars (Wallace 2013) define as, a ‘strategic pivot South’ from the late 2000s on. This has meant enhancing Tokyo’s bilateral diplomatic and defence ties with nations geographically located ‘south’ of Japan’s primary sphere of geostrategic interests. The Southeast Asian countries under examination in this paper have reciprocated by embracing Tokyo’s overtures and thereby pursuing their own ‘strategic pivot North’. These bilateral engagements have ranged from holding high-level summits and defence talks, military exchanges and exercises, to provision of military equipment for enhancing coastal defence, and the signing of economic partnership agreements (EPAs), for example, between Japan and the Philippines, Vietnam and Indonesia. Japan also has increased its ODA provision to Southeast Asia, including Vietnam, for infrastructural projects (Wallace 2013).

Already in his first year in office, Abe visited all ASEAN member countries, which marked the first time a sitting Japanese prime minister visited all ten nations. Japan has sought alignments and defence cooperation, in particular, with the countries having territorial disputes with China and concerned about its perceived military expansion in maritime Southeast Asia, i.e., the Philippines and Vietnam. Japan has also deepened its political and security ties with Indonesia, which has typically played a role of a balancer within ASEAN, as well as with the traditionally wary of antagonising China, Malaysia.

**Financed by Japan’s ODA, Tokyo is supplying Manila with patrol boats to enhance the capabilities of the Philippine Coast Guard. The Philippines is the first such case under the 2012 US-Japan agreement for the strategic utilisation of Japan’s aid through the provision of cutters to Asian-Pacific nations. In 2014, the SDF for the first time observed a joint US-Philippine training exercise. In 2015, Filipino and Japanese coast guard teams conducted a maritime law enforcement drill, which was the first such bilateral exercise after the signing in 2011 of the Japan-Philippines Strategic Partnership. Also in 2015, the Philippines and Japan (two Japanese destroyers and a Philippine warship) held their first joint naval drills in the SCS, marking an enhanced presence of Japan in maritime Southeast Asia. In early 2016, Tokyo signed an agreement with Manila for supplying the Philippines with defence equipment and technology; the first such agreement Japan has with a Southeast Asian nation.**

Similarly, Japan’s defence cooperation and exchanges with Vietnam have been stepped up over the past five years, in particular amid the rising tensions in the SCS.
Vietnam, too, is acquiring patrol boats from Japan to enhance its maritime law enforcement capabilities. In 2014, during the visit of President Truong Tan Sang to Japan the two sides elevated their existing (since 2009) strategic partnership to an Extensive Strategic Partnership. In 2015, the Japanese and Vietnamese coast guards conducted a joint search and rescue exercise. Hanoi and Tokyo have also agreed to increase joint maritime drills. In April 2016, for the first time since the end of World War II, two Japanese destroyers made a port call at Cam Ranh Bay in southern Vietnam, a strategically important area facing the SCS.

Japan’s security ties with Indonesia, with which a strategic partnership was signed back in 2006, are expanding as well. At the 2015 summit meeting in Tokyo between Prime Minister Abe and Indonesian President Joko Widodo the two sides decided to launch a high-level bilateral ‘maritime forum’ with a view to expanding maritime security cooperation, as well as boosting Japan’s capacity-building assistance to Indonesia for infrastructural projects and coastal defence (Jakarta Post 2015). To this end, Tokyo and Jakarta signed a (non-binding) defence cooperation pact, which would also involve cooperation in defence technology development. It is also significant that President Widodo chose Japan as his first foreign visit outside ASEAN and that Indonesia, with its traditional policy of non-alignment, agreed to launch in 2015 the 2+2 ministerial-level talks with Japan. Furthermore, the bilateral agreement with Tokyo on the launch of a ‘maritime forum’ should be seen from the perspective of Widodo’s ‘Global maritime fulcrum’ doctrine, which places a major emphasis on protecting Indonesia’s territorial sovereignty and maritime interests. China’s increased assertiveness in the SCS is clearly a concern for Jakarta.

Relations between Japan and Malaysia were also given a boost in 2015. The two sides agreed to raise their bilateral relations to that of a strategic partnership, as well as to launch bilateral negotiations on transfer of defence equipment and technology with a particular focus on the areas of disaster relief and maritime security.

**Multilateral institutions**

The final aspect of regional states’ policy choices, which is particularly relevant from the perspective of hedging as a response to the two strategic uncertainties, situates itself at the multilateral level.

Over the past four years Tokyo has noticeably increased economic cooperation with, and investment in Southeast Asia in the framework of Japan’s multilateral engagement of ASEAN. Observers point out that this stepped-up engagement has been a response to Beijing’s increased diplomatic and economic influence in the region, including through the the AIIB and the One Belt, One Road initiative. Tokyo’s efforts aim at presenting Japan as an alternative economic and strategic partner for ASEAN states, and thereby seek to minimise the risks of Japan’s possible exclusion from future multilateral arrangements. For example, at the 2013 Japan-ASEAN summit the Abe administration pledged ODA assistance to the region of about $20 billion over the next five-year period. This aid, provided primarily in the form of concessional loans, would focus on improving Southeast Asia’s disaster relief capabilities, fund transportation infrastructure and assist the region’s development, for example, by promoting economic development of countries in the Mekong river region (Asahi Shimbun 2013). Furthermore, in 2015, the Abe administration unveiled a comprehensive assistance framework to Asian economies, which would include Japanese provision of US$110 billion aid for infrastructural projects over the next five-year period.

Tokyo under Abe has further supported various regional (ASEAN-led) multilateral mechanisms, such as the ASEAN Regional Forum (ARF) and the EAS. On the one hand, this has served a purpose of binding the US and ensuring America’s continuing regional involvement (Ashizawa 2014). On the other hand, both Japan and the ASEAN states have

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11 Indonesia is the sixth nation and the first ASEAN member to enter "2+2” talks with Japan, following the US, Australia, France, the UK and Russia.
12 Author’s interviews in Tokyo, November 2015.
used regional institutions in the Asia-Pacific to constrain China’s influence, consistent with political hedging or ‘dominance-denial’ behaviour (Kuik 2016).\(^{13}\) As the deepening economic interdependence has increased the costs for states of using military-based foreign policy instruments to undermine their rivals’ power advantages, regional players now increasingly focus on competition within multilateral institutional settings ‘without war’ (He 2015a).

Collectively, ASEAN has sought to enmesh both the US and China in ASEAN-centric regional (security) configurations, including the EAS and the ASEAN Defence Ministers’ Meeting Plus (ADMM+). ASEAN has employed this strategy to shape US and Chinese behaviour through multilateral institutions rather than through hard power means (for details see, He 2015b). By having both powers participate in these configurations, ASEAN ensures Washington’s regional commitments, while simultaneously engaging and socialising the PRC (ibid.). In this way, the organisation has also sought to have the two powers balance each other in order to prevent regional dominance by any single player. ASEAN has thus simultaneously pursued binding-engagement and political hedging through multilateral means (Kuik 2016). These approaches appear to be useful to ASEAN for dealing with the strategic uncertainty generated by the more pronounced since 2012 US-China competition for influence in the Asia-Pacific.

In regard to China, ASEAN since the 1990s has sought to engage the PRC multilaterally and socialise Beijing in various regional frameworks in order to alleviate the regional uncertainties associated with the ‘China threat’. The signing of the non-binding Declaration of Conduct in the SCS may be seen as an example of ASEAN’s success of ‘restraining’ China by institutional means. Contemporaneously, ASEAN states have resisted Chinese efforts for a leadership role and exclusive membership in the EAS (Sutter 2010). As argued by Kuik (2016: 9-10), ASEAN’s behaviour is a clear demonstration of the two sides ‘of the same institutional coin’: engaging the PRC in regional institutions to encourage a larger role for Beijing, while simultaneously pursuing political hedging to limit and check Beijing’s influence.

At the same time, by supporting America’s participation in the EAS since 2011, ASEAN may have allowed its leadership role to be eroded (He 2015b). Indeed, the US involvement has had an impact on the summit’s agenda by bringing more international attention to the SCS disputes. This has led to a multilateralisation of the issue, something the PRC has opposed, insisting on a bilateral resolution of the disputes by the concerned parties. In addition, the growing US-China tensions over the SCS issue are putting more pressure on ASEAN. The 2015 ASEAN Chairman’s Statement mentioned earlier suggests that, in order to maintain ASEAN’s unity and centrality, the organisation (though wary of antagonising China) is allowing to be ‘hijacked’ by the SCS disputes by showing a tougher, common stance vis-a-vis Beijing. This stance may be in line with the US views but essentially goes against ASEAN’s principle of not choosing sides. If this leads to perceptions in China that ASEAN is siding with the US, in the long run, this may increase rather than reduce Southeast Asian uncertainties.

**Evolving regional security order**

The hedging approaches of Asian states mean that the Asian-Pacific security order remains fluid with some contradictory and competing trends. Since Asian perceptions of both US and Chinese strengths and intentions are continuously changing, many regional actors are in a constant mode of assessing and potentially adjusting their policies in response to mixed perceptions (Atanassova-Cornelis and Van der Putten 2015). Regional responses to strategic uncertainties impact security order-building in the following ways.

In the first place, the strategic diversification policies pursued by Japan and some ASEAN states suggest that regional players favour a largely inclusive and no longer a US-centric order. The non-military policies, pursued both bilaterally and multilaterally, can be used as much for engagement and maximisation of gains, as for reduction of risk and

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13 He (2015a) defines this as ‘institutional balancing’.
competition, and are no less important than the military-based approaches. Defence self-reliance is often paralleled by the Asian states’ reinforcement of their military partnerships with the US, but also increasingly with each other. Contemporaneously, many Southeast Asian nations, to a lesser extent Japan, continue to engage China in the diplomatic and economic areas. It appears that the web of the bilateral strategic alignments currently being pursued is precluding the formation of an order along the lines of a Sino-American condominium or (as defined by Zhao 2014) of a bilateral power-sharing arrangement. To be sure, most Asian states encourage a certain role for China in regional order-building and support, even demand, a continuing American involvement. At the same time, they remain wary of entrusting Beijing a leadership role. Their uncertainties about both US commitments and Chinese intentions are likely to create a powerful barrier to exclusivist, great-power (or hegemonic) arrangements. The contours of the evolving regional order therefore point to both US and Chinese inclusion, yet not dominance, and preference for bilateralism, yet no longer along the lines of the ‘hub-and-spoke’ model. Even Japan, traditionally being the strongest supporter of the American hegemonic order, now appears to be a reluctant participant in this ‘post-US’ order-building. In the long run, this may challenge the perception of many observers that Tokyo’s support for the US-led regional order in the Western Pacific exceeds Washington’s own commitments.¹⁴

The second impact of regional hedging is that this fluid regional order appears capable – to some extent – of adapting itself to strategic uncertainty (Atanassova-Cornelis and Van der Putten 2015). Asian states’ hedging policies at the multilateral level have in essence reinforced the (ASEAN-led) multilateral system of interconnected regional institutions for communication and consultation on security issues. The various multilateral mechanisms help states cope with strategic uncertainties in different ways: they mitigate tensions between America and China, bind the US, while stimulating Beijing to adopt regional norms in its behaviour towards its neighbours. According to Alice Ba, ‘however contested, there remains a strong consensus that institutions serve a long-term interest in creating a community of relations in which all might find appropriate roles’ (Ba 2014: 207). This inclusive conceptualisation of order, held by ASEAN and Japan, makes it difficult for China to succeed in excluding the US from regional multilateral fora. In the past, by promoting ‘Asian-only’ fora and advocating the idea of an ‘East Asian community’ centred on the ASEAN+3 (APT), Beijing sought to limit the US influence and even exclude America from regional institutions (Sutter 2010). At least in the short term, ASEAN seems to have managed to reduce the risk of US ‘abandonment’ or of Chinese domination. The US, for its part, appears to have succeeded under the rebalance in preventing ASEAN from drifting too much towards the PRC.¹⁵

Finally, reflective of the contradictory nature of hedging itself (see, Kuik 2016), order-building through inclusion and cooperation in the framework of multilateral institutions is simultaneously undermined by the policies of various regional players. Especially Japan and some of the claimants in the SCS recognise the limitations of ASEAN-led fora in developing mechanisms for dispute and conflict resolution. This concerns their inability to ‘restrain’ China’s assertiveness in pressing its territorial claims in the East and South China Seas. Japan, but also some ASEAN states, thus also strengthen bilateral, exclusivist and US-centric approaches to order-building in order to offset their China-associated uncertainties. Significantly, none of the major powers, namely the US, China, or Japan, appears to be embracing an Asian order centred primarily on multilateral institutions (Van der Putten and Atanassova-Cornelis 2014). On the one hand, major powers seek to exert certain influence over ASEAN’s institutional agendas and avoid exclusion by actively engaging with various regional mechanisms. On the other hand, multilateral frameworks in the Asia-Pacific have increasingly become arenas for major power competition and rivalry. Consistent with the dominance-denial policies of ASEAN (Kuik 2016), Washington, Beijing and Tokyo, too, are seeking to constrain the other by

¹⁴ Such a view was expressed by a Japanese scholar during an interview with the author, Tokyo, November 2015.
¹⁵ Author’s interviews, Tokyo, November 2015.
resorting to means other than hard power. Indeed, Tokyo supports more *inclusive* regional fora, such as the EAS and thereby seeks to counter Beijing’s push for *exclusive* regionalism centred on ASEAN+3. The US, for its part, prefers broader pan-Pacific configurations, such as APEC, or those that keep the PRC *out*, such as the TPP. Multilateral approaches to order-building pursued by the major powers thus remain mutually contested, but also a constant challenge to ASEAN’s centrality. In turn, this reinforces regional uncertainties stimulating hedging behaviour.

**Conclusion**

This paper has examined regional responses in the Asia-Pacific to the two major strategic uncertainties, on the one hand, about the US security commitments to the region, and, on the other, about Chinese regional intentions.

For Japan and countries in Southeast Asia US-associated uncertainties, especially the sustainability of Washington’s mid- to long-term engagement in the Asia-Pacific, have been long-standing concerns. These have now intensified as regional players doubt America’s ability to sustain the rebalance due to specific fiscal, economic and/or domestic politics-related constraints in the US. A relatively new element in regional anxieties, albeit still implicit, appears to be the concern about possible shifts in Washington’s China policy and the concomitant scaling down of US involvement in the Asia-Pacific. This, amid its decision to accommodate Beijing and/or strike some kind of a deal for joint management of the region, disregarding the interests of the region’s other players. China-associated uncertainties, notably regional worries about the PRC’s future intentions and how it will use its growing military power, are long standing as well. In recent years, more specific worries have emerged about Chinese aspirations for regional maritime domination. The PRC’s behaviour towards territorial disputes in the East and South China Seas, as well as its naval modernisation are driving these anxieties. At the same time, it is the US-associated uncertainties and regional doubts about Washington’s ability to defend its allies and friends that now seem to exacerbate these ‘China threat’ perceptions in Tokyo and in various Southeast Asian capitals. For ASEAN and its member states, these concerns about China’s military domination are intertwined with anxieties related to the organisation’s future unity and its relevance as a driver of Asian institution building. These worries are magnified by US-associated uncertainties, for the American withdrawal from the region would make it easier for Beijing to exploit divisions within ASEAN and to seek regional domination.

Seeking to offset China-associated security risks and simultaneously to ensure the continuing US defence commitments, Asian states have pursued defence self-reliance through military modernisation in tandem with a reinforcement of their bilateral security ties with the US. The latter has included expanded alliance commitments and new basing arrangements (e.g., Japan, The Philippines) or alignments in the form of strategic partnerships and defence cooperation (e.g., Vietnam, Indonesia). These policies are paralleled by the regional states’ continuing diplomatic and economic engagement of the PRC at both the bilateral and multilateral levels. For ASEAN states, pursuing limited alignments with America allows them to minimise their reliance on the US and vulnerability in case of ‘abandonment’, but also to continue maximising political and economic gains with the PRC. While Japan has moved closer to the US by stepping up the military hedge against China, its strategic diversification policies with countries in Southeast Asia in various policy domains seek to reduce the risks associated with China as much as those with America.

Indeed, a noticeable trend in regional responses is the pursuit of strategic diversification (away from Washington and Beijing) by Asian countries. The growing web of bilateral security cooperation and defence exchanges, high-level summits and economic agreements between Japan and the Philippines, Vietnam and Indonesia, respectively, as well as collectively with ASEAN, is illustrative of this trend. These may be considered as limited alignments between Asian-Pacific countries. They do not jeopardise their respective alliances/partnerships with Washington and do not directly target Beijing either.
Accordingly, these alignments allow Asian states to continue pursuing their returns-maximising policies with both America and the PRC. Strategic diversification may be reflective of a ‘dual hedging’ strategy: the Asian players seek to minimise their reliance on America hence their vulnerability in case of a US ‘abandonment’ or a Sino-US strategic accommodation, but also simultaneously attempt to prevent an undesirable Chinese behaviour and domination.

At the multilateral level in the Asia-Pacific, the main regional mechanisms bring together the US, China, Japan and the Southeast Asian countries. Japan and the ASEAN states use regional institutions to both constrain the PRC’s influence and shape its behaviour, while also binding the US and keeping it engaged in the region. At the same time, major power rivalry through regional institutions, manifested, for example, in the tensions over the SCS issue, threatens ASEAN’s centrality and the organisation’s policy of ‘not choosing sides’.

The hedging responses discussed in this paper mean that the Asian-Pacific security order remains fluid with some contradictory and competing trends. The contours of the evolving regional order point to both US and Chinese inclusion, yet not dominance, and to the Asian states’ preference for bilateralism, yet no longer along the lines of the ‘hub-and-spoke’ model. Contemporaneously, bilateral, exclusivist and US-centric approaches to order-building are still favoured by some players. At the same time, order-building is also pursued through inclusion and cooperation in the framework of ASEAN-led multilateral institutions. This multilateral approach is, however, concurrently undermined by some Asian states, including notably, as a consequence of major power rivalries.

The two major strategic uncertainties about the US and China are likely to persist in the foreseeable future. So will Asian states’ hedging behaviour. For now, what remains ‘certain’ about this ‘uncertain’ Asian-Pacific order is not so much the ‘who’, but the ‘how’ of order-building.

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