Southeast Asian Hedging and Indo-Japanese Strategies for Regional Balance
Managing China’s Rise

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The disruptive forces resulting from China’s reemergence as a global power has challenged the existing order in the Indo-Pacific. As its political, economic, and military capabilities have developed, China has become increasingly assertive along its maritime periphery in the East and South China Seas. Furthermore, it has begun to project power into the Indian Ocean and the Western Pacific. This study demonstrates how these developments have resulted in hedging behavior from key Southeast Asian states, which has facilitated the emergence of an Indo-Japanese nexus in the region implicitly aimed at managing China’s rise. In other words, the behavior of small and middle powers in Southeast Asia has been crucial to the increased presence of extra-regional powers like India and Japan in the region. Additionally, this study aims to make a theoretical contribution by refining the concept of hedging as an optimal strategic behavior during periods where immediate existential threats are not present and incorporates components of soft balancing and engagement.

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The strategic environment in the Indo-Pacific is changing at a rapid pace. China has not only become the second-largest spender in military defense but is also increasingly capable of projecting power into the Indian and Pacific Oceans. This has been particularly worrisome for India, which has witnessed China become an emergent maritime power in the Indian Ocean region (IOR)—an area India considers vital to its strategic interests. Furthermore, China’s political and economic partnerships with India’s neighbors in the IOR have prompted concerns of encirclement in the form of a “string of pearls.” As a result, India has become increas-
ingly engaged in Southeast Asia to demonstrate its power-projection capabilities and increase its influence in China’s backyard. In East Asia, Japan finds itself in a more precarious position. Despite being a close ally of the United States and still possessing a qualitatively superior self-defense force, Japan is cognizant that China is the ascendant power in East Asia and that the strategic window to establish Japan as a political and military actor in the region is quickly fading. Consequently, coupled with the ongoing disputes in the East and the South China Seas and the inability of the Southeast Asian littoral states to present a unified challenge to China’s growing assertiveness, Japan has become more politically proactive in the security affairs of the region.

It is in this context that an Indo-Japanese strategic partnership has emerged. Both countries share similar threat perceptions of China’s growing political and economic influence in the Indo-Pacific. This is particularly true for China’s assertive foreign policy in the East and South China Sea which is perceived as contravening international norms, such as the freedom of navigation. Additionally, India and Japan have territorial disputes with China and see Beijing’s efforts to unilaterally change the status quo in those disputes as a threat to their national interests as well as a cause of regional instability. Lastly, the two countries have a mutual interest in expanding economic ties. For Japan, increased economic ties with India provides access to the second-largest emerging market; for India, closer ties to Japan provides access to much-needed technology transfers.

Their common interests and shared concerns have not only prompted Japan and India to seek strategic partnerships between themselves but also with small and middle powers in Southeast Asia. For several Southeast Asian states, this represents an opportunity to establish durable partnerships with emerging or established powers. Although Southeast Asian states have been traditionally wary of outside power involvement in regional affairs, the tensions in the South China Sea (SCS) and China’s dominance of regional economic power have been a galvanizing issue for key states in the region that now seek to establish and strengthen partnerships with extra-regional powers. In other words, intensified Japanese and Indian interests in Southeast Asia provide the states of the region with capable partners in their efforts to build their deterrence capabilities as a contingency to what they perceive as growing Chinese assertiveness. Much like the lenses of a bifocal pair of glasses can provide clarity, this article can be read through the lenses of agency and structure to illuminate the strategic dynamics in this competitive region. Thus, we can see there is a convergence of structural economic and security conditions in the
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Indo-Pacific region and how it is understood by middle and major actors. As a result, we notice an intersection of Indo-Japanese interests in Southeast Asia, while the states of the region are utilizing their agency to enhance this partnership through their use of hedging strategies.

This article argues that Southeast Asia is becoming the pivot through which the Indo-Pacific order is being contested as a result of the strategic behavior of key regional states. Southeast Asia’s pivotal position in this contestation is not only the result of congruent Indo-Japanese interests in the region. It is also the agency exercised by key states in the region that has facilitated the emergence of an Indo-Japanese nexus in Southeast Asia. In other words, by internationalizing the local process of a shifting balance of power (BoP) through their hedging strategies, Southeast Asian states simultaneously exercise their agency, facilitate the emergence of an Indo-Japanese nexus, and consequently situate their region as the pivot of the contestation for Indo-Pacific order.

In addition to its empirical contribution, this study aims to refine BoP theory by operationalizing the concept of hedging as a distinct behavior that incorporates characteristics of soft balancing and engagement. It is argued that hedging is a distinct and the most-optimal option for small states wherein the factor of immediacy is absent. Furthermore, it contends that hedging is best understood in relation to a state’s deterrence capabilities and its perception of threat. In other words, rather than seemingly ad-hoc strategic behaviors available for statecraft, hedging is a preferred option relative to alternatives given the power competition of the region.

A Balance of Power Theory

This study argues that BoP strategies can be understood in proximation to each other and to a delineating concept. There is a debate about where balancing (hard and soft), hedging, engagement, bandwagoning, and appeasement rest relative to each other. This study argues that these concepts can be best understood in relation to conventional deterrence. State policies are developed from an understanding of conventional deterrence relative to the power and the threat perception of another state, and as a result, the threatened state faces a spectrum of options in its policy decisions. This may be further influenced by the conditions in a region and the opportunities that other regional actors may or may not capitalize on.

Existing explanations regarding BoP theory and the application in strategy or policy emphasize alliance building and domestic military buildup. Drawing from this literature of traditional BoP, the concept of hedging seeks to explain the be-
behavior of smaller powers in the regional system. Brock Tessman characterizes hedging as a behavior that “helps second-tier states cope with the threats and constraints they are likely to encounter under conditions of unipolarity, while simultaneously preparing them for new threats and opportunities that are likely to emerge as the system leader falls further into relative decline.”\textsuperscript{13} In essence, hedging as a state strategy is instrumental for smaller states in the system that seek to bolster their security in the context of a deconcentrating unipolar system as characterized with the beginning of the twenty-first century. Hedging also involves the pursuit of two apparently opposite policies toward another state: soft balancing and engagement.\textsuperscript{14} Such a pursuit seeks to insure against uncertainties in the present and future that pertain to state security. Thus, hedging provides the state with greater levels of agency, since it expands the operational range of its diplomatic options.

Several Southeast Asian states, many of which have maritime disputes with Beijing, have increasingly sought hedging as a means of reducing China’s influence in the region while maintaining economic linkages with the country. China’s rise entails possible changes or disruptions at the regional level as several Southeast Asian states are involved in the maritime disputes in the South China Sea. Traditionally, the United States has been the “go to” partner as a balance against China.\textsuperscript{15} However, the end of the Cold War and the rise of China have resulted in Beijing’s growing dominance over the region’s economic dynamism. Existing literature asserts that hedging in Southeast Asia is motivated by the need for economic stability in the region while at the same time minimizing security risks.\textsuperscript{16} Evelyn Goh situates hedging in Southeast Asia as a matter of not overtly choosing sides; Southeast Asian states engage with China to socialize it as a responsible great power, while simultaneously sustaining US military presence in the region.\textsuperscript{17} Darren Lim and Zack Cooper, in their own conceptualization of hedging, define it as “an alignment choice involving the signaling of ambiguity over the extent of shared security interests with great powers.”\textsuperscript{18} It entails flexibility in state strategies, which is particularly pertinent for engagement with rising powers.\textsuperscript{19} Hence, hedging as a state strategy is characterized as being distinct from the traditional concepts of balancing and bandwagoning. Hedging entails engagement with multiple great powers that may also include strategic rivals. Therefore, existing explanations of hedging highlight approaches where a “state pursues multiple options, mixing confrontation and cooperation in order to spread the risks inherent in achieving a single objective.” Additionally, “hedging involves maneuvering, often in unfavorable circumstances, to advance its interests without triggering a decisive response.
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from its regional cohabitants backed by the hegemon.” Therefore, as seen in Southeast Asia, hedging can fall into being considered a catchall concept that results in multiple qualities, interactions, and meanings.

Additionally, there is an assumption regarding the temporal perception of threat from the hegemon that does not shift the deterrence assessment and BoP strategy away from hedging. In other words, hedging involves no superpower security commitments and is a distinct position within the BoP spectrum, which includes elements of soft balancing and engagement. A state, without an immediate threat, favors this approach to maintain economic and political relations with multiple powers. As a result, hedging becomes a clearer choice for states when it is known what options are taken off the table. To better understand this process of knowing what BoP strategies are taken off the table it is useful to understand its relationship to deterrence.

Deterrence

The concept of deterrence is an inherently multilevel and interactive process of dissuading a potential threat. It is about capabilities, interests, will, and perceptions of one state relative to the other. Therefore, determining the degree of conventional deterrence available to a state helps illuminate likely BoP strategies and deemphasizes less-favorable options across the spectrum. The available choices become more apparent when one sees where states rest in the BoP array as a result of a conventional deterrence assessment. It is anticipated that states will consider the most favorable BoP strategy. However, this policy choice will be made after the state (including allies) has determined if it can deter the hegemon (see fig. 1). This is not a choice of a strategy to provide deterrence but of what options are available to the state after determining to what degree a state can dissuade the hegemon. For example, if a state is small and has no available options to deter the hegemon, their deterrence assessment would be weak. Therefore, for the small state, policies resembling bandwagoning would be suggested but certainly would deselect options like hard balancing.

Due to limited capabilities, budgetary constraints, and a desire not to position oneself in an antagonistic position relative to China, hard balancing is a suboptimal choice for small states that do not have major power allies. The exorbitant political and economic costs of traditional hard balancing, particularly in the present international political context, has increasingly made the soft-balancing approach a much more viable state strategy. Furthermore, China’s efforts to not present itself as an existential threat to Southeast Asian countries, seen through its “Peaceful
Rise” and “Peaceful Development” narratives, diminishes a sense of urgency, thus
optimizing the preference for hedging strategies by key Southeast Asian countries,
while undermining the value of hard balancing, appeasement, and bandwagoning.
Therefore, the consideration of the more viable option of soft balancing rests on
using nonmilitary avenues, such as international institutions, economic statecraft,
and diplomatic arrangements is more frequently considered. This is supported by
T.V. Paul, who argues against the relevance of hard balancing as a state strategy in
the post–Cold War period, especially for the weaker states in the system.24

Soft balancing can also be interpreted as a means for weaker states to challenge
stronger states using nonmilitary means.25 Chaka Ferguson defines the concept as
“nonmilitary alignments of at least two states that are designed to reduce or re-
move the military presence and external influence of an outside power from a spe-
cific region.”26 However, soft balancing can include political-military dimensions,
such as the forging of strategic partnerships and capacity-building cooperation—
actions that fall short of alliances and arms buildups but can enhance a state’s de-
terrence capability.27 In essence, due to the risks associated with hard balancing,
which entails formal alliances and competing arms buildups, soft balancing is a
relatively risk-averse alternative.

The usage of the concept of soft balancing in this article warrants a clarification
of the term to distinguish it from regular use of the term diplomatic friction. A gen-
eral reading of these terms finds words like strategy, state making, policy, and long-term objectives associated with soft balancing. On the other hand, diplomatic friction has associated words like periodic, episodic, or a specific matter occurring in the differences between states. Soft balancing is an approach in addressing the means to survive a conflictual world, whereas diplomatic friction occurs through the daily dealings within the same conflictual world. A state adopts a strategy of soft balancing as a consistent policy in its relations with a superpower, while diplomatic friction can and does transpire among neighbors, allies, or enemies for short periods of time.

The existing literature explains the circumstances where hedging strategies are adopted; however, it can be argued that the assessment of deterrence empirically explains why states would consider this approach. Henry Kissinger argues that deterrence can only be tested negatively. In other words, it is easier to determine when deterrence fails than knowing, with certainty, when it succeeds. Therefore, it is difficult to use the concept of deterrence (including conventional deterrence) as an intervening variable. However, in the determination of proper BoP strategies through the process of negation, we may be left to see a smaller range of choices. Furthermore, because states (political leaders and societies) are beset with the confounding influence of the unknown, this drives the desire toward producing multiple options. This is because it is assumed that the multiple-options approach provides security.

The practical policy options for leaders will be left with the remainder of the deselected options available for policy decisions, which in part explains the hybrid or hedging approaches states take. This is especially the case if the relations with the hegemon do not force them into a situation to need to parse out a more overt choice, such as balancing, bandwagoning, or appeasement. Since choices are not entirely confirmable concerning the effectiveness of deterrence, it is reasonable to see states take on multiple positions in the BoP spectrum. This choice of a hybrid or hedging seeks to avoid choices. Consequently, for domestic political considerations, it results in seeking to avoid internal and external duress by taking a much-the-above approach. Therefore, a hedging strategy for states can temper the anxiety and insecurity that choices often create. In summary, hedging is less likely to take place when a state (and its allies) has too little ability to discourage a superpower. Rather, hedging is more likely to occur when a state has some deterrence capability but not enough to effectively dissuade a threat.
Observing Hedging

Whether through markets or international relations, hedging seeks to avoid net costs. However, it does entail specific costs that would not occur in a pure engagement strategy. Hedging entails incurring costs for maintaining flexibility in BoP. This cost of flexibility is akin to that incurred by the hegemon to manage an order. For the hegemon, these system-order costs are part of resolving the collective-action problem through the management of alliances and covering free riders. For hedging, it is about settling into the opposite position by seeking to avoid a solution to collective action. In short, the hegemon incurs distinct costs for some degree of order, and the hedging state incurs distinct costs for flexibility. This hedging position can be enhanced during conditions of great-power competition and the absence of global hierarchy. As a result, hedging by a regional actor involves the perpetual choice to not participate in solving the collective-action problem through superpowers, because doing so would likely mean making strategic choices. This choice of flexibility is a distinct behavior, which is like paying a market cost for an option to change a position at a future date. Preserving this option has value, but in a pure market rationale, it is sometimes less efficient than engagement. The costs include the risks involved in not having security guarantees against phenomena that cannot be sufficiently hedged against. Therefore, these costs can be revealed for a state in domestic conditions, but most distinctively, hedging involves the absence of an alliance with a major power or a superpower. Ultimately, while hedging incurs the cost of less efficiency and a lack of concrete security guarantees, the flexibility accorded by it ensures greater levels of state agency as it provides a wider range of options. In other words, by relying on hedging strategies, states can ensure greater levels of agency as they mediate their position vis-à-vis changing structural conditions at the regional and systemic levels.

These BoP policy selections may or may not be effective, due to outcomes that are not testable before the approach on the spectrum is selected. Due to the selection of deterrence as an intervening variable that is confirmed in the negative, there will be a wider range of choices. In other words, the vagaries of the negative do not usually call for a direct prescriptive policy line. Therefore, hedging approaches adopted in Asia are more reasonable than the deselected choices, but their effectiveness will be tested relative to the future, including China’s growth, its power projection designs, its domestic national sentiments, and systemic competition. This explanation confounds theoretical models and complicates empirical
understanding but may rest closer to developments in a region where states are increasingly moving toward this choice.

The bifurcation of BoP into soft and hard balancing has encouraged the development of literature based on the former and its application to regional security contexts. Additionally, the refinement of balancing into soft and hard approaches opens new avenues for defining hedging. Rather than distinguish hedging as an inherently separate state strategy, its very definition as a policy of ambiguity allows the incorporation of other state strategies, namely soft balancing and engagement. Soft balancing, which seeks to limit the influence of a great power, is pertinent in Southeast Asia given the increasing interests of China in the region, which maintains a strong economic presence in the region but is also involved in maritime disputes in the SCS. Additionally, several states in the region maintain close strategic partnerships with the United States, showcasing the pursuit of hedging as a state strategy. While many Southeast Asian states have signaled ambiguous great power alignment, which is a prominent characteristic of hedging, they still maintain engagement with China given its extensive economic presence in the region. Therefore, hedging by small states is about strategic engagement and curtailment of the regional hegemon in the context of a deterrence assessment in an environment of changing polarities. While the strategic choice of hedging seems to incorporate contradictory objectives, it is preferable for these states over choices like hard balancing or appeasement that are in agreement theoretically but are suboptimal for these states.

Rather than contextualize it as a separate alignment strategy along with bandwagoning and balancing, this article proposes that hedging incorporates the soft-balancing aspect of the larger framework of balancing and engagement. In fact, the proposed conception of hedging contextualizes it within the larger framework of the small states’ perceptions of their ability to deter. Ultimately, hedging is optimal when urgency is not a factor. As such, hedging is operationalized in this article as incorporating engagement coupled with soft balancing. Southeast Asian states seek to curtail or, at the very least, contain China’s presence in the region. Simultaneously, the extensive economic engagement with the People’s Republic of China (PRC) requires the Southeast Asian states to maintain relations with the country, i.e., maintain engagement. Soft balancing, given its lower domestic and international political costs, when compared to hard balancing, presents itself as an attractive state strategy. The refinement of the concept of balancing into soft and hard balancing allows soft balancing to be included as part of hedging. As hedging entails contradictory and ambiguous state policies, soft balancing is the most risk-
averse form of resisting a bigger power without extensive fear of severing of any form of engagement. Due to its function as a means used by weaker powers to curtail the influence of stronger powers sans complete dissociation with them, soft balancing is a characteristic of hedging. For Southeast Asia, the United States has been the traditional hedging partner against China. In essence, hedging is observed when soft balancing and engagement operate simultaneously. Hedging behavior also entails the absence of overt alignment or clear-cut positioning, as characterized by bandwagoning, appeasement, and hard balancing. Figure 1 illustrates this operationalization of hedging.

The rhetorical change from the “China threat” to that of the “China challenge” in Southeast Asia showcases the strong emphasis on hedging in the region.30 Almost all the states in the region showcase security concerns regarding China’s territorial claims in the SCS. Simultaneously, many of these states maintain strategic partnerships with the United States, which clearly showcases the usage of hedging as a state strategy.31 Furthermore, while still maintaining ties with United States and China, Southeast Asian states have increasingly sought ties with other extra-regional powers, such as India and Japan. As part of their hedging strategies, most Southeast Asian states showcase soft balancing, including increasing strategic and economic partnerships with Japan and India. The convergence of political and economic interests among Southeast Asian states, Japan, and India provides a fertile ground for a hedging nexus vis-à-vis China. Indian and Japanese efforts in Southeast Asia have converged in three core areas: political, military, and economic. Political efforts include signed strategic partnerships; military efforts include capacity building and military exercises, which, despite having a military dimension, are “softer;” and finally, economic efforts include diversification of economic linkages and lessening of dependency on China.

**Southeast Asian Hedging Behavior**

This study focuses on Indonesia and Vietnam as they present the two most-compelling case studies in the region to assess the propensity for hedging behavior. Both countries are engaged in several political and economic disputes with China, while becoming increasingly dependent on trade with the PRC. Furthermore, both possess the benefit of geography, since some of the world’s most important sea lines of communications (SLOC) traverse their respective exclusive economic zones (EEZ). Nevertheless, there are key differences. Indonesia is an emerging middle power with greater material and discursive capabilities than Vietnam. It
also has a measure of geographical distance from China and is only a party to the EEZ demarcation dimension of the SCS disputes. Vietnam, on the other hand, is the only SCS contestant to share a land border with China, while possessing more limited material and discursive power in relation to China. Nevertheless, its national narrative is shaped by the historical tensions with China as well as a revolutionary tradition that prides itself for having cowed its former French colonial master, American military power, and even Chinese might, over the span of three consecutive Indochinese wars. Consequently, while Indonesia and Vietnam demonstrate characteristics of hedging behavior, their motivations for pursuing this strategy differ due to the different material and discursive capabilities vis-à-vis China and their interpretation of their geopolitical environment. In the following two subsections, it is illustrated, through a process of elimination, why hedging has emerged as the optimal strategic choice for Vietnam and Indonesia, over appeasement, bandwagoning, and hard balancing. With the complex dynamics in politics, it is not always possible to confirm mixed behavior through empirical methods without first eliminating unlikely explanations. Otherwise, in almost all circumstances, engagement will be confirmed, because much of the time, the economies of states are engaging with each other. These engagements are especially true for China, which has extensive economic ties with the countries in the Indo-Pacific. This follows Arthur Conan Doyle’s famous quote, “When you have eliminated the impossible, whatever remains, however improbable, must be the truth.”

Indonesia

Indonesia has maintained a relatively stable relationship with China even though tensions exist regarding overlapping claims surrounding the EEZ of the Natuna Islands in the SCS. These overlapping claims have resulted in numerous high seas confrontations between fishermen and coast guard vessels from both countries. Consequently, despite Indonesia’s repeated assertions that it is not a party to the SCS territorial disputes, there is no denying that it is a party to the maritime disputes at large. As Ian Storey, a senior fellow at the Institute for Southeast Asian Studies in Singapore has stated, Indonesia “is already a party to the disputes—and the sooner it acknowledges this reality the better.” In other words, while China’s *nine-dash map* does not make territorial claims on Indonesia’s Natunas Islands, it stakes claims on the islands’ EEZ, thus making Indonesia a *de facto* party to the maritime component of the SCS disputes.
These maritime tensions exist in the context of historical rivalries between Chinese-Indonesians and other ethnic groups in Indonesia; rivalries that have only heightened as Beijing pursues greater economic ties with Jakarta. Notwithstanding these legitimate issues, Sino-Indonesian trade has flourished to the point that by early 2018, China had overtaken Japan as Indonesia’s main investor, trailing only Singapore. In essence, like many Southeast Asian countries, Indonesia finds itself increasingly reliant on Chinese trade during a period of increased political tensions. Ultimately, these are symptoms of the disruptive forces, positive and negative, resulting from China’s rise. However, despite growing concerns regarding these tensions, there continues to be lack of a perceived existential threat in Indonesia that would validate resorting to politically and economically costly hard-balancing strategies. Likewise, appeasement and bandwagoning would likely entail political and economic concessions that would ultimately undermine the legitimacy of the government and cause significant anti-Chinese sentiment that, in the past, have resulted in the persecution of ethnic Chinese-Indonesians and their businesses. Consequently, hedging has emerged as the optimal strategic choice in the current environment as it entails the natural processes of soft balancing, such as domestic capacity building and forging strategic partnerships with extra-regional powers, as well as engagement that allows Indonesia to continue to reap the benefits of Chinese investment. Furthermore, a hedging strategy provides Indonesian leaders a greater operational range of diplomatic options and, thus, the capacity to act on their preferred policy choices.

There are several factors that increase the appeal of hedging strategies and facilitate their application. Indonesia, by function of its geography, has until recently, been a peripheral and unwilling participant in the SCS disputes. Due to its distance from the Chinese mainland, Indonesia has not borne the brunt of China’s assertiveness in the disputes, thus mitigating a sense of immediate threat. Additionally, Indonesia’s geographic position makes it a gateway into and out of the SCS through the Malacca, Sunda, and Lombok Straits. As a result, numerous powers have vested interests in the political and economic stability of Indonesia; thus, allowing Jakarta to exercise this leverage when attempting to hedge against the influence of different regional and extra-regional powers. Furthermore, despite the asymmetric power relationship between China and Indonesia, Indonesia’s growing status as a middle power signifies that it possesses material and discursive capabilities that many of its neighbors’ lack. This is evident in the growth of its indigenous military-industrial complex, its leadership position within Association of
Southeast Asian Nations (ASEAN), its efforts to increase its regional and international profile through its participation and leadership in several international organizations, and its narrative as an honest broker in the SCS disputes. In other words, there is a structure-agent interplay in the Sino-Indonesian dyad, where China’s rise and growing assertiveness, filtered through the variable of geography, has caused a shift in the regional security dynamics that directly affects their bilateral relationship (the structural component). However, Indonesia’s emergence as a middle power and expanding range of strategic partnerships provides it the means to manage the effects of this shift and ensure its capacity to act on its interests (the agential component).

Vietnam

The rise of China is a contentious political development for Vietnam. Historically, Sino-Vietnamese relations have been fraught with conflict and distrust. Although China and Vietnam have settled their EEZ disputes along the Gulf of Tonkin, unresolved claims in the SCS compound historical tensions by adding yet another irritant in their relations. Despite competing claims in the SCS and a legal
blow to the legitimacy of China’s claims by the Permanent Court of Arbitration in 2016, Beijing’s assertive maritime policies have continued, heightening tensions. This is evident from several maritime encounters in which Vietnamese fishermen and oil exploration vessels have been harassed. Vietnam has claimed that since 2005 the Chinese have seized 63 fishing boats along with 725 crew members. These fishermen are then required to pay exorbitant fines for their release. In similar fashion, Vietnam has accused China of obstructing Vietnamese energy companies from conducting oil and natural gas exploration in its waters. For example, in 2012, Chinese vessels cut the seismic cables of a ship belonging to Vietnam’s state-owned energy company, PetroVietnam. Tensions have also flared since China began its island-reclamation program in the Spratly archipelago in 2013 and temporarily deployed an oil rig into contested waters Vietnam deems to be part of its EEZ.

China’s economic and demographic enormity overshadow those of Vietnam. As such, hard balancing is not a feasible option due to significant power asymmetry between the two states. Furthermore, Vietnam is the only claimant in the SCS disputes that shares a land border and has fought a war with China; thus, hard balancing is a risky strategy given Vietnam’s limited material capacity vis-à-vis China and their shared land border. Lastly, given the important economic role that China plays in Vietnam’s economy, a hard-balancing strategy would result in significant dislocations of the country’s economy. Appeasement is a politically risky choice for Hanoi as it would entail concessions. Given Vietnam’s historic rivalry with China, any form of concession would signal weakness within the central government, especially one with a revolutionary tradition and whose legitimacy is tied to its ability to maintain and protect the sovereignty and territorial integrity of the country. Concessions regarding territorial claims would likely trigger a legitimacy crisis and popular unrest. Similarly, bandwagoning is out of the question given the historical rivalry between the two states. Any overtures toward Beijing would likely set-off domestic instability and undermine the control of the Communist Party of Vietnam.

Hedging has emerged as the optimal strategy for Vietnam for several reasons. While Hanoi is increasingly concerned with Beijing’s assertive policies in the region, tensions have not resulted in an existential threat perception. In fact, despite the asymmetric power relation between the two countries and the long legacy of rivalry, Vietnam has demonstrated its ability to defend its territory from invasion on several occasions, as it did against China during the Third Indochinese War, where Hanoi taught Beijing a lesson. More importantly, Vietnam’s success in establishing a capable deterrent force through its military modernization program and develop-
ment of an indigenous military-industrial complex allows it to safeguard its territory and current holdings in the SCS. Additionally, as in Indonesia’s case, geography plays a role, albeit in a different manner. Although Vietnam’s border with China can pose a direct threat in the event of an armed conflict, its growing coastal missile defense systems run parallel to China’s most important SLOCs, making any open hostilities costly for Beijing. Lastly, Vietnam’s efforts to establish strategic partnerships with extra-regional powers like India and Japan facilitate its capacity-building efforts and allow it to increase economic diversification.

Here again, there is a structure-agent interplay in the Sino-Vietnamese dyad, where Vietnam has borne the brunt of China’s rise and growing regional assertiveness, essentially making it the canary in the coal mine for the region. Filtered through the variable of geographic proximity and historical rivalry, this has caused a shift in the regional security dynamics and, especially, Vietnamese threat perception (the structural component). However, Vietnam’s success in establishing a minimum credible deterrence vis-à-vis China, despite existing asymmetry, in addition to its growing strategic and economic partnerships with extra-regional powers,
provides it the means to manage the effects of the structural pressures of China’s rise and ensure its capacity to act on its interests (the agential component).

As indicated above, hedging has emerged as the optimal strategic choice for key Southeast Asian states since hard balancing, appeasement, and bandwagoning entail costs that are detrimental to their domestic and international interests. More importantly, domestic factors, such as credible deterrence capabilities and national narratives, make hedging an optimal choice since it accords these states with greater levels of flexibility and opportunity to act on their preferred policy choices. The emergence of hedging as an optimal strategic choice for key Southeast Asian countries has had important spillover effects. The most important of these have been the internationalization of the SCS territorial disputes and the increasing alarm regarding the region’s growing dependence on Chinese trade. This has facilitated the emergence of an Indo-Japanese nexus in Southeast Asia, implicitly aimed at managing China’s rise. In other words, the hedging of key Southeast Asian states has allowed extra-regional countries like India and Japan to play a greater role in Southeast Asian affairs, which consequently provides Southeast Asian countries with greater political and economic diversification.

Table 1. Illustration of hedging as the optimal strategic choice for Vietnam and Indonesia

<table>
<thead>
<tr>
<th>Country</th>
<th>Strategy</th>
<th>Costs/Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vietnam</td>
<td>Hard balancing</td>
<td>Highly asymmetric relationship with China; impossible to hard balance given China’s overwhelming material capabilities</td>
</tr>
<tr>
<td></td>
<td>Appeasement</td>
<td>High likelihood of internal instability and turmoil for the Communist Party of Vietnam; concessions seen as weakness</td>
</tr>
<tr>
<td></td>
<td>Bandwagoning</td>
<td>Impossible given Vietnam’s historical rivalry with China; likely triggering of mass discontent</td>
</tr>
<tr>
<td></td>
<td>Hedging</td>
<td>Engagement due to Vietnam’s strong economic ties with China; soft balancing to ensure that China is not the only preponderant power in the region and increase its costs of engagement in case of conflictual situations; hedging offers greater operation range of diplomatic options</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>Indonesia</th>
<th>Hard balancing</th>
<th>Asymmetric relationship with China; hard balancing possible given its material capabilities and geographic position; however, currently unnecessary and undesirable due to the political and economic costs as well as the absence of urgency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Appeasement</td>
<td>High likelihood of internal instability given historical domestic and international rivalries with ethnic Chinese and China; undermine Indonesia’s position as a leader in Southeast Asia</td>
</tr>
<tr>
<td></td>
<td>Bandwagoning</td>
<td>Unlikely due to Indonesia’s geographic position, self-perception as a middle power, and lack of urgency</td>
</tr>
<tr>
<td></td>
<td>Hedging</td>
<td>Engagement due to Indonesia’s growing economic ties with China; soft balancing to ensure political and economic autonomy; hedging also helps cement Indonesia’s leadership position in Southeast Asia and its emergence as a middle power and offers greater operation range of diplomatic options</td>
</tr>
</tbody>
</table>

**India’s Southeast Asia Strategy**

India’s engagement with Southeast Asia is a recent one. The opening up of the Indian economy under the stewardship of Prime Minister Narasimha Rao and Finance Minister Manmohan Singh, beginning in 1991, resulted in a more outward-looking policy orientation. India’s growing engagement with ASEAN, which later became subsumed under the umbrella term of New Delhi’s Look East policy, was primarily driven by economic concerns. For Southeast Asian states, this policy provided a strategic breakthrough given China’s burgeoning economic and political clout in the region. In other words, India could provide some economic diversification and, thus, strategic leverage to the Southeast Asian states vis-à-vis China. Given India’s tumultuous relationship with China since the border war of 1962, New Delhi would be a natural choice as a strategic leverage with China.

Overall, the partnership between India and ASEAN since the initiation of India’s economic liberalization showcases the country’s willingness to build confidence in Southeast Asia. It further alleviates concerns of the ASEAN states regarding India’s naval capabilities and its Cold War allegiance to the Soviet Union, which were perceived as threatening the security of Southeast Asian states. In essence, while economic concerns were part of the increasing institutionalization of linkages between India and Southeast Asia, security concerns regarding China bolstered India’s importance for the region.

Further developing India’s Look East policy, the Narendra Modi administration, elected in 2014, initiated a new set of policies regarding India’s role in the Pacific
Ocean. Termed the Act East policy, India seeks to further strengthen its strategic presence in Southeast Asia and parts of East Asia as a net security provider. This new policy sought to remedy the symbolic nature of the Look East policy through increased bilateral engagement, particularly with regards to China’s growing influence in the greater Asian region. The new administration sought to bolster its Act East policy through further pushing into the strategically important SCS. To do this more effectively, the Indian Navy revised its maritime security strategy. Titled *Ensuring Secure Seas: Indian Maritime Security Strategy*, the revised doctrine addresses India’s concerns regarding freedom of navigation and security of the Indo-Pacific SLOCs. One of the primary objectives of the new naval doctrine is to “provide freedom to use the seas,” which is directly linked to India’s national interests. The new naval strategy paves the way for consolidating India’s Look East policy and adding on to it through the Act East policy.

The strategy’s references to freedom of the seas, United Nations Convention on the Law of the Sea (UNCLOS), and multilateral cooperation signal India’s increasing willingness to assert its influence in the IOR and make headway into the Pacific Ocean through engagement in the SCS. As for the states of Southeast Asia, India’s increased strategic interest in the region opens an avenue to hedge against China. Since India does not have any territorial claims in Southeast Asia and no history of conflict with states in the region, it has emerged as a prospective security provider for smaller states in the region.

Indian strategic interests in Southeast Asia are congruent with Vietnam’s and Indonesia’s overtures toward India. Specifically, Indonesia is a pivotal state in India’s security calculations because of the former’s size and its geographic position as the gateway between the Indian and Pacific Oceans. The Malacca Straits are a strategically important choke point for India, as 55 percent of its trade passes through the region. Unlike China, India does not have territorial ambitions in the region. In fact, it has the capability to become a security provider in the larger IOR in light of Indonesia’s limited force projection capability.

The initiation of a new era of security collaboration between India and Indonesia began in 1994, with a joint naval exercise in the Andaman and Nicobar Islands. Geopolitical considerations played a significant role in Indonesia’s strategic calculations, as Indonesia’s westernmost province of Aceh is only 80 nautical miles from India’s Great Nicobar Island, which hosts India’s forward air base. In 2001, both states signed the Defense Cooperation Agreement, which was to prop up the Indonesian defense industry by establishing a Joint Defense Cooperation Commit-
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tee to identify possible areas of cooperation in the defense sector. The 2001 agreement further allowed the Indonesian Air Force to utilize training facilities of the Indian Air Force along with loan, sale, or exchange of aircraft parts. Additionally, both states have maintained naval patrols in Six-Degree Channel at the northern entrance to the Malacca Strait since 2002, called the India-Indonesia Coordinate Patrols. Overall, the Indonesian government realizes India’s technological capabilities and seeks their potential transfer. As for India, its engagement with Indonesia is rooted in propping up Indonesia’s capability to further constrain China’s strategic space in Southeast Asia.

The Indian government under PM Modi has extended bilateral summits with Indonesia that were normally extended to important strategic partners like Japan and Russia. Additionally, Japan’s increasing involvement with India since Prime Minister Shinzo Abe’s return to power in 2012 helped alleviate Indonesian concerns regarding India’s involvement in Southeast Asia. Furthermore, during Indian PM Modi’s official visit to Indonesia in 29–30 May 2018, Indonesia signaled its willingness to provide India access to the island of Sabang, close to the Malacca Straits. The joint statement on India-Indonesia Maritime Cooperation in the Indo-Pacific released during this visit iterated adherence to UNCLOS and the importance of a “free, open, transparent, rules-based, peaceful, prosperous and inclusive Indo-Pacific region, where sovereignty and territorial integrity, international law, in particular UNCLOS, freedom of navigation and overflight, sustainable development and an open, free, fair and mutually beneficial trade and investment system are respected.” Thus, India has sought to approach Indonesia within the wider framework of New Delhi’s Act East policy but recognizes its strategic importance for the Malacca Straits and the wider Indo-Pacific region, particularly with regards to India’s growing involvement in the SCS disputes.

Apart from Indonesia, the other major Southeast Asian player that India has forged strong strategic ties with is Vietnam. The Indo-Vietnamese relationship dates to the Cold War period, defined by anti-imperialism and India’s vehement support for Vietnamese independence. A breakthrough in modern strategic relations between India and Vietnam occurred in 2000, initiated by Indian Defense Minister George Fernandes’s visit to Vietnam. A Defense Protocol signed between the two states paved way for Vietnam’s modernization of its armed forces. Because both states were recipients of Soviet technology, Vietnam increasingly sought Indian technological and logistical support—especially given the latter’s extensive
home-grown defense industry. Apart from military modernization, both states agreed on joint defense training, naval exercises, and joint patrols.  

India has actively sought to support Vietnamese endeavors in the SCS. For example, the Indian Navy consistently helps its Vietnamese counterpart by supplying spare parts of the Russian made Petya and OSA-11 class missile boats. Furthermore, since the two countries operate similar weapons systems, India is providing training for Vietnam’s newly created Kilo-class submarine force and Sukhoi fighter wings. Vietnam’s military buildup is directly tied to its territorial contestation in the SCS with the Chinese government. This is an issue that is further exacerbated by the construction of China’s Yulin Naval Base in Sanya, Hainan, an administrative city in the Paracel Islands that Vietnam claims in its entirety and which China effectively controls. China has stationed surface warships and nuclear submarines at this base, giving it a tactical edge in its efforts to enforce its maritime claims in the SCS. Because of these developments, Vietnam has sought to reciprocate through strategic signaling that India could serve as an alternative security provider in the region and that Vietnam would allow such maneuvers to extend within its geopolitical space—a message that raises concerns for China.

In 2011, India and Vietnam signed a deal on oil exploration in Blocks 127 and 128 of the SCS, areas that are claimed by China. India’s state-owned ONGC Videsh was given the task, and Vietnam invoked UNCLOS to emphasize its rights for resource exploration within 200 nautical miles from its shore. Coincidentally, strengthening of the UNCLOS remains a core objective of the new Indian naval doctrine, Ensuring Secure Seas. Despite the initial enthusiasm, India retracted exploration rights for block 128, and China directly countered India’s and Vietnam’s moves by putting up several contested sectors of the SCS for international bidding. Notwithstanding the setback involving oil exploration, Vietnam continued its efforts to facilitate greater Indian participation in the affairs of Southeast and East Asia, a fact bolstered by both states’ perception of China’s intentions in the region.

Overall, Vietnam and India have mutually expressed their concern with China’s rise because of its assertive policies, particularly in the SCS dispute. Vietnam continues to court India for its technological and logistical support. India seeks Vietnamese support in the region given the two states’ long withstanding partnership and mutual distrust of Chinese endeavors in the region. Vietnam also provides India with an opportunity to press China strategically in a tit-for-tat fashion because of China’s maneuvering in South Asian states. Vietnam continues to receive Indian
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support; beginning January 2016, India agreed to set up a satellite tracking system in Vietnam. The state-run Indian Space Research Organization is projected to fund and set up the system in Ho Chi Minh City, which would allow Vietnam (as well as India) to receive imagery of the SCS and China. The satellite tracking system will allow Hanoi and New Delhi further access to imagery dealing with naval movements in China’s regions of interest.

India’s overtures toward Indonesia and Vietnam showcase parallels. There is a commitment to maintaining the openness of the Indo-Pacific through multilateral means and upholding of international norms: i.e., UNCLOS. For India, the strategic importance rests on the vitality of the Malacca Straits for trade; as for Indonesia and Vietnam, India’s entry into the region aids in their hedging strategies vis-à-vis China. Furthermore, joint naval exercises and collaborations in technology bolster strategic confidence for all three countries. Overall, India’s strategy toward Southeast Asia has been largely under the auspices of the Act East policy. Regardless of strong economic undertones in these overtures, India has increasingly intertwined itself in Southeast Asian affairs given its own strategic concerns regarding China.

Japan’s Southeast Asian Strategy

In the early stages of engagement with the region, particularly during the Fukuda Doctrine (1977) and the following decades, Japan was primarily preoccupied with economic investment and helping regional coast guards in their efforts to safeguard the SLOCs in the region. However, as China became more assertive with its neighbors, Japan achieved greater security presence in the region by facilitating internal balancing efforts in Southeast Asia through personnel training and hardware transfers. It has also begun to participate in naval exercises with Southeast Asian states to improve operational and tactical level performance of the regional coast guards and navies.

Japan has been particularly active in the provision of training and hardware to Southeast Asian coast guards. For example, “the Japan International Cooperation Agency (JICA) funds the Coast Guard’s seminars to train maritime authorities in Southeast Asia, and Japan’s aid is critical in helping to create maritime patrol authority where local capacity is lacking.” The purpose of this aid has been to strengthen the maritime capabilities of Southeast Asian countries to improve the safety of the SCS due to the chronic issues of piracy that plague the area. To that end, Japan provided the seed money for the Anti-Piracy Center located in Kuala
Lumpur, Malaysia. Japan has also been providing coast guard ships to countries in the region for several years now. In 2006, it gave Indonesia three patrol vessels. Tokyo also has begun to deliver on its promise to provide the Philippines ten coast guard vessels and has committed itself to providing Vietnam with six vessels. Both of these commitments have been wholly funded by Japan through its official development-assistance programs.

In addition to promoting maritime safety in Southeast Asia, in recent years Japan has begun to participate in several naval exercises in the region, largely motivated by its concerns with China’s assertive policies in its maritime periphery. Since 2011, Japan has conducted naval exercises with nearly every key state in the Indo-Pacific region. These include the United States, Australia, India, Indonesia, Vietnam, Singapore, the Philippines, and South Korea. This is an important development because, until China became more assertive in its maritime policies after 2009, Japan continued to adhere to a self-imposed isolationist policy. Consequently, it is China’s assertiveness that has become the catalyst for greater Japanese presence not only in the East China Sea but, just as importantly, the SCS. Furthermore, tensions with China have allowed Japan to achieve greater security presence in the region largely uncontested. In other words, most states in Southeast Asia have welcomed Japan’s greater security roles in the region.

Like many Southeast Asian countries, Vietnam endured Imperial Japanese occupation during WWII. However, since 1973 when the Japanese officially recognized the Democratic Republic of Vietnam (DRVN), the government that would eventually reunify the country in 1976, the two sides have enjoyed relatively stable relations. Japan has been a top trading partner with Vietnam since the 1970s. By 1976 Japan had become Vietnam’s second-largest trading partner after the Soviet Union. Japan became the largest contributor of foreign aid to the new Vietnamese government outside of the communist bloc; this aid took the form of grants that were essentially war reparations to Vietnam.

Japan continues to be a major trading partner of Vietnam. In 2009, the two countries signed the Agreement between Japan and the Socialist Republic of Viet Nam for an Economic Partnership. This trade agreement was expected to lower tariffs and promote economic cooperation between the two countries. This economic cooperation has since expanded to the energy field. To increase liquefied natural gas (LNG) imports, Vietnam has sought assistance from the Tokyo Gas Company "to develop the Thi Vai LNG terminal in the Vung Tau province." Japan has also agreed to aid Vietnam in developing a nuclear-energy industry. In 2011 the Japan-Vietnam Nuclear Cooperation Agreement came into force, paving
the way for a mutually beneficial venture in which Japan can profit from exporting its technical expertise in nuclear energy, thereby allowing Vietnam to export more of its oil and natural gas resources to increase its GDP. In addition to the growing economic ties, much progress has also been achieved in the security sphere. Mutual concerns over China’s assertive posture on the East and South China Seas have brought both countries closer in discussions over the security of the SLOCs and the territorial disputes they have with China in their respective areas. In a 2011 meeting between former Japanese Defense Minister Yasuo Ichikawa and his Vietnamese counterpart, Phung Quang Thanh, the two sides signed a memorandum on defense cooperation and exchange. During the summit, Ichikawa told Thanh, “The relationship between Japan and Vietnam [has] entered a new stage of development” and Vietnam was a “strategic partner for peace and stability in Asia, and we want to deepen our partnership.” Under the provisions of this memorandum, the Japan Self-Defense Forces (JSDF) and the Vietnamese People’s Army will conduct military exchanges and vice-minister-level officials from each country will have regular dialogue.

As with the Philippines and Indonesia, the Japanese have committed themselves to providing Vietnam coast guard patrol vessels to increase its maritime capabilities. In a 2013 summit, Japanese Prime Minister Abe and Vietnamese Prime Minister Nguyen Tan Dung discussed their concerns over maritime peace and stability, particularly the SCS. Prime Minister Abe chose Vietnam as his first destination after taking office, indicating the importance of Vietnam as a strategic partner for Japan in the region. In a sign of reciprocity, the Vietnamese invited Japanese Defense Minister Itsunori Onodera to visit the naval facilities in Cam Ranh Bay. According to the Vietnamese, Onodera was the first foreign defense- or military-related official to ever be invited to the base. During a press conference after his visit to the naval base, Onodera indicated that the two countries had been performing field exercises in diving medicine. In addition to this, the two states scheduled future exercises that would concentrate on submarine rescue. Since the Kilo-class submarines that Vietnam purchased from Russia are the first significant submarines that the former has operated, Japan’s assistance in this area is considered vital.

As Vietnam’s military modernizes, Hanoi may look increasingly to Japan as a source of hardware and training. China’s substantial marine-mine inventory could prompt the Vietnamese to purchase mine countermeasure (MCM) vessels from Japan, while simultaneously securing training from one of the most-capable MCM forces in the world. Although seemingly unimportant, capable MCM capabilities
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may prove useful considering the expansive mine capabilities posed by China. In a more challenging prospect, former Japanese Defense Minister Toshimi Kitazawa pointed out that Vietnam may be among the countries to which Japan would allow the sale of its state-of-the-art diesel submarines. Although no further official statements have been made in regards to this subject, should conditions in Southeast Asia continue to deteriorate, Japan could be prompted to remove even more restrictions on its military-transfer guidelines.

Indonesia shares Southeast Asia’s grievance of historical Japanese invasion and occupation. However, like many of its Southeast Asian neighbors, Indonesia has successfully lowered its threat perceptions of Japan. This change, largely motivated by generous Japanese investment and developmental aid, has allowed the two countries to forge a closer relationship—one that has seen increased activity in recent years because of changed perceptions of the rise of China. The Japanese foreign ministry identified Indonesia as a priority strategic partner in the region. As with Vietnam, Japan is a major trading partner for Indonesia. This economic relationship was strengthened in 2006 when the two archipelagic states signed the Indonesia-Japan Economic Partnership Agreement.

More important has been the two countries’ signing of the Strategic Partnership for Peaceful and Prosperous Future. This agreement paved the way for Japan’s transfer of three coast guard vessels to Indonesia in 2006. Since 2011, Japan and Indonesia have hosted annual defense ministerial consultations to enhance their strategic partnership. These meetings led to the first two-plus-two talks between the two countries in 2015, marking the first time Japan conducted such a summit with a Southeast Asian country. During this meeting Japanese Defense Minister Gen Nakatani described Indonesia as “a major power in ASEAN,” illustrating the importance of Indonesia for Japan’s strategy in Southeast Asia and providing legitimacy to Indonesia’s emergence as a middle power.

Like Vietnam, the Indonesian armed forces are modernizing, and Japan is poised to play an active role in this process. In fact, Indonesia became the first Southeast Asian country to which Japan has agreed to transfer defense technologies. During the two-plus-two talks, Nakatani stated that Japan wanted to strengthen the two countries’ relationship in the defense sector, particularly in air and maritime defense, arguing that such cooperation was “indispensable for peace, stability, and prosperity in the whole region, including Southeast Asia.” During the talks, Nakatani’s counterpart, Indonesian Defense Minister Ryamizard Ryacudu “reiterated Indonesia’s interest in acquiring the US-2i” amphibious aircraft,
which would greatly expand Indonesia’s surveillance and security capability over its waters. During Indonesian President Jokowi Widodo’s 2015 visit to Japan, his first international visit outside of Southeast Asia, agreement was reached with Prime Minister Abe to set up a Japan-Indonesia Maritime Forum as soon as possible. The establishment of this forum would help “accelerate maritime cooperation inter alia in maritime safety and security, promotion of maritime industries, as one of the important pillars toward enhancing bilateral cooperative relationship.” Speaking after the summit, President Widodo stated that he believed the forum would help “enhance competence of coast guard capabilities and infrastructure, as well as the marine industry.” The joint Indonesian-Japanese emphasis on naval security resonates with India’s endeavors with Indonesia; such cooperative measures showcase the changing perceptions of Chinese maneuvers in the SCS, which threaten movement of naval vessels.

The enhancement of air and maritime capabilities comes at a time when Indonesia, despite continued efforts to play the role of neutral broker in the SCS disputes, finds itself increasingly concerned with China due to Beijing’s assertive policies in the region. During their summit, Prime Minister Abe and President Widodo agreed to a joint statement that referenced the “importance of freedom of navigation and overflight on the high seas, unimpeded lawful commerce, as well as resolving maritime disputes by peaceful means” and recognized the issue of the SCS is directly related to the peace and stability in the region. As a result, both parties reaffirmed the “importance of the full implementation of the Declaration of the Conduct of Parties in the South China Sea and the early realization of a regional Code of Conduct in the South China Sea.” While coated in the language of diplomacy, these statements reveal serious concerns for China’s policies in the region, particularly toward its maritime periphery.

Ultimately, Japan’s strategy for Vietnam and Indonesia is centered on a policy of facilitating the capacity-building efforts of these states as they seek to balance China’s assertiveness in the region. Japan, having mutually changed the security perception of China among key regional actors, has found a strategic opening that has allowed it the possibility to play a greater security role in the region. This is an important development because, while traditionally an economic power that was a source of investment and developmental aid, Japan has emerged as a potential hedging option vis-à-vis China in Southeast Asia.
The Indo-Japanese Nexus

As indicated above, there has been a convergence of interests on the part of India and Japan in Southeast Asia. Both countries have sought greater political and economic presence in the region to manage what they perceive as an increasingly assertive China. The nexus is characterized by mutual interests that bilaterally link India and Japan, while simultaneously prompting proactivity in Southeast Asia, a region in which Indo-Pacific regional order is increasingly challenged. The bilateral component is in part motivated by India's need for greater technology transfers and Japan's need for greater market access in the second-largest emerging economy. Furthermore, these two nations' shared democratic values and mutual suspicion of China's rise also serve as unifying factors in the budding relationship. The Southeast Asian component demonstrates a concerted effort to provide countries of that region with much-needed political and economic diversification in light of their growing dependence on China's trade and Beijing's assertiveness in the East and South China Seas.\(^\text{100}\) While India and Japan have not coordinated their Southeast Asian strategies, they demonstrate surprisingly similar approaches to the region. In essence, both powers have tacitly recognized that Southeast Asia is vital not only to their respective political and economic interests but also to the theater in which the management of China's rise will be most crucial.

Furthermore, while India and Japan recognize their increasing congruence of interests in Southeast Asia, the emergence of this nexus rests on the willingness of the states in the region to strategically engage with outside powers. This is important since leading Southeast Asian countries have regularly demonstrated wariness toward the involvement of extra-regional powers in regional affairs, as demonstrated by the failure of the Southeast Asia Treaty Organization (SEATO). In fact, participation in the Non-Aligned Movement and especially the Bangkok Declaration of 1967, which serves as the founding document of ASEAN, demonstrates long-running efforts to limit external influences in the region by several Southeast Asian countries.\(^\text{101}\) The willingness of Indonesia and Vietnam to strengthen their ties with Japan and India showcases their usage of agency through hedging. While maintaining economic engagement with China, both states have sought closer ties with India and Japan to increase the opportunity cost of continued Chinese unilateralism and assertiveness in the region—something that is increasingly perceived as an effort to establish hegemony in the region. In other words, it is the efforts of small and middle powers in Southeast Asia, like Indonesia and Vietnam, to internationalize the local process of a shifting balance of power, through their hedging
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strategies, that has facilitated the emergence of an Indo-Japanese Nexus in the region. Thus, it is the state agency of Indonesia and Vietnam as each interacts with the structural security and economic conditions in the region that currently serves as the driving force of counterhegemonic processes in Southeast Asia.

Conclusion

This study provides an empirical and theoretical analysis of why states like Indonesia and Vietnam incorporate the strategy of hedging. This is due in part to links and improved relations with states like Japan and India as well as the deselected options available to these states to hedge against the challenges and prospects with a rising power of global scope. Specifically, this paper asserts that because of the inability of a state to fully confirm the effectiveness (only the failure) it seems likely, when possible, there would be circumstances where incorporating elements of multiple approaches would be optimal. Considering the security concerns, increased regional ties, and the inability to validate effective conventional deterrence choices it is not surprising that Indonesia and Vietnam pursue hedging strategies. Continued power competition provides challenges to states and scholars of the region to discern trends without falling prey to the vagaries of complexity in relations. When shining a light on specific places and choices, the space that is illuminated shows the limited options states generally have.

Notes

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35. At the core of the SCS dispute is the “nine-dash line”: Beijing’s claim that encompasses nearly 90 percent of the contested waters. The line runs as far as 2,000 km from China’s mainland to within just a few hundred kilometers of Malaysia, the Philippines, and Vietnam. Beijing maintains its ownership of any land or features contained within the line, claiming such territory as the country’s historical maritime rights.


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55. Supriyanto, “Indonesia and India,” 207.

56. Ibid., 218–19.


58. Ibid., 232.


65. Ibid., 1090; and Rehman, “Keeping the Dragon at Bay,” 133.


70. Based on a 1977 speech by Japanese Prime Minister Takeo Fukuda, delivered while on a tour of the ASEAN member states, this namesake doctrine articulated Japanese foreign policy and the country’s commitment to peace. The doctrine stated that Japan would never again become a military power and that Tokyo would establish relationships of mutual confidence and trust with Southeast Asian countries. Moreover, Japan would cooperate positively with ASEAN and its member states in their own efforts, as an equal partner. This doctrine continues to serve as the foundation of Japan’s current and future diplomacy toward the region.


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