



Universiteit  
Leiden

---

HEDGING AND REGIONAL ORDER CONTESTATION:  
Understanding Southeast Asian hedging in the South China Sea

---

Nicole Leong  
S2710854

Thesis submitted in fulfilment of the requirements for the degree of  
Master of Arts in International Relations (Global Conflict Specialisation)

Leiden University, 3 January 2021

Thesis Supervisor: Dr Vincent Chang

Second Evaluator: Dr Eelco van der Maat

Word Count: 13,720

## ABSTRACT

Hedging is an insurance-seeking strategy combining counteracting state behaviours of engagement and risk-mitigation, employed by Southeast Asian states to signal ambiguous great power alignment and preserve strategic autonomy amidst structural uncertainties. Structural realists contend that the intensifying Sino-US competition will force states to choose a side. In the South China Sea (SCS) disputes, system-level path dependency factors supposedly predispose claimants to balance against a revisionist China and align with the hegemon of the prevailing rules-based regional order, the United States. Instead, claimants avoided overt US alignment and pursued closer ties with China from 2016. This thesis seeks to explore the question: **Why are SCS claimants like Malaysia and the Philippines still ‘hedging’, despite the path dependency-based predisposition to transition into US-aligned balancing?** Upon examining the literature’s theoretical contexts and assumptions, two sub-questions are relevant to this puzzle. Firstly, how does the economic-security nexus influence the claimants’ (hedging) response to China’s revisionism? Secondly, how do state perceptions of the contested regional order influence state behaviour? This research seeks to contribute to the study of hedging by deconstructing the theoretical approaches of hedging. It highlights that economic considerations are as crucial as traditional security concerns. It suggests that Southeast Asian hedging should be studied in connection with state perceptions of the regional order. The thesis argues that the claimants persist in hedging because: (1) US-aligned balancing incurs adverse economic consequences that are politically costly due to perceived US unreliability; and (2) claimants seek to influence the re-negotiation of a new regional order that is rules-based, ASEAN-centred and not exclusively aligned to either power. Different perceptions of the great powers’ role in the envisioned order – i.e. whether the state desires a dominant role for the US or China – results in different hedging approaches.

## TABLE OF CONTENTS

ABSTRACT	2
LIST OF ABBREVIATIONS	4
I. INTRODUCTION	5
II. LITERATURE REVIEW & CONTEXTS OF HEDGING	7
A. Theoretical Context of Hedging	7
B. Contested Definitions & Implicit Assumptions	8
C. Problematizing “Security”: The Economic-Security Nexus	11
D. Regional Order & State Perceptions	13
III. METHODOLOGY	19
A. Case selection	19
B. Dependent variables	19
C. Independent variable	20
D. Relationship between Hedging and Regional Order	23
IV. ANALYSIS & DISCUSSION	24
A. The Philippines	24
B. Malaysia	32
V. CONCLUSION	40
BIBLIOGRAPHY	42

## LIST OF ABBREVIATIONS

ADB	Asian Development Bank
AFP	Armed Forces of the Philippines
AIIB	Asian Infrastructure Investment Bank
AMTI	Asia Maritime Transparency Initiative
APSC	ASEAN Political Security Community
ARF	ASEAN Regional Forum
ASC	ASEAN Studies Centre
ASEAN	Association of Southeast Asian Nations
BRI	Belt and Road Initiative
CARAT	Cooperation Afloat Readiness and Training Exercise
COC	Code of Conduct of Parties in the South China Sea
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
EDCA	Enhanced Defense Cooperation Agreement
EEZ	Exclusive Economic Zone
FDI	foreign direct investment
FMS	foreign military sales
FOIP	Free and Open Indo-Pacific
FONOP	Freedom of navigation operations
MAF	Malaysian Armed Forces
MDT	US-Philippines Mutual Defense Treaty
NTS	non-traditional security
PAF	Philippine Air Force
PCA	Permanent Court of Arbitration
PLA	People's Liberation Army
PLAN	People's Liberation Army – Navy
PN	Philippine Navy
RCEP	Regional Comprehensive Economic Partnership
SCS	South China Sea
SEACAT	Southeast Asia Cooperation and Training
TPP	Trans-Pacific Partnership
UN	United Nations
UNCLOS	United Nations Convention on the Law of the Sea
VFA	Visiting Forces Agreement
1MDB	1Malaysia Development Berhad

## I. INTRODUCTION

The past decade saw major changes in the longstanding South China Sea (SCS) flashpoint. After a period of relative peace since China's 1995 occupation of Mischief Reef, the 2012 Scarborough Shoal standoff marked a resumption of China's efforts to revise the status quo through maritime coercion and economic statecraft (Emmerson 2020). China's "grey-zone" tactics include building 3,200 acres of artificial surface on disputed features; imposing a unilateral fishing moratorium; harassing vessels in foreign Exclusive Economic Zones (EEZ); and disrupting hydrocarbon survey activities in foreign continental shelves (AMTI 2019). The PCA Tribunal at the *Philippines v China* arbitration upheld established principles of international law and the United Nations Convention on the Law of the Sea (UNCLOS),<sup>1</sup> finding China's activities to be unlawful (Rothwell and Letts 2019). Yet, the decision attracted lukewarm responses from the Association of Southeast Asian Nations (ASEAN) and international community. Short of foreign or United Nations (UN) intervention, non-military dispute resolution mechanisms appear inadequate at estopping a major power's unlawful conduct. However, stark power asymmetries prevent small states from retaliating. The effectively irreversible *fait accompli* alter the regional security environment: geospatial intelligence indicates that China's militarised outposts are equipped with airstrips, high-frequency radar installations and close-in weapon systems that augment power projection capabilities within and beyond the First Island Chain (AMTI 2020). In the ASEAN Studies Centre's (ASC) *The State of Southeast Asia* surveys, military tensions in the SCS was the top security concern for respondents from the Philippines (82.5%) and Vietnam (88.2%) (Tang et al 2020).

Beyond sovereignty and security concerns, the SCS flashpoint accentuates an underlying issue: the contestation of the regional order amidst the Sino-US great power competition. Underpinning the post-war East Asian order is the US-led security order and Western-centric global economic order. At the 2010 ASEAN Regional Forum (ARF), Southeast Asian states and the US supported a multilateral dispute resolution approach. Chinese foreign minister Yang Jiechi was reportedly incensed, reminding ASEAN that "China is a big country and other countries are small countries – and that is just a fact".<sup>2</sup> There is a consensus in academia that China's conduct of relations with ASEAN has become increasingly aggressive since 2010 over SCS matters: for instance, China bars intramural or ASEAN-US discussions; demands self-censorship; co-opts members to veto

---

<sup>1</sup> Notwithstanding issues of sovereignty, China cannot declare a territorial sea, contiguous zone, EEZ or continental shelf around non-island features like Mischief Reef and Scarborough Shoal. *South China Sea Arbitration (Philippines v China) (Award)* (Permanent Court of Arbitration, Case No 2013-19, 12 July 2016); UNCLOS, arts 13, 121(3).

<sup>2</sup> "ASEAN caught in a tight spot," *The Straits Times*, 16 September 2010.

decisions unfavourable to Chinese interests; and sought to dictate ASEAN's official consensus statements (The Straits Times 2016; Rothwell and Letts 2019; Emmerson 2020). In the ASC survey, respondents from Vietnam (61.2%), the Philippines (54.0%) and Malaysia (41.1%) reported the strongest view that China is a "revisionist power [that] intends to turn Southeast Asia into its sphere of influence"; few saw China as a status quo/benign power that will support the existing order (0%–8.0%) (Tang et al 2020). The surveys and literature reflect a perception that the prevailing order of US hegemony and ASEAN-centred multilateralism is being challenged.

As the Sino-US competition intensifies, structural realist literature posits that hedging will become increasingly unfeasible when states are forced to pick sides; they argue that the SCS claimants will transition into balancing strategies and align with the US (Korolev 2019; Lim and Cooper 2015). However, empirical evidence of state behaviour appears to suggest otherwise: claimants are not "hard balancing" against China but increasing engagement on multiple issues. Despite fears of Chinese revisionism, claimants have not expressed support for the US' provocative anti-China campaign (Strangio 2020). Trump's absence in ASEAN meetings and his administration's transactional approach to foreign policy saw pessimism over the US' reliability as a strategic partner and regional security provider grow from 34.6% (2019) to 47% (2020) (Tang et al 2020, 40). Southeast Asian states appear to still prefer a hedging strategy in responding to the Sino-US rivalry: the top responses believe that ASEAN should increase resilience against great power pressures (48%) and maintain its stance of not siding with either power (31.3%) (Tang et al 2020, 28).

This thesis seeks to address the question: **Why are SCS claimants like Malaysia and the Philippines still 'hedging', despite the path dependency-based predisposition to transition into US-aligned balancing?** This puzzle arises largely due to core structural realist assumptions about hedging: that (1) only security considerations are costly enough to influence state behaviour and alignment choices; and (2) states are confident of US reliability and desire a US-led hegemonic order in its prevailing form. Two sub-questions are relevant in deconstructing the research puzzle. Firstly, how does the economic-security nexus influence the claimants' strategic responses to Chinese revisionism in the SCS? Secondly, how does state perception of the contested regional order influence its hedging strategy and alignment choices?

The paper begins with a literature review on the theoretical contexts and implicit assumptions of hedging theories. It delves further into related concepts of economic-security nexus and regional order to challenge common assumptions of hedging. The case studies assess if the claimants are

hedging if the economic-security nexus is accounted for. The relationship between hedging behaviours and state perceptions on regional order are discussed. The thesis argues that claimants still hedge because: (1) US-aligned balancing incurs adverse economic consequences that are politically costly given perceived US unreliability; and (2) claimants seek to re-negotiate the regional order while managing concurrent concerns of US unreliability and Chinese hostility.

This piece aspires to contribute to the study of hedging in two ways. Conceptually, it breaks down the socially-contingent assumptions of common structural realist theories on hedging and highlights the salience of the economic-security nexus. Contextually, it proposes that there is value in studying Southeast Asian hedging in connection with the social process of regional order contestation. The region is undergoing a state of flux: US hegemony is in decline and Southeast Asian states have differing visions of the evolving regional order. Perceptions of US reliability and Chinese hostility/benignity can counterbalance structure-based predispositions to transition into balancing. Taking an English School approach to understand state perceptions of the contested regional order could better make sense of the claimants' different approaches to hedging.

## II. LITERATURE REVIEW

This chapter attempts to situate hedging within International Relations (IR) theory, by examining the contested definitions and conceptual assumptions. It argues that the concept of hedging must be contextualised to the regional concepts of “security” and evolving structural conditions. The limitations of common assumptions (i.e. that non-security considerations are irrelevant, and that system-level variables predetermine state behaviour) can be addressed by recognising the economic-security nexus and the role of regional order contestation.

### A. Theoretical context of hedging

Conventional approaches to international politics are largely rooted in structural realism thought. Small states are believed to respond to the structural uncertainties of great power competition by balancing against or bandwagoning with the challenger (Waltz 1979; Walt 1987). Balancing aims to preserve regional stability through a balance of power; states distrust the challenger's intentions and seek to counterbalance externally (security partnerships) and internally (augmenting military capabilities) (Acharya 2003, 150; Emmers 2003; Ross 2006). Conversely, bandwagoning is guided by the hegemonic stability theory; states align with the challenger and cede some autonomy for promised security and/or economic benefits (Schweller 1994). However, there is a consensus in IR literature that Southeast Asian states are neither “hard” balancing nor bandwagoning. Rather,

they exhibit a class of behaviours encompassing elements of both, suggesting a “middle” strategy in the balancing-bandwagoning spectrum called “hedging” (Khong 2004; Roy 2005; Goh 2007; Kuik 2008; Koga 2018). This hybrid strategy does not fit squarely into traditional IR theory as it rejects exclusive alignment with either great power, although its neorealist precepts recognising war as a potential effect of the anarchic international system. This general consensus that Southeast Asian states persist in realist approaches was a pessimistic departure from neoliberal institutionalist views around the late 90s, which were optimistic that the growing economic interdependence could engender closer ties and regional peace (Hurrell 1995; Simon 1995).

The counteracting combination of balancing and bandwagoning elements reflects hedging’s conceptual dualities. On one hand, hedging is premised on defensive neorealism and “balance-of-power” theory: states are security-maximising and will counterbalance any aggressive attempts at hegemony (Waltz 1979). This theoretical view informs some assumptions of hedging like Lim and Cooper’s theory of path dependency (2015). On the other hand, the ASC surveys reveal that Southeast Asian bureaucrats and academics perceive China’s rise through offensive neorealist lenses: China is seen as a power-maximising revisionist state with a grand strategy of regional hegemony, whose economic growth will drive its military modernisation and exacerbate the US-Sino competition (Tang et al 2020). The perceived state of “perpetual great power competition” (Mearsheimer 2001) contradicts defensive neorealist beliefs that state aggression is rare and intrinsically self-defeating. In the deteriorating security dilemma, small states consider all options, even bandwagoning, to avoid war and maximise its gains. Kang (2003) asserted that bandwagoning has been a more prominent feature of international politics in East Asian history. More broadly, Kang notes that IR theories like balancing are modelled on European history and may not be directly transposable to the East Asian context, where hierarchical relations between sovereign states continue to be an accepted reality of regional politics.

### B. Contested Definitions & Implicit Assumptions

As an umbrella term loosely coined to describe the hybrid strategy, hedging has been defined differently by scholars who focus on its different elements. It might be more useful to understand hedging through the various aspects of a “strategy”: its conditions, ends, effect, ways, means, rationale, and assumptions (Milevski 2020). Hedging is *conditioned* on the existence of structural uncertainty over the outcome of great power competition (Jackson 2014). It seeks the political *end* of insuring the state’s flexible autonomy to adopt alternative interest-maximising strategies for various contingencies in the international system (Lim and Cooper 2015). This necessitates the



strategic *effect* of signalling ambiguous great power alignment (Korolev 2019). States believe that the intended end and effect are best achieved in two *ways* – (1) communicating the stance of “not taking sides”, and (2) actively pursuing counteracting measures. Counteracting measures have been given synonymic labels like limited bandwagoning and indirect containment (Acharya 1999), engagement and risk-management (Khong 2004; Roy 2005), enmeshment and soft balancing (Goh 2007), or returns-maximising and risk-contingency (Kuik 2008). The second core element recognises that although hedging states do not seek exclusive alignment with any power, they are not passively sitting on the fence. Rather, these states actively pursue contradicting and counteracting measures so as to maximise gains and mitigate risks. While some scholars like Lim and Cooper claim to “redefine” hedging, they are merely focusing on a particular aspect (e.g. political *ends* or *effects*) over others (e.g. the *way* of strategy). The assumptions, means and rationale of hedging is where the literature really diverges.

#### 1. Theoretical approach & *Assumptions*

Hedging supposes *assumptions* about the strategic context, purposes, utility and limits; these are influenced by the analyst’s perspectives and cognitive biases (Milevski 2020). The disagreements in defining the means and rationale of hedging stems from a fundamental confusion on how to usefully conceptualise the mechanisms of hedging in IR theory. There appears to be three broad theoretical approaches: structural realism, neoclassical realism and the English School.

Firstly, the structural realist approach posits that system-level factors like great power competition and power distribution dictate state behaviour in the face of major security threat. Unit-level variables like strategic culture, leaders’ perceptions and domestic politics accordingly have little bearing on how states respond to secure their survival (Waltz 1979; Korolev 2019; Wu 2019). Korolev (2018) distinguished the function of hedging as mere “foreign policy”, whereas balancing and bandwagoning are proper approaches to “international politics”. The focus on the state’s structural capacities to align ambiguously leads to conclusions that SCS claimants are not truly “hedging” but tending towards balancing, because they remain encumbered by structural conditions of path dependency (discussed in part II.D.1) (Lim and Cooper 2015).

The other approaches do not arbitrarily distinguish between “foreign policy” and “international politics”. The neoclassical realist approach of hedging recognises that system-level and unit-level factors can shape a state’s response to strategic uncertainty (Kuik 2016; Thayer 2017). The final approach appears to rely on an English School framework that combines neoclassical realist

assumptions and constructivist techniques. Instead of an “international system”, it looks at an international “society of states” formed under a socially-constructed and temporarily-contingent political order of shared social norms, practices and structures (Bull 1977). English School perspectives of hedging recognise that states may not behave according to fixed rules of international politics, but in response to the social dynamics of the regional order and broader systemic circumstances (Goh 2007; Foot 2020; Ba 2014).

## 2. Contested relevance of non-security *means*

Scholars disagree on whether hedging can be executed through the *means* of non-military power and resources. Structural realist theories posit that non-security engagements are irrelevant in hedging as they lack costly trade-offs for credible signal security alignment (Lim and Cooper 2015; Wu 2019; Korolev 2019). In contrast, neoclassical realist and English School approaches consider economic concerns to be costly enough to influence alignment and hedging behaviour (Ravindran 2012; Kuik 2016; Koga 2018; Heydarian 2017). This results in different views of the dependent variables that can indicate state (hedging) behaviour.

## 3. Political *rationale* behind hedging

The structural realist approach interprets the claimants’ rationale for hedging as securing their SCS interests against China’s revisionism. It assumes that claimants see sovereignty over uninhabitable maritime features as uncompromisable national interests regardless of the economic and political costs. It also assumes that states respond only to systemic pressure (Korolev 2019). In contrast, neoclassical realist and English School approaches interpret the rationale for hedging to be securing SCS interests against the *simultaneous fears* of Chinese revisionism and US unreliability. They do not downplay unit-level factors like the state’s assessments of relative threats. This recognition of the fear of US unreliability addresses two important implicit assumptions that structural realist theories ignore: that states perceive the US to be reliable and desire a US-led hegemonic order (see part II.D.2). In light of both fears, the English School approach identifies another increasingly relevant rationale for hedging: to actively *influence* the re-negotiation process of the contested regional order (Goh 2020).

This study considers the English School approach to be most useful in assessing two problematic structural realist assumptions about hedging: (1) only security (not economic) considerations, can shape state behaviour and alignment choices; and (2) states still desire a US-led hegemonic order.

### C. Problematizing “Security”: The Economic-Security Nexus

As mentioned in pt II.B.1, the relevance of economic considerations to the concept of hedging is disputed in the literature. The structural realist view that economic concerns have little relevance seem to stem from three assumptions: that states view disputes mainly in terms of avoiding war; that economic engagements do not involve costly trade-offs; and that states would never compromise security interests for economic benefits (Lim and Cooper 2015; Allison 2017; Korolev 2018; Wu 2019). This thesis argues that the regional economic-security nexus results in complex dualities that prevent the clean separation of security and economic issues (Goldstein and Mansfield 2012). While closer economic ties have helped to prevent armed conflict in the SCS, the asymmetric economic and military bargaining positions between China and relatively weaker claimants have engendered new tensions. The following subsections address these assumptions and argue for the relevance of the economic-security nexus in hedging.

#### 1. Relevance of Peacetime considerations

The first assumption is inadequate to the extent that states do not perceive structural uncertainty only through the war/peace dichotomy. Following the 1988-91 Sino-Vietnam Johnson South Reef skirmish, China has refrained from deploying the People’s Liberation Army – Navy (PLAN) in the SCS; instead, it employs non-military strategies of *fait accompli*, grey-zone maritime coercion and economic statecraft to revise the status quo (Emmerson 2020). While structural realists like Mearsheimer (1983) argue that such tactics increase the risks of war, Altman’s (2017) empirical study found that “limited” territorial gains by *fait accompli* tend to *avoid* war – only 30.7% of land-grabs escalated into armed conflicts and fewer sparked wars of attrition. Tarar (2016) further argues that a switch in bargaining power makes it hard to reverse *fait accomplis*; a defender can only restore the status quo ante through the threat or use of force against the challenger. Since China’s *fait accomplis* are “limited” to uninhabited rocks<sup>3</sup> and other claimants are militarily weaker, the literature on *fait accompli* suggests that armed retaliation and war are less probable. Given the improbability of lengthy wars of attrition in the SCS, other peacetime considerations are likely to be equally relevant to claimants – this includes whether security alignment choices can undermine the state’s ability to deliver economic development.

---

<sup>3</sup> In contrast, an invasion of Philippine-occupied Thitu Island would be considered “unlimited”.

## 2. Economic aspects of “Security”

The post-colonial experiences of Southeast Asian states are understood in IR literature as having influenced a more holistic concept of “security” that encompasses non-traditional security (NTS) (Alagappa 2003). The Southeast Asian claimants openly recognise that economic development contributes to, and is closely intertwined with, state survival and its internal and external security. Malaysia’s National Defence Policy identifies “economic prosperity” as a pillar of national defence and designates fishery and hydrocarbon resources in its EEZ and continental shelf as “offshore economic interests” (PMO 2019). Philippine president Duterte lists “economic prosperity” as his first security priority, and the Philippine National Security Council highlights socio-economic threats like poverty and geo-economic issues in the West Philippine Sea as the primary security threats (NSC 2017). Vietnam’s Defense White Paper considers its “all-people national defence” to include “economic autonomy and resiliency” and “developing maritime economy along with protected sea and island sovereignty” (MND 2019). These show that economic imperatives are *not* secondary to traditional security priorities; rather, they are prioritised together with, and at times ahead of, traditional security. As the state’s ability to deliver development directly affects domestic and regime security, geo-economic issues like the rights to exploit living and hydrocarbon resources are deemed just as important as territorial sovereignty (Le Thu 2019). The enmeshment of ASEAN-led forums, like the security-focused ARF and Asia-Pacific Economic Cooperation, seek to ground regional stability and peace on the foundations of shared economic prosperity. The economic-security nexus has both domestic and regional implications: it influences how individual claimants behave in the SCS, and shapes the regional security architecture in which they operate.

## 3. Security costs of Economic engagements

The assumption that economic engagements lack costly trade-offs in sovereignty or security is not substantiated by the empirical evidence in the SCS disputes. The pursuit of improved economic ties with China typically requires smaller claimants to make significant concessions on their SCS claims or security interests. Over the course of the SCS arbitration (2013-16) when Vietnam and the Philippines strongly asserted their claims, China imposed tariffs, trade bans and suspended travel tours to both countries (Ravindran 2012). China also limited their access to foreign direct investments (FDIs) and other economic benefits economic projects like the “2+7 Initiative” and the Belt and Road Initiative (BRI) (Kreuzer 2016). These economic sanctions were only lifted for the Philippines when president Duterte limited his pursuit of SCS claims and downgraded US relations. However, Duterte’s pursuit of close economic relations with China also directly incurred significant risks to national security (Heydarian 2020a) (see part IV.A).

China is both the adversary and main economic partner of the other claimants. The power and economic asymmetries grant China the “sharp” power of targeted compellence and “sticky” power of bargaining leverage (Emmerson 2018) – this allows China to precondition their access to markets and economic benefits on making certain concessions on SCS issues. Le Thu (2019) argues that China’s dual strategy of economic coercion and inducement instils a “psychological effect” of perceived punishment and reward. Threats to withdraw economic “carrots” can function as “sticks” with coercive effects on the target state’s behaviour (Liao and Dang 2019). It is crucial that hedging recognises the security implications of economic engagements.

#### D. Regional Order & State Perceptions

The East Asian region has seen deteriorating security tensions despite growing economic interdependence. English School scholars attribute these contradictory trends to deep structural shifts which have been accelerated by great power competition (Ba 2020; Goh 2020). Foot and Goh (2019) argue that studying IR in a region with dualistic, hybrid and contingent characteristics requires an appreciation of the “conjunctions” or social interactions between the traditional unit/system levels of analysis. This thesis proposes that one conjunction in hedging is the contestation of the US-led regional order. Understanding state perceptions of US and Chinese roles in the regional order may offer one explanation for why the claimants contradict structural realist expectations of balancing. This section first gives an overview of the theory of path dependency. Then, it explores the literature on regional order and suggests that state perceptions of the regional order provide essential context to the study of hedging in Southeast Asia.

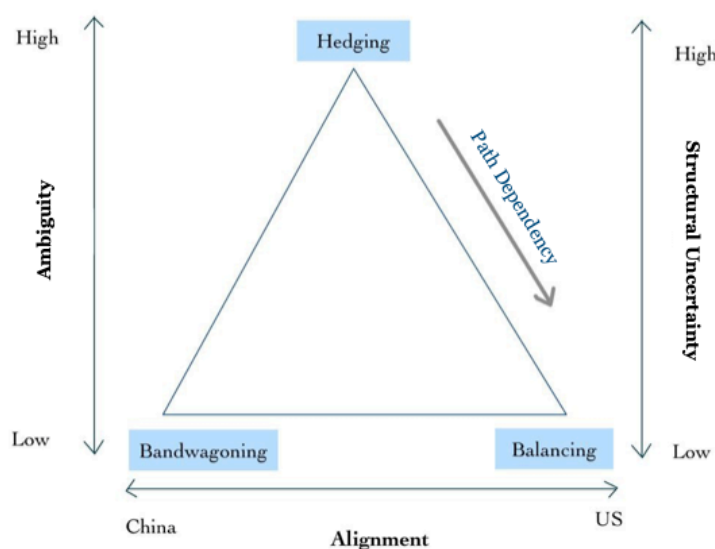
##### 1. Contingent Assumptions of “Path Dependency”

An influential model on hedging is Lim and Cooper’s (2015) theory of path dependency in hedging. They posit that economic considerations do not create costly trade-offs to affect security decisions or credibly signal alignment; hedging is only determined by its security aspects. They posit that two path dependency factors restrict states’ capacity to hedge: the existence of a major security dispute with China; and whether the state is a US treaty ally. These path dependencies supposedly predetermine a state’s alignment choices and the kind of strategy it is tending towards (Table 1).

	US treaty ally	Non-US treaty ally
Major security dispute with the challenger (China)	<u>The Philippines</u> “Resolute Allies: Strong and increasing signals of US alignment”	<u>Vietnam, Malaysia</u> “Emerging Partners: Weak but increasing signals of US alignment”
Minor/No security dispute with the challenger (China)	Thailand “Reserved Allies: Strong and stable signals of US alignment”	Singapore, Indonesia, Myanmar, Brunei “Hedging States: Ambiguous signals of US alignment”

**Table 1:** Lim and Cooper’s (2015) theory of Path Dependency

Lim and Cooper argued that true “hedging” states are unencumbered by either path dependency and retain strategic flexibility to signal truly ambiguous alignments. Other states with at least one path dependency are expected to demonstrate risk mitigation behaviours and growing US alignment (Lim and Cooper 2015, 710). As SCS claimants are involved in a major security dispute with China, they should be predisposed to align with the US and balance against China (first and second quadrants); they cannot truly “hedge” and will tend towards balancing (Figure 1). As a formal US treaty ally, the Philippines has *both* path dependencies that predispose it to align closest with the US. Korolev (2019) similarly argues that claimants will transition towards balancing. He posits that the feasibility of hedging is *inversely* related to system-level pressures of great power competition, and that the intensifying US-Sino competition “decreases structural uncertainty” for claimants (Figure 1). Since structural uncertainty is a precondition (pt II.B), hedging is a “luxury” that claimants cannot enjoy even if political leaders prefer hedging (Korolev 2019).



**Figure 1:** Strategic options based on the balancing tendencies of path dependency (Lim and Cooper 2015) and the inverse relationship between hedging and structural uncertainty (Korolev 2019)

However, both theories of path dependency and the diminishing feasibility of hedging cannot account for state behaviours that contradict predictions of balancing. Since 2016, the Philippines has abandoned its legal victory, pursued closer economic alignment with China, and downgraded its US security alliance. Malaysia is reluctant to signal increasing US alignment, despite constant Chinese harassment of its hydrocarbon activities.

These structural realist concepts of hedging rely on implicit assumptions about the regional order. They assume that (a) the US remains committed to regional interests and its allies and partners; (b) states are confident the US will provide public goods; and (c) states desire a US-led regional order. Significant structural changes since the latter half of 2016, including Trump's election, challenge assumptions like (a). The implicit assumptions in (b) and (c) point to the *agency* of small states to make strategic choices based on their confidence in the hegemon and perceptions of the regional order (Ba 2020). Yet, structural realists themselves disregard these unit-level independent variables of hedging that are implicit in their own theories.

## 2. State Perceptions of Regional Order

Order is defined in Asian IR literature as the “formal or informal arrangement that sustains rule-governed interaction among sovereign states in their pursuit of individual and collective goals” (Alagappa 2003). English School literature similarly contend that order obliges states to conform to accepted rules of interstate conduct. Since order is socially constructed, English School scholars define “hegemonic order” as being founded on a reciprocal and conditional social compact, where constituent states display deference towards the hegemon in exchange for assurances of benignity and the provision of public goods (Buzan 2003; Liu and Liu 2019; Goh 2019).

Contextually, the emergence of regional powers with credible military, economic and technological capabilities meant that US systemic preponderance is no longer unrivalled. English School scholars interpret China's assertiveness in the SCS as attempts to selectively contest the US-led hegemonic order in East Asia (Foot and Goh 2019; Dian and Meijer 2020; Ba 2020). China's Belt and Road Initiative (BRI) envisions a Chinese-led trans-continental order that connects Asia with Europe and Africa, but excludes North America. All Southeast Asian states, even the SCS claimants, participate in China's loosely-defined global infrastructure investment project. In contrast, they are ambivalent about the “Indo-Pacific” concept (Tang et al 2020). Since the unit-level assumptions of hedging – (b) and (c) in part II.D.1 – are premised on old distributions of power, the recent systemic changes merit a re-assessment of the assumed regional preference for a US-led order.

Conceptually, this thesis suggests that regional order is relevant to the strategy of hedging because the phenomenon of regional order contestation contributes another source of *structural uncertainty*, which preconditions the resort to hedging. English School scholars note that this social process of re-negotiation and re-affirmation empowers small states with some agency to shape the regional strategic environment (Goh 2020; Dian and Meijer 2020, 262; Ba 2020). As such, apart from responding to fears of Chinese revisionism and US unreliability (part II.B.3), another *political rationale* of Southeast Asian hedging is to influence the process of regional order contestation to preserve national interests and autonomy (Tan 2020). The desired *end* of hedging depends on the state's perception of the evolving regional order, which could explain how states negotiate and hedge differently. Studying this other reason for hedging could fill the gaps of structural realist theories. This sub-section gives an overview of the US-led order and how China is contesting it.

(a) Re-negotiating the US-led hegemonic order

The literature on East Asian politics across various IR theories share a consensus that the region largely sees the US as a security provider in the Cold-War and post-Cold War international order (Leifer 1996; Kang 2003; Goh 2013). US security leadership is supported by its “hub-and-spokes” network of formal alliances and partnerships with regional states. The US-led regional order is characterised as *hegemonic* because constituent states consent to its predominance in exchange for its benignity and providence of key public goods (Chan 2012; Goh 2013; Mastanduno 2003). This element of consent distinguishes hegemony from mere *primacy* of material power that is enforced by coercion rather than consent (Goh 2019, 614). The economic-security bargain implicit in the US hegemonic order is largely interpreted in the literature as obligating the US to provide security guarantees and market access; in return, constituent states offer political, security and economic support such as buying US debt and undervaluing their currencies (Goh 2020).

However, the sustainability of this bargain is questioned by politicians and academics. Crises like the 1997 Asian Financial Crisis and 2008 Global Financial Crisis dampened confidence in a US-centric global economy and raised fears of entrapment by US debt (Mastanduno 2003; Goh 2019). China's rapid economic growth further exposed the cracks of the economic-security bargain, especially when it provided more aid than the US to Asian economies during the financial crises (Liu and Liu 2019). Amidst these systemic issues and the Sino-US decoupling, Southeast Asian states saw the Trans-Pacific Partnership (TPP) negotiations as a crucial opportunity to re-negotiate a new economic-security bargain and affirm the US hegemonic order. This intent was made clear by Singapore's Minister of Foreign Affairs, Shanmugam, who reminded the US that “trade is



strategy”. Without the TPP, the US would exclude itself from the region economically and its “only lever to shape the architecture, to influence events [in East Asia] is the Seventh Fleet” (Au Yong 2015). The economic-security nexus is present even in the regional order: development-focused states do not consent to a hegemonic order solely based on military preponderance.

(b) Contested regional order

Recent literature found that the US’ withdrawal from the TPP severely undermined regional perspectives of US credibility. Trump’s “transactional” foreign policy approach contradicted the economic-security bargain that had supported five decades of US hegemony through an asymmetric open economy and by strengthening regional partners (Tang et al 2019; Emmerson 2020; Beeson 2020; Goh 2020). The US neither affirmed the Tribunal’s decision in the SCS case, nor offered security assurances to its ally until 2019. Trump’s failure to deliver economic-security public goods indicated a breakdown of the bargain (Beeson 2020; Foot and Goh 2019).

Meanwhile, China’s efforts to promote its institutions for an alternative order gained momentum. The Regional Comprehensive Economic Partnership (RCEP) presented a competing free trade regime that includes all ASEAN states. In Southeast Asian, only Singapore and Vietnam have ratified the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP); Malaysia and the Philippines have not. The RCEP is perceived as an alternative trade regime with less exacting labour, environmental and intellectual property rights requirements. Beijing’s potential membership in the CPTPP (Xinhua 2020) could further erode the economic foundations of US hegemony. Additionally, China appears to present an alternative economic order that is attractive to states like Cambodia who have not benefitted much under a US-led economic order and uneven globalisation (Goh 2020). China allows these states to access loans for development through the BRI and Asian Infrastructure Investment Bank (AIIB) on less strict conditions. There appears to be substantial support for China to play a greater role in the regional order: over a third of respondents in the ASC surveys believe that “China will provide alternative regional leadership in the wake of perceived US disengagement” (35.5%) and “is gradually taking over the US’ role as a regional leader” (34.7%) (Tang et al 2019; 2020).

Nonetheless, the breakdown in the US hegemonic bargain may not translate into a power transition towards China. Realist-based power transition theory posits that the defending hegemon and states profiting under the existing order will resist the dissatisfied challenger’s revisionist demands (Mearsheimer 2001). There is a consensus in Southeast Asian studies that states perceive

a US-dominant order as one that acknowledges the security concerns of small states and upholds regimes like international law which protect their interests and autonomy (Alagappa 2003; Mastanduno 2003). Despite perceived US disengagement, Southeast Asian states may still prefer a US-dominant order, as the US remains seen as a benign hegemon that abides by regional institutional constraints like UNCLOS and ASEAN processes.

In contrast, the ASC surveys found that just 1.5% (2020) of respondents thought that “China is a benign and benevolent power”; down 7.4 percentage points from 2019 (Tang et al 2020). The most common perspective (especially from littoral and claimant states) is that China is “a revisionist power” (45.4%) (2019), citing China’s “strong-arm tactics in the SCS and the Mekong” (53.9%) and “growing economic dominance and political influence in [their] country” (55.5%) (2020). Respondents ranked peaceful resolution of SCS disputes according to international law (74.1%) as the chief pre-condition China must fulfil for relations to improve; far eclipsing the second concern of trade imbalance (46.2%). These views suggest a persistent demand for a rules-based order, whether it is US-led or not. China’s perceived hostility and disregard for international law foster distrust in any Chinese-led order and pessimism about small state interests.

### (c) Conclusion

The English School sees hegemonic order as established, sustained and altered through the social processes of contestation and negotiation (Foot and Goh 2019). Given the breakdown of the US economic-security bargain and lack of trust in a China-led order, states have little incentive to transition from hedging to balancing. They continue to hedge as a “rationalist” response to the unclear direction of the regional order contestation (Jackson 2014; Foot and Goh 2019; Quayle 2019). This additional source of structural uncertainty addresses Korolev’s assumption that the feasibility of hedging will diminish. By identifying these implicit and socially-contingent assumptions, this study seeks to contribute by filling the gaps in common structural realist theories of hedging and the structural implications of the regional order contestation.

### III. METHODOLOGY

This research adopts a qualitative within-case and comparative analyses of hedging in the context of the SCS flashpoint as it is the most prominent theatre where the US-Sino competition could escalate into armed conflict. It tests Lim and Cooper's (2015) path dependency theory on hedging and its structural realist assumptions through an English School-influenced approach. Firstly, the case studies consider the economic-security nexus and assess if claimants are hedging or balancing through process-tracing of observed events, intervening processes and outcomes (George and Bennett 2005; Mahoney 2000). Then, it investigates if the relationship between perceptions of regional order (independent variable) and hedging behaviour (dependent variable).

#### A. Case selection

The research looks at the Philippines and Malaysia as they are described in the literature as hedging (Kuik 2008; Kreuzer 2016). While the limited scope of this thesis is unable to cover Vietnam, focusing on Malaysia and the Philippines might offer a useful comparison as they have contrasting perspectives of the regional order. Path dependency theory predicts that both claimants are predisposed to balance against China – this common circumstance permits nominal (cross-country) patterns and ordinal (within-case) shifts to be studied in a small-N case analysis. Nominal comparison may serve as a precursor for future causal investigation when conceptualising an under-studied phenomenon like this, examining explanatory outcome variables and identify necessary and/or sufficient causes (Mahoney 2000). The explanatory variables are chosen based on extensive literature review on hedging and regional order, and identifying the contingent assumptions. Although Brunei is technically a claimant, it does not actively pursue its claims and is not engaged in a “major” security dispute with China (Lim and Cooper 2015) (Table 1).

#### B. Dependent variables

Given the economic-security nexus, economic and security hedging behaviours are considered. Major events and responses are tracked by relying on sources like the detailed SCS News database (National University of Singapore's Centre for International Law), SCS Incident Tracker (CSIS iDeas Lab), journals and news articles. The focus is on developments from 2016-2020 because 2016 saw major system-level changes: China completed its construction on SCS features; perceived disengagement by the Trump administration; the election of Philippine president Duterte; and the relative inaction and international apathy towards the PCA decision.

Risk-mitigating measures			Gains-maximising measures		
Strong	Moderate	Weak	Weak	Moderate	Strong
<ul style="list-style-type: none"> <li>▪ Alliance</li> <li>▪ Permanent basing</li> <li>▪ Pursuing SCS claims through “lawfare” and international organisations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Rotational deployment of US troops</li> <li>▪ Limited access agreements</li> <li>▪ US military exercises</li> <li>▪ Port calls by US Navy</li> <li>▪ Join CPTPP</li> </ul>	<ul style="list-style-type: none"> <li>▪ Public support for the US and FOIP</li> <li>▪ US foreign arms sales</li> <li>▪ US military aid</li> <li>▪ US economic aid &amp; loans</li> <li>▪ Anti-CN rhetoric</li> <li>▪ Diplomatic protests</li> </ul>	<ul style="list-style-type: none"> <li>▪ Public support for CN and BRI/AIIB</li> <li>▪ CN arms sales</li> <li>▪ CN military aid</li> <li>▪ CN economic aid &amp; loans</li> <li>▪ Anti-US rhetoric</li> <li>▪ Diplomatic protests</li> </ul>	<ul style="list-style-type: none"> <li>▪ Military/Coast guard exercises with PLAN</li> <li>▪ Close security, economic, or strategic arrangements with CN</li> <li>▪ Port calls by PLAN</li> <li>▪ Join RCEP</li> </ul>	<ul style="list-style-type: none"> <li>▪ Not pursuing SCS claims</li> <li>▪ Downplaying or renouncing US alliance or partnership</li> <li>▪ Suspending strategic bilateral agreements</li> </ul>
[Balancing] <b>US alignment</b>			[Bandwagoning] <b>Chinese alignment</b>		
<b>Re-affirming</b> a US-dominant regional order			<b>Re-negotiating</b> US dominance and China’s role in the regional order		

**Table 2:** Spectrum of Security and Economic Hedging Measures

Table 2 suggests the spectrum of possible hedging behaviour that can be broadly categorised into security and economic risk-mitigating and gains-maximising measures. These measures range from strong signals of US alignment (tending towards balancing) to strong signals of Chinese alignment (tending towards bandwagoning). They also signal the state’s general perceptions of the contested regional order: whether it seeks to re-affirm, or re-negotiate against, a US-dominant regional order. Security alignment is compared through indices like the quality of defence arrangements, number of port visits, military aid and foreign military sales. Economic alignment is considered through trends in FDI, trade, loans, participation in economic agreements and infrastructural projects.

### C. Independent variables

While there are many independent variables (e.g. power distribution, domestic politics, coalitional decision-making) that collectively influence hedging behaviour, this study focuses on one under-researched independent variable: state perceptions of the regional order. This may be determined from the ASC surveys of 1300 Southeast Asian respondents from the public sector (government and international organisations), academia, and private sector (Tang et al 2019; 2020). The ASC results may be supplemented by other surveys (e.g. Pew) and resources reflecting the state’s perceptions. The perceptions are categorised into the economic and security aspects, and overall trust of the great power’s leadership. Responses are classified as whether they broadly indicate an intention to re-affirm or re-negotiate US dominance in the regional order.

## 1. Security/Strategic

These responses indicate the states' confidence in the US as the regional security provider and whether their Trump-era pessimism can be reversed under the Biden administration. Perspectives on the Quad (Australia, India, Japan and the US) and "Free and Open Indo-Pacific" (FOIP) may reflect whether the states prefer an enduring US-dominant role in the future regional security order (Table 3). The last question indicates confidence in China's strategy for the regional order, and the leadership's reliability to fulfil promises that the new BRI would be "open, green and clean" (Xinhua 2019) amidst long-running concerns of "debt-trap" diplomacy.

Security/Strategic			
Issues	Year	Indicative Responses	US dominance
US: Strategic partner and Regional security provider	2020 (Q38)	➤ Some/Full confidence	Re-affirm
		➤ Little/No confidence	Re-negotiate
Quad's impact on Southeast Asian security	2020 (Q30)	➤ Very positive/Positive	Re-affirm
		➤ Very negative/Negative	Re-negotiate
Participation in Quad-led security initiatives	2020 (Q31)	➤ Yes, my country should participate	Re-affirm
		➤ No, my country should not participate	Re-negotiate
Indo-Pacific concept & the new regional order	2020 (Q29)	➤ Viable option for a new regional order	Re-affirm
		➤ May undermine ASEAN's position	Re-negotiate

**Table 3:** Perceptions of Security Order

## 2. Economic

The perspectives concern the states' views of the competing trade regimes – RCEP and CPTPP – and their perceived implications for the prevailing rules-based multilateral regional order (Table 4). Given the warnings by intelligence agencies of Huawei's security risks, the choice of 5G developers is highly politicised and could reflect the country's trust in the developer's country.

Economic			
Issues	Year	Indicative Responses	US dominance
CPTPP & Rules-based regional trade	2019 (Q8)	➤ Rules-based, high-quality regional trade regime	Re-affirm
		➤ More countries will join, including the US	
		➤ More countries will join, excluding the US	Re-negotiate
		➤ Limited impact without the US, China or India	
➤ RCEP is more useful than CPTPP			
RCEP & Open multilateralism	2020 (Q20)	➤ Open to all, even Western economic powers	Re-affirm
		➤ Limit membership to East Asia	Re-negotiate
5G & Trust in developer's country	2020 (Q24)	➤ Altostar, Cisco, Qualcomm (US)	Re-affirm
		➤ Huawei (China)	Re-negotiate

**Table 4:** Perceptions of Economic Order

### 3. Overall Trust

These perceptions reflect the states' trust in the great powers to provide economic and security public goods and give assurances of restraint and benignity (Table 5). This is relevant given that both powers vie for regional hegemony, which is contingent on the constituent states' consent. The reasons for trust and distrust provide more information for qualitative analysis.

Overall Perceptions of Trust			
Issues	Year	Indicative responses	US dominance
Responsible leadership for "global peace, security, prosperity and governance"?	2019 (Q29,25)	<ul style="list-style-type: none"> <li>➤ Very confident/Confident in the US</li> <li>➤ Little/No Confidence in China</li> </ul>	Re-affirm
	2020 (Q53,41)	<ul style="list-style-type: none"> <li>➤ Little/No Confidence in the US</li> <li>➤ Very confident/Confident in China</li> </ul>	Re-negotiate
ASEAN's alignment if forced to choose	2020 (Q26)	➤ The US	Re-affirm
		➤ China	Re-negotiate
Confidence in China's new BRI approach	2020 (Q33)	➤ Little/No confidence	Re-affirm
		➤ Some/Full confidence	Re-negotiate
Why do you trust the US/China?	2020 (Q54,42)	<ul style="list-style-type: none"> <li>➤ Capacity &amp; political will for global leadership</li> <li>➤ Compatible political culture &amp; worldview</li> <li>➤ Respects &amp; champions international law</li> <li>➤ Military power is an asset for global peace/security</li> <li>➤ Admiration for its culture &amp; civilisation</li> </ul>	
Why do you distrust the US/China?	2020 (Q55,43)	<ul style="list-style-type: none"> <li>➤ No capacity or political will for global leadership</li> <li>➤ Incompatible political culture and worldview</li> <li>➤ Distracted with internal affairs</li> <li>➤ Economic &amp; military power could be used to threaten my country's interest and sovereignty</li> <li>➤ Not a reliable power</li> </ul>	

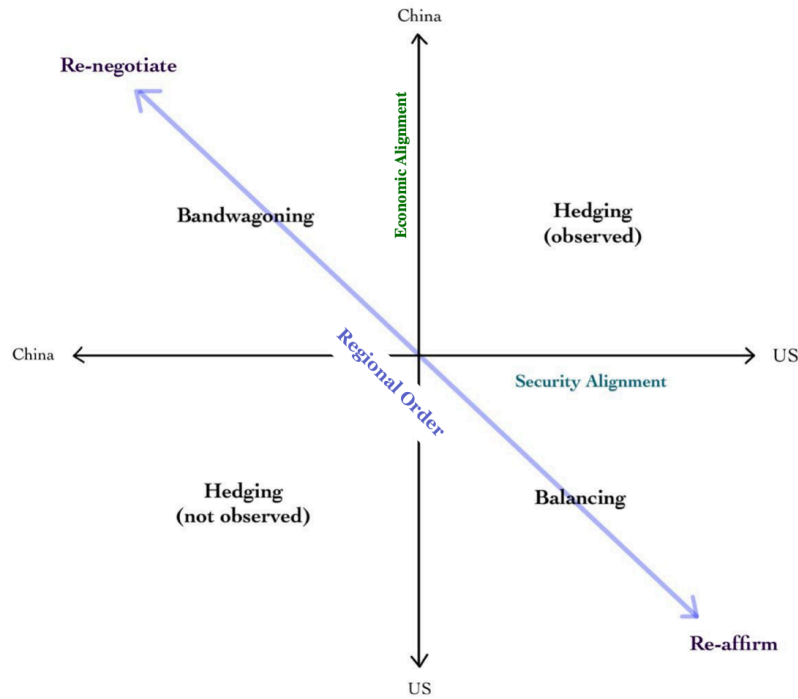
Table 5: Perceptions of Trust

	Issues	Re-affirm	Re-negotiate
<b>TRUST</b>	Hegemony	The US will be a responsible hegemon	China will be a responsible hegemon
	ASEAN future	The US	China
	BRI & China's leadership	Little/No confidence in China exercising responsible leadership	Confident that China will fulfil its promises of responsible leadership
<b>SECURITY</b>	US reliability	The US will provide regional security	Not confident in the US
	Quad & regional security	Positive impact; participation	Negative impact; no participation
	FOIP & order	Viable option for a new regional order	May undermine ASEAN's position
<b>ECONOMIC</b>	CPTPP	More will join a US-dominant, rules-based, high-quality trade regime	Limited utility, impact & attractiveness compared to RCEP
	RCEP	Open to <i>any</i> qualified state, affirming open multilateralism	Limited to East Asian states, affirming Chinese-led economic order
	5G & Trust	US telecommunications companies	China (Huawei)

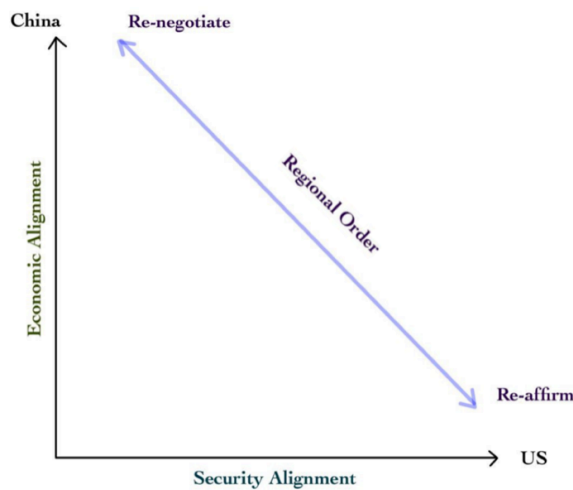
Table 6: Indicative Perceptions and Regional Order

D. Relationship between Hedging & Regional Order Perceptions

Figure 2 suggests a possible way of broadly conceptualising the relationship between economic-security alignment behaviours and perspectives on the regional order. The different extents of hedging behaviours in the first quadrant may be examined in relation to the state’s perceived desire to re-negotiate or re-affirm US dominance in the regional order (Figure 3).



**Figure 2:** Strategic Options amidst Great Power Competition & Regional Order Contestation



**Figure 3:** Spectrum of Alignment Behaviours against State Perceptions on Regional Order

## IV. ANALYSIS & DISCUSSION

### A. The Philippines

The Philippines occupies nine Spratly features and maintains claims over Scarborough Shoal and seven Chinese-occupied features. The US-Philippine alliance is established by the Mutual Defense Treaty (MDT) which is supplemented by the Visiting Forces Agreement (VFA) and the Enhanced Defense Cooperation Agreement (EDCA) allowing the US to build on Philippine bases. As the Philippines has both path dependency factors, it is expected to show “strong and increasing signals of US alignment” (Lim and Cooper 2015). During Aquino’s administration (2010 – June 2016), the Philippines engaged in “direct balancing” (Kuik 2016). The Philippines granted US forces access to five bases including one close to the Spratly Islands, although it showed restraint by rejecting US request for access to Subic Naval Base. which faces the Chinese-occupied Scarborough Shoal (Reuters 2016). The Philippine Navy (PN) participated in joint patrols and the Balikatan war-games which included a hypothetical amphibious operation on a SCS island.

Date	Incident	Details	PH response
10/8/2020	Harassment (fishing)	CCG took fishing equipment Routine confiscation of catch	Inquiry
17/2/2020	Naval standoff	PLAN corvette aimed its gun control director at PN ship	2 diplomatic protests
9/6/2019	Ramming/Sinking	PAFMM vessel sank Filipino boat and left the fishermen stranded at sea	Public criticism and diplomatic protests
Dec 2018 –	Swarming (Thitu Island)	200+ CCG and PAFMM vessels	Multiple diplomatic protests since 2018; 45 in Jan-Feb 2020 alone
11/5/2018	Harassment (Second Thomas Shoal)	PLAN and CCG harassed PN ship on resupply mission	Diplomatic protest
27/3/2017	Shooting	CCG fired 7 shots at Filipino trawler	Inquiry

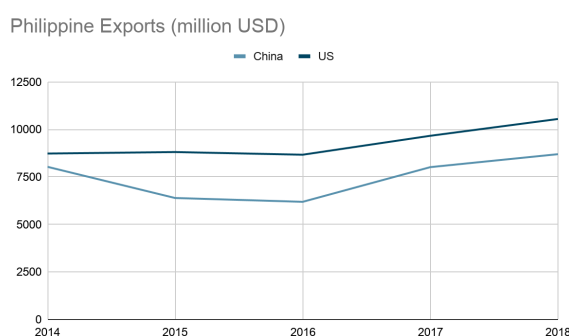
**Table 7:** Major incidents in Sino-Philippine dispute

#### 1. Gains-maximising measures

Duterte reversed Aquino’s SCS policies in favour of gains-maximising measures. He assured China that he would not enforce the arbitration award, echoing Beijing’s position that the award is “a piece of paper” and “China has the historical right” (Morales 2016). As a quid pro quo, China lifted its tourism and trade bans, and promised US\$24billion in loans and investments for BRI projects like irrigation and a railway in Duterte’s hometown of Mindanao (Caraballo 2016). From 2017, Philippine exports to China increased (Figure 4) and total FDI from China surpassed the US (Figure 5), although only \$148million in loans were fulfilled as of 2018 (Heydarian 2018). Duterte continued to downplay incidents of Chinese aggression in the SCS (Table 8). When the



Chinese Coast Guard (CCG) shot a Filipino trawler in March 2017, Philippine officials called it “hearsay” and Duterte blamed the fishermen for provocation (Dancel 2017). Economic alignment with China also came at the expense of Philippine sovereignty. Duterte cancelled his plans to personally plant the Philippine flag on Thitu Island after China raised its displeasure, even though the Philippines has controlled the island since 1974 (Reuters 2017). Although the Tribunal affirmed the Philippines’ EEZ rights, Duterte still sought China’s “permission” to grant Filipino fishermen access to waters near Scarborough Shoal (Rappler 2016). The trade-offs in sovereignty for promised economic benefits signal strong alignment with China.



**Figure 4:** Philippine Exports to China and the US



**Figure 5:** Approved US/China FDI to the Philippines

Secondly, Duterte’s economic engagements with China incurred major security costs. Contracts requiring access to critical infrastructure and sensitive locations were awarded to Beijing-affiliated companies like the China Communications Construction Company (CCCC)<sup>4</sup> (Heydarian 2020). Major security concessions were incurred in the Sangley Airport project when the Philippine Air Force (PAF) and PN had to vacate the air base and naval command centre, even though this limited their ability to defend SCS interests. Concessions were also incurred when a Beijing-linked telecommunications company was contracted to install cell towers in military camps, despite an adverse risk analysis by the Armed Forces of the Philippines (AFP) (Lopez 2020). The AFP report found a “high” likelihood of espionage and threats to its operations (Gotinga 2019), and the US warned that this risk incurred could limit intelligence that the US can share with its treaty ally. Regardless, Duterte proceeded with the deal and a new bill also permits foreign entities like the CCCC, which each already own 40% of the equity, to fully own critical state infrastructure (Bondoc 2020). This pursuit of economic engagements, despite the security costs and repercussions to US-Philippine alliance, reflect strong signals of alignment with China.

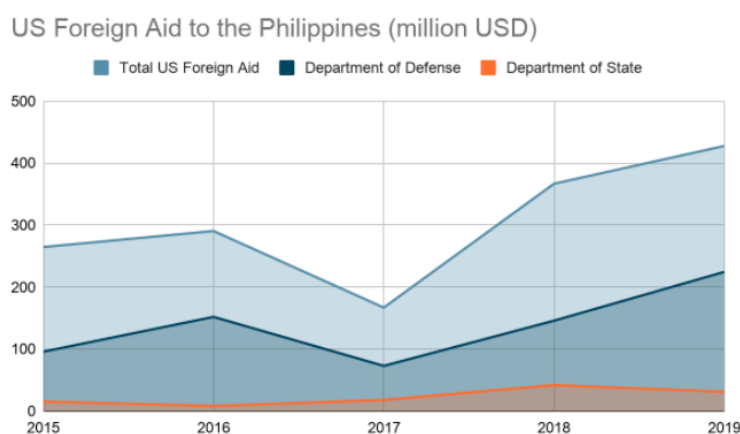
<sup>4</sup> The CCCC is blacklisted by the US for its involvement in the illegal island-building activities in the SCS, including Philippine-claimed maritime features (Morales 2020).

Thirdly, Duterte downgraded the US alliance to maximise the perceived gains of Chinese alignment. The Philippines cancelled joint patrols and exercises like US–Philippine Amphibious Landing Exercise (PHIBLEX) and Cooperation Afloat Readiness and Training Exercise (CARAT). Duterte denied the US Navy access to local bases for freedom of navigation operations (FONOP) and terminated the VFA in February 2020. In contrast, the Philippines received two port calls by PLAN vessels in 2017 and 2019, agreed to procure Chinese arms and held joint coast guard drills in 2020. These behaviours reflect growing signals of Chinese alignment, which contradict path dependency expectations.

## 2. Risk-mitigating measures

While Duterte signals close economic alignment with China, the Philippine bureaucracy and military maintain strong working relations with their US counterparts. State officials, AFP and “liberal media intelligentsia complex” sought to counteract his policies (Heydarian 2017). For instance, when Duterte announced his “military and economic separation” from the US and cancelled joint exercises, Philippine officials immediately clarified that the alliance remains and that future participation in joint exercises is possible (Santos 2020). The cancellation of PHIBLEX and CARAT were quietly replaced by the trilateral KAMANDAG and Sama-Sama exercises which included the Japanese Self-Defense Force. War games in the SCS resumed in the 2018 Balikatan, with plans to have up to 281 security activities in 2019 (Heydarian 2018). The 2019 Balikatan was the largest since 2016, involving 7500 personnel and the Australian Defence Force (Castro 2019). The PN still participates in the US-led RIMPAC, the largest multilateral maritime exercise in the Asia-Pacific, and Southeast Asia Cooperation and Training (SEACAT). The Philippines also received nine recorded instances of US Navy port calls since 2016. In contrast, security cooperation with China is merely low-level coast guard drills. Chinese arms procured are mainly rifles whereas the US and its allies (e.g. Japan) donate big-ticket equipment like surveillance planes, high-speed patrol boats, precision-guided munitions, armoured vehicles and ScanEagle drones. These military equipment augment intelligence, surveillance and reconnaissance (ISR) capabilities to defend its SCS interests and for counter-terrorism purposes (Quayle 2019). The Philippines receives the most US military and economic aid in the Indo-Pacific, including over US\$650million in military equipment since 2015 (US Embassy in the Philippines 2020). The US also pledged to equip the AFP with \$18million worth of precision-guided missiles to defend against attacks in the SCS. The amount of US aid continues to rise each year (Figure 6) and eclipses China’s donation

of \$20million in non-combat equipment in 2020. The counteracting risk-mitigating security engagements signal a strong US alignment within state institutions and defence establishment.



**Figure 6:** US military and economic aid to the Philippines  
(Data: US Aid, 2020)

Towards the end of 2018, the Philippine government did engage in some risk-mitigation measures when China stepped up its aggression in the SCS. In particular, Philippine officials criticised China’s swarming of the Philippine EEZ with over 200 vessels around Thitu Island (Santos 2019). The Reed Bank incident on 9<sup>th</sup> June 2019 where Chinese militia sunk and abandoned Filipino fishermen at sea sparked widespread public backlash and harsh criticisms from Manila (Table 7). Mounting public anger forced Duterte to occasionally take a tougher stance, warning China not to cross his “red-lines” in the SCS (Heydarian 2019; AMTI 2020b). China’s aggression during the COVID-19 pandemic also triggered other risk-mitigation measures. In March, his administration submitted a note verbale to the UN contesting China’s claims. In May, the PN built a docking facility on Thitu Island despite the swarming by Chinese vessels, with plans for more infrastructure. The Philippines finally acknowledged the PCA award in July and Duterte’s officials became more critical of China. Foreign Affairs Secretary, Teodoro Locsin, described the award as “non-negotiable” and warned China that he would invoke the MDT if the Philippines was attacked in the SCS. Defence Secretary, Delfin Lorenzana, called the “nine-dash” line “imaginary” and told China to comply with the ruling.<sup>5</sup> The PN also participated in the 2020 RIMPAC, the largest US-led maritime exercise. However, Duterte remains personally averse to the US alliance; he did not

<sup>5</sup> “After US rejects China sea claims, PH defense chief tells Beijing: Comply with arbitral ruling, heed Unclos,” *Philippine Daily Inquirer*, 14 July 2020; “Philippines warns Beijing it will enlist US help if China attacks”, *Washington Examiner*, 27 August 2020, <https://www.washingtonexaminer.com/policy/defense-national-security/philippines-warns-beijing-it-will-enlist-us-help-if-china-attacks>; “Chinese warship targeted Philippine Navy vessel in West PH Sea – AFP.” *Rappler*. April 23, 2020. <https://www.rappler.com/nation/afp-says-chinese-warship-targeted-navy-vessel-west-philippine-sea-april-2020>; “PH issues rare warning of 'severest response' vs China drills.” *Rappler*. July 3, 2020. <https://www.rappler.com/nation/philippines-issues-rare-warning-severest-response-vs-china-drills>.

recommit the Philippines to the VFA and merely suspended its termination. Weeks after officials recognised the ruling, Duterte banned the PN from participating in an exercise with the USS *Ronald Reagan* carrier strike group in the SCS. These risk-mitigating measures might not signal strong US alignment but they moderate the strong signals of Chinese alignment by Duterte.

### 3. Conclusion: Hedging

Contrary to path dependency predictions, Duterte's administration appears to align with China and tends towards bandwagoning. Believing the US hegemony to be in decline, Duterte has expressed his willingness to end the MDT to appease China (Blanchard 2016). However, the Philippine bureaucracy, Supreme Court and AFP continue to engage in risk-mitigation measures by preserving or creating new avenues for security engagements and signal strong US security alignment. On balance, the Philippines is still hedging to the extent that the economic alignment with China are counteracted by the defence and military establishments' efforts to signal US security alignment and preserve commitments like VFA and EDCA (Table 8).

	Re-affirming a US-dominant regional order			Re-negotiating roles in the regional order		
	Strong	Moderate	Weak	Weak	Moderate	Strong
Security	<ul style="list-style-type: none"> <li>▪ Alliance: MDT</li> <li>▪ VFA</li> <li>▪ EDCA</li> </ul>	<ul style="list-style-type: none"> <li>▪ Note verbales to UN (2020)</li> <li>▪ Re-affirming the PCA award</li> <li>▪ Calling on China to comply</li> <li>▪ Balikatan &amp; other US-led exercises</li> </ul>	<ul style="list-style-type: none"> <li>▪ Arms sales &amp; donations</li> <li>▪ US military aid &amp; ISR equipment</li> <li>▪ 9 US port calls</li> <li>▪ Resuming VFA and talks to negotiate alliance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Public support for China; Anti-US rhetoric</li> <li>▪ 2 PLAN port calls</li> <li>▪ Diversify arms procurement</li> <li>▪ Multilateralise US security exercises</li> </ul>	<ul style="list-style-type: none"> <li>▪ Joint coast guard exercises</li> <li>▪ Cancelled US military exercises</li> </ul>	<ul style="list-style-type: none"> <li>▪ PCA award not enforced</li> <li>▪ Downplaying &amp; renouncing US alliance</li> <li>▪ Suspension of VFA (lifted)</li> </ul>
Economic			<ul style="list-style-type: none"> <li>▪ Economic aid (US)</li> </ul>	<ul style="list-style-type: none"> <li>▪ BRI projects</li> <li>▪ Plans for joint hydrocarbon exploration</li> </ul>	<ul style="list-style-type: none"> <li>▪ Signed RCEP; Not a party to CPTPP</li> </ul>	<ul style="list-style-type: none"> <li>▪ Contracting a CCP-backed companies despite major security risks.</li> </ul>

**Table 8:** Philippines' alignment behaviour

### 4. Regional order perceptions

State perceptions of the regional order could be understood in three broad categories (Table 6): whether a US-dominant security order is still viable, the type of economic order, and overall trust in the great power's leadership.

## (a) Confidence in a US-dominant multilateral security order

Of all ASEAN respondents in the 2020 ASC survey, the Philippines reports the most confidence in the US as a strategic partner and regional security provider (61.3%). Pompeo's assurance in March 2019 that the MDT applied to the SCS dispute possibly contributed to the 24 percentage point increase from 2019 (36.9%). Although around 30% expressed little/no confidence, 60% of them felt that their confidence will increase under a different US leadership – suggesting that their non-confidence is driven primarily by fears of perceived US disengagement rather than a fundamental rejection of the US. A Pew Research Centre (2019) survey similarly found that 64% of Filipinos consider the US a dependable ally. This perspective explains the AFP and bureaucracy's continued engagement with the US military to preserve the security alliance.

Filipinos have the most positive view of the Quad: 70.8% see it as positive for Southeast Asian security, and 84.7% believe that the Philippines should join Quad security initiatives. This positive view corresponds with the AFP's growing rapport with fellow US allies, Japan and Australia, which have participated in KAMANDAG, Sama-Sama and Balikatan exercises. The Philippines procured Japanese air surveillance radar systems to augment its maritime ISR capabilities, and maintains a Status of Forces Agreement with Australia, making Australia and the US the only countries with such military agreements allowing the rotational deployment of troops (Grevatt 2020).

Although most Filipinos find the Indo-Pacific concept unclear, there is an increase in optimism and cautiousness from 2019 to 2020. 40.2% of respondents view it as a viable new order (+13.8%), but 29.9% are concerned that it could threaten ASEAN's relevance in the regional order (+14.8%). These concurrent trends suggest that the Philippines may support a regional security order that is led by the US and its allies, to the extent that it does not undermine ASEAN's position as a conduit to facilitate security cooperation in the Asia-Pacific/Indo-Pacific.

Collectively, these views indicate a preferred ASEAN-centred multilateral security order led by the US and regional middle powers like Japan and Australia. Filipinos report the most confidence in these three states to “maintain the rules-based order and uphold international law”, which is seen as crucial for ensuring the Philippines' capacity to hedge and preserving its sovereign interests.

## (b) Multilateral economic order

Although 46.7% of Filipinos find the CPTPP to be a high-quality and rules-based trade regime, only 13.3% are optimistic that more states including the US will join, and 19.1% find the RCEP

more useful. The Philippines recently signed the RCEP but has yet to express interest in the CPTPP. Interestingly, most believe that the RCEP should be open to all qualified states regardless of geography (59.8%). These opinions suggest that while the Philippines does not anticipate US economic leadership, it envisions a rules-based economic order of open multilateralism to mitigate the security risks of China's economic primacy. As for 5G developers, 26.3% of Filipinos have most confidence in US Telcos, compared to just 2.9% for Chinese Telcos (lowest ranked option) – indicating distrust of both Chinese intentions and infrastructure, given the security ramifications exposed by other Chinese-invested economic projects in the Philippines.

(c) Trust in US hegemony

Of all ASEAN states, the Philippines report the highest confidence in the US and the lowest confidence in China to “do the right thing for global peace, security, prosperity and governance”. 55.4% are confident that the US will be a responsible hegemon, as it has economic and political capacity for leadership (35.5%) and US military power is beneficial for peace and security (32.9%). However, 30.7% had little/no confidence in the US due to its internal distractions (59.5%) and perceived unreliability (26.2%). Pompeo's security guarantee in March 2019 may have led to the 10 percentage point increase in trust, and 14 percentage point decrease in distrust, from 2019. On the other hand, 78.9% are not confident in China, citing fears that its military and economic powers would be used against Philippine sovereignty and interest (73.2%). These responses reflect a view that a future Chinese-led order would be founded on *primacy* where states conform under compellence, whereas a US-led order would be a *hegemony* supported by states' consent (Goh 2019). This trust in a benign US hegemony corresponds with the view that ASEAN should align with the US if it could no longer hedge (82.5%).

This perspective of the future regional order explains the AFP and bureaucracy's risk-mitigating behaviours that signal US alignment and counteract the administration's alignment with China. Since most respondents work in government/international organisations (62%) or academia/research (29.2%), it is not immediately clear from the ASC surveys if opinions like Duterte's – expressing confidence in China to “do the right thing” (10.2%) – are indeed the minority in the country. The Manila-based Third Quarter Social Weather Survey (2019) appeared to support the ASC's findings of a trust deficit in China – it found that Filipinos had a nett trust (percentage of *much trust* minus percentage of *little trust*) of +72 in the US compared to -33 in China. The 2020 ASC results yield a nett trust of +24.7 in the US, and -68.7 in China, to “do the right thing”. As such, the US-leaning perspective from the ASC results might reflect an overriding

distrust in China than a strong confidence in the US, since the latter had equivocated for years on whether the MDT covered the SCS dispute. For instance, while defence secretary Lorenzana lamented that China's promises of economic benefits were merely for the "optics" of peaceful intentions to obscure its "bullying" of smaller states (Mangosing 2019), he nevertheless approved the decision to contract DITO despite the security risks (Lopez 2020).

Regarding the BRI, most Filipinos do not trust Beijing to deliver its promises of "open, green and clean" loans (72.3%). This suggests a fundamental distrust of China's reliability and benignity – a sentiment reflected in mounting criticisms that much of the US\$24 billion promised remains unfulfilled four years on despite major concessions (Quayle 2019; Heydarian 2020a). Loans and grants for big-ticket projects like the Chico River irrigation and Mindanao railway were blocked because Manila did not sign an oil-sharing agreement for the SCS; small-ticket projects like bridges had little economic benefit for locals as Chinese firms and workers were hired (Heydarian 2018 CNN 2019). At the same time, incidents of Chinese aggression in the SCS increased (Table 7). China's perceived lack of reciprocity may have led to the 12.3 percentage points increase in non-confidence in Beijing's leadership. It may also account for the recent counteracting risk-mitigating behaviours by officials with known pro-China positions: Locsin publicly affirmed the longevity of the "Philippine-US friendship and alliance" and is renegotiating agreements like the VFA for a more durable alliance (Heydarian 2020b).

Overall, the Philippines' hedging strategy appears to be driven by both its desires to re-affirm a dominant US position *and* re-negotiate greater roles for regional middle powers like Japan and Australia in the regional order. The envisioned rules-based security order motivates a counteracting combination of risk-mitigating (e.g. continuation of working relations between the AFP and US military) and gains-maximising behaviours (e.g. multilateralization of traditionally bilateral military exercises and diversification of arms procurement with other regional powers). State perceptions of the regional economic order suggest a preference for open multilateralism and a high net trust in US leadership for global prosperity. However, the envisioned roles of China vis-à-vis the US remain unclear since both have failed to keep the economic-security bargain with the Philippines. Whether these interpreted state perceptions of the regional order translate into state behaviour depends on the policy coherence within the government. The causal link between state perceptions and hedging behaviour might be clear under Aquino's administration where the government, bureaucracy and AFP generally shared similar perceptions of the regional order. In contrast, Duterte perceived the long-term regional order to be Chinese led (Heydarian 2020b); as such, his

administration has prioritised economic ties with China regardless of the adverse trade-offs in security and sovereignty.

## B. Malaysia

Malaysia occupies five features in the Spratlys and maintains claims over about eight other features, three of which are occupied by Vietnam and the Philippines (Jalil 2018). Its largest occupied feature, Swallow Reef, has an airstrip but the extent of build-up pales in comparison to China's. Being a non-US ally and China's rival in the SCS, path dependency theory anticipates Malaysia to signal weak but increasing US alignment (Lim and Cooper 2015). Yet, there is a consensus that Malaysia appears to be the most accommodating towards China, as compared to the Philippines or Vietnam, and least aligned with the US (Liow 2005; Ngeow 2015). Scholars attribute these signals to Malaysia's more cautious and balanced approach to hedging.

Date	Incident	Details	MA response
26/11/2020	Naval standoff	CCG harassed Malaysian drill-rig 44nm off Sarawak's coast	RMN deployed
10/10/2020	Illegal fishing	60 Chinese fishermen off the coast of Johor	Arrested
Dec 2019- May 2020	Harassment	CCG vessels and <i>Haiyang Dizhi 8</i> harassed the West Capella drill ship in Malaysian EEZ	Calls for peaceful resolution
May 2019	Harassment	CCG ship harassed Malaysian drill-rig	Monitoring

**Table 9:** Major incidents in Sino-Malaysia dispute

### 1. Gains-maximising

Instead of aligning with the US, Malaysian leaders criticised it for domestic interference and sought to strengthen Sino-Malaysian ties. Malaysia waited for two years before it protesting against the CCG vessels stationed in its EEZ near Luconia Shoals in 2015. From 2016 to 2019, there were over 89 reported instances of trespassing by CCG, CMS and PLAN ships in Malaysian EEZ, but successive governments downplayed these intrusions (Reuters 2020). Chinese president Xi even praised Malaysia for adopting "quiet [backchannel] diplomacy" instead of lawfare like the Philippines or naval confrontation like Vietnam (Bernama 2014). Former PM Najib did not signal support for the 2016 arbitral award but made a state visit to China and agreed to Malaysia's first Chinese defence procurement of littoral mission ships (LMS) (Janes 2020). Malaysia is the only state (besides Thailand) participating in China's "Peace and Friendship" maritime exercises in 2016



and 2018, and pledged to establish a high-level bilateral defence committee (The Star 2017). Najib also agreed to 14 business arrangements with China that are purportedly worth \$34.4 billion (The Star 2016). Although some contracts engage companies like the CCCC which were involved in China's island-building in the SCS, the Malaysian ambassador to China declared that Malaysia would not follow the US in imposing sanctions and will resolve issues with China diplomatically (Global Times 2020; Jennings 2019; Reuters 2019). This contrasts with the more assertive stance taken by the Philippines and Vietnam, who now support the findings of the 2016 arbitral award and called on China to comply (AMTI 2020b).<sup>6</sup> Malaysia's engagements with China maximised economic opportunities, while yielding security benefits to the extent that Chinese vessels exercised restraint around Malaysian vessels compared to Vietnamese and Filipino fishing vessels.

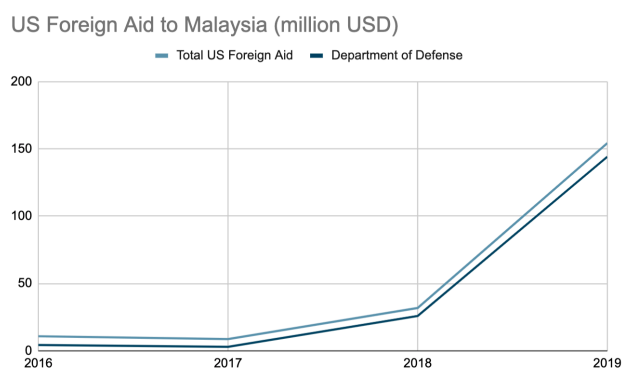
## 2. Risk-mitigating

Malaysia counteracts these signals of Chinese alignment by maintaining close trade and defence relations with the US and other Western-aligned partners. After Sino-Malaysian ties were upgraded into a "Comprehensive Strategic Partnership" in 2013-14, Malaysia also elevated its ties with the US to a "Comprehensive Partnership" in 2014 (US Department of State 2020). The US is the largest source of FDI (20%) into Malaysia<sup>7</sup> and foreign military financing in 2016-2019 amounts to US\$200 million (Figure 7) (Department of Statistics 2019). The US provides critical equipment like the ScanEagle UAV and long-range air defence radar to augment maritime ISR capabilities (Bernama 2020). The Malaysian Armed Forces (MAF) and Royal Malaysian Navy (RMN) still participate in the 14-16 annual US-led military exercises like the multilateral SEACAT and Bersama Warrior, and bilateral exercises like Tiger Strike and CARAT which focus on amphibious and maritime operations. Despite the recent Sino-Malaysian defence engagements, the quality of US-Malaysian defence engagements and close working relations between the defence establishments remain strong, counteracting signals of Chinese alignment.

---

<sup>6</sup> Philippine Note Verbale No. 191/2020 (6 March 2020); Vietnam Note Verbale No.22/HC-2020 (30 March 2020); Malaysia Note Verbale No. CML/14/2019 (12 December 2019), CML/26/2020 (29 July 2020).

<sup>7</sup> Hong Kong is a close second (19.6%).



**Figure 7:** US military and economic aid to Malaysia  
(Data: US Aid, 2020)

Separately, Malaysia counteracts its policy of “quiet diplomacy” and accommodation by protecting its claims and rights more assertively. For the first time since 2014, the RMN fired anti-ship missiles in Exercise Kerismas 2019, which according to defence minister Mohamed bin Sabu, was intended to signal the RMN and MAF’s readiness to defend Malaysia’s interests in the SCS (Rahmat 2019). Just days after expressing confidence that Malaysia and China could agree privately to defuse tensions, Malaysia issued a statement with Vietnam that emphasised “self-restraint, non-militarisation and observance of international legal obligations in good faith, respect for sovereignty, sovereign rights and jurisdiction of the coastal states” (MFA 2019a). They highlighted the need to maintain UNCLOS and the rule of law, including the freedom of navigation and overflight, peaceful dispute resolution and a rules-based COC. While the joint statement did not single out any country, Malaysia and Vietnam are perceived as challenging China’s known stance, such as its rejection of EEZ rights and FONOPs in the SCS (Hoang 2020). In December 2019, Malaysia made a UN submission to partially delineate the limits of its extended continental shelf claim and contracted drillships to survey resources in its continental shelf. Putrajaya also denounced China’s claims: Foreign Minister Saifuddin called China’s expansive claims “ridiculous” (New Straits Times 2019) and the note verbales explicitly rejected China’s claim of historic rights.<sup>8</sup> In November 2020, the RMN deployed the Chinese-built KD *Keris* LMS to pursue the CCG which was harassing a Malaysian drill-rig and supply vessels just 40nm off Sarawak’s coast (AMTI 2020a).

Finally, the recalibration of the terms of economic engagements had the effect of moderating the strong signals of Chinese alignment. Former PM Mahathir questioned the economic feasibility of big-ticket BRI-related projects like the \$13 billion East Coast Rail Link (ECRL) and \$10billion Melaka deepwater port, warning Malaysia and the Philippines to be cautious of Chinese neo-colonialism by “debt-trap” (Dancel 2019). His finance minister said “we don’t want a situation like

<sup>8</sup> Malaysia Note Verbale No. CML/14/2019 (12 December 2019), CML/26/2020 (29 July 2020).

Sri Lanka where they couldn't pay and the Chinese ended up taking over [Hambantota port]" (New Straits Times 2018). These statements echoed the concerns by some that projects like ECRL pose risks to Malaysian security and strategic interests (Teoh 2016; Lim 2018). This "debt-trap" narrative was further fuelled by revelations of China's complicity in covering up Najib's corruption involving the sovereign wealth fund 1Malaysia Development Berhad (1MDB). The Pakatan Harapan (PH) and current Perikatan Nasional (PN) governments suspended some projects and renegotiated the inflated contract amounts, which was seen by some as signalling a "pushback" against overt Chinese security and economic alignment (Strangio 2020).

### 3. Conclusion

	Re-affirming a US-dominant regional order			Re-negotiating roles in the regional order		
	Strong	Moderate	Weak	Weak	Moderate	Strong
Security		<ul style="list-style-type: none"> <li>▪ ~15 US-led bilateral or multilateral annual military exercises</li> <li>▪ US-led military &amp; law enforcement trainings</li> <li>▪ US-Malaysia Strategic Partnership</li> <li>▪ Building Partner Capacity Program</li> </ul>	<ul style="list-style-type: none"> <li>▪ Arms sales &amp; equipment</li> <li>▪ US military aid</li> <li>▪ More port calls by US warships than PLAN</li> <li>▪ Note verbales reaffirming norms like FONOPs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Public support for China; Anti-US rhetoric</li> <li>▪ Diversify arms procurement</li> <li>▪ Enhance defence cooperation with other states</li> </ul>	<ul style="list-style-type: none"> <li>▪ Joint naval exercises (2016, 2018)</li> <li>▪ Sino-Malaysian Comprehensive Strategic Partnership</li> <li>▪ Sino-Malaysian high-level defence committee</li> </ul>	
Economic			<ul style="list-style-type: none"> <li>▪ Increasing US economic aid</li> </ul>	<ul style="list-style-type: none"> <li>▪ Re-negotiating BRI projects</li> </ul>	<ul style="list-style-type: none"> <li>▪ Signed RCEP</li> <li>▪ Not a party to CPTPP</li> </ul>	

**Table 10:** Malaysia's alignment behaviour

Contrary to path dependency predictions, China is not signalling increasing US alignment (Table 10). On the contrary, Malaysia has increased economic and security engagements with China, and signalled stronger political and economic alignment with China than other SCS claimants. At the same time, Malaysia engages in counteracting risk-mitigation measures to signal non-alignment and neutrality. Overall, Malaysia maintains its "equidistant" or "equiproximate" approach to great power relations so as to preserve its strategic autonomy (Saravanamuttu, 2010; Noor 2019).

#### 4. Regional Order Perceptions

##### (a) Confidence in a multilateral rules-based security order

Unlike the Philippines, Malaysia has little confidence in a US-led security order. In the 2020 ASC survey, only 30.7% of respondents had confidence in the US as a strategic partner and security provider. 52.8% expressed little/no confidence, although it is noteworthy that most stated that a change in US leadership would reverse their pessimism (61.6%). This suggests that the perceived unreliability might stem from Trump's transactional policies, rather than a fundamental distrust of the US (Beeson 2020). Notwithstanding political differences, Putrajaya values the US for its provision of armaments and training, which benefit national defence and economic interests (PMO 2020).

Malaysians did not share the Filipinos' optimism about the Quad's impact on Southeast Asian security: only 32.5% see it as beneficial, while 45.4% believe it will have no impact. Unlike the Filipinos (84.7%) or Vietnamese (65.1%) who support participation in Quad initiatives, Malaysians are split with 50.9% supporting participation and 49.1% against it. While Malaysian interests are closely aligned with FOIP aims of a rules-based order and maritime security, only 20.9% consider the Indo-Pacific a feasible alternative order. The overriding opinion is that the concept lacks clarity, is intended to contain China, and could undermine ASEAN centrality in the regional order (MINDEF 2020; Krishnan 2020). These views reflect a concern that endorsing the Quad's strategy could limit Malaysia's capacity to signal ambiguous alignment between China and the US.

The perspectives in the ASC surveys reflect Malaysia's preference for a multilateral, rules-based, security order that is not led by the USA alone. Although Putrajaya recognises that "the US will remain the predominant power and plays an important role in shaping the regional strategic environment" (PMO 2019, 5), its Defence White Paper (DWP) opined that US unipolarity and "the West's influence will continue to decline" (MINDEF 2020). Notably, Malaysia reiterated its commitment to regional and global defence mechanisms that are *not* US-led: namely, ASEAN-led mechanisms (e.g. the ARF, ASEAN Defence Ministers' Meeting and agency-level initiatives) and the Five Power Defence Arrangement (with Australia, New Zealand, Singapore and the UK) which holds the annual Bersama Lima exercise and cooperation on areas like maritime security.

When China's *Haiyang Dizhi 8* and its armed escort of CCG and PAFMM vessels tailed the *West Capella* drillship and surveyed Malaysian EEZ in the first half of 2020, Putrajaya downplayed reports of a maritime standoff with China although vessel tracking data found at least one RMN

warship and numerous law enforcement vessels monitoring China's fleet (AMTI 2020c). US and Australian navies conducted drills near the *West Capella* to signal support for Malaysia. However, Foreign Minister Hishammuddin warned that the presence of warships “may result in miscalculations” that destabilise the region (MFA 2020). To the extent that the objective was to deter Chinese maritime coercion, the US-led drill was ineffective as more armed Chinese vessels returned to patrol Malaysian waters (AMTI 2020c). Malaysia's perception of the US Navy's arrival as “unannounced and uninvited” (Graham 2020) suggest little support for a US-led security order.

(b) ASEAN-coordinated multilateral economic order

While Malaysia acknowledges that the CPTPP is crucial for a rules-based trade regime (42.9%), it believes that the CPTPP would have limited impact since major economies like China and India are excluded (33.6%) and limited utility compared to the RCEP (23.6%). Unlike the Philippines and Vietnam, Malaysia believes that the RCEP should be geographically limited to East Asian states (62.0%). Malaysia also diverges from the Philippines and Vietnam on the topic of 5G: despite the alleged security ramifications, most Malaysians trust Chinese Telcos (42.3%) but trust US Telcos the least (4.9%). This indicates significant trust in Chinese leadership in the regional economic order, but distrust in a US-led economic order.

Contrary to some interpretations that Mahathir's criticisms of China signalled a policy shift from accommodation towards balancing (Beech 2018; Heydarian 2018; Pomfret 2018; Hernandez 2019), the new Pakatan Harapan (PH) government was primarily concerned with the repercussions of Najib's graft. Upon winning the election, Mahathir said “[t]his is our own people's stupidity. We can't blame the Chinese for that” (Malaysiakini 2018). The PH government reaffirmed support for the BRI, only suspending 1MDB-linked projects but allowing other big-ticket projects to proceed (Jiang 2018). Thus, the PH's risk-mitigating measures were a limited attempt to mitigate the effects of long-running structural issues of corruption and political-economic patronage networks (Gomez and Jomo 1999). They were not driven by the view that Malaysia is a hapless “victim” of China's “debt-trap” and did not signal a rejection of Chinese economic leadership. Like the Philippines, Malaysia recognises its inability to confront the geographically proximate superpower in an armed conflict over the SCS. But unlike the Philippines, leaders like Mahathir perceives the only pragmatic option to be engagement that allows Malaysia to “benefit from [China's] wealth” without overly compromising on sovereignty (Jiang 2018). For Malaysia, this entails participating in multilateral trade mechanisms that engage China, such as the RCEP. While Tang et al (2020) perceived the preference for a geographically-limited RCEP as contradicting ASEAN's practice of

open multilateralism, it neglects the active role of small Southeast Asian states in negotiating this trade regime with China *and* other major East Asian economies like Japan and South Korea. While ASEAN centrality and regionalism are core elements of the RCEP, the CPTPP involves just four ASEAN signatories, of which only two (Singapore and Vietnam) have ratified the agreement. While Malaysia participated in TPP negotiations, it remains reluctant to join the CPTPP (Koya 2020). Malaysia envisions an ASEAN-coordinated multilateral regional economic order.

(c) Trust in an ASEAN-mediated multilateral order

Most Malaysian respondents indicate little/no confidence in the US (58.9%) and China (50.9%) to “do the right thing” for global peace, security and prosperity. Their distrust in the US is due to concerns about internal distractions (36.4%), threats to Malaysian interests (29.2%) and perceived unreliability (24.0%); while distrust in China is due to the fear that its economic and military power could undermine Malaysia’s interests and sovereignty (62.7%). Unlike the Philippines, Malaysia indicated less trust in a US hegemony, which is corroborated in the politicians’ narratives criticising the West for colonial exploitation and the US for its Middle East policies; in contrast, politicians often frame Sino-Malaysian relations in terms of shared aspirations and historical ties dating back to the Ming Dynasty (Jiang 2018; MFA 2019b; MINDEF 2020). In the *China Daily*, Najib argued that global institutions should “reflect the legitimate desires and viewpoints of countries that were given no say in the legal and security infrastructure set up by the victors of WWII”, and “reshape the region and the world for the better” (Najib 2016). Mahathir also expressed confidence that China would treat smaller countries more fairly than the West (Malaysiakini 2018). These overtures reflect Malaysia’s perspective that small states can benefit from a Chinese-led order, even if states do not genuinely view China as a “benign and benevolent” hegemon (Tang et al 2020). This requires states to signal “respect” for China’s self-ascribed role in the regional order, which would make Beijing more likely to tolerate assertive conduct by rival claimants (Wolf 2011; Kreuzer 2016). This perspective informs a more nuanced approach to hedging than the other claimants: because Malaysia’s gains-maximising engagements validate China’s self-ascribed status in the regional order, they counteracted more assertive conduct like hydrocarbon activities in the SCS. China is even one of the top buyers of Malaysian liquefied natural gas extracted from the SCS. While CCG vessels have harassed Malaysian-contracted drillships, they responded with more restraint compared to Vietnamese drillships and survey vessels which usually have their cables cut (Reuters 2018).

While Malaysia believes that ASEAN’s future lies with China if it had to choose (60.7%), it remains concerned about China’s “strong-arm tactics in the SCS” (Tang et al 2020). Comparatively,

Malaysia is more confident that US military power can contribute positively to global peace and security (38.5%) than Chinese military power (7.5%). Although Malaysia opposes a US hegemonic order, it believes that the US plays an indispensable role in the multilateral regional security architecture. Malaysia and other ASEAN states held the inaugural ASEAN-US Maritime Exercise in 2019 in response to China's attempt to insert a COC provision allowing signatories to veto any military exercises with non-signatories (Hoang 2020). Malaysian Ambassador to China told the *Global Times* (2020) that Malaysia is not a "pawn" for any power and maintains ties with all states. High-level defence engagements with the US remain an important risk-mitigating component of Malaysia's hedging strategy to counteract signals of Chinese alignment.

Malaysia's opinion on China's new BRI approach is divided. Although more respondents expressed little/no confidence (57.1%), the opinions were split between "little confidence" (40.5%) or "some confidence" (40.5%). This split perspective in the 2020 ASC survey should be considered in the context of the concurrent 1MDB investigations, which found that China agreed to grossly inflate the contract amounts of BRI-related projects, by as much as \$7billion for the ECRI, to help Najib cover up his graft (Amhari 2019; Wright and Hope 2019). Doubts about China's "open, green and clean" loans influenced risk-mitigating measures like increased economic engagements with other powers like Japan (Govindasamy 2020). At the same time, politicians and business elites in the patronage network maintain optimism that fairer BRI deals can be struck, as demonstrated by the PH coalition's unwillingness or inability to cancel BRI projects (Ngeow 2019). The balance of both opinions in the PH government may have the effect of a counteracting economic hedging approach, although it is not clear how the divided views on the BRI will influence the PN government's hedging approach. The politico-economic patronage network is likely to be an independent variable with a stronger causal influence on the dependent variable (hedging).

Overall, the 2020 ASC survey opinions yielded a nett trust deficit of -35.0 in the US and -26.3 in China. As it perceives a Chinese-led order to be inevitable, Malaysia's "respectful" engagements maximise the economic gains while enabling Malaysia to counteract more assertive forms of risk-mitigation and avoid armed retaliation. Concurrently, it seeks to re-negotiate a multilateral regional order that involves ASEAN and extra-regional "credible partners" like Japan and Australia to avoid unilateralism by either the US or China (MINDEF 2020). Contrary to path dependency predictions of increasing US alignment, Malaysia has maintained its neutral and non-aligned hedging strategy to avoid a great power proxy warzone in the SCS (MFA 2019b).

## 5. CONCLUSION

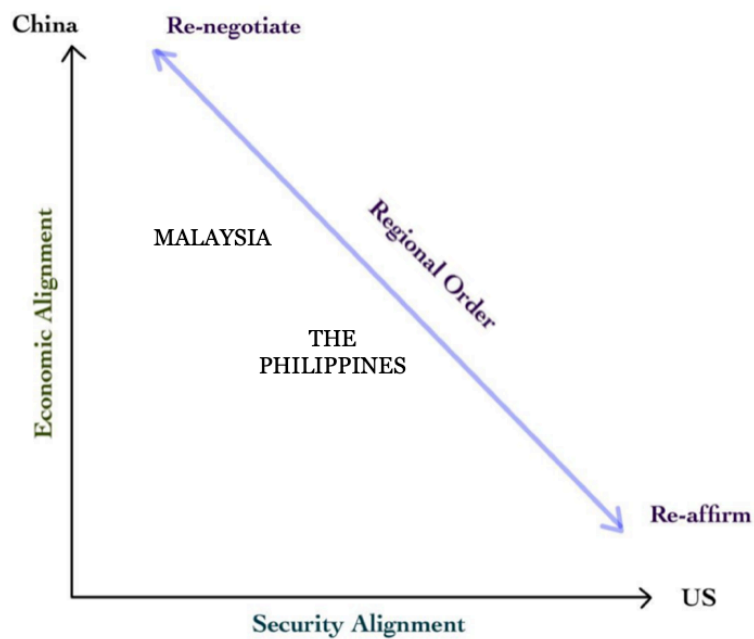
The thesis sought to question the path dependency theory's expectations that SCS claimant states are predisposed to shift from "hedging" to "balancing" and signal increasing signals of US alignment as the SCS conflict deteriorates. This required the deconstruction of structural realist assumptions about hedging: that only security considerations are costly and that states desire a US-led hegemonic order. Firstly, this thesis established that the economic-security nexus, especially in the Southeast Asian context, allows economic considerations to be just as costly as traditional security considerations, such that a state can make trade-offs in economic and security alignment when hedging. Secondly, a state has agency in deciding the nature and level of engagement with regional powers. The path dependency-based predispositions only weigh in when the state has the same perspective of the regional order as the theorists like Lim and Cooper or Korolev had: that a US-led hegemony *is* the desired order to be maintained against China's challenges. Yet, the ASC surveys, policy papers and leaders' statements reflect different visions of the future regional order.

SCS claimants are still hedging to the extent that they do not signal overt economic or security alignment with either great power without undertaking counteracting engagements. Balancing against China is too politically costly because it incurs huge economic cost for uncertain security guarantees given the perceived unreliability of the US. Malaysia and the Philippines hedge because they seek to actively negotiate a new regional order that best serves their interests. Both prefer an ASEAN-centred multilateral regional order that is rules-based and can resiliently withstand pressures from both the US or China. This common perspective explains their active pursuit of security and economic multilateralization, especially for the Philippines which has traditionally engaged in bilateral security initiatives with its treaty ally, the US. Both seek to negotiate bigger roles for middle powers like Japan and Australia in the regional security and economic order.

However, they have diverging perspectives of the great powers' roles in the envisioned regional order. The Philippine bureaucracy and defence establishment have deep trust in the benignity of US leadership and seek to re-affirm a dominant US role in the regional order to mitigate the risks of Chinese dominance in the SCS and Southeast Asia. In contrast, Malaysian politicians and business elites distrust the US' ability to deliver security and economic public goods; Malaysia is open to embracing a dominant Chinese role in the regional order, while mitigating the risks through multilateralism and US defence cooperation. As such, Malaysia's vision of a deeper re-negotiation of the great power roles in the regional order results in a hedging approach that tends towards closer economic alignment with China, whereas the Philippines' view of a US-dominant



order sees a strong security alignment with the US (Figure 8). State perceptions of the regional order is just one of many independent variables (e.g. patronage networks and leaders' opinions) that can influence hedging behaviour. The desire to address deeper structural issues underlying the SCS conflict, namely the contested regional order, defies path dependency-based predispositions to balance. Hedging affords a means for the SCS claimants to exercise small-state agency in shaping engagements with great powers, resulting in variations in hedging behaviour.



**Figure 8:** Malaysian and Philippine Alignment Behaviours and Perceptions of Regional Order

## 6. BIBLIOGRAPHY

- Alagappa, Muthiah. 2003. *Asian Security Order*. Stanford: Stanford University Press.
- Altman, Daniel. 2017. "By Fait Accompli, Not Coercion." *International Studies Quarterly* 61:881-891.
- ASEAN. 2019. "ASEAN Outlook on the Indo-Pacific." Joint Communique, June 23.
- Asia Maritime Transparency Initiative (AMTI). 2019. "Occupation and Island-Building." <https://amti.csis.org/island-tracker>.
- 2020a. "China and Malaysia in Another Staredown over Offshore Drilling." November 25. <https://amti.csis.org/china-and-malaysia-in-another-staredown-over-offshore-drilling/>.
- 2020b. "Staredown at Thitu Island Enters Its Sixteenth Month." March 5. <https://amti.csis.org/long-patrol-staredown-at-thitu-island-enters-sixteenth-month/>.
- 2020c. "Chinese survey ship escalates three-way standoff." April 30. <https://amti.csis.org/chinese-survey-ship-escalates-three-way-standoff/>.
- Au Yong, Jeremy. 2015. "US risks losing credibility in Asia." *The Straits Times*. June 17.
- Beeson, Mark. 2020. "Trump and Asia: Implications of Transactional Foreign Policy." *Asian Studies Review* 44(1): 10-27.
- Bernama. 2014. "Chinese President Praises Malaysia's Quiet Diplomacy." November 11.
- 2020. "US committed to stronger defence ties with Malaysia." July 10.
- Blanchard, Ben. 2016. "Duterte aligns with China, says US has lost." *Reuters*. October 20.
- Bondoc, Jarius. 2020. "China state units creeping into AFP bases." *Philippine Star*. September 23.
- Buzan, Barry. 2003. "Security Architecture in Asia." *The Pacific Review* 16(2): 143-173.
- Ba, Alice. 2020. "Multilateralism and East Asian transitions." *International Politics* 57(2): 259-277.
- Bull, Hedley. 1977. *Anarchical Society: Study of Order in World Politics*. London: Palgrave.
- CNN. 2019. "Finance department denies waiving PH's natural assets in China deal." March 25.
- Caraballo, Mayvelin. 2016. "Duterte brings home \$24B from China." *Manila Times*. October 22.
- CSIS. 2020. "CSIS iDeas Lab." <https://csis-ilab.github.io/cpower-viz/csis-china-sea/>.
- Department of Statistics (Malaysia) 2019. "Statistics of FDI in Malaysia." June 27.
- Dian, Matteo and Hugo Meijer. 2020. "Alliance dynamics in East Asia." *International Politics* 57(2): 131-149.
- Dancel, Raul. 2017. "Chinese speedboat shoot at Filipino fishermen." *The Straits Times*. April 22.
- 2019. "Beware of China debt trap, Mahathir tells Philippines." *The Straits Times*. March 7.
- Emmers, Ralf. 2003. *Cooperative Security and Balance of Power in ASEAN*. NY: Routledge.
- Emmerson, Donald. 2020. *The Deer and the Dragon*. Stanford: Asia-Pacific Research Centre.
- Foot, Rosemary. 2020. "China's rise and US hegemony." *International Politics* 57(2): 150-165.
- Foot, Rosemary and Evelyn Goh. 2019. "International Relations of East Asia." *International Studies Review* 21(3):398-423.
- George, Alexander and Andrew Bennett. 2005. *Case Studies and Theory Development in the Social Sciences*. MA: Harvard University Press.
- Global Times. 2020. "Malaysia will not follow US sanctions." September 25.

- Goh, Evelyn. 2007. "Great Powers and Hierarchical Order in Southeast Asia." *International Security* 32(3): 113-157.
- 2013. *Struggle for Order: Hegemony, Hierarchy, and Transition*. Oxford: Oxford University Press.
- 2019. "Contesting Hegemonic Order." *Security Studies* 28(3): 614-644.
- 2020. "Great power competition and economic-security nexus." *RSIS Working Paper* no.330 (June 10).
- Goldstein, Avery and Edward Mansfield. 2012. *Nexus of Economic, Security and International Relations in East Asia*. Stanford: Stanford University Press.
- Gomez, Edmund and KS Jomo. 1999. *Malaysia's Political Economy*. Cambridge: Cambridge University Press.
- Gotinga, JC. 2019. "Military report confirms spying risks in deal with China-backed telco." *Rappler*. December 20.
- Govindasamy, Geetha. 2020. "Waxing and Waning of Malaysia-Japan Relations." *Modern Diplomacy*. December 31. <https://moderndiplomacy.eu/2020/12/31/the-waxing-and-waning-of-malaysia-japan-relations/>.
- Graham, Euan. 2020. "U.S. Standoff with China Fails to Reassure Allies." *Foreign Policy*. May 4.
- Grevatt, Jon. 2020. "Philippines proposes new procurement law." *Janes Defence*. October 14.
- Hernandez, Phillip. 2019. "Chinese FDI in Malaysian Infrastructure." *Perspectives on Business and Economics* 31: 74-81.
- Heydarian, Richard. 2017. "How Duterte Transformed the Geopolitical Landscape." *South China Morning Post*. December 18.
- 2018. Pro- and Anti-China Lines Harden. *Asia Times*. August 7.
- 2019. "Duterte's Scarborough Shoal Moment." *AMTI*. April 18. <https://amti.csis.org/dutertes-scarborough-shoal-moment/>.
- 2020a. "Duterte's China gambit fails to deliver the goods." *Asia Times*. 30 September.
- 2020b. "True Significance of Pompeo's SCS Statement." *AMTI*. 4 August. <https://amti.csis.org/the-true-significance-of-pompeos-south-china-sea-statement/>.
- Hoang, Viet. 28 September 2020. "Code of Conduct for the South China Sea." *The Diplomat*.
- Hurrell, Andrew. 1995. "Explaining the Resurgence of Regionalism." *Review of International Studies* 21(4): 331-358.
- Hutchinson, Francis. 2019. "The Melaka Gateway Project." *ISEAS Perspective* no. 78. [https://www.iseas.edu.sg/wp-content/uploads/pdfs/ISEAS\\_Perspective\\_2019\\_78.pdf](https://www.iseas.edu.sg/wp-content/uploads/pdfs/ISEAS_Perspective_2019_78.pdf).
- Jackson, Van. 2014. "Power, trust, and network complexity." *International Relations of Asia-Pacific* 14(3): 331-356.
- Jalil, Jalila Abdul. 2018. "Malaysia's Claims in the SCS." *Maritime Institute of Malaysia*. November 8.
- Janes Defence. 2020. "China launches final LMS for Royal Malaysian Navy." December 16.
- Jennings, Ralph. 2019. "China's Coast Guard Spent 258 Days in Waters Claimed by Malaysia." *Voa News*. October 20. <https://www.voanews.com/east-asia-pacific/why-chinas-coast-guard-spent-258-days-waters-claimed-malaysia>.
- Jiang, Steven. 2018. "Mahathir tones down anti-China rhetoric." *CNN*. August 20.

- Kang, David. 2003. "Hierarchy and stability in Asia." In *International Relations Theory and Asia-Pacific*, edited by Ikenberry and Mastaduno, 163-190. NY: Columbia University Press.
- Khong, YuenFong. 2004. "Coping with Strategic Uncertainty." In *Rethinking Security in East Asia*, edited by Suh, Katzenstein and Carlson, 203. Stanford: Stanford University Press.
- Koga, Kei. 2018. "The concept of "hedging" revisited." *International Studies Review* 20(4): 633-660.
- Korolev, Alexander. 2019. "Shrinking room for hedging: system-unit dynamics and behavior of smaller powers." *International Relations of the Asia-Pacific* 19(3): 419-452.
- Koya, Zakiah. 2020. "Azmin: RCEP better deal, CPTPP must be fair." *The Star*. November 15.
- Kreuzer, Peter. 2016. "Comparison of Malaysian and Philippine Responses in the SCS." *Chinese Journal of International Politics* 9(3): 239-276.
- Krishnan, Tharishini. 2020. "Malaysia's Posture in the Indo-Pacific." *Journal of Asian Economic Integration* 2(2): 180-191.
- Kuik, Cheng-Chwee. 2008. "Malaysia and Singapore's response to a rising China." *Journal of International and Strategic Affairs* 30(2): 159-185.
- 2013. "Making Sense of Malaysia's China Policy." *Chinese Journal of International Politics* 6(4): 429-467.
- 2016. "How do weaker states hedge?" *Journal of Contemporary China* 25(100): 500-514.
- Le Thu, Huong. 2019. "China's dual strategy of coercion and inducement towards ASEAN." *The Pacific Review* 32(1): 20-36.
- Liao, Jessica and NT Dang. 2019. "Nexus of security and economic hedging." *The Pacific Review*.
- Lim, Darren and Zack Cooper. 2015. "Reassessing hedging: Logic of alignment in East Asia." *Security Studies* 24(4): 696-727.
- Lim, Guanle. 2018. "Resolving the Malacca Dilemma." In *Securing the Belt and Road Initiative*, edited by Alessandro Arduino and Xue Gong, 81-99. Singapore: Palgrave Macmillan.
- Liow, Joseph. 2005. "Balancing, Bandwagoning or Hedging?." In *China and Southeast Asia*, edited by HK Leong and S Ku. Singapore: Institute of Southeast Asian Studies.
- Liu, Feng and Ruonan Liu. 2019. "China, US, and order transition in East Asia." *The Pacific Review* 32(6): 972-995.
- Lopez, Melissa. 2020. "China-backed Dito to put up celltowers in military camps." *CNN*. September 8.
- Mahoney, James. 2000. "Strategies of Causal Inferences in Small-N Analysis." *Sociological Methods Research* 28 (4): 387-424.
- Malysiakini. 2018. "PM rues Najib's 'historic stupidity' costing a bomb." August 21.
- Mangosing, Frances. 2019. "Lorenzana admits China's 'bullying'." *Global Nation*. July 30.
- Mastaduno, Michael. 2003. "The US and Security Order in Asia." In *Asian Security Order*, edited by Alagappa, 141-170. Stanford: Stanford University Press.
- Mearsheimer, John. 2001. *Tragedy of Great Power Politics*. NY: Norton.
- Milevski, Lukas. 2020. "Enunciating Strategy Effectively." *Military Strategy Magazine* 7(1): 18-25.
- Ministry of Defence Malaysia (MINDEF). 2020. *Defence White Paper*. Putrajaya: MINDEF.
- Ministry of Foreign Affairs Malaysia (MFA). 2019a. "Joint Statement between Malaysia and Vietnam." (Putrajaya: 28 August 2019).

- 2019b. *Foreign Policy Framework*. Putrajaya: MFA.
- 2020. "Press statement on SCS by Dato Seri Hishammuddin." (Putrajaya: 23 April 2020).
- Ministry of National Defence (Vietnam). 2019. *2019 VietNam National Defence*. Hanoi: National Political Publishing House.
- Morales, Neil. 2016. "Philippines' Duterte calls for summit to solve SCS spat." *Reuters*. May 9.
- 2020. "PH won't stop projects with China firms blacklisted by U.S." *Reuters*. September 1.
- Najib, Tun Razak. 2016. "Fruits harvested from seeds of trust." *China Daily*. November 2. [https://www.chinadaily.com.cn/opinion/2016-11/02/content\\_27245852.htm](https://www.chinadaily.com.cn/opinion/2016-11/02/content_27245852.htm).
- National Security Council (NSC). 2017. "National Security Policy: 2017-2022." <https://www.nsc.gov.ph/attachments/article/NSP/NSP-2017-2022.pdf>.
- New Straits Times. 2018. "Malaysia pushes back on China's big projects." August 21.
- 2019. "Saifuddin: China's claim to whole of SCS ridiculous." December 20.
- Ngeow, Chow-Bing. 2015. "Development of Malaysia-China Defence Relations." *Contemporary Southeast Asia* 37(2): 269-304.
- 2019. "Malaysia-China Cooperation on BRI." *NIDS Research No.17*, 25-42. Tokyo: National Institute for Defense Studies.
- Noor, Elina. 2019. "Foreign and Security Policy in the New Malaysia." *Lowy Institute*. November 7. <https://www.lowyinstitute.org/publications/foreign-and-security-policy-new-malaysia>.
- Pew Research Center. 2019. *China's Economic Growth Welcomed in Emerging Markets, but Neighbours Wary of Its Influence*.
- Pomfret, John. 2018. "Chinese debt traps are trademark of imperialist ambitions." *Washington Post*. August 28.
- Prime Minister's Office of Malaysia (PMO). 2019. *Malaysia's National Defence Policy 2019*. <https://www.pmo.gov.my/wp-content/uploads/2019/07/National-Defence-Policy.pdf>.
- Quayle, Linda. 2019. "Southeast Asian perspectives on regional alliance dynamics." *International Politics* 57(2): 225-241.
- Rahmat, Ridzwan. 2019. "Malaysia flexes missile capabilities in SCS." *Janes Defence*. July 17. <https://www.janes.com/defence-news/news-detail/malaysia-flexes-missile-capabilities-in-south-china-sea-amid-fresh-tensions>.
- Ravindran, Madhu. 2012. "China's Potential for Economic Coercion in the South China Sea Disputes." *Journal of Current Southeast Asian Affairs* 31(3): 105-132.
- Reuters. 2016. "Philippines considers two-way sea talks with China." February 12.
- 2017. "China glad after Duterte drops plan to visit Spratlys." April 13.
- 2018. "Philippines asks China to stop coast guard from taking catch." June 11.
- 2019. "China, Malaysia to set up SCS dialogue mechanism." September 12.
- 2020. "Chinese ships intruded into Malaysian waters 89 times in four years." July 14.
- Ross, Robert. 2006. "Balance of Power Politics." *Security Studies* 15(3): 355-395.
- Santos, Elmor. 2019. "China 'continually embarrasses' PH by swarming West Philippine Sea." *CNN*. April 12.
- 2020. "Duterte gov't may reconsider ban on joining drills." *CNN*. November 4.

- Saravanamuttu, Johan. 2010. *Malaysia's Foreign Policy*. Singapore: ISEAS Publishing.
- Schweller, Randall. 1994. "Bandwagoning for Profit." *International Security* 19(1): 72-107.
- Simon, Sheldon. 1995. "Realism and neoliberalism." *The Pacific Review* 8(1): 5-24.
- Social Weather Stations. 2019. "3Q 2019 Social Weather Survey." December 7.
- Strangio, Sebastian. 2020. "Chinese-Backed Development Bites the Dust." *The Diplomat*. November 19.
- Tang, SM, M Thuzar, TH Hoang, T Chalermphanupap, PTP Thao and AS Qian. 2019. *The State of Southeast Asia: 2019 Survey Report*. Singapore: ASEAN Studies Centre.
- 2020. *The State of Southeast Asia: 2020 Survey Report*. Singapore: ASEAN Studies Centre.
- Tarar, Ahmer. 2016. "Strategic Logic of the Military Fait Accompli." *International Studies Quarterly* 60(4): 742-52.
- Teoh, Shannon. 2016. "Malacca harbour plan raises questions about China's strategic aims." *The Straits Times*. November 14.
- The Star. 2016. "M'sian, Chinese firms sign agreements worth RM 144bil." November 1.
- The Straits Times. 2016. "China sought to divide Asean with its own 10-point consensus at Foreign Minister meet." June 15.
- U.S. Department of State. 2020. "U.S. Relations with Malaysia." Last modified 21 January 2020. [www.state.gov/u-s-relations-with-malaysia/](http://www.state.gov/u-s-relations-with-malaysia/).
- Walt, Stephen. 1987. *The Origins of Alliances*. NY: Cornell University Press.
- Waltz, Kenneth. 1979. *Theory of International Politics*. NY: McGraw-Hill.
- Wolf, Reinhard. 2011. "Respect and Disrespect in International Politics." *International Theory* 3(1): 106.
- Wright, Tom and Bradley Hope. 2019. "China Offered to Bail Out Troubled Malaysian Fund in Return for Deals." *Wall Street Journal*. January 7.
- Wu, Charles. 2019. "Why Do States Hedge in East Asia?." *Asian Perspective* 43(3): 557-584.
- Xinhua. 2019. "BRI forum builds consensus on green, sustainable development." April 27.
- 2020. "China open to joining CPTPP." November 19.