



EDITED VOLUME ON

**DYNAMICS IN THE INDO-PACIFIC:  
FROM GEOPOLITICS AND  
GEOECONOMICS PERSPECTIVES**

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EDITORS

**KLAUS HEINRICH RADITIO  
SHOFWAN AL BANNA CHOIRUZZAD**

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## Acknowledgments

This edited volume should be seen as an important effort of providing an evidence-based reference and discourse on the current global issue of Indo-Pacific that emerges as the most vibrant geopolitical and geo-economic theater in the world. This edited volume mainly seeks to enrich our understanding of the Indo-Pacific's dynamics as a new regional architecture from both geopolitical and geo-economic perspectives.

In addition, the topics addressed by the authors are diverse and rich in terms of both substances and perspectives. The topics cover a wide range of discussions relevant to the Indo-Pacific dynamics, starting with an exploration of the region's most prominent issues, such as the great powers' competition between the US and China, and how middle powers navigate these rivalries, to rising non-traditional security issues that are increasingly critical, such as cybersecurity and semiconductors.

Produced by The Habibie Center, the edited volume also highlights some important points. As a key regional bloc in the Indo-Pacific, ASEAN has long played an active role as a regional connector and bridge builder. Amidst the evolving Indo-Pacific construct, ASEAN faces various geopolitical dynamics and challenges from foreign powers in the region, each requiring a different approach to respond. Hence, strategic ASEAN's positioning in the Indo-Pacific is necessary to maintain its relevance amidst the global geo-economic and geopolitical rivalry.

Finally, as time has been dedicated to completing this edited volume, there were invaluable opportunities to get to know the many people who have helped make this research work with their invaluable ideas, time, and support within the process. I would like to express my deepest gratitude to all parties for their support thus this edited volume can be produced, especially to all authors of the volume, editors, colleagues, and network for your articles and constructive feedbacks. In particular, I am beyond grateful to the ASEAN Studies Program's research team, Marina Ika Sari, Luthfy Ramiz, Patrick Kurniawan, and Indira Utomo.

I hope the edited volume shall prove useful for the interested and relevant stakeholders and guide them in designing policies and making decisions related to the Indo-Pacific's dynamics.

**Sincerely Yours,**

Mohammad Hasan Ansori, Ph.D.  
Executive Director

# Chapter Summaries

## Chapter 1

This chapter examines the shift in the US foreign policy in Southeast Asia, framing its security and economic initiatives as a modern iteration of the containment strategy. The central argument is that the US leverages a combination of minilateral arrangements—such as Quadrilateral Security Dialogue (QUAD), Australia, the UK, the US (AUKUS), and Japan, the Philippines, the US (JAPHUS)—alongside newly introduced economic initiatives like the Indo-Pacific Economic Framework (IPEF), Blue Dot Network (BDN), and Partnership for Global Infrastructure and Investment (PGII), as part of its broader strategy to counter China’s growing influence in the region. Furthermore, the chapter also examines the responses of Southeast Asian countries and ASEAN’s engagement with these initiatives, revealing a disconnect between the US and its Southeast Asian counterparts.

## Chapter 2

The great powers’ competition (GPC) in the Indo-Pacific region, dominated by the US and China, significantly impacts the region and global power dynamic, particularly the maritime domain, which would be the most affected. Hence, Indonesia should have a maritime security policy that considers regional dynamics due to the GPC presence. This paper follows the constructivist perspective to complement the more prevalent liberalism by proposing a comprehensive maritime security policy formulation while building an appropriate narrative through restoring and improving the seemingly abandoned Global Maritime Fulcrum (GMF). The GMF strategy is considered to provide a basis for crafting a well-articulated maritime security policy incorporating comprehensive narratives, which is a dire necessity instead of a distant luxury for Indonesia. Moreover, it gives a proper hedging narrative between the great powers’ narratives, China with its Belt and Road Initiative (BRI), and the US with its Free and Open Indo-Pacific (FOIP) Policy.

## Chapter 3

Implications of US-China geostrategic rivalry for Indo-Pacific security have been widely discussed. This article points to observations of one aspect of defense cooperation: the US-led combined military exercise. Since the notion of “integrated deterrence” was formally manifested in US documents in 2022, combined military exercises in the Indo-Pacific have proliferated into a web of multilayered networks, featuring in enhancing defense ties among US treaty alliances, expanding original bilaterals to minilaterals/multilaterals, and conducting military exercises nearby potential hotspots of military confrontations. In contrast to the hub-and-spokes architecture, which can be easily weakened by breaking one single spoke, the emerging lattice-like structure reinforces the collective resolve and resilience to deter China’s aggressive expansions.

## Chapter 4

With China’s military modernization and its “Going Out” strategy, China’s maritime power is rapidly expanding. The large and continuously growing Chinese economy provides a strong foundation for China’s military expansion. However, within the competitive framework between China and the US, what are China’s strategic goals for maritime expansion? Are China’s recent assertive actions in the South China Sea an end or a start? If China’s goal is to rival the US in the Pacific Ocean, how could China achieve this goal? This article finds that China uses Hainan Island as a base, expanding into the South China Sea and then into the South Pacific Ocean. Along this path, China uses diplomatic policies to achieve its military strategic objectives. The US seems aware of this and has begun to take containment measures from the South China Sea to the South Pacific Ocean. However, neighboring countries along China’s expansion route will face spillover threats and should consider proactive response strategies.

## **Chapter 5**

The relationship between China and the Solomon Islands through a patron-client perspective unmask complex aspects ranging from economic and trade, strategic alignment, and geopolitical impact. The shifting recognition from Taiwan to China by the Solomon Islands reflects commitment to the One-China Policy. However, there are also some efforts from China to lessen Taiwan's legitimacy — China categorizes Taiwan as a “separatist group.” Furthermore, in 2023, China was involved in several projects of infrastructure and security agreements with the Solomon Islands. Otherwise, the Solomons' interest in China is also important because of China's huge market. It's part of the Solomons' strategy to promote its local commodities globally. The dynamic of this interaction alerts both the US and Australia. In response, the US has reopened its embassy in Solomon and engaged diplomatically to deter Chinese military expansion. At the same time, Australia has increased its peacebuilding program and development aid to balance Chinese influence. Hence, China's presence prompts a reevaluation of Western strategies in the Pacific region.

## **Chapter 6**

This chapter explores the security dynamics in the South China Sea, focusing on how the actions of the Philippines and China contribute to an escalating security dilemma. By examining the historical basis for territorial claims, such as the Philippines' establishment of the Kalayaan municipality and China's reliance on the Nine-Dash Line, the chapter highlights the strategic measures both nations have taken to assert their claims. Key developments, including the South China Sea Arbitration and the forced transfer of Thomas Cloma's claims, provide insight into the legal and historical contexts of the dispute. The chapter also draws parallels with the Russo-Ukrainian War and the Israeli-Palestinian conflict, illustrating how regional disputes can lead to arms races and increased military spending. Recommendations from Latin American case studies, such as the Beagle Channel and Chile-Peru disputes, offer a framework for peaceful resolution through international mediation and adherence to legal processes, providing alternatives to militarization in the region.

## **Chapter 7**

The dynamic changes in architecture in the Indo-Pacific due to geopolitical, geoeconomic, and geostrategic friction between the US and China have encouraged countries to adjust relevant strategies in securing their strategic interests. Indonesia, as a country with a significant role in managing regional stability, applies a pragmatic and low-risk approach to manage relations with major powers, especially China. An approach that prioritizes diplomatic mechanisms, strategic partnerships, and multilateral frameworks through ASEAN has been chosen to promote a rules-based order. By emphasizing non-confrontational diplomacy and enhancing strategic cooperation in the economic and investment sectors that are mutually beneficial, Indonesia aims to foster constructive relations while being highly cautious of China's increasingly assertive behavior in the region. Indonesia is also proactively diversifying its defense partnerships with the US, Japan, India, and Australia to safeguard its national interests and strategic autonomy amidst US-China competition in the region. Overall, Indonesia's soft approach towards China reflects Indonesia's strategic perspective in managing relations with major powers in the region, as well as the balance between pragmatism and Indonesia's proactive policies as a country that has an autonomous and constructive strategy for realizing peace and prosperity in the region.

## **Chapter 8**

This article proposes that ASEAN's cyber security norm is not equipped to respond to the possible cybersecurity capability build-up and the possibility of escalating cyber conflict involving the states in the Indo-Pacific. The cyber norm in the region has so far focused on leveraging the digital economy for growth and cyber security capacity building, with little attention paid to confidence-building measures in cyberspace. Its finding is that the Indo-Pacific region is where major cyber powers are both norm leaders and leveraging cyber powers to compete in the geopolitical rivalry. ASEAN, as a region within the Indo-Pacific, has the benefit of partnering with all major powers in the Indo-Pacific to augment the region's overall cyber strategic mindset and technical capabilities to deter cyber threats. ASEAN also has the necessary avenues to continue dialogue and reinforce confidence in the mutual respect for the sovereignty of states in their digital jurisdictions and the capacity to provide meaningful and safe participation of citizens in cyberspace. However, ASEAN's approach to cyber security norm construction is still focused on building strategic cooperation for the sustainability of the digital economy and capacity building, threats against critical and information infrastructure posed by malicious actors, and the potential for their deterioration of distrust between member states.

## **Chapter 9**

With their sprawling geography, Pacific Island Countries (PICs) have been caught in a digital divide. The lack of critical, digitally enabling infrastructure slows development progress and widens the rift between Pacific communities and the global economic system. As the region undergoes rapid digital transformation, PICs are navigating geopolitical rivalries to maximize their development opportunities. However, unmanaged competition for influence among key development partners such as China and Australia can compromise good governance and privilege geopolitical posturing over local priorities. This research employs qualitative methods to explore how the competing digital strategies of China and Australia impact the digital development of PICs, assessing how these regional powers' competing strategies shape the digital development of the Pacific Islands region. The study aims to enrich the international policy discourse by offering a comprehensive analysis of regional digital geopolitics and its implications for the long-term development of the Pacific Islands.

## **Chapter 10**

In the rapidly evolving landscape of global technology, the semiconductor industry plays a pivotal role in shaping international relations and economic strategies. This chapter delves into the dynamic intersection between Taiwan and Southeast Asia (SEA), focusing on how semiconductor advancements influence regional collaborations and shape future prospects. By examining the intricate dynamics of technological innovation and strategic partnerships, the chapter aims to uncover how these developments influence regional cooperation and economic trajectories. Through a detailed analysis of industry trends and geopolitical implications, this study provides a comprehensive understanding of how semiconductors are driving progress and forging new pathways for collaboration. As the sector continues to expand and transform, it is crucial to grasp these shifts to anticipate future opportunities and challenges. This chapter seeks to offer insights into the vital interplay between Taiwan and SEA in the semiconductor arena, highlighting the broader impact on regional development and global technology landscapes.

## **Chapter 11**

The last chapter highlights significant findings in each of the authors' works, starting with an exploration of the region's most prominent issues, such as the great powers' competition (GPC) between the US and China and how middle powers navigate these rivalries, to raising non-traditional security issues, such as cybersecurity and semiconductors. As the Indo-Pacific region emerged with vibrant geopolitical and geoeconomic dynamics, this part also sought to explore opportunities for greater regional cooperation, especially with ASEAN seeking to take the driver's seat in the region. With the initiative by Indonesia, ASEAN collectively adopted the ASEAN Outlook on the Indo-Pacific (AOIP) in 2019, which serves as a guideline for ASEAN's engagement with all actors in the Indo-Pacific region, including major powers. However, this is not without challenges. The criticisms faced by ASEAN's institutionalization and added to the consequences of growing minilateral groupings have lately rendered the question of the effectiveness of ASEAN centrality. Therefore, ASEAN institutionalization needs hands-on cooperative security mechanisms and strengthened engagement among ASEAN members and its external partners to its effectiveness in ensuring regional peace.





## **The Return of Containment Policy? A Review of US Strategy in Southeast Asia**

Patrick Kurniawan and Indira Utomo

### **Introduction**

Following the defeat of Nazi Germany in World War II, the Union of Soviet Socialist Republics (USSR) emerged as the new regional power in Europe. The rise of the USSR was marked by substantial enhancements in its military, economic, cultural, and political influence. Wary of the Soviets' growing sphere of influence and the potential global spread of Marxist-Leninist ideology, American diplomat George F. Kennan formulated the policy of "containment" to prevent the Soviet takeover of Europe (Starr, 1993). This strategy defined the Soviet-American relationship during the Cold War period. The Marshall Plan, the Truman Doctrine, and the Korean and Vietnam wars are several examples of the United States (US) containment theory in practice, directly targeting to halt the rise of the USSR and its ideology.

In the scholarship of international relations, containment is often considered a part of power-balancing theories, defined as situations where the power of one or more states is used to counterbalance the power of another state or group of states (Goldstein, 2005, p. 77). The containment strategy specifically refers to a power-balancing approach aimed at restricting and limiting the influence of adversaries on the international stage (Jakštaitė, 2010). Influential American Foreign Service officer H. F. Matthews (1946) emphasized the importance of allies in continuing to resist the USSR on a global level during the Cold War era. Decades later, the rise of China prompted the return of a US containment policy. An official grand strategy document published by the White House portrays China as a threatening rising power seeking to undermine the US' global position, stating that "this intensifying American focus is due in part to the fact that the Indo-Pacific faces mounting challenges, particularly from the People's Republic of China (PRC)." The document further outlines the US' strategy to contain China by shaping "the strategic environment in which it operates and building a global balance of influence that is maximally favorable to the United States (US)" (Indo-Pacific Strategy of the United States, 2022). Furthermore, The US views certain Southeast Asian countries as key partners in its efforts to execute a containment policy against China in the Indo-Pacific region, even though not all Southeast Asian nations are equally supportive or aligned with this strategy (Thompson, 2024).

The Indo-Pacific region has emerged as a strategic arena for geopolitical influence among major powers. It accounts for 60% of the global GDP, contributes to two-thirds of the global economic growth, and houses the majority of the world's population. For the US, the region also holds substantial importance. In 2022, trade with the Indo-Pacific exceeded 2 trillion USD, and foreign direct investment amounted to over 900 billion USD, cementing its position as a key partner for the US (Indo-Pacific Strategy of the United States, 2022).

The term "Indo-Pacific" was first coined by Japan's Prime Minister Shinzo Abe in 2011 to acknowledge India's rising presence in global politics and the significance of the Indian Ocean in global maritime trade (Ghosh, 2023; Sundararaman, 2023). The term was subsequently adopted by the US and Australia and later started to gain traction and become widely used in political speeches

and official documents. Notably, different countries interpret “Indo-Pacific” in varying ways: Japan extends its scope as far as Africa and parts of the American continent, while the US confines it to Asia and the Pacific, and India’s interpretation is even more limited to Asia and Australia (Heiduk et al., 2020; Doyle & Rumley, 2019). Despite these differences, the common attribute across the interpretations of “Indo-Pacific” is its reference to the region encompassing both the Indian and the Pacific Oceans.

The US perspective on the Indo-Pacific has evolved along with the changes in its presidential administrations. Following 9/11, the US foreign policy was largely centered around the Middle East. It was not until the Obama administration that the phrase “pivot to Asia” was introduced into their foreign policy. However, the term “Indo-Pacific” only started to emerge in official documents during Trump’s presidency in 2017, with the release of the Free and Open Indo-Pacific (FOIP) strategy. This shift to using the term “Indo-Pacific” is closely tied to the US efforts to counter China’s growing presence in the region. Many argue that it is a strategic construct designed to contain China’s rising power (Pan, 2014; Scott, 2020).

While under Trump’s administration, the US seemingly pulled away and had less presence in the region, rhetoric from various officials and foreign policy efforts showed that it’s part of their strategy to contain the rise of China (Trump on China: Putting America First, 2020). These efforts against China have continued under the Biden administration. Washington’s latest official Indo-Pacific strategy, issued in 2022, continues to explicitly identify China as a challenge for the region, alongside the climate crisis and pandemic recovery, citing China’s harmful behavior toward other countries and its undermining of human rights and international law that would threaten the stability and prosperity in the Indo-Pacific (Indo-Pacific Strategy of the United States, 2022). The Trump and Biden administrations differ in their approaches to containing China. The Trump administration adopted protectionist and hard-line measures by introducing tariffs and restrictions on Chinese products (Nguyen, 2017). While some of these measures have continued under Biden, his administration has also incorporated a multilateral approach by building alliances and securing strategic partnerships to isolate China further.

As Southeast Asia has become an increasingly important player in the Indo-Pacific, the US has highlighted the importance of this region for its FOIP strategy and articulated much of its Indo-Pacific approach within Southeast Asia (Le Thu, 2020). The success of the US Indo-Pacific strategy to contain China might depend on how well the US could position itself in Southeast Asia. Therefore, this chapter will examine the US shift back to the Indo-Pacific, with a particular focus on Southeast Asia. While the US previously put more emphasis on security and defense, this chapter will also highlight Washington’s recent geo-economic initiatives such as the Indo-Pacific Economic Framework for Prosperity (IPEF), Blue Dot Network (BDN), and Partnership for Global Infrastructure and Investment (PGII) to balance China’s seemingly dominating Belt and Road Initiative (BRI) in the region. Additionally, it will analyze the responses of both Southeast Asian nations and ASEAN to the US’ recent pivot.

### **Creation of US-led Minilateralism Regimes**

The US Indo-Pacific Strategy and its newly found engagement with the Southeast Asian region have been greatly facilitated by its minilateral arrangements and platforms. “Minilateralism” is defined as an informal or formal grouping of three to five states that aim to organize strategic agendas and facilitate functional cooperation in specific areas (Singh and Teo, 2020). Although the term is relatively new and still highly debated, it encompasses both formal and informal arrangements, often evolving organically. As China continues to grow in power and importance, mainly through

its massive BRI, Washington has responded by enhancing its ties with key partner countries in the region through strategic unilateral arrangements.

The Quadrilateral Security Dialogue, known as the “QUAD,” was initially formed in response to the Indian Ocean tsunami of December 2004. The US, Japan, Australia, and India were part of the “Tsunami Core Group,” which aimed to provide aid and relief efforts to address the damage and aftermath of the tsunami. While there were discussions to extend the quadrilateral concept beyond its initial purpose, these efforts eventually fell apart (Madan, 2017). The initiative was reborn in 2017, and this time, it was aimed at securing a rules-based order in the Indo-Pacific (Buchan and Rimland, 2020). Though unstated, the implicit target of the initiative is to contain China; the rise of China to superpower status and its growing assertiveness are considered direct challenges to the rules-based order. Hence, it is believed that the QUAD is a network of alliances aimed at containing China.

Addressing maritime issues in the Indo-Pacific region has been QUAD’s priority. This includes the territorial disputes in the East and South China Sea. For the US in particular, China’s claim to the South China Sea poses a challenge to the US’ “freedom of the seas” principle, also known as “freedom of navigation.” Furthermore, the South China Sea directly borders key and potential US partner countries in Southeast Asia (US Congress, 2024). The QUAD Joint Leaders’ Statement indicates that they strongly opposed any coercive, provocative, and unilateral actions that seek to change the status quo and the rules-based order in the South China Sea, hence are pursuing collaborative efforts such as joint maritime exercises and enhancing relations with Southeast Asian countries by providing humanitarian aid and assistance such as the Indo-Pacific Partnership for Maritime Domain Awareness (IPMDA) (White House, 2022).

Australia, the United Kingdom (UK), and the US military alliance, commonly known as “AUKUS,” are other examples of these unilateral arrangements. Established in September 2021, this trilateral partnership aims to boost defense capabilities, enhance technological development and cooperation, and expand the industrial capacities of the three nations (Cheema, 2021). AUKUS is based on two pillars: Pillar I focuses on accelerating Australia’s acquisition of conventionally armed, nuclear-powered submarines (SSNs), while Pillar II focuses on enhancing collaboration on critical and advanced technologies. Pillar I has raised security concerns from China, Germany, Indonesia, Malaysia, New Zealand, North Korea, the Philippines, and Russia over the implications for nuclear proliferation and the presence of submarines in Indo-Pacific waters (Marlow, 2021).

The most recent unilateral arrangement involving the US in the region is the Japan-Philippines-US trilateral pact, known as JAPHUS. Even among US-led unilateral arrangements, JAPHUS is unique for being the only grouping that involves a Southeast Asian country. Following President Marcos Jr.’s disappointing visit to Beijing in 2022, he was convinced to pivot his foreign policy closer to Washington. JAPHUS is critical for three reasons. First, its strategic position and geographic proximity to Taiwan. Second, it could facilitate the advancement of the Philippines’ military and naval capabilities. Third, it provides greater reassurance of American and Japanese support in their involvement in the South China Sea issues (Heydarian, 2024).

### **Enhancing US-ASEAN Economic Engagement and Regimes**

One of the biggest criticisms of the US approach to Southeast Asia was the lack of economic initiatives. This gap was shortly exploited by the Chinese, who had a plethora of BRI projects in the region. According to a recent report published by the Ministry of Commerce, non-financial Foreign Direct Investment (FDI) by Chinese enterprises in countries along the Belt and Road has surged

to 11.22 billion USD in the first half of 2023. This marks a significant 23.3% increase compared to the previous year. Moreover, Chinese enterprises have entered into agreements for new foreign contracted projects in the region, with a total value of 47.64 billion USD. Although this figure represents a 2.5% decrease from the previous year, it still underscores the substantial investment activity taking place in the area (Devonshire-Ellis, 2023).

Initially, the Trans-Pacific Partnership (TPP) was the signature initiative of the Obama administration in its pivot to Asia. The TPP is a Free Trade Arrangement (FTA) involving the US, Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. Obama viewed the TPP as an effort to balance China's economic maneuver, positioning Washington as an alternative partner for Southeast Asian countries (Hu, 2011). However, domestic political differences in participating countries and in the US caused the TPP to fail. Following Trump's victory in the 2016 presidential election, the US officially withdrew from the TPP (Baker, 2017). Trump's "America First" policy has led the US to put its focus back on its domestic policy and retreat back from many of its international commitments. While TPP later evolved into the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the US has stated its refusal to rejoin the agreement. The new form of CPTPP has removed many of the US priorities that did not receive much support during the TPP negotiations (Goodman, 2018). Washington's withdrawal from the TPP and its refusal to join the CPTPP paved the way for a competing multilateral agreement in the region, allowing the Regional Comprehensive Economic Partnership (RCEP) to flourish instead. Moreover, China has now applied to join the CPTPP and recently announced its plan to expedite the process in 2024 (Nan, 2024).

However, the COVID-19 pandemic and the subsequent global economic recession have made the US realize the importance of enhancing its Indo-Pacific strategy and further solidifying its relationships with key allies in the region, including Southeast Asian countries (Wei and Yang, 2021). While the US initiatives on security and defense in the Indo-Pacific are rather fragmented geographically, the case is different when it comes to the economic sector. As highlighted before, the US cooperation in security and defense focuses more on minilateralism along with bilateral cooperation through joint military partnerships. When it comes to its geo-economic strategy, the US tries to encompass the whole Indo-Pacific region, building a multilateral framework rather than minilateralism. This is reflected through some of its recent initiatives to expand US economic leadership in the Indo-Pacific, most notably the IPEF. The IPEF was launched under the Biden administration and consists of fourteen countries: the US, India, Japan, South Korea, Australia, New Zealand, Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand, Vietnam, and Fiji. The absence of China is notable, as the IPEF is purposely tailored to establish an economic grouping that further isolates Beijing. Unlike traditional FTAs or the BRI, the IPEF emphasizes "shared democratic principles and universal values" among members. It is best described as an intergovernmental multilateral economic agreement focusing on four pillars: Connected Economy or Trade, Resilient Economy or Supply Chain, Clean Economy, and Fair Economy (Jiang, 2023). IPEF, however, lacks the characteristics of a traditional, comprehensive regional trade agreement like the TPP. One of the most prominent criticisms of the IPEF is its lack of commitment to improving market access (Kavanagh & Cuéllar, 2024; Kurlantzick, 2022).

IPEF does not employ a single undertaking principle. Instead, it allows for separate negotiations on each topic that enable them to run at a different pace, with various countries at the table and multiple arrays of potential outcomes (Goodman & Reinsch, 2022). Since its launch in 2022, negotiations on key pillars of IPEF have been progressing relatively smoothly, except for arguably the most important one: the first pillar of trade (Murphy, 2024). Many of the partners in the IPEF are

developing countries seeking better market access. The US reluctance to offer market access makes the agreement less appealing to its partner countries. Instead, IPEF wants to impose new and higher standards without delivering improved market access and addressing the interests of its partners.

In April 2024, the US, along with Australia, Japan, the UK, Turkey, Spain, and Switzerland, launched BDN at the OECD Headquarters in Paris. The idea was first introduced in November 2019 by the US, Australia, and Japan, but it has now been moved to work under the auspices of the OECD. BDN was anticipated to be the alternative, allowing it to compete with China's BRI. Yet, BDN works quite differently. BDN employs a project-based investment approach, contrary to the BRI, which uses country-based engagement (Panda, 2020). It is the first global certification program for "quality" infrastructure projects. BDN assesses projects that are financially sustainable as well as socially and environmentally responsible, minimizing the perceived risk and uncertainty to encourage alternative funding and potential investors outside of China (Ashbee, 2021). Unlike the BRI, it does not directly provide any funding for the projects. BDN merely gives the approval stamps for projects, providing more information, confidence, and certainty for potential external investors to mitigate the financing risks. Although not directly stated, BDN insinuates that the BRI projects have poor standards and unsustainable impacts (Ng, 2019). Moving forward, the US hopes the BDN will serve as a benchmark for developing countries to enact regulatory reforms and incentivize quality infrastructure investments based on the newly set standards (Arha, 2021).

PGII is another initiative often regarded as a competitor to China's BRI. Compared to the previously mentioned IPEF and BDN, PGII has the most similar model to the BRI as it provides funding for infrastructure projects in developing nations. However, unlike the BRI, the PGII is not a single-country initiative but rather a project under the G7. Introduced in 2022, PGII builds upon the concept of its predecessor, Build Back Better World (B3W), which was established in 2021. B3W was intended to provide up to 6 million USD for projects in sectors such as climate, health and health security, digital technology, and gender equity and equality (Gaens and Sinkkonen, 2023). The White House also once explicitly framed B3W as a strategic measure to compete with China (The White House, 2021). While B3W attracted little traction internationally, the US and its fellow G7 repackaged and relaunched the initiative under a new name, PGII, with a stronger focus on hard infrastructure and more ambitious reach. PGII aims to mobilize up to 600 million USD by 2027, with the US pledges to contribute up to 200 million USD alone (Yu, 2024).

While both share a similar objective of providing funding for infrastructure development in developing nations, BRI and PGII still differ in their core mechanisms. Unlike the state-driven BRI, PGII relies more on private capital, seeking to mobilize or leverage private capital through host country state guarantees (Larsen, 2024; Yu, 2024; Gaens and Sinkkonen, 2023). Lastly, it is important to note that Southeast Asian countries' active engagement with the BRI is driven not only by their infrastructure needs but also by a preference for the funding model provided by China. According to Wang (2020), BRI agreements take the form of soft law, which, while not legally binding, can still influence state behavior. This framework allows for greater flexibility in projects and funding obligations compared to other rivals in the region, such as Japan (Zhao, 2018). In contrast, the US' PGII does not appear to offer the same level of flexibility. Therefore, to compete effectively, the PGII must develop its own distinct competitive advantages relative to the BRI.

### **ASEAN Response to US-Southeast Asia Strategy**

The US engagement with Southeast Asian countries has been met with a variety of responses from its Southeast Asian counterparts. Specifically, regarding the US regional security approach, Li (2022) stated that the responses from ASEAN countries can be divided into three groups. The

first group consists of Indonesia and Malaysia, which have openly expressed concerns over the possibility of an arms race and heightened tensions due to the presence of US-led unilateral security arrangements in the region. The second group includes Thailand, Cambodia, Laos, Brunei, and Myanmar, which have chosen to keep a low profile and refrain from making any controversial statements. On the other hand, the Philippines, Vietnam, and Singapore have shown strong support for the presence of US security groupings.

Despite the Philippines' membership in JAPHUS, ASEAN remains largely concerned about the implications of the trilateral security arrangement for the region. The biggest question revolves around the relevance of ASEAN Centrality. For ASEAN and its members, maintaining ASEAN Centrality is vital to ensure agency, especially amidst the ongoing great power rivalry in the region. In the case of the South China Sea, ASEAN is concerned about the Philippines' approach to the issue. Abandoning ASEAN-led mechanisms, which have been criticized for their ineffectiveness and stagnation—evidenced by the prolonged stalemate in the South China Sea Code of Conduct talks—could further erode ASEAN's role and influence in the matter.

In terms of its economic approach, the reception appears generally more positive, although there are still some concerns about the US commitment and reliability in the region. In the matter of IPEF, ASEAN tends to favor the initiative more in the beginning. This might be because the majority of ASEAN members involved in IPEF (i.e., Malaysia, Thailand, Indonesia, the Philippines, and Vietnam) have a lower income per capita than other IPEF member countries outside of India. This strategically positions IPEF to help bolster and accelerate growth in ASEAN, which could have a positive spillover effect on other non-IPEF ASEAN members at lower levels of economic development (i.e., Cambodia, Lao PDR, and Myanmar) (Raga, 2022).

However, the State of Southeast Asia Survey Report 2024 conducted by ISEAS - Yusof Ishak Institute shows that the latest Southeast Asia nations' views towards the US-led initiative have started to dwindle down. The positive sentiments decreased from 46.5% the previous year to 40.4%, while both the negative and unsure sentiments rose from 11.7% to 14.9% and from 41.8% to 44.8%, respectively (Seah et al., 2024). Some of these countries experienced significant shifts and sensed increased uncertainty. Brunei, for example, had a 68.3% positive sentiment in 2023. Yet, the number fell to 15.6% in 2024. Malaysia also had a big drop in its positive sentiment percentage, from 40.3% to just 26.7% (Seah et al., 2024). Many of the respondents felt that as the negotiation for IPEF moved forward, it increasingly became quite clear that IPEF imposed more adjustments and compliance without offering better market access for their countries. Others also had concerns that IPEF might potentially worsen the US-China competition. While these numbers are from the survey respondents and do not represent the official stance of the countries, the report reflected doubts over the US focus and commitment to the region and Asia's trade deal.

Furthermore, over the last few decades, ASEAN economies have greatly relied on China, and Beijing is by far ASEAN's most important trading partner (Wester, 2024a). Over the past decade, China-ASEAN trade has more than doubled, reaching 722 billion USD, almost one-fifth of ASEAN's total trade. Between 2017 and 2022, ASEAN's imports from China increased by 70%, reaching 432 billion USD. Additionally, Chinese investment in ASEAN has surged to 15.4 billion USD compared to 9 billion USD in 2019 (Wester, 2024b). This growing reliance on China as an economic partner has gradually become a concern among ASEAN members. IPEF is expected to promote stronger US economic ties with ASEAN, hence reducing over-reliance on China. However, ASEAN remains cautious about the utilization of IPEF as an anti-China economic grouping. ASEAN has shown a strong preference for including Cambodia, Lao PDR, and Myanmar, the three key Chinese allies

in the region, as part of the initiative. Their absence in the arrangement only strengthens the assumption of IPEF as an economic tool amidst the US-China rivalry (Ramli, Waskitho & Kasih, 2023).

In the case of BDN, while it encourages more quality, transparent, and sustainable projects, the BDN's ability to undermine China's BRI in the region remains questionable. Developing and planning projects that meet BDN's quality and standards may require technical expertise and skills, making prior training necessary. This additional "cost" must be considered by many developing countries and could potentially limit their opportunities to qualify for these projects. Similar concerns persist regarding the PGII. Its reliance on private capital makes it more sensitive to unpredictable political situations, shocks, and regulatory and economic risks, to which developing countries are particularly more susceptible. The involvement of private capital in the PGII also encourages more sustainable, transparent, and environmentally friendly projects –a critique of the BRI. However, the use of Western and private capital standards in these projects might pose barriers, as it could potentially make the process for feasibility studies and developing project pipelines more cumbersome and time-consuming (Ming, 2022).

While it remains to be seen whether these new US initiatives can effectively compete with China's BRI in the coming years and enhance the US influence in the region, the establishment of initiatives, particularly BDN and PGII, could offer Southeast Asian countries viable alternatives for their development. However, for many developing countries, including those in Southeast Asia, the ease and speed of obtaining project approvals might outweigh the emphasis on quality projects.

## **Conclusion**

The US re-engagement in Southeast Asia is part of a broader strategy to contain China's rising power in the region. This strategy includes both security and economic measures. On the security side, the US has established a strong presence through minilateral partnerships with its allies through initiatives like the QUAD and AUKUS. Recently, the US has also involved a Southeast Asian nation in its new emerging minilateralism, JAPHUS. The establishment of this new minilateralism, along with the strategic geographical location of the Philippines, enhances the US position to contain China, particularly in providing support in the event of an escalation in the South China Sea disputes.

The US also seeks to contain China through economic measures. The US recently established economic initiatives, such as the IPEF as a regional economic cooperation framework and the BDN as well as PGII, that aim to counter China's seemingly dominant BRI in the region. The newly focused economic initiatives are a shift of the US strategy construct that previously focused primarily on security and defense. China's rise and the extensive reach of the BRI have gradually eroded US influence in the last few years. Withdrawal from the TPP and refusal to join the CPTPP further weakened its position, allowing China to reshape the geopolitical landscape in the Indo-Pacific instead. Therefore, it is crucial to reassure the region that the US still views the Indo-Pacific as a strategic and important partner. The establishment of the IPEF, BDN, and PGII demonstrates this commitment and will enable the US to reinforce rule-based order and increase engagement in the region. These new economic initiatives provide the US with the opportunity to enforce and amend rules on economic exchange in the Indo-Pacific, including labor, digital economy, supply chain, sustainable development, and climate mitigation (Kavanagh & Cuéllar, 2024).

The US' new Southeast Asia strategy, on the surface, appears promising and has the potential to restore influence and reinforce American values. By expanding its focus beyond security and

defense to include economic initiatives, the strategy aims to have a more meaningful engagement with the region. However, the impact of said engagement remains to be seen. The effectiveness of the strategy and its ability to contain China will depend on the US commitment to the region. Over the last few years, doubts about the US commitments to the region have surfaced, with perceptions of the US as unreliable and distracted (Kavanagh & Cuéllar, 2024). Its withdrawal from the TPP is one example of this. In addition, the US' focus on Ukraine and the geopolitical tension caused by the crisis could further divert the US' attention away from advancing its new initiatives (Ming, 2022).

While China and its BRI have had a decade-long head start, the US initiatives in the economic sector are relatively new, making direct comparisons difficult at this stage. China's BRI has already resulted in significant infrastructure projects across Southeast Asia, including the recently completed 5.9 billion USD Jakarta-Bandung high-speed rail project (Purba & Purba, 2020). Since its establishment alone, BRI's total engagement has exceeded 1.053 trillion USD, spanning more than 150 countries (Nedopil, 2024). Comparatively, the US strategy in the Indo-Pacific, particularly on the economic front, is late. In contrast, the newly established PGII, which most closely mirrors the BRI's model, is still far from reaching those numbers. In the last three years, the US has mobilized over 60 billion USD for PGII, a combination of federal financing, grants, and private-sector investment (The White House, 2024). Notably, in Southeast Asia, the newly established Luzon Economic Corridor in the Philippines is the first economic corridor supported by the PGII. Several private investors, including Microsoft and Blackrock, have already committed to investing in digital and market climate infrastructure in Indonesia, Malaysia, Thailand, and the Philippines, respectively.

The US will need to address various concerns regarding its initiatives to achieve more meaningful engagement in the region. The success of the IPEF will depend on the US' ability to manage and develop it effectively to advance its strategic and economic interests in the region (Goodman & Reinsch, 2022). The first pillar on trade that has not yet been concluded and the lack of market access in negotiations may dampen enthusiasm among partner countries, potentially rendering IPEF insignificant. Meanwhile, although promising, BDN still raises questions about its effectiveness. While it pushes for high-quality infrastructure projects, BDN is missing the key factor that makes BRI so attractive to many countries—funding. As BDN only serves as a certification process for good quality infrastructure projects to attract investors, it may not be the most practical option for many developing countries in the region. Initially regarded as a competitor to the BRI, it remains uncertain whether BDN can effectively challenge the Chinese model. In regards to PGII, while it does offer funding, the prominent role of the private sector could raise doubts about the ease, speed, and reliability of these funds, particularly for developing countries that are vulnerable to unpredictable political situations and higher regulatory and economic risks.

The US still has a long way to go to catch up with China's BRI engagement and rival it. Unless the US could offer substantial incentives, it will be challenging to fully sway countries away from China, except for those already allied with the US or those in disputes with China. Additionally, the upcoming election in November 2024 could also alter the US foreign policy approach. Should Trump be re-elected, there is a possibility that the US will revert to its "American First" policy, potentially neglecting the IPEF, the BDN, and the PGII, as it did with the TPP. Trump even referred to the IPEF as the second TPP in November 2023 and expressed his determination to terminate the agreement (Layne, 2023). Such uncertainties may deter many countries in the region from fully committing to the US initiatives.

For the US to successfully contain China and reinforce its values and influence in the Indo-Pacific, it needs to attract countries to its side. To achieve this, the US needs to move beyond rhetoric and consider implementing policies that prioritize the needs and interests of its partners rather than solely focusing on its own strategic benefits. When it comes to ASEAN, the US must be willing to work with or under the tenets of ASEAN centrality to gain trust and ensure meaningful, reciprocal engagement with member states. The US must demonstrate that its re-engagement back to the Indo-Pacific reflects a genuine acknowledgment of the region's strategic significance. By doing so, the US could foster stronger relations with regional partners and better position itself to contain the rise of China.

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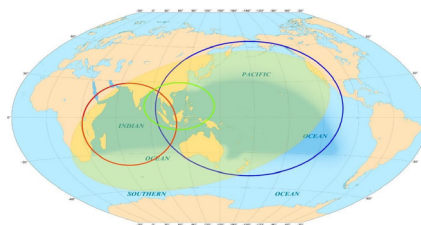
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## Formulating a Comprehensive Maritime Security Policy amidst the Global Power Competition Dynamic in the Indo-Pacific: The Indonesian Perspective

Bagus Jatmiko and Marsetio

### Introduction

Indo-Pacific has become a buzzword in the current geopolitical discourse and practice. The region has become the global center of gravity of maritime geopolitics, economics, security, and environment (Medcalf, 2013; Tertia & Perwita, 2018) that has gained prevalence since 2010 in the political and strategic discourse (Khurana, 2019). Considering the contested definition of the region's coverage, this paper takes the definition of the Indo-Pacific as the predominant maritime region that stretches from the eastern coast of Africa to the eastern Pacific Ocean and is connected by the Southeast Asia region, particularly Indonesia's maritime territory (Anwar, 2020), as shown in Figure 2.1. This region is located at the intersection of international maritime trade, vital maritime routes, strategic interests, and economic power converge, creating the indispensable framework of international security and global trade (Niazi, 2024). This region is home to more than half of the world's population, 65% of the world's oceans, and 25% of its land, which accounts for an incredibly significant volume of 60% of global domestic product (GDP) as well as two-thirds of global economic growth (The White House, 2022). With such importance, this region has emerged as a competing arena for the sphere of influence and abundant resources between powerful nations, particularly between China and the US, which is termed the great powers competition (GPC) (Amadeo, 2021; Lynch III, 2020). The power competition between China and the US has been driving the geopolitics and security dynamics of the Indo-Pacific. On the one hand, China is rapidly increasing its military capabilities, economic strength, and capacity to back up its national policy, interests, and assertiveness in the region, including the Taiwan Strait and South China Sea (SCS). On the other hand, the US is increasing its presence through more frequent military operations and regional cooperation with its allies and partner nations (Marsetio, 2024).



**Figure 2.1** Map of the Indo-Pacific Showing Southeast Asia as the Strategic Connector between the Two Grand Oceans

Source: Annotation from [www.asean.emb-japan.go.jp](http://www.asean.emb-japan.go.jp)

The Indo-Pacific geopolitical dynamic is of immense global significance due to the interconnected nature of the region. Any major disruption in this region will ripple out with a tremendous impact on global security, trade, economics, and governance (Niazi, 2024). This phenomenon underscores the importance of maintaining peace, stability, and cooperation in the Indo-Pacific. Consequently, the thoroughness in formulating policy concerning maritime governance in the Indo-Pacific is absolutely crucial to ensure its relevance and effectiveness.

In order to achieve that, a comprehensive and continuous assessment of the current geopolitical trends, including the evolving power dynamics and competition between the great powers, as well as the emerging non-traditional security threats, should be conducted in balance with flexible planning policy frameworks while promoting stronger partnerships and confidence and security-building measures (CSBM) (Bueger & Edmunds, 2024). Moreover, the current regional cooperation mechanisms and technological advancement should also be considered in the policy. The ignorance and failure to capture these dynamics would render any maritime security policy outdated and ineffective.

This paper urges critical thinking about maritime strategy and policy aligned with Indonesia's foreign policy and responsibilities as a prominent member of the Association of Southeast Asian Nations (ASEAN) while considering the complexities of maritime security dynamics in the Indo-Pacific region due to the GPC. For that reason, this paper proposes the restoration and improvement of the Global Maritime Fulcrum (GMF) strategy as a basis for crafting a well-articulated maritime security policy incorporating comprehensive narratives by adopting a well-known maritime security analysis framework. The results of the analysis are expected to enable a better and holistic comprehension of the Indo-Pacific's intricacies to address emerging maritime issues properly.

### **Research Purpose, Problem Statement, Importance and Methods**

This paper aims to demonstrate the significance of a comprehensive maritime security policy amidst the geopolitical dynamic due to the presence of the GPC in the Indo-Pacific, particularly between the US and China. With that purpose, this paper is working out the fundamental problem of the current maritime security policy formulated from a partial perception and incomplete consideration, or inconsiderate, of the current dynamic of the GPC, particularly in the Indo-Pacific.

The assumption for this paper is that a comprehensive maritime security policy is important for Indonesia to address emerging challenges and navigate the complexities better, considering the influential presence of the GPC dynamic in the contemporary Indo-Pacific strategic environment. The formulation of a comprehensive policy in this paper uses a qualitative approach with an embedded descriptive analysis of the extant literature on maritime security and geopolitics in the Indo-Pacific to elaborate on the problem and the working assumption. This paper distinctly inclines toward the constructivist perspective founded on the social theory of international politics to complement the liberalist approach.

The social theory of international politics views international relations, perception of threats, and security interests as being influenced by common and shared ideas, norms, and identity (Wendt, 1999). Hence, this theory is aligned with the constructivist approach that emphasizes the dissemination of ideas, norms, and identity as drivers of state behavior that can be socially constructed and shaped by common perceptions (Barnett, 2018; Behraves, 2011). It heavily considers how states perceive each other's intentions, construct commonly accepted norms, and define crucial shared interests by emphasizing the ideational factors that influence collective state behavior at the strategic level alongside material factors like military and economic power and cooperation such as that of the liberalist approach.

Meanwhile, the liberalist approach focuses on institutions, including international organizations and laws or treaties as legal institutions, accentuating cooperation and collaboration efforts between countries and international institutions or entities while adhering to conventions, treaties, norms, and the principle of democracy and human rights (Owen, 2018). Its implementation is more on the building of collective security arrangements through collaboration to address challenges

and the strong advocacy for adherence to the commonly accepted law or conventions. Liberalism relies on the very foundation of international laws and treaties to uphold global peace and security. It is arguably the most used approach by countries in international interaction compared to constructivism.

This paper's inclination toward constructivism is not to replace the more prevalent liberalism but instead to complement it to gain a more comprehensive perspective of the issue in concern. Practically, this approach allows policymakers or fellow researchers to comprehend how shared norms, values, and ideas, constructed in compelling narratives, influence cooperation and the formation of security communities alongside liberalism's emphasis on institutional cooperation, laws, and treaties within the Indo-Pacific maritime context.

The complementary relationship between these schools of thought can be particularly fruitful. Liberalism can provide a foundational framework through legal institutions to promote cooperation and democracy that might be pursued alongside constructivist efforts to foster shared norms of democratic behavior and peaceful conflict resolution. Related to the current GPC dynamic, constructivism helps mediate the diverging perspectives on emerging issues by promoting common and shared understanding where the liberalists may falter under the pressure of great powers' realist assertive action where international institutions, agreements, and laws fail to maintain order (Harbaugh, 2022). The SCS conflict perfectly exemplifies the case where the non-compliance of the conflicting parties, particularly China, with its unilateral claims and justification over the region, undermines known and accepted legal institutions, international agreements, norms, and treaties just because they can do so with its military and economic might backup.

### **Great Power Competition (GPC) in the Indo-Pacific**

The current geopolitics displacement in the Indo-Pacific follows the pattern of the GPC, which repeated throughout world history as a perpetual hegemonic rivalry concept that never ceases to exist, only morphing into more current contextual forms (Ashford, 2021; Cropsey & McGrath, 2018). Contemporarily, the GPC takes a multipolar form instead of the Cold War's bipolarity, where the dominant powers concentrated in the triumvirates of the US, China, and Russia (Lynch III, 2020). Moreover, the bipolar nature has transitioned from a global to a regional scale, characterized by asymmetrical competition (Vuving, 2020). Nevertheless, multipolarity also arguably forms among the middle-power countries that are currently allied with these triumvirates (Dossani et al., 2024). Regarding the predominant maritime environment of the region, the GPC discourse will inevitably involve the significant influence of the global powers on the regional maritime domain policy (Niazi, 2024).

Concerning the triumvirate power dynamic that includes Russia, this paper argues that the likelihood of this country intervening deeply in the Indo-Pacific is very unlikely (Jatmiko, 2021) due to Russia's concentration on its borders, known as "Eurasia focus" (Lynch III, 2020, p. 311), particularly with its current military campaign in Ukraine drawing most of its attention and resources. Moreover, in the Pacific, Russia seems to align itself with China, even though it is strategically vulnerable to Russia (Colvin, 2023). Hence, it is logical to argue that the GPC in the Indo-Pacific focuses on the adversarial relationship between the US and China, along with their respective allies. Additionally, this paper probes the perspective of Indonesia, located in Southeast Asia, on perceiving the GPC and its influence on maritime security where there are minimal footprints of Russia's interference with the regional power dynamics.

The GPC in the Indo-Pacific is particularly interesting because of China's inclination towards being a revisionist power, which contends and aims to displace the US as the status quo or the old power that is deemed to be in power decline (Lynch III, 2020). This assumption is quite evident, given the existing indications that signal China's rising overtaking of the US as the global power in many aspects, including diplomacy, economy, and, notably, the capability and capacity to build military prowess. These indicators include the upending of Middle East diplomacy exemplified by the peace agreement brokered by China between Saudi Arabia and Iran (Barker, 2023) and the ditching of the US dollar by the BRICS economic blocks, consisting of Brazil, Russia, India, China, South Africa, Iran, Egypt, Ethiopia, Saudi Arabia, and the United Arab Emirates (Siripurapu, 2020). These phenomena support the current presumption that the dragon is on the rise to oust the bald eagle.

The nature of the adversarial relationship between the US and China is multidimensional, showcasing diplomatic, economic, and military rivalries (Jatmiko, 2023). This rivalry divides countries in the region, mostly middle powers, to develop their national strategies and foreign policies that would adopt either balancing, bandwagoning, or hedging strategies over the geopolitical great powers rivalry, which are evident in the actions of various Indo-Pacific countries (Nye & Welch, 2017). Pivoting on China, some countries that have deep involvement and dependencies toward China will tend to bandwagon. Meanwhile, countries that are concerned about China's growing influence might seek to balance by inclining more with the US or other like-minded countries. Many states, however, are likely to adopt hedging strategies, carefully navigating the complexities of this rivalry to safeguard their respective national interests. This situation is the case with Indonesia, which has a nonalignment foreign policy and an independent and active doctrine that maintains fair and square interactions with the great power countries, particularly the US and China (Mubah, 2019).

Two prominent case studies of Taiwan and the SCS conflicts perfectly exhibit the competition between the US and China in the context of the GPC in the Indo-Pacific region. In the Taiwan conflict, the significant flashpoint is due to the clash of core interests and ideologies between the US and China (Dossani et al., 2024). For China, Taiwan is a matter of national pride and a key component of its "One China" policy. Meanwhile, for the US, supporting Taiwan holds regional strategic importance, showcasing the preservation of the rule-based international order and deterring Chinese expansionism in the region (Dossani et al., 2024).

Meanwhile, the SCS conflict exhibits not merely a territorial dispute but a microcosm of the broader geopolitical competition between the two great powers in the region, which underscores the contemporary challenges of managing relations between the rising and established or status-quo powers (Bhatt, 2024). These challenges encompass the competing hegemonic ambitions between the two powers along with their alliances (De Castro, 2013; Feng & He, 2018), the security dilemma due to increasing arms races (Scobell, 2018), and the economic and geopolitical interests over the region that holds significant strategic and economic values (Mitchell, 2016).

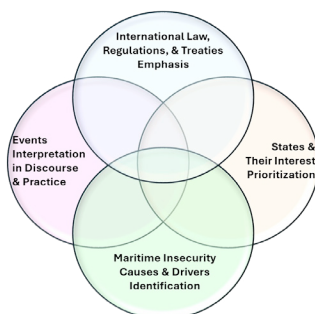
The elaboration of the competition between the two great powers should provide a sufficient description of the evolving geopolitics and security dynamics in the Indo-Pacific and their critical importance globally. Furthermore, the comprehension of the regional dynamic complexities should be the primary consideration when it comes to formulating Indonesia's national maritime policy due to the proximity of both conflicts to its territorial waters.

## Formulating a Comprehensive Maritime Security Policy

A complete assessment of the current regional geopolitical dynamic is imperative in formulating a comprehensive maritime security policy, which requires an impartial observation of the emerging regional issues and dynamics to obtain thorough, objective, and unbiased results, particularly for countries adhering to the hedging strategy, such as Indonesia. Since its independence, impartiality has been an important aspect of Indonesia's foreign policy to maintain the nation's best interest that aligned with the nonalignment movement principles and the independent and active doctrine, which allows Indonesia to promote and preserve global peace while avoiding being objectified by international conflicts and preserving Indonesia's sovereignty to determine its future (Greenlees, 2018), and keeping distance from the great powers demanding allegiance due to Indonesia's endowed strategic values (Blank, 2021). Indonesia's nonalignment attitude applies not exclusively to the Sino-American rivalry but also extends to allies and partner nations. Hence, Indonesia is not aligned with either of the power blocs (Blank, 2021; Jatmiko, 2021).

Some regional countries arguably have not developed a comprehensive maritime security policy (Arya, 2022) due to the partial comprehension and assessment of the regional dynamic, including the GPC and emerging issues, which are poorly addressed and superficially handled, causing perpetuated problems. Meanwhile, it is of the utmost importance to identify and understand the whole aspect of the issue, including the root cause of the problems and the surrounding context, holistically in order to develop a comprehensive maritime security policy.

With that consideration in mind, this paper adopts the maritime security analysis frameworks introduced by Bueger and Edmunds (2024), as shown in Figure 2.2, in developing a comprehensive maritime security policy. These frameworks can be articulated as the coherent and intertwined body of thoughts, assumptions, priorities, and terms of guidance that facilitate the analysis of particular aspects of maritime security (p. 30). Interestingly, the complementary relationship between the constructivist and liberalist schools of thought can be found within the frameworks, elaborated clearly in the section below.



**Figure 2.2** Comprehensive Maritime Security Policy Frameworks

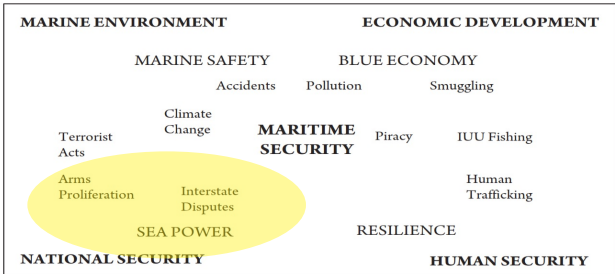
Source: Generated by authors referring to the maritime security analysis frameworks by Bueger and Edmund, 2024

In formulating the maritime policy, these frameworks bring up several important aspects and considerations that consist of the following: first, the emphasis on law and the importance of following international regulations and treaties should come as a priority. This first framework (Bueger & Edmunds, 2024) has a liberalist inclination for its focus on observing international maritime laws and treaties as institutions, particularly the United Nations Convention on the Law of the Sea (UNCLOS) 1982 and its derivatives. The inclusion of legal frameworks within policy formulation provides foundational principles, legitimate bases, and mechanisms for cooperation or resolving disputes with international recognition and justification for claims made by states that

underpin a rules-based maritime order. Nevertheless, policymakers should also acknowledge the limitations and shortcomings of the law itself. One obvious thing is that the law is often inherently state-centric, where states sometimes prefer legal ambiguity or even manipulate the law for their own interest. This phenomenon, known as “lawfare” or “legal statecraft,” can be seen in the SCS, where China has its unilateral claim over the region based on its distinct interpretation and justification of the international laws of the sea.

Second, Bueger and Edmunds (2024) emphasize the prioritization of states and their interests to make sense of the state behavior, consisting of two focuses: the first is the states’ realist approach, which heavily relies on national power in observing international law while prioritizing their national interest. This focus is relatable to China’s assertive and unilateral action in Taiwan and the SCS. Second, the focus is on international rules, identities, and networks that are expected to bind states together to counteract or balance a powerful adversary, which is the case with the US and its alliances and partnerships. This liberalist-inclined framework also has a nuance of constructivism in the aspect of establishing a common understanding and shared interest through international entities, such as NATO, ASEAN, the EU, Aukus, and The Quad. This framework best describes the current dynamic of global geopolitics, particularly the GPC, focusing on the interests of the great powers and how the smaller powers would respond. However, it is challenging to obtain the granular details of the maritime security issues with the high abstraction at the states’ strategic level. Nevertheless, it remains an important part of maritime security policy development to acknowledge the GPC with its complexities and how it would influence the shaping of the end policy.

Third, Bueger and Edmunds (2024) contend that the importance of interpretation and the provision of meanings both in discourse and practice are significant for maritime security policy development. This constructivist-inclined framework describes the articulation of events and sharing interpretations as ideas from the macro level-centric perspective on a more strategic level. For that purpose, the matrix shown in Figure 2.3 can be used to grasp the generic maritime security concept with context dependence (Bueger, 2015). The matrix describes how different actors in varied geographic locations may interpret maritime security differently depending on the respective critical issues. For example, the countries in the SCS will perceive maritime security inclines toward the national security issue that involves arms proliferation and interstate disputes under the sea power concept within the national security dimension (see the oval circle in Figure 2.3). Although, in general, a maritime security concept would include all aspects, some aspects may require more priority than others. Despite the various results due to the different interpretations and contexts, the inclusion of interpretive articulation of maritime domain issues remains crucial in a comprehensive maritime security policy development to appreciate the different perspectives influencing the analysis process.



**Figure 2.3** Macrolevel-centric Maritime Security Matrix

Source: Bueger, 2015, p.161

Lastly, Bueger and Edmunds (2024) accentuate the importance of causes and the underlying drivers of maritime insecurity identification as a necessary critical framework to recognize the possible root causes of maritime insecurity in order to address them properly. This constructivism-inclined framework relies on the development of a common shared understanding to drive policy, which is not a simple task. Revealing the root causes of maritime insecurity involves considering many factors, including regional context, geographic location, and culture, which is critical in providing profound insights for policymakers. This framework provides a microlevel-centric, which observes factors with more specificity to smaller groups below the state level, as depicted in Figure 2.4 below. This perspective is useful for comprehending the causes related to blue crime or maritime terrorism, which identifies seven areas of root causes: geographic location, insecure maritime environment, weak law enforcement, economic inequality, cultural acceptability and legitimation, crime-supporting skills, and the existence of organized crime.

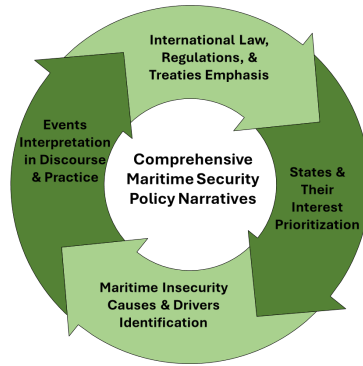


**Figure 2.4** Microlevel-centric Root Causes of Maritime Insecurity

Source: Adapted with modification from source: Bueger and Edmunds, 2024

Overall, Bueger and Edmunds (2024) argue that these frameworks provide valuable starting points in making sense of maritime security complexities, specifically with the GPC’s dynamic presence. Nevertheless, they are not without limitations. Hence, it is important to acknowledge these limitations and use these frameworks more as guidance instead of a strictly followed standard procedure. Moreover, the interpretation and implementation of these frameworks require careful consideration from policymakers and analysts, particularly in relation to the specificity of the respective context and issues at hand.

Subsequently, this paper, taking a strong constructivist inclination, prioritizes the cruciality of developing appropriate maritime security narratives as an effort to build common and shared norms and ideas that are a part of the strategy in formulating comprehensive maritime security policy while complementing the liberalist approach on empowering institutions, including international organizations, laws or treaties. This strategy then incorporates Bueger and Edmunds’ (2024) frameworks as an integral part of the development of comprehensive maritime narratives, which is depicted in Figure 2.5 below, as an initial step in grasping the complexities of the maritime domain. A holistic comprehension of the maritime domain is very crucial, particularly in a predominantly maritime region, such as the Indo-Pacific. Contrastingly, in the region where maritime security should be paramount, there is a lack of awareness in providing maritime policy with comprehensive maritime narratives that accommodate the current geopolitics dynamics, contributing to the complexities and challenges of the domain (Bueger & Edmunds, 2024; Caverley & Dombrowski, 2020; González Levaggi, 2023; Harbaugh, 2022).



**Figure 2.5** Comprehensive Maritime Security Policy Narratives Development with the Frameworks Inclusion

Source: Generated by authors adopting the maritime security analysis frameworks by Bueger and Edmund, 2024

While there is much discourse about maritime security in the Indo-Pacific, there is a noticeable gap when it comes to articulating norms and ideas on building and sharing comprehensive narratives, particularly among regional actors. The lack of cohesive narratives has significant implications for regional stability and cooperation. This phenomenon is due to several identified factors, including the diverse interests of many major powers in the region (González Levaggi, 2023), the dominant yet competitive nature of great power narratives between the US and China (Bhatt, 2024; Cropsey & McGrath, 2018), the absence of inclusive dialogue (Caverley & Dombrowski, 2020; Long et al., 2022), and the limitation of regional voices due to the hesitancy of choosing sides (Bueger & Edmunds, 2024). The consequence of the absence of a strong maritime narrative may lead to misunderstanding or mistrust, strategic ambiguity, fragmented responses, increased risk of conflict, and empowering the revisionist powers (Bueger & Edmunds, 2024; González Levaggi, 2023).

Particularly for Indonesia, having a comprehensive maritime policy developed with proper narratives is more of a strategic imperative than a mere academic exercise, which allows the state to grasp the complexities of the maritime domain in the face of the GPC dynamic in the region. It is even more relatable to Indonesia with its natural characteristics of an archipelago country with predominant maritime territory and geographically situated in the heart of Southeast Asia, which is the center of the Indo-Pacific. Nevertheless, a comprehensive maritime security policy strategy should be developed simultaneously instead of asynchronously with the inclusion of interrelated frameworks to establish more thorough and appropriate narratives.

With compelling maritime policy narratives, Indonesia can facilitate the building of consensus and trust, legitimize actions, counter rival narratives, influence public opinion, guide effective policy-making and long-term strategy (González Levaggi, 2023), fostering stability, and promoting cooperation (Bueger & Edmunds, 2024). These narratives can then be extended to ASEAN countries, where Indonesia is a prominent and influential member, or to other countries in the greater Indo-Pacific. It is a complex and long-term endeavor for Indonesia but is essential for promoting a more stable and prosperous Indo-Pacific region. In contrast, the failure to create an all-inclusive maritime policy will result in an inadequate and partial comprehension of the current dynamic of the geopolitical environment and, thus, potentially cause inefficient and ineffective responses toward the region's emerging challenges.

## Discussion

Observing the dynamics in the Indo-Pacific region, one thing is obvious: there is a fragmented maritime architecture with competing visions and dominant narratives of the great power nations, creating an ambiguous atmosphere, lack of inclusivity and trust, and transparency issues (Caverley & Dombrowski, 2020; Cropsey & McGrath, 2018). This assumption is clearly implied in the latest Indo-Pacific security assessment, where the different views on perceiving the regional value of how to maintain security and stability are very much influenced by the GPC narratives and the ineffective and questionable existing crisis-management mechanisms, which lack a conscious effort and not binding or detailed (Nouwens, 2024). Furthermore, the China-US narrative competition in the region describes the deep mistrust and diverging perspectives between the two countries that can be seen in each state's official statement (Parameswaran, 2024). On the one hand, China developed a narrative of the Belt and Road Initiative (BRI) that supports its national agenda while asserting that it has a fair, open, sustainable, and cooperative approach while refusing foreign interference in the case of Taiwan and the SCS (Dong, 2024). On the other hand, the US deploys alternative narratives of the Free and Open Indo-Pacific (FOIP) Policy with its quad allies (Pratiwi et al., 2021) while forwarding a more traditional active US role (Parameswaran, 2024) with a crucial, reciprocal, and interdependent relationship with the region that is more significant than ever before, which emphasizes a respect for sovereignty and international law, freedom of the seas, and peaceful resolution through dialogue (Austin, 2024). The difficulty in agreeing to similar values or norms stems from fundamental differences in how the US and China perceive the lawful nature of each other's actions and the philosophies behind them.

Amidst the China-US narrative competition, Indonesia actually had its strategy for developing a hedging narrative with its Global Maritime Fulcrum (GMF) vision (Chairil, 2023) as a way for Indonesia to respond and strategically navigate the geopolitical complexities presented by both the BRI and FOIP (Khanisa & Farhana, 2022). At its inception, the GMF made quite a ripple in the geopolitical discourse due to the amplitude of the narrative propagated. It is considered a relatively ideal narrative strategy to hedge the great powers' competing narratives, opting instead for a more independent and balanced approach as its middle power strategy, reflecting Indonesia's desire to maintain its strategic autonomy while avoiding being caught in the middle of the GPC narratives (Pratiwi et al., 2021). The GMF narrative had the potential to be extended to other countries in Southeast Asia and even the wider Indo-Pacific. Unfortunately, the narrative has arguably left the core maritime themes without any tangible follow-ups from the current administration's second term, which is evidently geared more toward infrastructure development (Agastia, 2023). This paper argues that Indonesia has experienced a significant decline in its national maritime narrative strategy since the abandonment of the GMF strategy. Nevertheless, the GMF may still be seen as a long-term strategic framework (Agastia, 2023).

For those reasons, this paper recommends the restoration and improvement of the GMF to continue the path it has set up in developing a comprehensive maritime security policy formula for Indonesia. However, GMF restoration should then incorporate the regional GPC dynamics assessment, in which the original GMF lacked a domestically shaped and inward-looking oriented strategy (Caroline, 2021) and the potential foreground of future crises in sectors such as space, subsea, and cyber. Moreover, the GMF narrative should also include all aspects of the maritime security analysis frameworks elaborated above, detailing all necessary aspects related to the complexities of the regional maritime domain due to the GPC. It is noticeable that the GMF vision narrative has aligned with Indonesia's national foreign policy and interests. Hence, it can then be extended to other regional countries to exchange norms and ideas to create a common understanding of emerging maritime issues and eventually influence them with the hedging

narrative. This formulation is expected to provide ideas and values that potentially shape the maritime policy-making process, which corroborates the constructivist perspective.

The constructivist approach taken in formulating a comprehensive maritime security policy is an alternative approach for Indonesia, complementing the liberalist approach that has been proven to falter in front of the powers of the great nations and undermine international institutions, laws, and treaties. Hence, the constructivist approach in augmenting narratives containing ideas, norms, and values to influence and shape the state's behavior and policies should be included as one of the main approaches in addressing strategic issues of the region.

## **Conclusion**

A comprehensive maritime security policy is crucial for Indonesia to address emerging maritime issues and navigate the complexities of the geopolitical environment due to the influence of the GPC dynamic that creates an ambiguous atmosphere and deep mistrust among countries, particularly in the Indo-Pacific. For that purpose, this paper proposes a formula to develop a comprehensive maritime security policy by restoring and also improving the long-term aspired GMF vision as the strategic maritime narrative framework. Improvement should be initiated by taking the existing GMF policy and incorporating it with the proposed multidimensional maritime analysis frameworks and potential future crises to build up thorough and compelling comprehensive maritime policy narratives that speak magnitudes for the future ahead. The holistic approach in formulating a policy is essential in building the comprehensiveness of a policy, which became the foundation for thorough narratives.

A comprehensive maritime policy narrative is useful in extending norms and ideas contained through communication exchange in various platforms with other adjacent countries and countries in the even wider region of the Indo-Pacific. This notion is feasible considering Indonesia's active capacity in many international engagements, including, but not limited to, the ASEAN and G20 countries' communities. A strong and appropriate narrative will attract similar interests and perspectives that will then create common shared values and mutual understanding.

Overall, the GPC in the Indo-Pacific presents both challenges and opportunities. While it raises concerns about conflict and instability, the development of comprehensive policies and narratives to shape and share ideas, which fall within the constructivist approach, provides the tools to navigate the complexities of the Indo-Pacific landscape with better insight and comprehension of the embedded interests and perspectives of all entities, with both state and non-state actors involved. Moreover, the proliferation of ideas creates favorable platforms that encourage dialogue and cooperation, which is expected to provide a better chance to maintain the security and stability of the region.

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## **A New Trend of Defense Cooperation under the US Indo-Pacific Strategy: Deterrence by Networks of Combined Military Exercises**

Chyungly Lee

### **Introduction**

Implications of the recent US-China geostrategic rivalry for Indo-Pacific security have been widely discussed in both academic and policy research communities. This article pins down on observations of an aspect of defense cooperation: the US-led combined military exercise. Since the notion of “integrated deterrence” was manifested in several US security-related documents in 2022, combined military exercises in the Indo-Pacific have proliferated into a lattice-like structure that consists of multilayered networks with overlapping participating allies. The objective of this paper is to discuss the features of this emerging trend and its conceptual bases.

The first section of the paper explicates the notion of “integrated deterrence” from three documents released by the US Government in 2022: the Indo-Pacific Strategy of the United States, the US National Security Strategy, and the US National Defense Strategy. The second section highlights key developments of US-led combined military exercises in the Indo-Pacific after the pursuit of “integrated deterrence.” The third section discusses conceptual links of deterrence to understand how combined military exercises can help to manage the security risk of China’s aggressive activities in the region. The concluding section adds a few reminders that might challenge the effectiveness of integrated deterrence.

### **The Notion of “Integrated Deterrence”**

According to a fact sheet released by the US Department of Defense in March 2022, “(i)ntegrated deterrence entails developing and combining our strengths to maximum effect, by working seamlessly across warfighting domains, theaters, the spectrum of conflict, other instruments of US national power, and our unmatched network of alliances and partnerships” (The United States. Department of Defense, 2022a, p. 2). In general, when the perceived costs of actions outweigh the potential benefits, deterrence will work. However, the keyword here is “integration.” The 2022 US National Security Strategy further defines “integration” in 5 aspects: integration across military and non-military domains, integration across regions to safeguard US global interests, integration across the spectrum of conflict to prevent alteration of status quo from peace, integration across the US government to the full array of US advantage, and most importantly, integration with allies and partners to enhance interoperability and cooperative posture planning (The United States. White House, 2022b, p. 22). In short, the notion suggests a “whole-of-government” and “whole-of-alliances and partnerships” approach to deter.

What is the target to deter? The assessments of the security environment in various US documents have stated that China is “the only competitor with both the intent to reshape the international order and, increasingly, the economic, diplomatic, military, and technological power to advance that objective” (The United States. White House, 2022b, p. 8), and that China “presents America’s most consequential geopolitical challenge” (The United States. White House, 2022b, p. 11). In the Indo-Pacific, China is combining its national comprehensive might to pursue its sphere of influence in various domains. In the process, China often undermines “human rights and international

law, including freedom of navigation, as well as other principles that have brought stability and prosperity to the Indo-Pacific” (The United States. White House, 2022a, p. 5). The situation has been exacerbated when China uses gray zone tactics to coerce and hybrid warfare to assault regional countries.

China’s assertive and aggressive expansion has not only triggered US-China competition over the sphere of influence but also constantly caused security anxieties and vulnerabilities to US allies and partners. While many of them have stood up to defend their own national interests, the US also sees alliances and partnerships as the most important strategic asset to counter China’s expansion (The United States. White House, 2022b, p. 11). A coalition of nations is essential to enhance collective influence and sustain a free, open, prosperous, and secure strategic environment. Compared to the notion that a “seamless integration of multiple elements of national power [and] integrated action with allies” for “proactive and scalable employment of the Joint Force, flexible theater postures” presented in the 2018 US National Defense Strategy released by the Trump administration, the Biden administration, in adding to collaboration across agencies in the US government, emphasizes the enhancement of networking with and between allies (Hardy, 2021).

Facing common strategic threats from China, the US and its like-minded allies have sensed the need to extend the conventional collective deterrence in wartime to joint preparedness for resilience against China’s aggressions during peacetime. The commitment to cooperate is critical to show collective resolve in adding up the parts to make the sum greater (Bassler et al., 2023). Nevertheless, the “integrated deterrence” approach is not only for capability aggregation of high-end warfighting in the interests of the US. As described by Deputy Secretary of Defense Kathleen Hicks, “integrated deterrence” is a “federated approach” to regional security (Hicks, 2021). That means that while the US and its allies remain independent units, they coordinate efforts at every level of preparedness to meet their common security objectives.

### **Recent Developments of US-led Combined Military Exercises**

Effective deterrence requires a deep understanding of the strategy and objectives of competitors and adversaries. Facing US military supremacy, Beijing has focused on developing and implementing an anti-access/area-denial (A2/AD) strategy toward the US since the mid-1990s. The logic is that if US forces are unable to operate from the region, its supremacy of military power becomes largely irrelevant. To counter China’s A2/AD strategy, the US naturally needs an effective forward defense in the region. Moreover, facing challenges from China’s military ambition and diplomatic assertiveness in recent years, the US has intensively conducted combined military exercises with allies and partners across the region to deepen interoperability and develop and deploy advanced warfighting capabilities since 2022. According to reports from the South China Sea Probing Initiative (SCSPI), the US has conducted more than 200 military drills in the Indo-Pacific in 2022 and 2023 (SCSPI, 2023; 2024). The cases presented in this section are by no means inclusive but are intended to highlight a few key evolving trends.

#### **1. Enhancing Defense Ties among US Treaty Alliances**

The hub-and-spokes US-led regional security architecture continues to be at the core of the US Indo-Pacific integrated deterrence strategy. The purpose of bilateral combined military exercises between the US and its treaty alliances has evolved from conventional war-fighting against attacks from the communist camp in the Cold War period to anti-terrorism and countering non-traditional security vulnerabilities after the 9/11 terrorism assaults in 2001. In recent times, US treaty alliances in the region have shared US concerns about China’s threats to a free and open Indo-Pacific and

accommodated the idea of “collective deterrence” in their respective newly released national security policies.

Australia’s 2020 Defense Strategic Update actually pre-empted the concept of “integrated deterrence” by signaling Canberra’s support for a collective deterrence strategy, from countering China’s gray-zone coercion to preparing for high-intensity conflict (Hardy, 2021). The 2023 Australia Defense Strategic Review released by the Albanese government further set out visions for achieving collective deterrence through tighter security coordination within the US-Australia alliance and stronger networking with key defense partners like Japan, South Korea, and India. With this shared vision, strengthening independent and collective efforts to deter China’s aggression is now the organizing principle of strategic policy between Canberra and Washington (Townshend et al., 2023).

In Southeast Asia, after President Marcos Jr. took office in May 2022, the Philippines returned to normal alliance relations with the US. According to the National Security Policy 2023-2028 of the Philippines, the nation’s top security interests are national sovereignty and territorial integrity (The Philippines. National Security Council, 2023, p. 20). Shifting from counterinsurgency in support of allies, the Philippine military is now focused on territorial defense operations (mainly the West Philippine Sea). In February 2023, the US and the Philippines announced an expansion of the Enhanced Defense Cooperation Agreement (EDCA) and increased US access to military bases in the Philippines from five to nine sites.<sup>1</sup> This arrangement provides additional capacity for the US military to project power from the Philippines to handle regional contingencies.

In the US-Philippine bilateral Exercise Balikatan (shoulder to shoulder), both militaries have used the new sites to test their strategic effectiveness and support combined training, exercises, and interoperability to defend territory. The Exercise, previously confined to central military locations within the main island of Luzon (such as Fort Magsaysay), is now spread across the nation from the most northern islands all the way to the southwestern island of Palawan. The exercise series, which typically focused on humanitarian assistance and disaster relief, as well as counterterrorism mission sets, is now centered around complex operations across domains.

Japan is the US’ closest treaty alliance. Three security-related documents were released by Tokyo in December 2022: the National Security Strategy, the National Defense Strategy, and the Defense Buildup Program are all in line with the US security agenda. Fundamental reinforcement of Japan’s defense capability leads not only to Japan’s own defense but also to the effective projection of US power (Jimbo, 2023). According to a report from the International Institute for Strategic Studies (IISS), the US and Japan conducted 68 military drills from 2003 to 2022 (Laksmana et al., 2024). However, the number has surged since 2022. According to SCSPI, Japan participated in 63 (out of 102) US-led combined military drills in 2022 and 80 out of 107 drills in 2023 (SCSPI, 2023; 2024). What’s more important is that the exercise items have gone beyond normal operations, from strengthening deterrence capabilities against opposition in the event of war to providing logistic support in various scenarios.

Orient Shield joint military exercises between the US and Japan, conducted on September 15-23, 2023, were an example. They were designed for logistics support. A US Army watercraft unit and Japan’s Ground Self-Defense Force were conducting joint training for the first time to practice

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1 Antonio Bautista Air Base in Palawan, Basa Air Base in Pampanga, Benito Ebuena Air Base in Cebu, Fort Magsaysay in Nueva Ecija, Lumbia Airport in Cagayan de Oro are the original agreed upon bases. Camilo Osias Naval Base in Cagayan, Camp Melchor Dela Cruz in Isabela, Lal-lo Airport in Cagayan, and Balabac Island in Palawan were added in February 2023.

loading and transporting supplies in Okinawa and elsewhere, expanding operations of small transport vessels to deliver weapons, personnel, and other supplies to forces scattered throughout the Indo-Pacific. The US military's strategy is to spread out units across remote islands along the so-called first island chain, which connects Okinawa to Taiwan and the Philippines, to prevent China from focusing on a few targets. An extensive supply transport network will be crucial.

US treaty alliances also try to enhance their defense ties with each other. Australia holds a long-standing security partnership with the Philippines. Both countries are tied by the Status of Visiting Force Agreement since 2012. In September 2023, their relationship was elevated into a Strategic Partnership. South Korea has been an important provider of military equipment to the Philippines in the past. Thus South Korean weapons are highly interoperable with Filipino military systems.

Signing the Reciprocal Access Agreement (RAA) is another way to consolidate defense ties. Australia signed the RAA with Japan in January 2022 (in effect in August 2023). The Philippines is now also building an alliance with Tokyo despite historical brutal memories from World War II. In February 2023, President Marcos and Japanese Prime Minister Fumio Kishida signed a new Philippine-Japanese agreement that allows the Japanese Self-Defense Forces to operate in the Philippines on humanitarian assistance and natural disaster-related contingencies. The tie was further elevated in July 2024. Both countries signed the RAA. The new agreement allows the deployment of Japanese forces for joint military exercises, including live-fire drills, to the Philippines, and similarly, Filipino forces are allowed to enter Japan for joint combat training. Manila's deepening of its defense relationship with Tokyo seems to greatly complement Washington's regional strategy to deter and counter Beijing in the South China Sea and the Taiwan Strait (Grossman, 2023).

## **2. Expanding Bilaterals to Minilaterals/Multilaterals**

Exercise Balikatan, beginning in 1991, was previously a bilateral annual event between the US and the Philippines but now includes over a dozen more countries as direct participants and observers, and that number is expected to grow. Australia has participated since 2014 after signing the Philippines-Australia Status of Visiting Forces Agreement. In April 2023, both Japan and Australia joined. The exercises included amphibious operations, live-fire training, urban and aviation operations, cyber defense, counterterrorism, and humanitarian assistance and disaster response. In 2024, Australia and France participated in the exercise; the other 14 observer nations were Brunei, Canada, France, Germany, India, Indonesia, Japan, Malaysia, New Zealand, Singapore, South Korea, Thailand, the UK, and Vietnam. Balikatan 2024 even extended 300 nautical miles into the West Philippine Sea, a potential flashpoint of armed conflict.

Sama Sama (together), starting in 2017, is another annual bilateral maritime training activity (MTA) between the Philippines and the US. It includes nontraditional security drills. Nevertheless, after Japan joined in 2019 and Australia, France, and the UK in 2022, Sama Sama became a minilateral exercise. On October 2-13, 2023, three extra-regional countries (Canada, the UK, and France) and Malaysia joined, and New Zealand and Indonesian navies attended as observers. Drills included replenishment at sea, anti-surface, anti-submarine, and electronic warfare scenarios. For an island nation like the Philippines, developing capabilities for resupply at sea and transferring fuel and supplies from one ship to another are particularly important in building military capacities and resiliency as the country has shifted the focus of military from counterterrorism and counterinsurgency operations to defending its sea territory in the West Philippines Sea.

The Malabar Naval Exercise, which began between the US and India in 1992, now also includes Japan (initially in 2007 and returned annually in 2015) and Australia (initially in 2007; returned

annually in 2020). In November 2022, the US, India, Japan, and Australia, four members of the Quadrilateral Security Dialogue (Quad), joined. Drills include submarine integration, anti-submarine warfare training, air defense exercises, multinational replenishment at sea operations, communications drills, joint warfighting planning scenarios, gunnery exercises, and maritime interdiction operations. In addition to the Malabar Exercise, Quad members also conducted anti-submarine, anti-surface, and anti-air warfare exercises and replenishment at sea along the east coast of Australia on August 11-21, 2023.

The Talisman Sabre Exercise, starting in 2005, is a biennial bilateral series between the US and Australia. New Zealand and Japan joined in 2015 for the first time. The once-bilateral Talisman Sabre exercise in Australia now involves 15 countries. In 2023 (July 21-August 4), the US completed the largest-ever Talisman Sabre with nearly 30,000 personnel, eight allies (Australia, Canada, Japan, South Korea, France, Germany, New Zealand, and Indonesia), and three Pacific Island countries (Papua New Guinea, Fiji, and Tonga) joining for the first time. The Philippines, Singapore, and Thailand also attended as observers. Field training exercises included incorporating force preparation activities, amphibious landings, ground force maneuvers, air combat, and maritime operations. China has sent surveillance ships to observe and monitor since 2017.

### **3. Conducting Exercises in/Nearby Potential Hotspots**

As mentioned above, the US and Japan have intensively conducted military drills in 2022 and 2023. Many of them were actually conducted near the potential hotspots of military confrontation in the Indo-Pacific. In 2024, unilateral and multilateral military exercises rapidly increased in the South China Sea to demonstrate a collective commitment to cooperation in support of a free and open Indo-Pacific against China's gray zone operations.

The US and Japan held trilateral naval drills with Australia in the South China Sea on February 7 and 8, 2024. In April, the US, Japan, Australia, and the Philippines conducted the first Multilateral Maritime Cooperative Activity (MCA) in the West Philippine Sea/ the South China Sea. The drills, including a communication exercise, division tactics, and a photo exercise, were designed to enhance the different forces' abilities to work together effectively in maritime scenarios. More importantly, the development has challenged two prohibitions of the Duterte administration: to conduct live-fire drills and other exercises at sea beyond 12 nautical miles of the Philippines and to train in the West Philippine Sea (Judson, 2024). In June, Canada joined the four countries and conducted a two-day MCA in the Philippines Exclusive Economic Zone (EEZ) in the South China Sea to test the interoperability of doctrine, techniques, and tactics of each of the allied nations.

Situations in the South China Sea became even more unstable when China's new coast guard rules entered into effect on June 15, 2024. The law allows China's coast guard to engage foreign vessels in Chinese-claimed waters with lethal force and to detain foreigners suspected of trespassing. The US State Department expressed its support to the Philippines by reaffirming Article IV of the 1951 US-Philippines Mutual Defense Treaty that "extends to armed attacks on Philippine armed forces, public vessels, or aircraft." Therefore, there is an operational imperative to conduct regular readiness exercises with partners. Military exercises in such a context are expected not only to improve the navies' ability to respond quickly to situations but, more importantly, to reaffirm the collective strategic presence in the disputed areas to deter China's aggressive actions.

In Northeast Asia, the relationship between Japan and South Korea has often been strained by the memory of Japan's 35-year colonization of the Korean Peninsula. After the US, Japan, and South Korea met in Camp David in August 2023, the three allies jointly condemned China's aggressive

behaviors in the South China Sea. The relationship between these two US allies has greatly improved, and they agreed to enhance military cooperation. US-Japan-South Korea trilateral tactical exercises were conducted at the East China Sea in November 2023, and later trilateral naval exercises at the Buzan area in January 2024.

The enhancement of US-Japan-South Korea trilateral defense ties is not just for countering China's aggressions. In January 2024, the three countries conducted joint air defense and naval drills involving nine warships and the US nuclear-powered aircraft carrier USS Carl Vinson in southeastern waters off South Korea's Jeju Island. It marks the first trilateral drill held after Washington and its allies launched a real-time sharing system for North Korea's missile launches in December 2023. The exercise began a day after North Korea launched its first-ever test of a solid-fuel hypersonic intermediate-range ballistic missile (IRBM) into the Sea of Japan. The three countries agreed to jointly establish a multiyear exercise plan to better counter Pyongyang's evolving threat.

In April 2024, the third US-Japan-South Korea trilateral aerial exercise was conducted to escort flights of US bombers operating in the Indo-Pacific. In the same month, these three countries conducted undersea warfare exercises in the East China Sea, focusing on maritime interdiction operations to block illegal transfers of banned weapons, search and rescue drills, and communication and data sharing to improve joint response capability against North Korea's increasing nuclear and missile threats. In June, the three countries conducted a Freedom Edge Exercise, including a missile defense operation at sea and responding to a cyberattack. Enhancing the complexity and fluidity of collective forces through regular exercises demonstrates the strength of the partnership and their commitment to increase their readiness.

## **Analyzes**

Conventionally, the strategy of "deterrence" has earned certain credit for preventing tensions from erupting into war. The concept and operation of "nuclear deterrence," for instance, worked well in the Cold War period because of the obvious unacceptable costs of starting a nuclear war either by the US or the Soviet Union. Nevertheless, threatening to impose unacceptable costs, the so-called deterrence by punishment approach (Mazarr, 2018) might still work to deter kinetic warfare or big-scale attacks from China, but it is not an optimal choice for the United States to counter hybrid warfare or China's gray zone operations. By employing gray zone tactics and coercions, Beijing actually tries to keep aggressive actions below the threshold for triggering a galvanizing event that would result in US military responses (Bassler et al., 2023, p. 7). Imposing severe economic penalties or military retaliations against China in "peacetime" would be seen as an attempt to escalate tensions, especially when it risks the economic and political interests of other regional countries. As a result, the deterrence-by-punishment approach is likely to trap the US into an alternative security dilemma that pushes its own allies away and deviates from the gravity of integrated deterrence.

The objective of China's gray zone operations is actually not to seek a quick conclusive result but to gradually change the status quo and create a *fait accompli* in China's favor, i.e., the so-called Salami-Slicing strategy. To cope with such continuous strategic and security vulnerabilities, a firm message that further provocation will not be tolerated needs to be clearly delivered to China. The deterrence by denial approach, which aims to create a perception that any aggressive expansion, especially military coercions, will not succeed (Borghard et al. 2021), is needed to dissuade China's attempt to escalate the level of gray zone operations. Nevertheless, the integrated deterrence strategy to shape such a perception heavily relies on strong commitments to cooperation and higher interoperability capabilities among US allies and partners.

Among other gray zone tactics, aggressive activities conducted by China's Coast Guard (CCG) and maritime militia in disputed waters such as the South China Sea and the East China Sea are most concerning. Both CCG and maritime militia are actually heavily armed and under the command of the Central Military Commission. To deter their aggressions, deepening military-to-military arrangements among the US and its allies is no longer just a peacetime operation for multiplying US combat forces in various war scenarios. It is now critical to boost credibility to deter China's maritime coercion by showing collective resolve.

During the Cold War period, military exercises among countries within the same alliance were mainly to ensure bilateral and multinational interoperability, coordination, and cooperation and to guarantee a proper level of cohesion among them (Lasconjarias, 2020, p. 14). The function of military exercise was to simulate wartime operations and find the weak links in their mutual reinforcement for improvements. In peacetime, however, aligning political-strategic purposes among participating countries in military exercises is as important as enhancing interoperability in war-fighting. Through combined military exercises, countries are not just reassuring alliances and partnerships with each other or sending messages of collective resolve to adversaries but also offering coalition options to other like-minded stakeholders.

Nevertheless, without demonstrating credible capabilities to fight through armed attacks or gray zone assaults, deterrence by denial will not be sustained. Therefore, to deny the benefits of aggressions, the US and its allies and partners need to build a capacity of resilience, i.e., the ability to withstand, fight through, and recover quickly from disruption (The United States. Department of Defense, 2022b, p. 3). The two approaches, deterrence by denial and resilience, must go with each other. In addition to enhancing readiness to respond to aggressions, combat forces must be resilient and thus credible. Another aspect of resiliency is weapons' supply chains. The capacity of the US and allies' defense industrial bases and related supply chains to support the continued employment and sustainment of these forces is imperative in the deterrence by resilience approach. In January 2024, the first US National Defense Industrial Strategy was released to ensure that the US defense industrial base meets the demands of a challenging national security landscape well into the future.

The US-led combined military exercises conducted with the rationale of "integrated deterrence" have proliferated into a lattice-like structure that consists of multi-layered defense networks with overlapping participating countries. As opposed to the hub-and-spokes architecture, which can be easily weakened by breaking one single spoke, the multiple networks create a strong web that shows collective resolve to deter China's aggressive operations and integrates capabilities for resilience among allies and partners. The intensity and complexity of US-led combined military exercises have reflected the US perception of China's increasing threat (Dombrowski and Reich, 2024). By reinforcing networks of combined military exercise, the integrated deterrence approach suggests a conceptual shift of deterrence as a measure of war prevention toward collective preparedness against strategic vulnerabilities from aggressive expansion.

## **Conclusion**

While conducting combined military exercises to boost a combat-credible military continues to be the foundation of deterrence, strengthening networks of alliances and partnerships to present a united front against China reinforces the credibility of deterrence. Ideally, Washington welcomes all allies and partners to be linked up to broaden and deepen deterrence effects. In fact, more and more regional and extra-regional like-minded countries have joined in on US-led combined military exercises in the past few years. Nevertheless, the prospect is not free of challenges.

Given that the US has enjoyed military supremacy in the asymmetrical military power structure in the Indo-Pacific for decades, US allies and partners are expected to follow the US' lead. This power-based paradigm, however, might be able to explain the overall posture of "followers" but not the rationale of "betrayers" (or lukewarm states). In addition to China's rise of military strength, along with its market power and historical bonds, which are testing US relationships with its allies and partners in the region, other impediments also call for our attention.

The strategic culture of individual countries and the call for their own policy autonomy are inevitably affecting the strategic calculations of allies. Even the most supportive alliance, like the Philippines, has some reservations about completely integrating into US defense operations. Although the Marcos administration allowed the US troops to access more military bases than before, the use of those bases is on a rotational base, not for building any permanent/semi-permanent establishment like Naval Base Subic Bay or Clark Air Base in the 1990s (Peng, 2023). The root of such limitation is that the Constitution outlaws foreign bases on Filipino soil unless approved by the country's parliament (Grossman, 2023). In a populist democracy like the Philippines, given there have been open criticisms against recent developments, winning a vote of approval would be highly controversial in both the near future and long-term planning.

Countries withholding non-alliance principles, despite their participation in some of the US-led multilateral military exercises, also reserve their commitments to defense integration with the US. For instance, the principle of non-alignment in Vietnam's foreign policy, especially not joining an alliance to counter a third power, contradicts the strategic goal of the current US Indo-Pacific Strategy, which explicitly targets countering China's regional expansion. Even when there is ongoing tension with China in the South China Sea, Vietnam has not been an active response to the US' call.

Another noteworthy development is the visit of US Secretary of Defense Lloyd Austin to Cambodia in June 2024. Cambodia once joined the US-led Cooperation Afloat Readiness and Training (Exercise CARAT) from 2010 to 2016 (Karsa, 2022). Austin's visit, marking the first presence of a US defense secretary in Cambodia, hopes to reset the tie after Hun Manet<sup>2</sup> entered office in 2023. Given recently enhanced military ties between Cambodia and China and the likelihood of Phnom Penh hosting China's second foreign military site on Ream Naval Base, chances for the US to invite Cambodia into the network of military exercises are slim.

Taiwan, right at the heart of the so-called US first island chain, no doubt has imperative strategic value and is crucial to the US Indo-Pacific posture. Nevertheless, the US and Taiwan can neither form a treaty alliance nor advance defense ties. Any improvement in defense ties will risk provoking China and lead to a security dilemma for Taiwan. Except for arms sales for Taiwan's self-defense, other domains of US-Taiwan military cooperation, including visits and training, have been kept low-key and are often not officially confirmed to avoid China's interruption. This missing segment makes the lattice-like structure of US-led combined military exercise inherently incomplete.

Since military exercises serve political ends, strategic intentions should be clearly set to avoid the risk of miscalculations or misinterpretations from adversaries. Transparency and strategic communications, on the one hand, are helpful in demonstrating a determination to realize strategic intents and, on the other hand, to prevent tension escalation because of misinterpretations. The strategic intents of conducting US-led combined military exercises, safeguarding a free and open Indo-Pacific, and upholding rule-based orders are in line with the US Indo-Pacific Strategy and

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<sup>2</sup> Hun Manet is a former general and attended West Point in 1990s.

widely supported by allies and partners. Nevertheless, while Washington and its allies try to dissuade China’s aggressive behaviors through deterrence by denial and by resilience, Beijing actually views these exercises and training activities as military maneuvers to encircle and contain China. Both sides should welcome more strategic communications to reduce the risk of miscalculation.

**Appendix**

**Table 1.** New Developments of US-led Combined Military Exercises

Features		
Enhancement of Defense Ties among Treaty Alliances	Japan-Australia	Reciprocal Access Agreement signed in January 2022; in effect in August 2023
	Australia- Philippines	Status of Visiting Force Agreement signed in 2012 Relationship elevated to Strategic Partnership in 2023
	Japan-Philippines	Reciprocal Access Agreement (signed in 2024)
Expansion of Bilaterals	Balikatan since 1991 (US-Philippines)	2023.4: + Japan, Australia 2024.5 + 12 more
	Sama Sama since 2017 (US-Philippines)	2019: + Japan; 2022: + Australia, France, UK 2023.10: + Canada, UK, France & New Zealand, Indonesia as observers
	Malabar since 1992 (US-India)	2022.11 Quad members 2023.8 Quads
	Talisman Sabre since 2005 (US-Australia)	2015: + New Zealand, Japan 2023.7: + Canada, Japan, South Korea, France, Germany, Indonesia, PNG, Fiji, and Tonga. (Philippines, Singapore, and Thailand as observers)
	Valiant Shield since 2006 (US only)	2024. 6: + like-minded countries Multilateral exercises
Exercises nearby Hotspots	South China Sea	US-Japan numerous exercises 2024.2: US-Japan-Australia 2024.4: US-Japan-Australia-Philippines 2024.6: US-Japan-Australia-Philippines-Canada
	East China Sea	2023.11: US-Japan-South Korea 2024.1: US-Japan-South Korea 2024.4: US-Japan-South Korea

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## US-China Maritime Power Competition: Moving from the South China Sea to South Pacific Ocean

Ma Chun-wei

### Introduction

Xi Jinping said that the Pacific Ocean is large enough to accommodate both China and the US (The White House, 2014). However, given that the Pacific has been dominated by the US since World War II, it is hard to imagine the US willingly sharing power with China. Nonetheless, with China's maritime power continuously expanding, three points stand out: First, the speed at which China is building ships is astonishing (Sharpe, 2024). Second, despite the Chinese economic growth beginning to slow down, it still maintains a 5% growth rate, which is better than most advanced countries (Huld, 2024). Third, all navies require supplies, and even nuclear-powered vessels need fresh water and food supplies. Moreover, China's current aircraft carriers and warships are still conventionally powered, meaning that every 7,000 to 15,000 kilometers (globalsecurity.org, 2021), China needs to find a place to dock. Otherwise, Chinese ships will be stuck on the western side of the Pacific Ocean.

For China, the first stage of maritime power expansion is the “near seas,” such as the Yellow Sea, the East China Sea, and the South China Sea. According to scholar Ma Zhenkun, China's initial mission in maritime power expansion was considered a “restorative hegemony.” China aims to restore its historical maritime sphere of influence. Historically, however, China has not ventured into the open ocean. The Ming Dynasty Admiral Zheng He's seven voyages were the extent of China's exploration, and subsequent Chinese emperors did not encourage their navy to venture further (Ma, 2019, pp. 1-48).

On the positive side, this means China has no historical precedent for outward expansion. On the negative side, China may persist in asserting historical rights in the South China Sea, as it views this region as part of its historical sphere of influence. Historically, China lacked the strength to control this area, but now that it has regained power, it sees leading this region as natural (Columbia University Asia for Educators, 2024). However, the nine-dash line significantly diverges from the United Nations Convention on the Law of the Sea (UNCLOS). China believes its historical rights predate the 1980 UNCLOS, thus arguing that UNCLOS cannot dispute China's historical claims in the South China Sea (Aljazeera, 2023).

In the first stage, China consolidated its control over the islands and reefs in the South China Sea. For the surrounding countries, this challenges the status quo in the South China Sea. However, from China's perspective, it sees this as restoring its historical rights (Hayton, 2016). Objectively, China has altered the post-World War II order in the South China Sea. While these islands were once under the management of the Republic of China (Taiwan)<sup>1</sup> (AIT, 2017) from 1954 to 1979,<sup>2</sup> the

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1 The Sino-American Mutual Defense Treaty was signed in 1954 with the main purpose of strengthening military cooperation between the United States and the Republic of China (Taiwan) during the Cold War, in order to jointly defend against potential threats in the Western Pacific region. According to the provisions of this treaty, the Republic of China indeed bears certain responsibilities for defense in the Western Pacific area.

2 The history from 1954 to 1979, US and ROC had a formal treaty called “China Mutual Defense (1954)”. In the treaty, ARTICLE VI, refers “For the purposes of Articles II and V, the terms “territorial” and “territories” shall mean in respect of the Republic of China, Taiwan and the Pescadores: and in respect of the United States of America, the island territories in the West Pacific

People's Republic of China succeeded the Republic of China in sovereignty over these territories, except for Taiwan. Therefore, it was expected that the People's Republic of China would manage these areas (United Nations Digital Library, 1976). However, at that time, China's maritime power was still weak, and these islands were essentially unclaimed, with various claimant countries asserting sovereignty based on their actual control (Cole, 2014, pp. 1-20). Given China's current strength, it is the only country capable of extensive reef reclamation and island-building.

Since World War II, the US has dominated the South China Sea region in the Western Pacific. However, the competition in the South China Sea began to intensify after the 2001 mid-air collision between Chinese and American military aircraft (Kan, 2001). After 2015, as China ramped up its land reclamation efforts, the competition between the US and China in the South China Sea became even more intense (Morton, 2016, pp. 909-940).

On April 13, 2013, The President of China, Xi Jinping, met with visiting US Secretary of State John Kerry at the Great Hall of the People, and Xi stressed "there is enough space on both sides of the vast Pacific Ocean to accommodate China and the US. He urged the two countries to interact positively in the Asia-Pacific region, step up communication and coordination on regional and international issues, and safeguard regional and world peace, stability, and prosperity" (Embassy of the People's Republic of China in the United States of America, 2013). Since then, Xi Jinping's intention has been clear: the Pacific should move towards a phase of joint governance between the US and China. However, the question remains on how to allocate this vast ocean.

China's path from coastal defense (近海防禦) to distant sea protection (遠海護衛) is a clear trajectory. In line with the strategic requirement of offshore waters defense and open seas protection, the PLA Navy (PLAN) will gradually shift its focus from "coastal defense" to the combination of "coastal defense" with "distant sea protection" and build a combined, multi-functional and efficient marine combat force structure. The PLAN will enhance its capabilities for strategic deterrence and counterattack, maritime maneuvers, joint operations at sea, comprehensive defense, and comprehensive support (Panyue, 2015).

Within the context of US-China competition, China's goal in entering the Pacific is to extend its military influence. After initially breaking through the first island chain, the objective is to firmly establish control over the second island chain. However, the Pacific Ocean is approximately 19,900 kilometers wide at its broadest point, and considering the operational range of Chinese aircraft carriers, they can cover about a third of the Pacific in one journey. Without replenishment points in the middle of the Pacific, China would be constrained to coastal defense rather than achieving effective distant sea protection.

However, the northern Pacific, from Hawaii to Guam and Okinawa, is heavily populated by the US, resembling a game of checkers. For China, seeking supply routes in the northern Pacific is nearly impossible. Therefore, China has chosen to move towards the South China Sea and then eastward towards the Pacific, with the South Pacific being the only viable route. Chinese Foreign Minister Wang Yi has been working to strengthen relations and sign multilateral agreements with South Pacific nations. China has signed deepwater port agreements with the Solomon Islands and airport use agreements with Kiribati. These efforts are preparations for China's move towards the open

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under its jurisdiction. The provisions of Articles II and V will be applicable to such other territories as may be determined by mutual agreement." During the time, US defend the west Pacific Ocean islands with ROC government sustaining 25 years. Then, because ROC and the United States cut off diplomatic relations, the treaty became invalid. Later, ROC still tried to manage the regional reefs and rocks alone but with ROC's power declining fast, ROC getting losing the factual control of south China sea.

ocean, a pathway that is clearly visible.

## **The Route of Chinese Expansion in the Pacific**

### **1. The First Step: To Build a Strong Base in Hainan**

In 2008, China deployed its latest ballistic missile nuclear submarines to Hainan Island. The base on Hainan Island is near deep water, and some analysts suggest this will support submarine patrols better than operations from the Northern Fleet base in Jianggezhuang (Kristensen, 2008). Military submarines generally are not designed to dive deeper than 400-600 meters, so great ocean depth may be of little value (Asia Times, 2015).

Sixteen years later, China continues to expand its military port at Yulin on Hainan Island, which is its most important naval base in the South China Sea. It includes surface ships, submarines, and air defense capabilities, surrounded by three reclaimed islands for additional protection (Cook, 2017). Yulin-East, this growing naval complex jutting into the South China Sea, is establishing itself as one of the most vital military bases in the Asia-Pacific and, indeed, the world. The base stands out for the missions it facilitates: classic, conventional power projection for the region and strategic nuclear deterrence for the globe (Chang, 2022). Yulin-East's surface vessels and attack submarines will strengthen China's position over important regional trade routes and attempt to coerce China's neighbors into accepting the nine-dash line. The Jin-class submarines, powerful guarantors of China's second-strike capability, will be Yulin's most valued yet least present asset (Orbaiceta, 2024).

Satellite imagery analyzed by maritime security researcher H.I. Sutton revealed that the facilities nearest to Sanya, a resort town on the island province of Hainan in southern China, would be doubled in size, with additional quays and infrastructure being added. China's military expansion under President Xi Jinping appears to be following a clear and methodical approach, even as its true nature remains difficult to determine. The growth at the Yulin base also underscores the unmissable naval component of Xi's desire to modernize the Chinese armed forces into a formidable fighting force (Newsweek, 2023). The base on Hainan Island continues to increase, and this shows China's strong intention of using the island as a starting point for dominating the sea.

### **2. The Second Step: Try to Dominate the Whole South China Sea**

China's military deployment on the three islands in the South China Sea is now fully established. US Indo-Pacific commander Admiral John C. Aquilino said, "the construction of missile arsenals, aircraft hangars, radar systems and other military facilities on Mischief Reef, Subi Reef and Fiery Cross appeared to have been completed but remains to be seen if China will pursue the construction of military infrastructure in other areas. The function of those islands is to expand the offensive capability of the PRC beyond their continental shores," he said. "They can fly fighters, bombers plus all those offensive capabilities of missile systems." Any military and civilian plane flying over the disputed waterway could easily get within range of the Chinese islands' missile system. "So that's the threat that exists, that's why it's so concerning for the militarization of these islands." Aquilino, therefore, believes that "They threaten all nations who operate in the vicinity and all the international sea and airspace" (Gomez & Favila, 2022). According to this commentary, the function of these artificial islands in the South China Sea is to extend China's offensive capabilities beyond its continental shores. This indicates that China's military expansion is not limited to defense but is more aimed at enhancing its offensive capabilities in the South China Sea and surrounding areas, which aligns with China's recent actions in the South China Sea.

China has even reissued maps of the South China Sea. Chinese authorities released a newly drawn map this month that claims ownership of nearly all of the South China Sea, an area larger than India, stretching from China's shores thousands of kilometers to the territorial waters of the Philippines, Malaysia, Indonesia, Brunei, Vietnam and Taiwan. The English-language *Global Times*, which communicates the policy of the Communist Party government, described it as a "normal exercise of sovereignty in accordance with the law." The Filipino secretary of defense says Chinese control over the South China Sea could imperil the freedom of movement for nations all over the world (Common, 2023). Drawing maps in itself is a symbolic declaration of sovereignty, and if China has the power to effectively control the maritime areas within the nine-dash line, over time, it could become a form of international customary law.

Oriana Skylar Mastro believes China is trying to establish *de facto* control over the South China Sea. This means sovereignty over the disputed islands and the ability to dictate the rules of behavior in the surrounding waters (Mastro, 2021). Nguyen Huu Quyet notes that Beijing's power projection and its increasing assertiveness in the contested waters have also served them in their pursuit of controlling vital sea lanes of communication. Significantly, the South China Sea preoccupies Beijing's leadership's strategic pursuit of being a global sea power as a balancing act, *vis-a-vis* the US in the Indo-Pacific region and intensifying the blockade of Taiwan (Quyet, 2023).

Actually, just like Andrew Wolf's observation, "China behaves the way it does in the South China Sea based upon nationalist readings of regional history. Moreover, it will likely lead China over the coming years to be even more assertive in the region. Continued encroachment into strategic and resource-rich areas along with possible confrontations are quite real. Given the geography and increasing US and British political and military hegemony in the area, strategic considerations are important to China. China is a country dependent on trade; thus, access to the open ocean through the South China Sea is a matter of national survival" (Wolf, Jr., 2024).

Denny Roy thinks China has acted with unusual aggressiveness in unilaterally enforcing its claims, of which the water-cannoning was but one example. The PRC routinely uses economic power to coerce or punish trade partners over political disagreements. For example, with considerable success, Beijing has blocked the Association of Southeast Asian Nations (ASEAN) from opposing major Chinese objectives. Beijing has also used "gray zone" tactics to improve its position and intimidate other claimants without incurring military retaliation (Roy, 2023).

From the above literature, we can see that in its expansion in the South China Sea, at the beginning, China was pursuing dominance in the South China Sea by way of *de facto* control. The primary intention behind investing so much effort in controlling the South China Sea is to establish a maritime passage to extend its power and influence outward. In terms of geopolitical significance, this is China's first step towards entering the ocean. Although this step also aids in Beijing's aims of controlling Taiwan, the author believes that compared to controlling Taiwan, China is more inclined to achieve maritime dominance. Chinese intention deals more with realism, national interest, power expansion, and competition for great power. Improvements in the capabilities of the Chinese Navy happened very quickly. China's government policy announced that they won't just let their large number of warships and aircraft carriers stay coastal. The intention comes from official policy, and the policy is a derivative of realism (Alenezi, 2024).

### **3. The Third Step: Expand to the South Pacific**

In 2022, the Solomon Islands signed a security pact with China, sparking international concern over the possibility of Beijing building its first military base in the region (Sullivan, 2023). However,

China first built a commercial port in the Solomon Islands. The Solomon Islands awarded a multi-million-dollar contract to a Chinese governmental company to upgrade an international port in Honiara in a project funded by the Asian Development Bank (Needham, 2023a). The US and its allies, including Australia, New Zealand, and Japan, have held concerns that China has ambitions to build a naval base in the region since the Solomon Islands struck a security pact with Beijing last year (Liu, 2022). The Solomon Islands and China have consistently denied that their security pact would allow a naval base (The Guardian, 2022). However, to be frank, the line between a civilian deep-water port and a military deep-water port is often blurred.

On September 16, 2023, Chinese warships visited the Solomon Islands, seemingly as a warm-up exercise. The People's Liberation Army Navy (PLAN) training ship Qi Jiguang departed Qingdao for deployment in the Pacific. Qi Jiguang will visit Indonesia, Fiji, and Papua New Guinea, where bilateral training will be conducted. The deployment marks the second PLAN goodwill mission to Oceania this year (Lin, 2023). PLAN hospital ship Daishan Dao, also known as Peace Ark, provided medical assistance to Kiribati, the Solomon Islands, Tonga, Vantuu, and Timor-Leste from July to September of 2023. These deployments are a part of the PLA's effort "to continue traditional friendly military ties with their ... Southern Pacific counterparts." Such ties attempt to promote the economic passage "southward from the South China Sea into the Pacific Ocean" and potentially assist the PLA in its effort to prepare for Second Island Chain military operations, which include "long-range monitoring" and "flexible reactions" during a time of tension (Orchard, 2023). This move suggests that China has the intention to potentially convert civilian ports into military ones at any time.

Additionally, China is expanding its shipbuilding cooperation and port facilities for component maintenance in Fiji. After holding a meeting with Xi Jinping, Fiji Prime Minister Sitiveni Rabuka told parliament that the Pacific Island nation was likely to collaborate with China on the modernization of a key port and a shipyard project (Needham, 2023b). China is the world's largest shipbuilder, accounting for half of all ships built this year. The pace of expansion of its navy has concerned many countries, which have donated dozens of patrol boats to its Pacific Islands neighbors to boost surveillance of their territorial waters (Funaiolo, 2024). Fiji said that they focused on upgrading infrastructure, "particularly the modernization of port facilities and shipyards" (Devi, 2024). However, the modernization of port facilities and shipbuilding using Chinese standards has the potential for conversion between peacetime and wartime operations. This means that if Fiji is used as a Chinese shipyard in the South Pacific, it appears that China is already laying the groundwork for a military base.

Xi Jinping met with Prime Minister Jeremiah Manele of the Solomon Islands. Xi said, "China is ready to enhance strategic communication with the Solomon Islands to firmly support each other in safeguarding core interests and addressing major concerns, enhance the synergy between the Belt and Road cooperation and the development strategy of the Solomon Islands, deepen cooperation in areas... and work together to build a community with a shared future between the two countries in the new era, thereby bringing greater benefits to the two peoples" (Xinhua, 2024). Xi Jinping personally met with the Prime Minister of the Solomon Islands and spoke the aforementioned words. While the content is unquestionable, the disparity in scale between China and the Solomon Islands highlights the strategic importance China places on the Solomon Islands. The significance is that the Solomon Islands have good harbors.

## The US Response

### 1. Emphasizing the Freedom of Navigation Rights

In May 2024, the Commander of the US Seventh Fleet reiterated US advocacy for freedom of navigation in the South China Sea. “Unlawful and sweeping maritime claims in the South China Sea pose a serious threat to the freedom of the seas, including the freedoms of navigation and overflight, free trade and unimpeded commerce, and freedom of economic opportunity for South China Sea littoral nations.<sup>3</sup> The US challenges excessive maritime claims around the world regardless of the identity of the claimant. Customary international law reflected in the 1982 Law of the Sea Convention protects certain rights, freedoms, and lawful uses of the sea enjoyed by all nations. The international community has an enduring role in preserving the freedom of the seas, which is critical to global security, stability, and prosperity” (United States Navy, 2024).

Since the US is not a claimant in the South China Sea disputes, its primary reason for intervening in the South China Sea is to ensure that the right to freedom of navigation is not infringed. Alternatively, the US can utilize “the Mutual Defense Treaty between the Republic of the Philippines and the US of America (MDT)” to interfere in South China Sea issues. According to the senior administration official of the White House, “the US-Philippines mutual defense treaty extends to armed attacks on Philippines Armed Forces, public vessels, or aircraft. And as I mentioned earlier, that includes its coast guard, and that includes anywhere in the South China Sea” (The White House, 2024).

As the principal actor in countermeasures, the US has pursued an approach rooted in the objectives of its domestic and foreign security, economic prosperity, and the upholding of international law (Green, Hicks, Cooper, Schaus, and Douglas, 2017). Its attempts to uphold the principle of Freedom of Navigation have primarily been conducted through the framework of the Freedom of Navigation Operations (FONOPs). In recent years, the US has repeatedly and ever-more frequently instructed its warships to sail within the 12 nautical miles from China’s claimed territories, signaling their nonacceptance of Chinese claims of sovereignty over the islands. The US Navy frames these FONOPs as challenging excessive Chinese territorial claims —their notional intent of missions being to reassert the internationally established UNCLOS, especially the right of innocent passage. In this respect, US operations challenge the notion that innocent passage through claimed territorial waters requires previous notification or approval, which Beijing regularly contests as a prerequisite for FONOPs (Faesen, 2020, pp. 20-21).

### 2. Strengthening Alliance Relations with ASEAN

Chinese economic coercion was used against Southeast Asian states and private entities in: trade restrictions, tourism restrictions, company punishments, and cyber attacks on private entities. From 2010 to 2022, most cases of economic coercion were in retaliation for violations of “traditional” redlines. Vietnam and the Philippines have been the primary targets of China’s economic coercion, with most incidents relating to the South China Sea disputes. As a way of demonstrating resolve and “punishing” state behavior that contradicts Chinese interests, economic tools have been incorporated into the much wider toolkit of coercive practices used to punish states

3 Accord to the United Nations’ definition of freedom of navigation rights. The United Nations Convention on the Law of the Sea (hereinafter “the Convention”)<sup>2</sup> makes ample reference to the freedom of navigation, for example in article 36 (freedom of navigation in straits used for international navigation), article 58 (freedom of navigation in the exclusive economic zone), article 78 and article 87 (high seas). In this context, the right of innocent passage in the territorial sea and through archipelagic waters as specified in articles 17 to 26 and 52 of the Convention should also be mentioned, as well as the freedom of transit passage in straits used for international navigation (article 38 of the Convention). The three freedoms mean the same – freedom of movement of ships. What distinguishes them is the different influence coastal States may exercise on the freedom of movement. (Wolfrum, 2008: 2)

(Priyandita, 2023:15; See Table 4.1).

**Table 4.1** Chinese Economic Coercion in Southeast Asia

Coercive tools		Cases
Trade restrictions	Administrative barriers	Philippines (1), Vietnam (1)
	Trade bans	Philippines (1)
Tourism restrictions	Travel warnings	Philippines (2)
	Tour suspensions	Philippines (2)
Company punishments	Popular boycotts	Thailand (1)
	Warnings or threats	Malaysia (1), Vietnam (3)
Cyber operations	Cyberattacks against firms	All ASEAN (41)

Source: Priyandita, 2023

Actually, the US and ASEAN have redoubled their cooperation on many issues. Political and security discussions have focused on the role of the US in maintaining peace and stability in the region, the South China Sea disputes, and the threat of terrorism. Economic engagement has seen the successful establishment of the Trade and Investment Framework Agreement. US-ASEAN development cooperation has also focused on capacity-building efforts in technology, education, disaster management, food security, human rights, and trade facilitation. In 2015, the US-ASEAN relationship was elevated to a Strategic Partnership in recognition of the importance of the cooperation (US Department of State, 2023).

The US-Philippines Enhanced Defense Cooperation Agreement (EDCA) was signed in 2014 during the administration of the Philippine President Benigno Aquino III. The agreement expanded the security relationship between the Philippines and the US under their long-standing mutual defense treaty. By 2021, the EDCA appeared to be nearly dead. But two years later, Duterte’s successor, Ferdinand Marcos, Jr., has breathed new life into the agreement. Leveraging the EDCA, Marcos brought Manila and Washington closer together than they have been in a generation. Possibly the most notable aspect of the two countries’ rekindled ties was the access that the Philippines gave the US to nine of its military bases, including four that were added in 2023. The locations and types of additional bases reflect the sorts of contingencies that concern Manila and Washington today. Together with their issuance of updated bilateral defense guidelines in May 2023, the EDCA’s revival represents a renewed commitment by the Philippines and the US to each other’s interests and to strengthening deterrence in Southeast Asia (Chang, 2023). The US has substantially strengthened its military alliance with the Philippines, particularly in relation to the South China Sea disputes and the Taiwan Strait issue, deepening military cooperation with the Philippines.

The US is also seeking a strategic partnership with Vietnam. In September 2023, President Biden cemented a new strategic relationship with Vietnam, bringing two historical foes closer than they have ever been and putting the ghosts of the past behind them out of shared concern over China’s mounting ambitions in the region. While neither he nor President Trong directly cited China in their public remarks, it was an important subtext as President Biden works to establish a network of partnerships in the region to counter aggressive action by Beijing. During a landmark visit to Hanoi by the American president, Vietnam’s Communist Party leadership formally raised the country’s ties to the US to the highest level in Hanoi’s diplomatic hierarchy, equivalent to those it has with Russia and China. President Biden said the breakthrough was “the beginning of even a greater era of cooperation,” a half-century after American troops withdrew (Baker & Rogers, 2023).

This is a very rational decision. When the US recognized China's expansion in the South China Sea, it sought to counteract this expansion. However, geographically, the US is indeed too far from the Western Pacific, and the traditional military alliances established by the US during the Cold War are naturally functioning in this context. Aligning with ASEAN as a whole or with individual countries, from a practical perspective for the US, does not necessarily mean it will lead to a significant increase in military power. Instead, these countries can provide the US with bases, ports, and supplies, all of which would help to contain China in the South China Sea. This policy direction is also reflected in the US' actual policies.

### **3. Deepen Security Cooperation with South Pacific Countries**

For the US, Australia is the most valuable partner in the South Pacific. They are both English-speaking countries with similar cultures, and the US has had a close military alliance with Australia since World War II. With Chinese military activities increasing in the South Pacific and Australia's relationship with China fluctuating, Australia also needs the US for its security.

The US first used AUKUS to strengthen its relationship with Australia. In September 2021, "as leaders of Australia, the UK, and the US, guided by our enduring ideals and shared commitment to the international rules-based order, we resolve to deepen diplomatic, security, and defense cooperation in the Indo-Pacific region, including by working with partners, to meet the challenges of the twenty-first century. As part of this effort, we are announcing the creation of an enhanced trilateral security partnership called "AUKUS" — Australia, the UK, and the US... As the first initiative under AUKUS, recognizing our common tradition as maritime democracies, we commit to a shared ambition to support Australia in acquiring nuclear-powered submarines for the Royal Australian Navy. We will leverage expertise from the US and the UK, building on the two countries' submarine programs to bring an Australian capability into service at the earliest achievable date" (The White House, 2021). Led by the US, AUKUS was established and enhanced Australia's submarine capabilities.

In July 2023, following hours of talks by the top US and Australian defense and diplomatic officials, the US and Australia unveiled agreements to increase the rotational presence of American forces and capabilities and to help integrate Australia into key US defense production capabilities. "Australia at this moment has no better friend than America," Australian Defense Minister Richard Marles said. The agreements include a larger US rotational presence at Australia's northern military bases, additional visits by US vessels and maritime patrol and reconnaissance aircraft, and "an increased tempo of visits from US nuclear-powered submarines" until Australia is able to acquire its own with US help (Seldin, 2023).

The cooperation initiatives with the South Pacific Island countries directly stem from the White House. In September 2023, the US strengthened its relations with other countries in the South Pacific (excluding those chosen by China). "At the US-Pacific Islands Forum Summit meeting at the White House on September 25, President Biden renewed our commitment to enhancing our partnership with the Pacific Islands, and the respective governments, to achieve our shared vision for a resilient Pacific region of peace, harmony, security, social inclusion, and prosperity, where individuals can reach their potential, the environment can thrive, and democracy can flourish. The Biden-Harris Administration released the first ever US Pacific Partnership Strategy with an ambitious slate of initiatives to achieve this vision and meet Pacific priorities including announcing plans to provide over 810 million USD in new assistance. And in May, Secretary Blinken highlighted our commitment to working with Congress for over 7.2 billion USD in new funding and programs for the Pacific Islands region. President Biden announced a new slate of activities, including plans to

work with Congress to request and provide nearly 200 million USD in funding. These new programs and activities continue to demonstrate the US commitment to work together with the Pacific Islands to expand and deepen our cooperation in the years ahead” (The White House, 2023).

The Biden administration continues to strengthen security cooperation with the South Pacific. US officials stressed that newly approved legislation providing billions of dollars in funding for three strategically important Pacific island nations is an important sign of American commitment (Rising, 2024).

## Conclusion

According to China’s military reform objectives, the shift from “coastal defense” to “distant sea protection” is a definite goal. While the construction of its fourth aircraft carrier is underway, it currently doesn’t make sense for China to possess a large navy and aircraft carriers solely for operations within its immediate vicinity. Aircraft carrier battle groups represent an outward projection capability, signaling an inevitable trend toward China’s maritime expansion. Moreover, despite China’s slowing economic growth, its overall economic size and a 5% growth rate still generate substantial government revenue, which continues to fuel China’s military expansion efforts.

If this is an inevitable trend, then China’s path to maritime expansion could be as follows: Based on Hainan Island, China expands outward into the South China Sea, forming part of its coastal defense strategy. Subsequently, China may extend further into the South Pacific, constituting part of its distant sea protection strategy. This appears to be the most feasible route based on the discussion in this article. Through analysis of relevant literature, it is also evident that China is already laying the groundwork for maritime cooperation and infrastructure development along this path, particularly in terms of port facilities. In other words, this path seems to be the direction that China’s maritime expansion is likely to take based on current indications.

Within the framework of US-China competition, the US appears to have recognized China’s path. In its Pacific strategy, the US advocates for freedom of navigation in the South China Sea and includes other friendly countries in efforts to counter China’s expansion. The US has started to engage with ASEAN and ASEAN countries such as Vietnam and the Philippines, which directly challenge China’s U-shaped line claims. As part of its second layer of containment, extending into the Pacific, the US, apart from securing its traditional allies in the South Pacific, focuses strategically on enhancing its military alliance with Australia, a major power involved in the South Pacific. This serves as a crucial base for US extended deterrence or offshore balancing efforts.

During the Cold War, the US established well-defined defensive lines with its First and Second Island Chains, creating existing barriers against Communist China. This historical context explains why, after 2015,<sup>4</sup> China adopted a more assertive stance in the South China Sea and intensified efforts to establish it as its sphere of influence. In response to competition with the United States, China’s final maritime expansion aims southwards from southern China, extending through the South China Sea and into the South Pacific to the east. However, this expansion has had spillover effects, threatening neighboring countries and motivating them to form security alliances with each other for mutual safety.

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4 Here uses the time 2015 because the CCP continues to reclaim land and build islands on coral reefs in the South China Sea, and by the end of 2015, it had constructed 7 new artificial islands. These actions are intensifying the already tense geopolitical situation in the region. Moreover, the CCP has built airstrips and radar facilities on these newly created islands in the South China Sea, thereby enhancing their military defense capabilities.

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## **Patron-Client Perspective on China and Solomon Islands Relations: Bowing is a Must?**

Gufron Gozali and M. Habib Pashya

### **Introduction**

In the 2000s, John Mearsheimer, a well-known realist scholar, predicted that China could become a rising power and a long-term rival to the US. Since economic reforms in 1979, China has had remarkable economic growth. As a result, China decreased the poverty rate and raised living standards for millions of people within the middle class. In his research, Angus Maddison, a British economist, shows China's annual growth in Gross Domestic Product (GDP) averaged 9.5% from 1979 to 2018 (Maddison, 2007). Although the financial crisis in 2008 caused a global economic slowdown, there were no significant impacts on China's economic growth. China tackled it by focusing on (at least) two sectors: infrastructure development and a loose monetary policy (Schüller & Zhou, 2009). This fact places China as one of the countries with the most progressive economic growth, coinciding with the US and Japan.

Economic development encouraged China to increase its military capabilities. Greg Austin, a professor at the Australia-China Relations Institute, argues that the increase in the military sector is overblown if compared to the US and Soviet Union in 1945 (Austin, 2024). Yet the Australian Government in 2023 shows that China's military build-up is the largest and most ambitious when compared to other Asian and non-Asian countries, except the US (Wu & Bodeen, 2024). The Chinese government in 2024 reported an increase in its defense budget allocation by 7.2% compared to 2023. Remarkably, this figure surpasses the combined defense budgets of 22 other countries in the Indo-Pacific region (China Power, 2024). Tarcisius Kabutaulaka, a director of the Center for Pacific Islands Studies (CPIS) at the University of Hawai'i at Manoa, believes those are the key factors that encourage China to be more pervasive and assertive on the global stage, including toward islands in the Oceania region, the Solomon Islands key among them (Kabutaulaka, 2010).

After a long-term diplomatic relationship with Taiwan, Solomon Islands switched diplomatic recognition to China in 2019. The elected president of Taiwan, Tsai Ing-wen, assumed that China used dollar diplomacy to influence the Solomons' decision (Verrender & Tingle, 2019). This means that China offered the Solomon Islands the opportunity to help build and finance infrastructure development. In addition, President Tsai also argues that it could be China's strategy to meddle in Taiwan's presidential and legislative elections. Since China and Taiwan both have tension due to President Tsai's anti-China campaign, the Chinese government has begun to influence Taiwan's diplomatic allies in order to decrease Taiwan's power and legitimacy on the global stage. China has used this tactic because of its desire to incorporate Taiwan into one Chinese nation. The Chinese government named it "one country, two systems" (Horton, 2019). Hence, Taiwan has been a priority of China's foreign policy agenda.

On the other hand, China has perceived that the Solomon Islands could be a center of global trade in the Asia-Pacific (Ministry of Commerce, Industry, Labour and Immigration, 2024). Although the Solomons held diplomatic ties with Taiwan until 2019, China has been the Solomons' main export country since the 1980s. In 2022, for example, the Solomon Islands exported more than 520 million USD worth of rough wood. Compared to 2021, the total exports increased significantly, and China's

share equaled 59% of the Solomons' total exports (Observatory of Economic Complexity, 2022). Hence, for the Solomons, China is a meaningful partner. After the COVID-19 pandemic, China and the Solomon Islands expanded their relationship by signing security and police pact agreements in 2023. However, the Solomons government refused to allow China to build a military base in the Solomons territory.

This chapter is expected to explore this topic more deeply. Therefore, there are three sections covered in this paper. Firstly, the author will explain the background of relations between Taiwan and the Solomon Islands and the causes that led the Solomon Islands to reconsider its recognition of Taiwan in favor of China. Secondly, this paper answers the question regarding China's interest in the Solomons. We argue that the legitimacy of Taiwan as a diplomatic partner rests on China's ability to provide economic security. Furthermore, the section also explains and illustrates the Solomon Islands' interests after reestablishing its relations with China. Finally, this paper shows the impacts of the trilateral relationship and how some Western countries respond to it.

### **Theoretical Framework**

This paper employs the patron-client theory. There are some reasons that we use the patron-client theory in this chapter. The theory explains the backdrop of ties between China and the Solomon Islands, filling the gap in some literature. With this theory, we can provide an extensive explanation of both countries' interests in how patron (China) and client (the Solomon Islands) work.

A patron-client perspective, which originated from the *clientele* (or *patronage*) in ancient Rome, is distinguished between two variables: patron and client. Nicols (2014) and Saller (1982) explain that the theory is a hierarchical structure that connects the relationship between a *Patronus* (in Latin, it means protector, sponsor, and benefactor) and a client. A *patronus*, as a peak tier, assists the clients in areas warranting security. The client has to support the *patronus*, for example, during the war. Historically, the patron-client theory transformed extensively during the Roman Empire. In that era, the tradition of patron-client began with the Roman Catholics, who nominated the founder of ecclesiastical institutions under the name *ius patronatus*.

Furthermore, Rafael Biermann found some patron-client patterns in the histories of the developing world, particularly in their social structures (Briemann, 2024). For example, an enormous case study shows the interwoven relationship between landowners and peasants. This everyday practice also happens in some regions, such as Indonesia, Greece, and Mexico, and is called feudal patron-client. Biermann (2024) shows that the theory is applicable in international relations, such as in the relationship between the US and Israel.

In line with the assumption of the theory, four aspects make the theory appealing to the case study. First, the relationship between patron and client is both mutual and reciprocal, which means both countries could benefit from each other. Biermaan and Harsch argue that the benefit in this context is not only material support but also loyalty that could be counted as a benefit. Second, structurally, the patron-client ties are asymmetric in power dynamics, which means that both parties have different strengths. Their capabilities account for at least two sectors: military and economic. Third, Weingrod argues the theory also contributes to defining the word "obligation." This means that both sides should show respect and commitment to the agreement. Fourth, the duration of the patron-client relationship is not short-term but relatively long-term or durable.

As mentioned earlier, the theory might be applied to the case study. Hence, there are a few implications. Economically and militarily, the mutual and asymmetric relations between China and

the Solomon Islands could imply their interest in maintaining an alliance. By interest, the client, for example, could show its loyalty to China by respecting the One-China Policy instead of recognizing Taiwan as a state.

### **Solomon on Taiwan and China: History and Considerations**

During World War II, the Asia-Pacific countries became a pivotal strategic turning point for the US and its allies. For example, the Battle of Midway (1942) and the Battle of Guadalcanal in the Solomon Islands (1942-1943) were very significant battles that paved the way for the Allies to force Japan to surrender unconditionally. Moreover, these victories allowed the Allies to retake the Solomons in the wake of Japan's renouncement. In the Solomons' context, after gaining its independence, the government's political and economic structures were governed by its people. In addition, the government also had the authority to pilot its foreign policy, including how to act with the traditional or new partners.

Furthermore, after obtaining independence from Great Britain, the Solomon Islands constructed its foreign policy by copying Papua New Guinea's slogan, "friend to all, and enemy to none" (Aqorau, 2021). At that time, the Solomon government expected it could bring Solomon as a small nation to the international stage. The Solomon Islands, historically, had intensive relations with Western countries, including Australia, the US, France, and particularly its former colonizer, Great Britain (Lawrence, 2014). As expected by Westerners, the Solomons were a part of their endeavors to curb the expansion of communism into the Asia-Pacific region.

In 1983, the prime minister of the Solomon Islands believed that they could expand ties with other countries. It meant not only building up the legitimacy of the nation but also having relations with countries of a similar understanding to the Solomons', such as Indonesia, Malaysia, and particularly China and Taiwan. The China and Taiwan issue was a vital issue in the Solomon Islands, whereby the Solomon government needed clarification in choosing between them. In April 1982, the Minister of Foreign Affairs and International Trade, Ezekiel Alebua, visited China to reveal formal communication between the two sides, with the expectation of upholding diplomatic relations with China (Aqorau, 2021).

Nevertheless, the Solomon Islands also sent its delegation to Taiwan. In May 1983, Taiwan's footprint in the Solomons was enhanced by altering the counselor to the embassy and pointing to Suen His-tzung as the first Taiwanese ambassador. The ties between Taiwan and the Solomons were vibrant, focusing on trade and investment. Dennis Lulei, the Minister of Foreign Affairs and International Trade, said Taiwan would assist the Solomon Islands by getting an easy loan from the Asian Development Bank (ADB) and promised to encourage Taiwanese investment. Yet the adjacency needed a better response from Beijing. The Chinese government argued that the Solomon Islands disobeyed the international agreement about China's representation in the global community, which was documented in the 2758 resolution of the United Nations (UN). China, which has been governed by the Chinese Communist Party (CCP), is the only one that could represent all of China's names in the world, and this is called the One-China Policy (American Institute in Taiwan, 1971).

Instead of deploying military exercises to the Solomons, Beijing used a soft approach by sending its ambassador to Honiara — the capital of the Solomon Islands, to have a two-day round of talks. However, the Prime Minister of the Solomons, Mamaloni, said in response to why Solomon Islands preferred to choose diplomatic ties with Taiwan over China was because he did not want to be in contact with a communist nation, "Leaders of the People's Republic of China (Communist China)

must understand that Solomon Islands people do not accept communism because they wish to enjoy the freedom of democracy and the traditional values they have survived under for many years. It is for this reason that the Solomon Islands government has established diplomatic relations with only countries who have shared the same democratic relations” (Macmillan, 2024).

In January 2019, the ruling party – the Democratic Alliance Party (DAP), and the Prime Minister of the Solomons, Ricky Houenipwela, considered rethinking that Taiwan could be his ally. Houenipwela noted, “The possibility of actively pursu[ing] opportunities on South–South cooperation and partnership is one of the DAP international affairs policy.” Was there a possibility of China or Taiwan having a formal relationship with the Solomon Islands? In fact, the Solomon Islands’ government seeks to become more self-reliant and obtain benefits from its partners, particularly after the Regional Assistance Mission to the Solomon Islands (RAMSI), which led to civil riots that caused the state to collapse. This was one of the issues that became critical in answering why the Solomons preferred China over Taiwan. Hence, in April 2019, the new Prime Minister of the Solomons, Manasseh Sogavare, in his first 100-Day Policy Framework, conducted the assessment of the China question’ (O’Brien, 2022).

## **China and Solomon Ties: Reciprocal Interest?**

### **1. The Reunification Idea: Xi Jinping and the Solomon Islands**

Nowadays, the relations between China and Taiwan have been the worst since the Taiwanese President, Tsai Ing-wen, from the Democratic Progressive Party (DPP), triumphed in the 2016 presidential election, beating Kuomintang’s (KMT) candidate, Eric Chu, who would turn Taiwan politics toward a very China-oriented foreign policy (Bush, 2016). However, in her campaign, President Tsai pledged Taiwan “would not uphold” communications with China unless the President of China, Xi Jinping, recognized Taiwan as a country. In addition, President Tsai mentioned the 1992 Consensus, the verbal agreement about the slogan of “one China” between the representatives of the Kuomintang and the CCP (Chen, 2018). However, in her gesture, President Tsai stated that her policy would be guided by the Act of Governing Relations, which China did not want, leading to a tacit response by President Xi in response to President Tsai’s move (Chen, 2018). In 2019, President Xi used the principle of “one country, two systems,” the same formula applied to Hong Kong and Macau, promising assurances of a “high degree of autonomy.” At the same time, in early January 2019, Xi asserted that Taiwan’s unification with China was “inevitable” and that China would not rule out the use of military action, if necessary.

Since China’s government said Taiwan was integrated into its sovereignty, President Xi has placed Taiwan in his top policy initiatives. However, President Tsai refused that policy idea. In her interview with the British Broadcasting Corporation (BBC) on January 14, 2020, President Tsai, without hesitation, said, “Well, the reality and what it is now is that we are already a functionally independent country. And we have our government, our elections, and, of course, the presidential election, and that is a way to express that we have sovereignty and our people elect their leaders. So, effectively, we are a country already” (Office of President of the Republic of China (Taiwan), 2020). However, China has been making efforts to lessen Taiwan’s allies. Hence, China has stuck its nose in the Solomons by undermining Taiwan’s legitimacy due to Taiwan’s diplomatic ties with the Solomons.

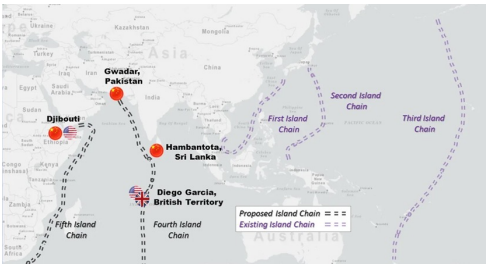
Transform Aqorau, an adjunct senior fellow with the University of the South Pacific, asserts that China is important to the Solomons for many reasons, one of which is economic. China has been a top trading partner of the Solomon’s (Aqorau, 2021). Since 2013, Solomon’s exports to China

reached 1.5 million USD, increasing to 2.56 million USD in 2017. According to Global Edge, in 2019, China was the top destination for Solomon’s exports, making more than 325.8 million USD. Compared to Taiwan, the Solomons only exported less than 100 million USD in the same period. In addition, during these years, the Solomons were always in a surplus, in contrast to the enormous trade deficits it had with Australia and Singapore (the main source of fuel imports). His argument also involved the dominance of China’s ventures in the retail sector and increased sister-city relations between Guadalcanal Province and Guangdong Province, which could deepen ties between both nation’s politicians.

Consequently, as a strategic and comprehensive partner, the Solomon Islands must recognize the One-China Policy. This position was clearly articulated by Jeremiah Manele, the Solomon Islands’ Minister of Foreign Affairs and Trade, who asserted, “The Solomon Islands reaffirms its recognition of the One China Principle and that Taiwan is an integral part of the People’s Republic of China’s territory following the outcome of recent elections in Taiwan” (Solomon Islands Government, 2024). President Tsai Ing-wen, in her speech, responded to the Solomons’ termination of recognition of Taiwan. President Tsai emphasized that the Solomons decision was not only breaking ties with Taiwan but with international order, too. Therefore, Taiwan condemned China for using dollar diplomacy to win over the Solomons, noting that Taiwan’s aid in medicine, agriculture, and culture cannot be gauged in dollar amounts.

**2. Economic Interest: Expansion and Obligation**

After Xi Jinping announced the BRI, China envisioned expanding its ability to control supply chain areas, which could restrain Western countries’ interests in the Asia-Pacific. Matthew Clarke, a professor at Deakin University, argues that the Solomons’ switch in recognition was one of China’s steps in broadening its influence in the Pacific.



**Figure 5.1** The Islands Chain Theory  
Source: Vorndick, 2018

In examining China’s moves, there is a theory called the “First Islands Chain” crafted by American military planners. The chain could span from Japan to Borneo in Indonesia and from the Bonin Islands to Guam. The prominent area, which could be ruled by the Chinese government, is the third island chain centered in Hawaii. In the context of the theory, some forecasts predicted that China’s policies view the South China Sea (SCS) as its own through historical claims marked by a ten-dash line, which is against the United Nations Conventions on the Law of the Sea (UNCLOS) established in 1982 (Wang, 2016). In addition, Dr. Euan Graham, a Singapore-based senior fellow for Asia-Pacific Security at the IISS Shangri-La Dialogue, argues that if China could control the second chain, “the game begins.” Hence, the presence of China in the Solomon Islands, despite refusing China’s proposal of a military base, could epitomize China’s progress in the islands (Wagner, 2022).

China is pivotal for the Solomon Islands as its largest trading partner. The Solomon Islands relies on

natural resources and export commodities like raw timber, processed fish, aluminum ore, and palm oil. In 2022, for example, these exports predominantly went to China, comprising 51% or roughly 260 million USD in export value. Conversely, to support its economy, the Solomon Islands import various goods, including refined petroleum, heavy construction vehicles, iron structures, rice, and non-fillet frozen fish. China is the essential import partner, contributing 31% or roughly 196 million USD to Solomon's total imports (Observatory of Economic Complexity, 2022). Furthermore, in 2023, the imports increased to approximately 260 million USD. Compared to other old partners, such as Australia and the US, their contribution is less than China's. Statistics by OEC in 2022 showed that Australia's exports were only 53.5 million USD, and the Solomons only exported 23.2 million USD; in the same year, the US' exports were only 6.51 million USD (Observatory of Economic Complexity, 2022).

Concerns are enhanced when China is involved in some essential projects in the Solomons. In March 2023, the Chinese company China Civil Engineering Construction Company (CCECC) obtained funding from the Asian Development Bank (ADB), totaling 170 million USD. This means that China was one of Solomon's partners in reconstructing Honiara's wharves and roads. They also assisted in expanding internet connections. Aided by Exim Bank, China invested in the Sali Tower in North Guadalcanal in March 2024. Global Digital Insight stated that less than 30% of the total population in the Solomon Islands had internet access. In the same year, in Malaita Province, the local government and the Chinese government ran a study on the feasibility of the Auki Road Project. In addition, China has made some investments in the mining, health, and forestry sectors.

On April 16, 2024, along with 151 countries, the Solomons would become one of China's BRI partners. The Solomon Islands ambassador to China, Barret Salato, communicated with some officials from the National Development and Reform Commission (NDRC). In this context, China's BRI is a mega project encouraging the Chinese government to invest millions of dollars into countries, especially developing ones. Since President Xi was promoting BRI, China has been ready to inject some capital into the Chinese Development Bank (CDB) and Export-Import Bank of China (EXIM), which could lower interest rates for its partners (Guide & Speers, 2019).

During November - December 2023, the 2023 Pacific Games was held in the Solomon Islands, which necessitated funds to facilitate the athletes. The government estimated the event could increase the Solomons' GDP by 2.9%, with a majority of income from the tourism sector. At that time, Solomon required more than 350 million USD, which represented 22% of their total GDP (Dinnen & Zhang, 2024). Thus, the lack of finance was one of the Solomons' problems. China, as the top donor, invested a lot of money in building a national stadium that could hold 10,000 spectators. Concurrently, China was constructing a multi-purpose sports complex that included an aquatic center and tennis courts, a project totaling 94 million USD. China assisted in developing healthcare infrastructure and providing 30 scholarships for Solomon Islands students to pursue undergraduate to PhD programs in China (Deutsche Welle, 2024).

### **3. The Solomons Need Security from China: Why?**

Before cutting diplomatic ties with Taiwan, Prime Minister Manasseh Sogavare established the Bi-partisan Task Force in 2019. This task force evaluated the prospects of diplomatic relations with Taiwan and China. It comprised seven members of parliament, balanced evenly with three pro-government, three opposition, and one neutral member. The task force visited Taiwan, China, and various Pacific Island countries to gather comprehensive assessments. The task force ultimately recommended severing ties with Taiwan and establishing relations with China before the 70th anniversary of the People's Republic of China (PRC) on October 1, 2019 (Santoso, 2021).

This recommendation was influenced by the perceived significant development in Fiji, which had benefited from China's loans and grants (Santoso, 2021). Another reason is that the recommendation is believed to have been influenced by China's promise to provide "financial assistance" amounting to 500 million USD, larger than Taiwan's. According to the Lowy Institute, Taiwan could only provide financial assistance totaling 105 million USD from 2011 to 2017 (Whiting et al., 2019).

On the other hand, the significant increase in investment and financial aid from China to the Solomon Islands has brought about unforeseen challenges. Not all parties have welcomed this investment and financial support. The most vocal opposition includes the community and government of the Malaita Province and senior politicians in the Solomon Islands. They argue that the ideologies and investments from China need to be aligned with the Solomon Islands' values and could potentially lead the country into a debt trap. This discontent led to riots in 2021, specifically targeting the Chinatown area in Honiara and the Chinese Embassy in the Solomon Islands. This incident is not the first to target Chinatown. Similar events occurred in 2006, allegedly when then Prime Minister Snyder Rini was elected with backing from ethnic Chinese business groups. Furthermore, Sogavare interpreted the incident as an insurgent effort to destabilize the duly elected democratic government (Walden et al., 2021). He swiftly enforced a 36-hour national lockdown in response and sought direct military assistance from Australia and Papua New Guinea.

These disturbances prompted Sogavare to acknowledge the Solomon Islands Police Force's (SIPF) insufficient capacity to handle medium to large-scale unrest. Despite prior capacity-building assistance from Australia through the Regional Assistance Mission, the riots highlighted the urgent need for substantial reforms within the SIPF. Consequently, a security pact initiative was established between the Solomon Islands Police and the Chinese Police from 2022 to 2025 (Aljazeera, 2023). Under this collaboration, China will deploy personnel to train the Solomon Islands police to enhance their abilities in maintaining public order. Additionally, China will assist in the form of equipment and support vehicles such as motorcycles, water cannons, adequate protective gear, and provisions. Therefore, these dual challenges are being addressed simultaneously: the rapid improvement of the Solomon Islands Police Force's capabilities and the uninterrupted flow of Chinese investments into the region.

#### **4. How Western Countries Respond to It: The US and Australia**

The Solomons have unique advantages in geopolitics, such as strategic flexibility, proportional economic influence, and effective diplomacy. The government can quickly respond to changes in international dynamics and form strategic alliances, unlike developed countries that take longer to adjust their foreign policies. Rapid adaptation to geopolitical shifts and skills in forging effective partnerships all help to enhance their role in globalization. The geographic position of the Solomon Islands is strategically significant. It is located between US military bases in the Marshall Islands and is more than 1,970 miles from Australia. Due to this critical location, both the US and Australia are actively engaged in efforts to prevent these islands from falling under Chinese influence. Historical records underscore the pivotal role played by the US and its allies in and around the Solomon Islands.

However, the presence of China through BRI has significantly altered this dynamic. China's presence in the Pacific Islands can be seen as a double-edged sword. Small countries like the Solomon Islands welcome China's presence enthusiastically, viewing it as an aid and investment or as potential for tension with Western countries. However, China's presence in the region poses a

significant strategic challenge for traditional powers like Australia. Australia aims to position itself to avoid open confrontation. Foreign Minister of Australia, Penny Wong, states Australia's approach to China is to "cooperate where we can, disagree where we must, ... and vigorously pursue our own national interest" (Wong, 2023).

More specifically, China's presence in the Pacific Islands has triggered a significant domino effect. After China successfully signed a diplomatic and security agreement with the Solomon Islands, the US openly expressed its concern. The first step taken by the US was to reopen its embassy in the Solomon Islands after a 30-year absence. In addition, other strategic measures were implemented, including a meeting between Deputy Secretary of State Kurt Campbell and Prime Minister Sogavare. The purpose of this meeting was to ensure that the security pact between China and the Solomon Islands was not intended to establish Chinese military facilities that would enhance China's capabilities in the Indo-Pacific region (Greene, 2022). Furthermore, the United States acknowledged the necessity of adopting a strategy similar to that of China. Consequently, last year, Washington outlined plans to allocate 810 million USD in new aid and 7.2 billion USD in funding for various development projects. Additionally, the US planned to establish a new embassy in Vanuatu.

Meanwhile, Australia is reevaluating its longstanding relationship with the Solomon Islands. As a result, Australia is strategically engaging in peacebuilding efforts and aiming to enhance regional stability amid challenges posed by China. This commitment is evident through its Official Development Assistance (ODA), which includes constructing a 22 km transmission line and improving border facilities in the Solomon Islands by the end of 2023 (AIFFP, 2022). In an unexpected development, Australia emerged as the principal development partner for the Solomon Islands during 2023-2024, committing 171 million USD in aid. This funding is strategically targeted at priority sectors such as infrastructure, skills training, and women's leadership. Furthermore, in collaboration with New Zealand, Australia is undertaking the construction of a new 55 million USD airport in the Solomon Islands to amplify its impact.

This matter extends beyond mere diplomatic recognition, possessing the potential to initiate a significant domino effect. The Solomon Islands' decision to realign its diplomatic support with China could set a precedent for other nations within the Pacific Islands region. This trend has already manifested, as evidenced by Nauru's subsequent shift of diplomatic allegiance to China in 2024. For the Solomon Islands, the geopolitical rivalry between China and traditional powers such as Australia and the US presents a golden opportunity. By capitalizing on this competition, the Solomon Islands can achieve dual benefits. First, they can attract investment and aid from both sides, each seeking to bolster their influence in the country. Second, the Solomon Islands can enhance their bargaining power on the international stage, ensuring that their national interests remain protected and prioritized.

## **Conclusion**

The relationship between China and the Solomon Islands, through the patron-client framework, reveals a complex interplay of economic collaboration, strategic alignment, and geopolitical implications. China, assuming the role of patron, has strategically invested in the Solomon Islands through significant economic aid and infrastructure development projects. This patronage extends beyond mere economic ties, influencing the Solomon Islands to align diplomatically with China's global objectives, particularly evident in its adherence to the One-China Policy and participation in China's Belt and Road Initiative. Solomon Islands' patronage was evident when it shifted its diplomatic allegiance to China. This move, driven by economic incentives and strategic considerations, highlights the pragmatic approach underpinning the Solomon Islands' foreign

policy.

Economically, China's engagement with the Solomon Islands has been marked by substantial investments in infrastructure, digital connectivity, and resource extraction. These investments are in consonance with China's broader strategy to secure supply chains and extend its economic reach. In return, the Solomon Islands benefit from infrastructure development, financial aid, and enhanced trade relations, all of which are pivotal for their economic stability and growth. Security concerns have also played a critical role in shaping the bilateral relationship. The Solomon Islands' internal challenges, including civil unrest and the need for enhanced policing capabilities, have precipitated security cooperation with China. This cooperation, while contentious, addresses immediate security needs and underscores the Solomon Islands' strategic maneuvering to secure external support.

This asymmetric relationship underscores China's substantial economic leverage and strategic interests in the Pacific region, aimed at enhancing its influence and securing access to vital resources. While China's investments have addressed critical infrastructure gaps and economic needs in the Solomon Islands, they have also sparked domestic debate and raised concerns among Western allies. For Taiwan, this situation is a severe blow to its diplomatic recognition. Since 2016, eight countries have severed diplomatic relations with Taiwan, leaving only 13 countries that continue to recognize it. This development reinforces Taiwan's allegations that China is employing a strategy of "dollar diplomacy."

The Islands' decision to shift its diplomatic recognition from Taiwan to China carries substantial implications for both the US and Australia. This move represents a significant setback for the US, which has struggled to contain China's growing influence in various countries. Hence, a reevaluation of the US' geopolitical strategy in the region. However, for Australia, the decision highlights a notable failure in its foreign policy, which had been anticipated to reinforce its regional leadership and which it called "backyard." Additionally, the Solomon Islands' action could potentially set off a domino effect on the Oceanian countries. This trend is already in motion, as demonstrated by Nauru's policy in 2024.

In the end, for the Solomon Islands, the geopolitical contest between China and traditional powers like Australia and the United States offers a significant opportunity. By leveraging this rivalry, the Solomon Islands stand to gain in two ways. Firstly, they can secure investment and aid from both sides, each eager to expand their influence in the region. Secondly, the Solomon Islands can strengthen their negotiating position internationally, thereby safeguarding and prioritizing their national interests.

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## Navigating the Security Dilemma in the South China Sea: Lessons from Israeli-Palestinian and Russo-Ukrainian Conflicts

Brice Tseen Fu Lee, Juan Pablo Sims, and Yun-Tso Lee

### Introduction

The South China Sea, a strategically significant and resource-rich region, has long been a focal point of territorial disputes among multiple claimant states, including the Philippines, China, Vietnam, Malaysia, and Brunei (Thao, 2023). These disputes involve not only sovereignty over land features but also access to vast maritime resources and critical sea lanes. The Philippines and China, two key claimants, have both adopted strategic stances based on their respective claims and rights, leading to heightened tensions in the region.

The Philippines has recently taken several strategic actions, such as pursuing legal avenues like the 2016 ruling by the Permanent Court of Arbitration, which invalidated many of China's expansive claims under the United Nations Convention on the Law of the Sea (UNCLOS) (Zimmermann & Bäumlner, 2013). Additionally, the Philippines has increased military patrols and engaged in diplomatic efforts to garner international support (Gordon, 2024; Wong, 2024). In contrast, China bases its claims on historical rights and the "Nine-Dash Line," which encompasses most of the South China Sea and predates the current international maritime law framework (Gao & Jia, 2013). China has intensified its actions by engaging in extensive land reclamation, constructing artificial islands with military facilities, conducting regular naval exercises, and deploying its coast guard and maritime militia.

The escalating strategic actions of both the Philippines and China have significant implications for regional stability and security dynamics. This chapter argues that the actions of both countries contribute to a security dilemma in the South China Sea. The security dilemma framework suggests that measures taken by one state to enhance its security can be perceived as threats by others, leading to a cycle of actions and reactions that exacerbate tensions and potentially lead to conflict (Herz, 1950, 2003).

This chapter examines how the strategic actions of both the Philippines and China provoke direct responses from each other, escalating the broader security dilemma in the South China Sea. The analysis highlights how China's actions provoke reactions from the Philippines and vice versa, with both nations influencing the regional security environment. The chapter also assesses how these growing tensions impact the security strategies of other claimant states, such as Vietnam, Malaysia, and Brunei. These nations, in turn, may feel compelled to bolster their military defenses and adjust their diplomatic stances, potentially fueling an arms race and further destabilizing the region.

Employing the security dilemma framework, this chapter underscores the unintended consequences of the strategic measures taken by both the Philippines and China on the security environment of the South China Sea. What both countries perceive as necessary defensive measures might paradoxically undermine the collective security of all claimant states. To enhance this understanding, the chapter draws parallels with the Russo-Ukrainian War and the Israeli-Palestinian conflict, illustrating how similar regional disputes have escalated into arms races and heightened instability. These comparisons help illuminate the potential risks in the South China

Sea, highlighting the critical need for cooperative security mechanisms among Southeast Asian nations and their extra-regional allies.

In the following sections, this chapter will look into the historical context of the South China Sea disputes, analyze the specific actions taken by the Philippines and China, and explore the broader regional and global implications of this escalating security dilemma. Through this comprehensive examination, the chapter aims to offer valuable insights into the delicate balance of power and the prospects for peace and stability in one of the world's most contentious maritime regions.

It is important to acknowledge that both the Philippines and China have legitimate reasons to claim their respective territories based on historical, legal, and strategic grounds. This chapter does not seek to adjudicate the legitimacy of these claims but rather to analyze the implications of their strategic actions and the resulting escalation.

### **Historical Context**

The Philippines had existed as an independent country since 1946, when it gained independence from the US. Prior to this, the region comprised a diverse collection of independent barangays, rajahnates, sultanates, and other polities. The establishment of the independent Republic of the Philippines was formalized by the Treaty of Manila on July 4, 1946. Crucially, the Treaty of Manila defined Filipino territory based on the earlier Treaty of Paris, which ended the Spanish-American War in 1898. The Treaty of Paris has a clear definition of Filipino territory, excluding the contentious areas under dispute today, such as the Spratly Islands and the Scarborough Shoal (Treaty of Peace Between the United States and Spain, 1898).

The Philippines began to claim these disputed features in 1972 when the government established a new municipality called “Kalayaan,” encompassing the Spratly Islands and incorporating it into Palawan Province (Granados, 2009). This claim was based on the assertion that Tomas Cloma, a Philippine fishing vessel company owner, had “discovered” the islands. It is also worth noting that while Thomas Cloma did “discover” the island, he also declared independence and established the Free Territory of Freedomland, a micronation that covered the Spratly Islands in the South China Sea from 1956 to 1974 (Granados, 2009). In December 1974, Tomás Cloma Sr. was arrested and forced to sign a document transferring any rights he might have had in the territory to the Philippines for one peso (Womack, 2006). The Philippines claim that this document legitimized their acquisition of the territory. This claim was further formalized in a 1978 presidential decree by Ferdinand Marcos, Sr. This expansionism was met with resistance from other regional claimants, including China, Taiwan, Vietnam, and Malaysia, which also have historical and strategic claims to the Spratly Islands (Fan, 2024; Severino, 2014).

China's claims to the South China Sea are based on historical rights, illustrated by the “Nine-Dash Line,” which dates back to 1947 and was inherited from the Republic of China's “Eleven-Dash Line.” China's assertion is supported by historical documents and maps predating the current international maritime law framework, such as the 1947 map published by the Republic of China and various records of Chinese naval expeditions and fishing activities in the region dating back centuries (Gao & Jia, 2013).

The 1970s saw increased activity from Vietnam and the Philippines, with both countries establishing a presence on several features in the Spratly Islands (Park, 1978). In the 1980s, China and Malaysia began to assert their claims more forcefully. China occupied Fiery Cross Reef, Subi Reef, and Mischief Reef, while Malaysia occupied Swallow Reef and several others (Fox, 2021;

Kuik et al., 2021). During the 1990s, Vietnam solidified its control over several features, while the Philippines grounded the Sierra Madre at Second Thomas Shoal (Misalucha-Willoughby, 2024; Womack, 2006). China continued to fortify its positions, especially in the northern part of the Spratly Islands. From the 2000s to the present, China has significantly expanded its presence through land reclamation and construction on various reefs, turning them into artificial islands with military capabilities (Chen, 2015). This period has seen heightened tensions and confrontations, especially between China and the Philippines, as well as China and Vietnam.

Today, the control in the South China Sea is as follows: The Philippines occupies ten reefs and islands, including the Second Thomas Shoal. China occupies seven reefs, including Fiery Cross Reef, Subi Reef, and Mischief Reef. Taiwan occupies one island, Itu Aba (Taiping Island). Vietnam occupies 21 islets and reefs. Malaysia occupies seven reefs, including Swallow Reef (Layang Layang). The evolution of control in the South China Sea reflects a complex interplay of historical claims, strategic interests, and military capabilities, leading to the current multifaceted and volatile situation.

### **Current Dynamics**

The historical context provided illustrates the complexity of the South China Sea disputes and the varied basis for claims by the Philippines and China. The strategic actions taken by both countries, based on their perceived rights and historical claims, have led to heightened tensions and an intricate security dilemma.

A significant development in the disputed territories is the South China Sea Arbitration (Philippines v. China, PCA case number 2013–19) (De Castro, 2017). This arbitration case was brought by the Republic of the Philippines against the People’s Republic of China under Annex VII (subject to Part XV) of the United Nations Convention on the Law of the Sea (UNCLOS). The case concerned issues in the South China Sea, including the Nine-Dash Line introduced by the Republic of China as early as 1947. A tribunal of arbitrators appointed the Permanent Court of Arbitration (PCA) as the registry for the proceedings (De Castro, 2017). The Philippines sought to gain legitimacy for its claims through UNCLOS, which both the Philippines and China are part of. This framework gave the Philippines a legal basis under modern international law to claim certain areas in the South China Sea. On the other hand, China relies on its historical claims supported by the Nine-Dash Line, which dates back to 1947, to legitimize its territorial assertions. These historical claims provide China with a different form of legitimacy based on its long-standing presence and sovereignty (Gao & Jia, 2013).

It is also worth noting that at the June 2024 Shangri-La Dialogue, China’s Defense Minister Dong Jun emphasized that freedom of navigation for civilian ships has never been compromised despite the region’s heavy shipping traffic. He questioned the motives behind the increased US military presence, suggesting it may provoke instability rather than ensure peace. China views US “freedom of navigation” exercises as unnecessary provocations (Rising, 2024; Shidore, 2024).

The strategic actions of both nations have broader implications for regional stability. The occupation and militarization of disputed areas by multiple countries, including Vietnam, Malaysia, and Taiwan, contribute to a complex and potentially volatile security environment (Kuik et al., 2021; Womack, 2006). The involvement of external powers, particularly the United States, further complicates the situation. Freedom of navigation exercises and increased military presence by the US are viewed with suspicion by China, which sees these actions as attempts to stir up trouble rather than ensure peace.

On the issue of the Second Thomas Shoal, China's Defense Minister Dong Jun, in the Shangri-La Dialogue, has accused the Philippines of reneging on an agreement that allowed only the supply of food and water to the grounded Sierra Madre ship, not construction materials. The water cannon incident was justified by China as a measure to prevent the supply of construction materials, which they claim violates this agreement. Former Philippine President Duterte confirmed in a TV interview that such an agreement existed during his administration, accusing the current administration of dishonesty and duplicity on this matter (Baroña, 2024).

Former Philippine President Duterte's approach was markedly different. He sought to establish an independent foreign policy, distancing the Philippines from American influence and attempting to maintain neutrality in the South China Sea disputes (Hu et al., 2024). Duterte emphasized that most ASEAN countries have followed neutral and independent foreign policies, hedging between the US and China, and he aimed to foster a similar stance for the Philippines. He criticized the US for pushing the Philippines towards conflict with China and advocated for the removal of American military bases from the Philippines to avoid being used as a launching pad for potential conflicts.

Duterte's policy aimed to reduce tensions and avoid being drawn into a larger geopolitical struggle between the US and China. His administration reached agreements with China to manage the situation in the South China Sea peacefully. Duterte's successor, President Marcos, however, has taken a different approach, which has led to increased tensions and accusations of violating previous agreements.

The historical context and current strategic actions of both the Philippines and China highlight the deep-rooted and multifaceted nature of the South China Sea disputes. While both sides have legitimate reasons for their claims, the resulting strategic measures have led to an escalating security dilemma. By understanding this historical backdrop, we can better appreciate the current dynamics and the need for cooperative approaches to ensure regional peace and stability.

### **Understanding the Security Dilemma**

The security dilemma is a concept in international relations theory that describes a situation where actions taken by a state to increase its security inadvertently lead to greater insecurity for other states. This dynamic results in a cycle of actions and reactions, where each state's attempts to bolster its security provoke countermeasures, escalating tensions across the region. Originally articulated by John Herz in the 1950s, the security dilemma has become a cornerstone of realist thought in international relations (Herz, 1950, p. 2003).

In practice, the security dilemma arises because measures—such as military buildups or forming alliances—that one state takes to feel more secure tend to make others feel threatened. These states, in turn, respond by increasing their own security measures, creating a spiral of militarization and arms races. Despite the original intention of maintaining peace and stability, these reactions often lead to heightened tensions and, at times, conflict. The security dilemma is particularly relevant in the South China Sea, where strategic actions by both China and the Philippines trigger similar reactions, raising the stakes for regional security.

### **Selection of Case Studies**

To further understand the implications of escalating tensions in Southeast Asia, particularly in the South China Sea, this chapter draws parallels with the Russo-Ukrainian War and the Israeli-Palestinian conflict. Both conflicts are examples of regional disputes where heightened insecurities have led to increased military spending, strategic posturing, and broader security dilemmas. The

Russo-Ukrainian conflict, driven by territorial disputes and great power competition, mirrors elements of the South China Sea tensions, where external actors also play influential roles. Similarly, the Israeli-Palestinian conflict illustrates how protracted disputes over territory and identity can fuel continuous cycles of violence and military responses.

By comparing these cases, the analysis provides valuable insights into how similar patterns could unfold in Southeast Asia. Understanding these dynamics can highlight the importance of diplomatic and cooperative security mechanisms in preventing an arms race and maintaining regional stability in the South China Sea.

**The Russo-Ukrainian War**

The Russo-Ukrainian War, which began in 2014 and escalated significantly in 2022, serves as a stark example of how territorial disputes can lead to prolonged conflict and regional instability (Johannesson, 2017; Knott, 2023). Russia’s annexation of Crimea and its support for separatist movements in Eastern Ukraine provoked a series of defensive measures by Ukraine and its Western allies. These actions included increased military aid to Ukraine, heightened NATO presence in Eastern Europe, and substantial arms purchases by both Ukraine and neighboring countries concerned about Russian aggression.

**Table 6.1** Military Expenditure by Country, in Millions of USD at Current Prices and Exchange Rates, 2019-2023

Country	2019	2020	2021	2022	2023
Estonia	637.0	718.1	748.6	818.3	1189.5
Latvia	691.9	742.0	823.1	856.1	1045.3
Lithuania	1093.8	1174.1	1306.8	1734.4	2160.8
Poland	11786.2	13718.3	15295.5	15341.3	31649.9
Russia	65201.3	61712.5	65907.7	102366.6	109454.4
Ukraine	6262.4	6838.8	6898.1	41183.9	64753.2
Finland	3635.2	3868.7	3831.6	4446.4	7348.0
Germany	49079.4	53318.7	56513.1	56153.1	66826.6
Sweden	5839.6	6271.3	7582.6	7722.5	8754.9

Source: SIPRI, 2024

The conflict has led to a significant security dilemma in Eastern Europe. Countries in the region have responded to the perceived threat from Russia by substantially increasing their defense budgets over the past five years (Herz, 1950, p. 2003; Waslekar, 2023). The data on military expenditures from 2019 to 2023 for several key countries illustrate this trend. Estonia’s military expenditure rose from 637 million USD in 2019 to 1.189 billion USD in 2023, reflecting a near doubling of its defense budget. Similarly, Latvia increased its defense spending from 692 million USD in 2019 to 1.045 billion USD in 2023, with steady increases each year. Lithuania saw a significant rise in military expenditure, from 1.094 billion USD in 2019 to 2.161 billion USD in 2023, nearly doubling over the five-year period.

Poland’s defense budget increased sharply from 11.786 billion USD in 2019 to 31.650 billion USD in 2023, more than doubling in just one year from 2022 to 2023. This dramatic increase underscores Poland’s heightened security concerns and commitment to strengthening its military capabilities in response to the threat from Russia. Russia’s own military expenditure fluctuated but showed a

notable increase from 65.201 billion USD in 2019 to 109.454 billion USD in 2023, with a substantial jump between 2021 and 2022, highlighting the intensification of the conflict. Ukraine's defense spending surged from 6.262 billion USD in 2019 to 64.753 billion USD in 2023, reflecting the intense conflict and the urgent need for military resources. This dramatic increase is indicative of the country's efforts to defend itself against Russian aggression.

Finland and Sweden, responding to the heightened security environment and their recent accession to NATO, have also significantly increased their defense expenditures (Gricius & Fakhoury, 2024; Thorhallsson & Stude Vidal, 2024). Finland's military expenditure grew from 3.635 billion USD in 2019 to 7.348 billion USD in 2023, while Sweden's defense spending increased from 5.840 billion USD in 2019 to 8.755 billion USD in 2023. Germany, as one of the largest economies in Europe and a leading NATO member, increased its defense budget from 49.079 billion USD in 2019 to 66.827 billion USD in 2023, reflecting a consistent upward trend.

These increases in military spending are indicative of the security dilemma faced by these countries. As Russia's actions in Ukraine have escalated, neighboring countries have responded by significantly increasing their defense budgets to enhance their military capabilities and readiness. This cycle of action and reaction has led to heightened tensions and a more militarized regional environment.

The conflict in the Russo-Ukrainian region showcases how a localized dispute can escalate into broader regional instability, compelling neighboring countries to significantly boost their defense spending and heighten their security measures. As the conflict intensifies, neighboring states perceive an increased threat to their own security. This perception is not just about immediate military threats but also about the potential for regional destabilization.

In response to the perceived threat, countries start to allocate more resources to their defense budgets. This can be seen in the dramatic increases in defense spending by Estonia, Latvia, Lithuania, Poland, Finland, Sweden, and Germany over the past five years. Increased military expenditure allows these countries to invest in modernizing their military capabilities, purchasing advanced weaponry, upgrading existing equipment, and enhancing technological capabilities.

Countries may also seek to form or strengthen military alliances to counterbalance the threat. For example, the accession of Finland and Sweden to NATO was a direct response to the heightened security environment created by the Russo-Ukrainian conflict (Gricius & Fakhoury, 2024; Thorhallsson & Stude Vidal, 2024). There is a noticeable increase in military presence and joint exercises within the region. NATO's heightened presence in Eastern Europe and the frequent military drills conducted by member states are examples of this trend.

The cycle of action and reaction between the states leads to an arms race, where each country feels compelled to continuously enhance its military capabilities in response to the actions of its neighbors. These arms races further escalate regional tensions and unease. The increased military spending can strain national economies, diverting resources from other critical areas such as healthcare, education, and infrastructure. This economic strain can lead to internal discontent and instability.

### **Military Expenditure Analysis for the Israeli-Palestinian Conflict**

To illustrate the impact of the Israeli-Palestinian conflict on regional military spending, it is helpful to analyze data from key countries over the past five years. This analysis reveals trends in defense

budgets and provides insights into the broader security dilemma in the Middle East.

Israel's military expenditure has consistently been among the highest in the region, reflecting its strategic need to maintain a technological and qualitative edge over its adversaries. Over the past five years, Israel's defense budget has grown from 20.3 billion USD in 2019 to 27.5 billion USD in 2023. This increase is driven by the need to address security threats from groups like Hamas and Hezbollah, as well as regional adversaries (Nilsson, 2020). The significant rise in spending highlights Israel's emphasis on enhancing its military capabilities in response to ongoing and emerging security challenges, including the constant threat of rocket attacks, border infiltrations, and regional instability.

**Table 6.2** Military Expenditure by Country, in Millions of USD at Current Prices and Exchange Rates, 2019-2023

Country	2019	2020	2021	2022	2023
Egypt	3743.7	4505.4	5165.4	4645.9	3164.6
Iran	4837.9	3335.7	5680.0	7334.0	10283.1
Israel	20339.2	21816.6	24341.0	23406.1	27498.5
Jordan	2032.1	2055.9	2176.8	2323.3	2450.2
Lebanon	2326.1	432.0	171.6	218.7	241.3
Saudi Arabia	65362.7	64558.4	63194.7	70920.0	75813.3

Source: SIPRI, 2024

Egypt's military expenditure has shown fluctuations over the past five years. In 2019, Egypt's defense budget was 3.7 billion USD, which increased to 5.2 billion USD in 2021 before declining to 3.2 billion USD in 2023. The initial increase in spending was likely due to Egypt's efforts to modernize its military capabilities, address internal security threats in the Sinai Peninsula, and maintain its strategic influence in the region (Joya, 2020). The subsequent decrease could be attributed to economic pressures, including the impact of the COVID-19 pandemic, which strained national budgets and necessitated the reallocation of resources to public health and economic recovery efforts (Rezk et al., 2020).

Iran's military expenditure has seen a notable increase over the past five years, growing from 4.8 billion USD in 2019 to 10.3 billion USD in 2023. This significant rise is driven by Iran's strategic priorities, including its support for proxy groups like Hezbollah and Hamas and its broader regional ambitions (Nilsson, 2020). Despite economic challenges and international sanctions, Iran has continued to allocate substantial resources to its military and security apparatus. This reflects its commitment to maintaining and expanding its influence in the region, especially in response to perceived threats from Israel, Saudi Arabia, and the United States (Bahgat, 2008).

Jordan's military expenditure has been relatively stable, with a gradual increase from 2.0 billion USD in 2019 to 2.5 billion USD in 2023. Jordan's defense spending focuses on border security and internal stability, given its strategic location and role as a mediator in the Israeli-Palestinian conflict. The steady increase in spending indicates Jordan's ongoing efforts to enhance its military capabilities to address security threats and maintain regional stability, especially considering the influx of refugees and the potential for spillover from conflicts in neighboring Syria and Iraq.

Lebanon’s military expenditure has experienced significant fluctuations, primarily due to its ongoing economic crisis and political instability. In 2019, Lebanon’s defense budget was 2.3 billion USD, which dropped dramatically to 171.6 million USD in 2021 before slightly recovering to 241.3 million USD in 2023 (Ben-Meir, 2022; Sharnoff, 2022). These fluctuations highlight the challenges Lebanon faces in maintaining its military capabilities amid severe economic and political turmoil. The drastic reduction in defense spending reflects the country’s economic collapse and the prioritization of scarce resources for basic needs and public services, but the increase from 2022 to 2023 is still evident due to regional instability.

Saudi Arabia’s military expenditure remains among the highest in the world, reflecting its strategic rivalry with Iran and involvement in regional conflicts such as the war in Yemen. Over the past five years, Saudi Arabia’s defense budget has ranged from 65.4 billion USD in 2019 to 75.8 billion USD in 2023. This substantial and consistent level of spending underscores Saudi Arabia’s commitment to maintaining a robust military presence and addressing its security concerns in the region (Gul et al., 2021). The increase in 2023 could be attributed to heightened regional tensions and the need to counteract Iranian influence and support for proxy groups.

Heightened military activities and increased defense spending contribute to diplomatic tensions between states. The trust deficit widens, making diplomatic resolutions and negotiations more challenging. The measures taken by each country to ensure its security have, paradoxically, resulted in greater insecurity for all, illustrating the core dynamic of the security dilemma. In summary, the data on military expenditures from key countries involved in the Israeli-Palestinian conflict highlight how regional tensions and perceived threats lead to increased defense spending and a broader security dilemma. This cycle of action and reaction not only escalates regional tensions but also creates broader geopolitical instability, mirroring the core dynamics of the security dilemma theory.

**Implications for Southeast Asia**

To draw parallels between the Russo-Ukrainian War, the Israeli-Palestinian conflict, and potential developments in Southeast Asia, it is essential to consider how escalating tensions, particularly in the South China Sea, might evolve. The data on military expenditures from key Southeast Asian countries provide a baseline for understanding regional defense dynamics.

**Table 6.3** Military Expenditure by Country, in Millions of USD at Current Prices and Exchange Rates, 2019-2023

Country	2019	2020	2021	2022	2023
Brunei	414.7	436.5	453.3	435.9	448.9
Cambodia	595.4	621.3	630.4	618.7	668.0
Indonesia	8154.2	9387.0	8802.5	10133.9	9480.8
Laos	...	...	...	...	...
Malaysia	3265.3	3374.6	3675.5	3673.8	3899.1
Myanmar	1532.1	2498.2	2642.7	2489.9	2493.5
Philippines	4268.1	4693.1	5546.1	5321.9	5451.7
Singapore	10402.6	9801.6	11017.6	12034.0	13200.7
Thailand	7091.2	7295.7	7123.1	6031.0	5765.8
Viet Nam	...	...	...	...	...

Source: SIPRI, 2024

Over the past five years, military expenditures in Southeast Asia have shown varied trends. Brunei's defense budget has remained relatively stable, increasing slightly from 414.7 million USD in 2019 to 448.9 million USD in 2023. Cambodia's defense spending has seen a modest increase from 595.4 million USD in 2019 to 668.0 million USD in 2023. Indonesia, the largest country in the region, has shown significant fluctuations, with its budget rising from 8.2 billion USD in 2019 to a peak of 10.1 billion USD in 2022 before slightly decreasing to 9.5 billion USD in 2023. Malaysia's defense spending has steadily increased from 3.3 billion USD in 2019 to 3.9 billion USD in 2023.

Myanmar's military expenditure saw a sharp increase from 1.5 billion USD in 2019 to 2.5 billion USD in 2020, maintaining a similar level through 2023. The Philippines has also increased its defense budget significantly, from 4.3 billion USD in 2019 to 5.5 billion USD in 2023, reflecting its strategic focus on modernizing its military capabilities. Singapore, with the highest defense budget in the region, increased its spending from 10.4 billion USD in 2019 to 13.2 billion USD in 2023, emphasizing its commitment to maintaining a strong defense posture. Thailand's defense budget, however, has decreased from 7.1 billion USD in 2019 to 5.8 billion USD in 2023, potentially due to economic constraints and shifting priorities.

Despite these increases in defense spending, there is no apparent security dilemma in Southeast Asia comparable to what has been observed in Eastern Europe or the Middle East. However, the potential for such a dilemma exists, particularly with the ongoing territorial disputes in the South China Sea.

### **Drawing Parallels with the Russo-Ukrainian War and the Israeli-Palestinian Conflict**

The Russo-Ukrainian War and the Israeli-Palestinian conflict offer instructive parallels for understanding how regional disputes in Southeast Asia might lead to a security dilemma. In the Russo-Ukrainian War, Russia's annexation of Crimea and support for separatist movements in Eastern Ukraine provoked a series of defensive measures by Ukraine and its Western allies (Johannesson, 2017; Knott, 2023; Waslekar, 2023). This has led to a significant increase in military spending and heightened tensions in Eastern Europe, creating a security dilemma where actions taken by one state to enhance its security lead to greater insecurity for others.

Similarly, in the Israeli-Palestinian conflict, Israel's assertive actions to address security threats from groups like Hamas and Hezbollah, along with regional adversaries, have resulted in substantial increases in military expenditure (Nilsson, 2020). This, in turn, has led to heightened military activities and increased tensions with neighboring states, contributing to a broader regional security dilemma.

In Southeast Asia, the South China Sea is a crucial maritime region for trade and natural resources, with multiple Southeast Asian countries having overlapping territorial claims with China. These include the Philippines, Vietnam, Malaysia, and Brunei. The strategic importance of the region and the assertive actions by China to reinforce its claims have led to increased military activities and naval confrontations.

If the situation in the South China Sea were to escalate significantly, it could trigger a security dilemma similar to those seen in Eastern Europe and the Middle East. Countries involved might perceive an increased threat to their sovereignty and economic interests, prompting them to boost their defense spending and military capabilities. This could lead to a cycle of action and reaction, where each state's efforts to enhance its security provoke countermeasures from others, increasing regional tensions and instability.

For example, the Philippines has already been increasing its defense budget, reflecting its concerns over Chinese activities in the South China Sea. If other countries, such as Vietnam and Malaysia, follow suit, this could result in a regional arms race. External powers like the US might also intensify their military presence and support for regional allies, further complicating the security landscape. This involvement could mirror NATO's response to Russian actions in Ukraine, with increased military aid and strategic partnerships aimed at counterbalancing China's influence.

In such a scenario, ASEAN would need to play a crucial role in managing regional security dynamics. ASEAN has historically aimed to promote regional stability through dialogue and cooperation, but the intensifying security dilemma would test its effectiveness. Strengthening cooperative security mechanisms and diplomatic engagement among member states would be vital to preventing an arms race and ensuring stability in the region.

### **Lessons from Latin America for Peaceful Conflict Resolution**

Latin America's experience in resolving territorial and maritime disputes offers crucial lessons for Southeast Asia, particularly in the South China Sea. The region has long been a neighbor to the US, a global power with significant influence, much like Southeast Asia's proximity to China and the US. Despite this geopolitical pressure, Latin American nations have largely avoided militarization by using diplomacy, mediation, and international legal frameworks, making their approach a valuable recommendation for claimant states in the South China Sea.

One notable example is the Beagle Channel dispute between Argentina and Chile (de la Fuente & Kirchner, 2023; Siniver, 2024). Despite the escalation of tensions in the 1970s, both nations turned to international mediation, with the Vatican playing a neutral role in brokering peace. The 1984 Treaty of Peace and Friendship not only resolved the conflict but also established joint commissions to manage future disputes. This long-term cooperation is an essential lesson for Southeast Asian nations, as it demonstrates the value of peaceful resolution mechanisms.

Similarly, the Chile-Peru and Chile-Bolivia maritime disputes were settled through the International Court of Justice (ICJ) (Gangopadhyay, 2014; Mitchell, 2023). Although not all rulings were fully satisfactory to both parties, adherence to international law prevented escalation, leading to stable, long-term solutions. This is particularly relevant for the South China Sea, where claimants could benefit from similar legal resolutions under the United Nations Convention on the Law of the Sea (UNCLOS).

Importantly, these Latin American cases emphasize the effectiveness of non-military strategies in managing disputes, even in the presence of a great power like the US. For Southeast Asia, adopting a similar focus on diplomacy and international law could reduce the risk of conflict, foster cooperation, and prevent an arms race in the region. By following these examples, the South China Sea claimants can ensure long-term stability and avoid the pitfalls of militarization.

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## **Managing Power Rivalry: Indonesia's Perspective and Strategy in Managing Relations with China in the Indo-Pacific**

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### **Introduction**

In the last decade, the Indo-Pacific region has become the focal point of great power competition, particularly between the US and China. This situation not only places countries of the region in a dilemma but also encourages them to determine their responses to significant changes in the regional architectural landscape, including economic, political, and security structural changes. The situation becomes more dilemmatic when the rivalry for control and influence in the region between the US and China occurs in the era of China's rise, especially with its increasingly modern economic and military power supporting the implementation of China's increasingly assertive foreign policy. It is amidst these evolving dynamics that China's complex relations with ASEAN member states occur (Yu, 2020).

As a region that has a strategic position in the Indo-Pacific, Southeast Asia is an important arena for the power struggle between the US and China in the Indo-Pacific. For Beijing, China's leadership and the sustainability of its strategy to realize its China Dreams rely heavily on the premise of stable neighborhood diplomacy (Zha, 2023). Of all the subregions of Asia, Southeast Asia is the single most important region in which China can realize its strategic interests. The affirmation of the ASEAN's importance to its neighboring diplomacy was directly delivered by President Xi Jinping. Xi stated: "China was, is, and always will be ASEAN's good neighbor, good friend, and good partner" (Xinhua, 2021). Geopolitically, China relies heavily on crude oil shipped across the Malacca Strait and the South China Sea (Kusumawardhana, 2023). Economically, since 2020, ASEAN has replaced the European Union as China's main trading partner. It has also shown full support for China's global projects, both the Silk Road Economic Belt and the 21st Century Maritime Silk Road (BRF, 2023). Therefore, there is no reason for Chinese leaders not to make Southeast Asia a high priority for their neighborhood diplomacy (Zha, 2023).

For Washington, Southeast Asia is also a vital region for its geopolitical and economic interests. Sea lanes in the region are the main access points for the US and its important allies, such as Japan, Australia, South Korea, the Philippines, and Taiwan. In addition, the ASEAN member countries are strong trading and investment partners for the US. Collectively, they are the fourth largest partner of the US with a market value of more than 3 trillion USD in the value of trade and investment (Office of U.S. Trade Representative, 2021). During Joe Biden's administration, the US also demonstrated an increased commitment to comprehensive strategic cooperation with ASEAN. The increased US commitment is not only shown by Biden's direct presence at important multilateral meetings, from the US-ASEAN and East Asia Summit in Cambodia to the G-20 Summit in Indonesia, but also by the release of a key strategy document on the US' approach to Southeast Asia focusing on bilateral cooperation to improve health security, address maritime challenges, connectivity, and deepen people-to-people ties. The launch of the Indo-Pacific Economic Framework (IPEF) and the rise of a comprehensive strategic partnership with ASEAN under the Biden administration are seen as responding to the urgent needs of the Southeast Asian community and, in doing so, provide a role the US can fill, and one China cannot fulfill in the region (Grossman, 2023).

Great power rivalry in Southeast Asia is nothing new. In the 21st century, the contest between Washington and Beijing is a new round of power struggle between the great powers that Southeast Asia faces. Of course, the region can take advantage of the opportunities from the US-China trade and technology wars. However, a long-term conflict between the two superpowers could also be a source of disaster for Southeast Asia. At the very least, a prolonged conflict and the involvement of other external powers in the open Indo-Pacific region can decisively disrupt the conducive security environment and long-term economic development in the region (Dep & Wilson, 2021). Such conflicts also create immense pressure among ASEAN member states to take sides (Ong & Hoo, 2024). The implications of conflict, in the form of alignment pressure, are realized as a consequence of different preferences among ASEAN members based on their respective issue areas and national interest orientations. In fact, to varying degrees, ASEAN member states have deep economic and security strategic ties with both the US and China (Tay & Wau, 2019). While institutionally, ASEAN has not always shown a unified view on some issues, it has successfully navigated the changing strategic landscape by asserting its preference for strategic neutrality as a more advantageous position amidst the rivalry between Washington and Beijing (Tay & Wau, 2019).

ASEAN member states are well aware of their position amidst the great power competition in the Indo-Pacific. As a region of strategic interest to each of the competing powers, its increasing internal cohesion and consolidative power, especially since the joint agreement to implement the ASEAN Outlook on the Indo-Pacific (AOIP), have strengthened ASEAN's central position and strategic value in the great power game (Zhang, 2023). ASEAN remains consistent in maintaining neutrality preferences and promoting inclusive regional cooperation on the basis of regional peace and stability while also supporting regional economic development, opening access to internal markets, and accelerating regional infrastructure development through foreign capital flows in the region. This proves that ASEAN has understood its strategic preferences and core institutional interests and adjusted to the competitive environment between the US and China (Zhang, 2023).

With ASEAN's awareness of its strategic position amidst the great power competition in the Indo-Pacific, as well as strong internal consolidation efforts, Indonesia's role as the largest country in Southeast Asia is very important in influencing the regional order. Its strategic approach to managing the power competition in the Indo-Pacific, especially with China, is of particular interest and is the core of the discussion in this paper. In the last ten years, under the leadership of President Joko Widodo, the prioritization of domestic infrastructure development has pushed Indonesia-China relations to a different level from the previous regime. China has become the second country to invest in Indonesia, replacing Japan (Yu, 2020). As a country that has developed into a middle power in the region, Indonesia plays a significant role and influence in determining the dynamics of economic and security stability in the region, especially related to how Indonesia manages its pattern of relations with China's revisionist forces amidst the US-China rivalry (Siswanto et al., 2024).

As a country that is trying to establish its status as a middle power and the centrality of its leadership in Southeast Asia, it is not easy for Indonesia to maintain a neutral stance as a strategic choice. However, Indonesia's free and active foreign policy identity and its historical heritage as one of the initiators of the non-aligned movement have strongly supported Indonesia's position to determine balanced and favorable policy and strategic choices (Naqsabandiyah, 2023). Indonesia has viewed China's economic revival as an opportunity to continue momentum toward its economic and infrastructure development. Although Jakarta is also confronted by regional programs that openly contradict Beijing's policies, the main theme in implementing Indonesia's foreign policy towards China is to maximize benefits and minimize risks with Beijing (Anwar, 2023).

The characteristics of the relationship implemented by Indonesia towards China tend to show caution and avoid the potential for direct confrontation. According to Dewi Fortuna Anwar, Indonesia's policy in dealing with the rise of China is categorized as a constructive strategy with the characteristics of normative middle power diplomacy to promote ideas, norms, and principles of peaceful coexistence and multilateral cooperation, which are generally referred to as "hedging plus" (Anwar, 2023). For this reason, Anwar positions Indonesia's policy, in the midst of the US-China rivalry, on an eclectic trend. In the neo-realist perspective, traditionally, the policy choices or behavior of states in facing changes in the distribution of power among competing great powers are dichotomously divided into two main choices, namely, balancing or bandwagoning. However, the traditional equilibrium theory often finds it difficult to identify more complex state behaviors. For this reason, there have been attempts by scholars to propose alternative concepts to understand and articulate some of the behaviors of the secondary power groups, including accommodation, buck-passing, soft-balancing, institutional balancing, and hedging (Koga, 2018). Among these alternative concepts, hedging is one of the concepts that has attracted the attention of foreign policy scholars who want to explain the behavior of secondary powers more comprehensively. Hedging is understood as a policy of countermeasures that strengthens economic cooperation while enhancing the defense force and preparing for diplomatic confrontation as a short-term preventive measure to avoid direct confrontation with potentially hostile states (Koga, 2018).

In the context of how Indonesia manages its relationship with China, the soft hedging strategy is used to realize a dual approach of engagement and balancing. This strategy involves fostering economic and diplomatic relations while strengthening defense forces built through inclusive strategic partnerships with other regional powers. In contrast to the hard balancing strategy, Indonesia's underlying strategy does not prioritize the use of military instruments through building formal alliances or ties in security pacts with dominant powers such as the US and China, both of which are accompanied by policies that signal provocative partisanship. This strategy is in line with Indonesia's commitment as one of the pioneers of the non-aligned group of countries and the principle of an active and independent foreign policy as stated in articles 3 and 4 of the Republic of Indonesia's Law No. 37 of 1999 (UU RI, 1999). However, with the dynamic changes in the strategic environment, especially in responding to the rise of China, accompanied by its exponentially increasing military strength posture, the development of Indonesian military strength, following the strategic environmental projections and strategies, is also a rational choice to secure national interests pragmatically (Lupita, 2018). This was achieved by Indonesia through defense cooperation established with the US and its allied countries such as Australia, India, South Korea, and France in the form of diversification of defense equipment procurement (fulfillment of minimum essential forces), strengthening the defense capacity of military forces, and joint defense arrangements (Chakraborty, 2023). This paper will examine Indonesia's approach to managing great power rivalry in the Indo-Pacific region, particularly in relation to China's assertive foreign policy in the region. In the beginning, this paper will focus its analysis on the use of diplomatic initiatives, economic partnerships, and multilateral security dialogues based on the ASEAN centrality doctrine, which allows Indonesia to guarantee its neutrality and constructive role in maintaining peace and stability in the region. Furthermore, this article will analyze the dual approach that allows Indonesia to maximize the benefits of relations with China without undermining its strategic autonomy. In addition, this paper will describe a multipolar regional order through strong relations with other regional powers such as the US, Japan, Australia, and India as an effort to mitigate asymmetric relations with China. Analysis of Indonesia's hedging strategy in responding to the polarity of US-China power has become one of the main topics for international relations policy reviewers, especially those focusing on the study of strategy and foreign policy. This paper explains strategic flexibility and low-risk policy preferences as

characteristics of relations built by secondary powers against dominant powers such as Indonesia and China, which are becoming very important in managing the growing power competition in the Indo-Pacific.

### **Indonesia-China: Harmonization of Strategic Partnerships**

The Jakarta-Beijing relationship has evolved with complexity and intricacy since the two officially established diplomatic relations in the 1950s (Anwar, 2019). The ups and downs of the relationship began as a close alliance (1955-1966), experienced a period of conflict (1967-1990), and saw a return to a close partnership (1990-2000) (Fitriani, 2021). Throughout the course of the relationship between the two countries, dynamics at the domestic level have become the dominant factor driving how Indonesia's foreign policy towards China is determined, including how the perceptions of political elites and society are fragmented in response to China's rise. The latest developments, the image of the relationship between the two countries, can be seen from how close economic relations between Indonesia and China in the last decade under the government of President Joko Widodo have always been a politicized issue (Anwar, 2019), however, amidst the domestic political dynamics that influence the diversification of perceptions towards China and how the ambivalence of the external environment, especially the ability of Southeast Asian countries in recent years to extract Beijing's foreign policy assertiveness, such as China's assertiveness in the South China Sea, one interesting fact is Indonesia's position at the regional and global levels not to isolate China. This not only proves the consistency of Indonesia's free and active foreign policy but is a form of Indonesia's pragmatism and rationality in establishing relations with the Asian giant (Fitriani, 2021).

For Indonesia, free and active foreign policy is not limited to being positioned as a strategic narrative and identity. In practice, it can navigate every direction of Indonesia's foreign policy (Riyanto et al., 2023). In the context of power competition in the Indo-Pacific region, the principle of free and active foreign policy has once again shown its relevance. As a country with a central role in Southeast Asia, Indonesia has successfully asserted its neutrality, especially among ASEAN member states and other secondary powers, in addressing the intense geopolitical and geostrategic friction between the US and China in the Indo-Pacific region. Returning to the context of Indonesia-China relations in the era of power competition in the region, Indonesia's diplomatic strategy is strong, nuanced, and pragmatic. This can be seen in how Indonesia plays a dual approach, namely strategic cooperation in the economic sector, while maintaining geopolitical friction (Scott, 2019). Indonesia was the first country in the region to welcome China's Maritime Silk Road (MSR) initiative, which was officially launched by President Xi Jinping in 2013. Indonesia's Global Maritime Axis policy initiated by President Joko Widodo is considered Indonesia's effort to align and complement China's MSR to realize advanced maritime infrastructure connectivity between the two countries (Scott, 2019).

The positive interaction built by Indonesia and China manifested in the Indonesia-China summit, which discussed bilateral cooperation in the economic, political, and security sectors, as well as the exchange mechanisms of people. In fact, Indonesia is the only country in Southeast Asia involved in the meeting. Therefore, some parties consider the relationship and interaction between Indonesia and China, built up during the Joko Widodo era, to be similar to the relations between Jakarta and Beijing at the end of the Soekarno era. Although it would be excessive to claim President Widodo and President Xi will revive the Jakarta-Beijing axis, analysts consider the positive relationship between Indonesia and China helps Beijing to distance Western involvement in hampering its strategic interests in Southeast Asia, especially in the SCS dispute while increasing the opportunity for Indonesia to gain funding for infrastructure development from the world's economic giant

(Lalisang & Candra, 2020). Today, China ranks first as a trading partner and the main source of foreign investment for Indonesia. In 2021, bilateral trade percentage grew by 58.6% from the previous year to reach 124.4 billion USD. In the same year, Chinese exports increased 48.1% to 60.7 billion USD, while Chinese imports surged 70.1% to reach a total value of 63.8 billion USD (Siqi, 2022). Until 2024, China remains irreplaceable as Indonesia's trading partner. The Indonesian government is even targeting an increase in exports with a total value of 70 billion USD (InCorp, 2024). As for foreign direct investment, in the first quarter of 2024, China entered the top three sources of Indonesia's foreign direct investment in Indonesia with an investment value of 1.84 billion USD (Shofa, 2024).

The harmonious relationship between Indonesia and China also has significant implications for the increasing number of cooperation agreements signed by the two countries, both in the form of memorandum of understanding (MoU) and bilateral cooperation. At least 66 international agreements have been signed by the two countries between 2012 and 2018. This is recorded as the highest number of international agreements signed by Indonesia compared to prior regimes and surpasses the number of agreements between Indonesia and the US during the same period (Lalisang & Candra, 2020). In the following years, the sustainability of the strategic partnership between Indonesia and China developed in a positive direction. In the last bilateral meeting attended by President Joko Widodo and Chinese Prime Minister Li Qiang in 2023, Joko Widodo appreciated the comprehensive strategic partnership initiatives that had been well established in the last ten years. President Widodo also reiterated the cooperation between the two countries to help strengthen regional and international cooperation. The meeting established an underlying message that peace and stability are the key components of their cooperation (Wulan, 2023).

In line with President Joko Widodo, Xi Jinping also emphasized that China will continue to maintain its commitment to developing relations with Indonesia through mechanisms that can deepen the strategic partnerships and their long-term mutually beneficial relations. Xi noted that the Indonesia-China strategic partnership is also an effort to promote the development of a "regional comprehensive economic corridor" and "Two Countries, Twin Parks" (BRF, 2023). However, more importantly, the core of Indonesia's approach is to secure China's support for ASEAN centrality, promoting inclusive and open regional governance, and the responsibility of all powers in the region to maintain peace and stability for any cooperation in regional development (BRF, 2023). On another occasion, at the 3rd Belt and Road Forum for International Cooperation in Beijing, which also coincided with the momentum of the 10th anniversary of the strategic relations between the two countries, the two Heads of State not only sought to encourage the implementation of the Action Plan for Strengthening Comprehensive Strategic Partnerships (Plan of Action) 2022-2026 which benefits the bilateral relations that have been very well established, the two sides also agreed to prioritize the essence of the five principles of peaceful coexistence and the spirit of Bandung, namely unity, friendship and cooperation, obeying the goals and regulations of the UN, upholding universal values and peace, cooperation, inclusiveness, diversity and others, prioritizing open regionalism, following the principles of multilateralism, and advancing international relations based on mutual respect, equality, justice and mutually beneficial partnerships (Ministry of Foreign Affairs, 2023).

Indonesia realizes that China's "good neighbor" diplomacy can be used as a corridor to build peaceful relations with the Asian giant. However, this does not mean that Indonesia has ruled out the friction that colors the brilliance of strategic economic cooperation achieved with China. The tension in relations due to incidents around the Natuna Islands from 2013 to 2016 forced Indonesia to take a firm stance against China. However, Indonesia's assertiveness towards the Chinese Coast

Guard maneuvers in Indonesia's Exclusive Economic Zone (EEZ) was expressed with great caution. This can be seen from the statement of the Spokesperson for the Indonesian Minister of Defense, Dahnil Azhar Simanjuntak, who stated that Indonesia did not want to be perceived as being tough through the use of military instruments in responding to tensions in the Natuna waters because this could have negative implications for long-term diplomatic relations with China (Kompas, 2020). Instead of taking a stance like most domestic public responses that demand the government to take a firm stance through the deployment of military forces in the region, the Indonesian Ministry of Defense considers violations of the EEZ different from violations of state sovereignty. Therefore, the mechanism put forward is more diplomatic in response. One of the steps taken by Indonesia involves convincing China that the nine-dash line and maneuvers made in Indonesia's EEZ are contrary to United Nations Convention on the Law of the Sea (UNCLOS) 1982, which is recognized by international law (Waluyo, 2023). Indonesia's firm rejection of China's claims in the South China Sea was stated in two diplomatic notes to the United Nations Secretary-General, citing a 2016 arbitration ruling on the status of the South China Sea (Yeremia & Raditio, 2021). In the first diplomatic note submitted on May 23, 2024, the Indonesian government firmly stated that the Nine-Dash Line map indicating China's historical claims in the South China Sea region has no international legal basis and clearly contradicts UNCLOS 1982 (DOALOS, 2024). Furthermore, in the second diplomatic note submitted on June 12, 2020, in response to China's reply to the first diplomatic note, the Indonesian government reiterated its position on the South China Sea dispute and its consistency in supporting the enforcement of international law. Also, it stated that there are no historical claims and rights for China in Indonesia's EEZ and continental shelf (DOALOS, 2024). Responding to Indonesia's firm stance on the SCS dispute related to overlapping claims to maritime rights in the SCS, the Chinese government is willing to discuss it peacefully through negotiation, consultation, and working together with Indonesia to maintain peace and stability in the South China Sea (DOALOS, 2024). In addition, along with the spread of COVID-19 at the end of 2019, the crisis in the Natuna Sea area was allowed to subside to avoid damaging vaccination cooperation between the two countries. China's prominent diplomatic attention to Indonesia in handling the pandemic is also evidenced by the determination to cooperate in handling COVID-19 as one of the five main consensuses in the "Indonesia-China High-Level Dialogue Cooperation Mechanism" (Yu & Han, 2023).

The mainstreaming of diplomatic and strategic partnership approaches in managing relations with China ultimately places concerns about China's assertiveness in the region at a low level. Referring to the results of the ISEAS-Yusuf Ishak Institute survey, Indonesian respondents ranked the issue of tensions in the South China Sea, the economic impact of the BRI initiative, the expansion of Chinese foreign workers, and allegations of human rights violations in the Xinjiang region as less significant issues. For Indonesian respondents, the humanitarian issue in Gaza ranked in the top three as a pressing geopolitical issue for Indonesia's foreign policy, with a percentage reaching 74.7%, compared to the issue of China's aggressiveness in the South China Sea, which was only 47% (Rakhmat, 2024). For Indonesian foreign policymakers, the balance between pragmatism and principle in foreign policy implementation is a low-risk approach as the depth of relations with China continues to grow. Such an approach, once again, demonstrates Indonesia's ability to navigate the complexities of the evolving relationship between Indonesia and China.

### **Indonesia's Dual Strategy in Managing Relations with China**

The strategic partnership between Indonesia and China has experienced various phases in dynamics, from tensions during the New Order to improving relations after the reformation (Anwar, 2023). The increasingly close partnership between Indonesia and China, especially in the fields of economics and development, can be seen in the two terms of President Joko Widodo's

leadership. However, the main challenge that must be faced is how Indonesia can take advantage of economic cooperation with China without sacrificing other national interests.

The rise of China in the Indo-Pacific is generating different perceptions among domestic stakeholders in Indonesia. For economic stakeholders, Indonesia's partnership with China is positively perceived. The Belt and Road Initiative (BRI) policy is considered to provide benefits for Indonesia, especially in the infrastructure development and trade sectors. However, in terms of security, China tends to be perceived negatively because of its aggressive behavior in the South China Sea dispute and for challenging Indonesia's sovereignty in the Natuna Islands (Fitriani, 2018). As an external power, this is considered to disrupt political stability and security not only domestically but also regionally, especially in Southeast Asia. For this reason, even though Indonesia has positive economic cooperation relations with China, Indonesia continues to make efforts to maintain sovereignty and maritime rights in Natuna waters by increasing the capabilities of the Indonesian Navy in protecting resources and security in Natuna waters through military cooperation with the US, Australia, Japan and other Southeast Asian countries (Zou, 2023). In Southeast Asia, the Philippines, Brunei Darussalam, Malaysia, and Thailand are some of the countries involved in defense cooperation in the form of defense industry development and defense equipment sales, most of which are focused on strengthening the capacity of the Indonesian Navy (Widiyanto et al., 2024).

Besides that, negative perceptions of China are also influenced by the construction of Indonesia's relations with the West, especially the US (Fitriani, 2018). As a middle power country, a strategic partnership with the US as a major power is very important to maintain order and security in the Natuna Sea and the South China Sea (Burgess, 2023). In practice, the strategic cooperation resulted in the US Navy's support for the Indonesian Navy to increase its capacity in the Natuna waters and around the SCS region with the help of Sea Vision technology and the Sea Eagle unmanned aerial vehicle (UAV). In fact, the US has also involved Indonesia in the development of an integrated maritime surveillance system (IMMS) in the Indo-Pacific maritime security initiative (Burgess, 2023). Security cooperation between the US and Indonesia also includes various joint exercises involving all three branches of the Indonesian National Armed Forces (TNI), including Super Garuda Shield, Pitch Black, Pacific Angel, and Cope West (Burgess, 2023). Of course, the defense cooperation will provoke Chinese sentiment towards Indonesia. However, it can be understood as Indonesia's pragmatic effort to build balanced relations with China and the US. As a country with a central role in Southeast Asia, Indonesia is considered capable of containing China's influence by utilizing its proximity to the US. It does not mean, however, that Indonesia will place the US as its main security provider. Therefore, military modernization and diversification of defense equipment procurement in order to respond to an unstable environment and an assertive China are also achieved through cooperation with other US allies such as Australia, France, India, and South Korea (Chakraborty, 2023). Also, although not yet openly stated, the trilateral defense arrangement between Indonesia, Australia, and India is also a pragmatic approach being pursued to address common security threats (Chakraborty, 2023). Besides that, Indonesia also uses its good relations with China to voice its concerns in the South China Sea more diplomatically (Fitriani, 2018). These conditions demonstrate the dual strategy of Indonesia's foreign policy, which seeks to build a diplomatic balance between Indonesia, China, and the US in the Indo-Pacific.

Indonesia's foreign policy is inseparable from Indonesia's historical perception that it positions itself as an entity that applies the principle of "free and active" in building international interactions. This is in line with the objectives of Indonesia's foreign policy, which are emphasized in the constitution, which states that Indonesia is obliged to participate in realizing a peaceful and

balanced world order. The “free and active” foreign policy has become a doctrine and the main characteristic of how Indonesia positions itself in international politics (Anwar, 2023). The “free and active” principle of Indonesian foreign policy is constructed on how Indonesia seeks to create a balanced security architecture in the Indo-Pacific amidst the rivalry between China and the US. Through a dual strategy, Indonesia seeks to create a balance by building good relations with China while still promoting a strategic partnership with the US (Mubah, 2019).

Indonesia’s dual strategy towards China and the US was clearly stated by Defense Minister Prabowo Subianto in his speech at the 17th Regional Security Forum or IISS Manama Dialogue, which stated that Indonesia respects China and the US as great powers. For Indonesia, establishing understanding and cooperation with the two great world powers is Indonesia’s choice (Subianto, 2021). Indonesia, certain that both countries have strategic interests in the region, finds the best option is to deal with both and maintain good relations with both great powers (Mubah, 2019). Thus, Indonesia will neither avoid nor get involved in the competition between the US and China.

As an effort to create balance amidst the geopolitical complexity of the Indo-Pacific region dominated by the rivalry between China and the US, Indonesia has chosen a “soft hedging” strategy by optimizing the framework of diplomacy and multilateral cooperation. Hedging is understood as an alternative to balancing or bandwagoning efforts to describe the strategy of small countries or secondary powers in maintaining a balanced position among major powers (Cheng-Chwee, 2008). This is Indonesia’s strategic choice as a middle power to maintain flexibility over geopolitical dynamics in the region without having to face the risk of being involved in confrontation and potential open conflict between major power countries. Indonesia’s position between two continents and two oceans makes it a “strategic funnel” that is important for the global maritime network, international security, and regional politics (Scott, 2019). Geopolitically, this position certainly makes Indonesia one of the main players in the region and has the responsibility to maintain regional stability, especially in Southeast Asia. This places Indonesia in a role as a “bridge builder” to promote stability and cooperation at the regional and global levels (Riyanto et al., 2023).

In implementing its “soft hedging” strategy, Indonesia optimizes the multilateral dialogue framework to increase the trust of countries in the Indo-Pacific by prioritizing “an Indo-Pacific Treaty of Friendship and Cooperation,” namely the commitment of countries in the Indo-Pacific region to resolve disputes peacefully (Setryorni et al., 2022). The Indo-Pacific is the most dynamic region in decades (Anwar, 2020). The emphasis of Indonesia’s “hedging” policy narrative, especially regarding China in the Indo-Pacific region, is centered on the centrality and inclusiveness of ASEAN as the only form of regionalism in the Indo-Pacific. This refers to Indonesia’s “free and active” foreign policy, emphasizing the importance of impartiality and maintaining independence, especially ASEAN countries, from the influence of dominant external powers (Anwar, 2018).

Indonesia emphasizes the importance of ASEAN as a “host” in the Indo-Pacific region to actively take the lead in dialogue and cooperation. To that end, Indonesia offers the AOIP as a mechanism to enhance multilateral cooperation in the region. AOIP was officially launched at the 34th ASEAN Summit in 2019. Through AOIP, ASEAN not only plays a role in maintaining balance in the region but also becomes a bridge for the interests of member countries with the presence of major powers in the Indo-Pacific region (Anwar, 2020). It is undeniable that the rivalry between China and the US has the potential to create a polarity between countries in Southeast Asia. ASEAN’s neutrality is essential to maintain political stability and security in Southeast Asia. AOIP as a framework is presented with the aim of creating peace, stability, and prosperity in the Indo-Pacific through 4 (four) areas of cooperation, namely maritime, connectivity, economy, and sustainable development

(Gilang Pangestu et al., 2021). Through AOIP, ASEAN can ensure the center of regional security and economic architecture, even though there are other major powers in the Indo-Pacific region that clearly pose challenges, such as QUAD and AUKUS (Mueller, 2021).

Indonesia's dual strategy in managing relations with China reflects a cautious and pragmatic approach to maintaining the balance of power in the Indo-Pacific region. The pragmatism of Indonesia's foreign policy creates the impression that Indonesia does not have a clear and firm stance in dealing with crucial issues, especially those involving the US and China. In the context of ASEAN, despite its efforts to strengthen its centrality through various initiatives, including AOIP, there are still many challenges to be faced.

## **Conclusion**

Indonesia's soft hedging strategy toward China in the Indo-Pacific region reflects a delicate balancing act between maintaining strong economic ties with China while also asserting its autonomy and strategic interests in the region. This approach allows Indonesia to maximize the beneficial relations from Chinese investment and trade, especially in infrastructure development, while also avoiding over-reliance on China and maintaining its autonomy. Through active participation in promoting the optimization of multilateral forums, especially ASEAN, Indonesia seeks to promote a rules-based order in the Indo-Pacific that fosters peaceful coexistence and cooperation among all stakeholders, including China. By emphasizing diplomatic engagement, economic partnerships, and people-to-people exchanges, Indonesia aims to enhance regional stability and reduce the likelihood of conflict.

At the same time, Indonesia has raised awareness of its defense capabilities through strategic partnerships built with other countries, such as the United States, Japan, and Australia, to counter China's growing influence in the region. This not only serves as a deterrent effort against potential security threats but also sends a clear signal that Indonesia is committed to upholding its national interests and sovereignty. Overall, Indonesia's soft hedging strategy demonstrates a pragmatic and nuanced approach to managing its relationship with China in the Indo-Pacific, striking a careful balance between cooperation and competition to protect its own interests and contribute to regional peace and stability.

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## Geopolitics of Cyber Security in the Indo-Pacific and ASEAN Cyber Norms

Ali Abdullah Wibisono

### Introduction

The Indo-Pacific consists of 40 countries representing more than 50% of the world's GDP by 2040, with the cumulative GDP of China, Japan, India, South Korea, and Australia higher than the entire European Union (EU) (Hurel et al., 2022). In addition, what constitutes states in the Indo-Pacific also includes those that are not geographically located in the Asia-Pacific but have strategies in the region, and they include the Five Eyes (US, UK, Australia, Canada, and New Zealand), which has rendered the region the epicenter of their strategic interactions. Meanwhile, ASEAN, at the epicenter of the Indo-Pacific, published its own Indo-Pacific vision in 2019. As a result of the strategic interests that major powers ascribe to the region, the Indo-Pacific has become a theater of cyber conflict and competition in possession and leveraging of digital and emerging technologies, marked by cyber operations by China, Russia, the US, and its allies, and competing concerns of either prioritization on control over digital content or increasing cyber threats from both states and non-states.

For ASEAN member states (AMS) that constitute the epicenter of the Indo-Pacific region, digital era competition should be regarded with much awareness and readiness. Cyber and electronic warfare capabilities are inseparable parts of the technological cooperation that Australia, the UK, the US (AUKUS) has brought about. It is part of the so-called Pillar 2 of Advanced Capability Programs involving “works on cyber security with critical suppliers to the naval supply chain, and working to strengthen cyber capabilities, including protecting critical communication and operations’ systems” (Brooke-Holland, 2024). This means that sooner rather than later, more intensive cyber conflict will come to Southeast Asia.

However, what distinguishes cyber conflict from conventional domain conflict is its non-kinetic and delayed effect, which means that the target of a cyber operation may not even realize the moment it is under attack, and the effect of this attack may well not be fully realized until after the total impact of the attack is detected across multiple agencies and institutions utilizing and storing data. In addition, attribution in cyber operations is difficult to establish, which means the culpability of the state hosting the information infrastructure that facilitates the perpetrators of Offensive Cyberspace Operations (OCOs) is never proven beyond reasonable doubt (Radanliev, 2024). This was exemplified by the case of the Brain Cypher variant of a Lockbit 3.0 ransomware attack that took down Indonesia's Temporary National Data Center on 20 June 2024, where the data center remained crippled with stored data locked out three weeks after the actual attack took place, and the government still had no clear idea about what constitutes all of the data that was actually inaccessible due to the attack (Kompas, 2024). Regardless of the impact, the ransomware attack became a consequential moment for Indonesia's escalation of cyber securitization, as it pushed for establishing cyber command in the armed forces. The anonymity, unpredictability, and increasingly publicized effects of cyber operations mean that cyber conflicts have the potential of escalating distrust as states securitize their cyberspace and build up capabilities to leverage digital technologies.

In facing the challenges of cyber conflicts, the cyber security norms in ASEAN have remained focused on building strategies of cooperation rather than cyber conflict mitigation. ASEAN applies a norm-subsidiarity approach, where norms are constructed based on existing principles and values produced by the United Nations and ASEAN. The problem is that the construction of cyber security norms – as had taken place at the United Nations (UN) forum titled the United Nations Group of Governmental Experts on Advancing Responsible State Behavior in Cyberspace in the Context of International Security (UN GGE) and it has been taking place at the United Nations Open-Ended Working Group on Development in the Field of Information and Telecommunication in the Context of International Security (UN OEWG) – which shows the different preferences, rather than consensus of the US, China and Russia who prioritize their own respective priorities. China and Russia prioritize national sovereignty over possible intervention by external actors in cyber security arrangements (also known as multilateralism) (Mallick, 2022, p. 67). Meanwhile, the US prioritizes partnership between the state and the private sector and civil society with states complying with mutually agreed and binding international rules to crack down on and overcome cybercrime and other dangers to information and digital infrastructure (also known as multistakeholderism) (Access Partnership, 2017). This difference of preference impacts the non-binding and incomprehensive outcome of the UN GGE.

This article proposes that ASEAN's cyber security norm is not equipped to respond to the possible cybersecurity capability build-up and the possibility of escalating cyber conflict involving the states in the Indo-Pacific. The cyber norm in the region has so far focused on leveraging the digital economy for growth and cyber security capacity building, with little attention paid to confidence-building measures in cyberspace. Its finding is that the Indo-Pacific region is where major cyber powers are both norm leaders and are leveraging cyber powers to compete in geopolitical rivalry. ASEAN, as a region within the Indo-Pacific, has the benefit of partnering with all major powers in the Indo-Pacific to augment the region's overall cyber strategic mindset and technical capabilities to deter cyber threats. ASEAN also has the necessary avenues to continue dialogue and reinforce confidence in the mutual respect for the sovereignty of states in their digital jurisdictions and the capacity to provide meaningful and safe participation of citizens in cyberspace. However, ASEAN's approach to cyber security norm construction is still focused on building strategic cooperation for the sustainability of the digital economy and capacity building. Threats against critical and information infrastructure posed by malicious actors and the potential for their deterioration of distrust between member states are still under-responded.

To explore how geopolitical competition in the cyber domain affects Southeast Asia's cyber security and how ASEAN has responded to shaping cyber security governance, this article proceeds in several sections. The first section explains the cyber security landscape of the Indo-Pacific and its impact on the global cyber security norm. The second section explores the cyber security governance that ASEAN has developed and how it has not yet agreed on a common perception of threats originating from cybercrime. Finally, this article concludes that the competitive cyberspace of the Indo-Pacific implicates the security of Southeast Asia's cyberspace as the latter suffers from disruptive cyber operations. In addition, cyber norms that ASEAN has produced so far have been under-whelming vis-à-vis the geopolitical rivalry in the Indo-Pacific, which also leverages cyber power. Cyber capacity discrepancies and participation in global cyber security building among ASEAN states limit the role of cyber norms in managing cyber security in the region.

### **Competitive Landscape of Global Cyber Security Norms**

The world's international institutions have so far produced different cyber norms that are relevant and normative foundations of the cyber environment in the Indo-Pacific, including the three

main international norms of the NATO Tallinn Manual, UN GGE principles, and the Budapest Convention. The Tallinn Manual regulates the application of the state's right to defend itself through pre-emptive or retaliatory attacks (in accordance with Article 2(4) and Article 51 of the UN Charter) in large-scale cyber-attacks (Nye, 2014). However, the UN GGE norms are the main focus of this article due to their universal implication for all UN member states.

In 2015, the UN GGE agreed on 11 norms of responsible state behavior in cyberspace that are voluntary and non-binding, including a prohibition on attacking emergency response teams (Cyber Emergency Response Team), recommendations for responding to requests for assistance from countries experiencing cyber-attacks, and encouragement for cooperation in combating cybercrime (Wolter, 2013). The UN GGE also agreed that "international law, and in particular the Charter of the United Nations is applicable and is essential to maintaining peace and stability and promoting an open, secure, peaceful and accessible ICT environment." However, in June 2017, the UN GGE failed to reach a consensus to provide explicit endorsement of the applicability of the right to self-defense, international humanitarian law, and the use of countermeasures in the events of cyber-attacks or cyber conflicts (Grigsby, 2017). The UN GGE process was revived in 2018 thanks to two resolutions approved by the UN General Assembly: the resolution sponsored by Russia, which became the basis for the formation of a new process, namely the United Nations Open-Ended Working Group (UN OEWG) on Developments in the Field of Information and Telecommunications in the Context of International Security (UNGA, 2018), and the resolution sponsored by the US, which became the basis for the formation of a new UN GGE process, namely the UN GGE on Advancing Responsible State Behavior in Cyberspace in the Context of International Security (UNGA, 2018).

Participants of the UN GGE articulated different priorities in cyberspace. Russia and the UK have differing views on the role of international cyber security governance. The UK expressed that agreements in the UN GGE can only serve as a culmination of shared understandings in cyberspace:

*"Experience in concluding these agreements on other subjects shows that they can be meaningful and effective only as the culmination of diplomatic attempts to develop shared understandings and approaches, not as their starting point."* (Report of Secretary-General, Replies from Governments, UK, 2013)

Meanwhile, Russia expects international laws to regulate the developments of and mitigate the use of information weapons:

*"[C]reation of an information weapon, the use of which, depending on the level of a society's information technology and the vulnerability of its vital structures, can have devastating consequences, comparable to the effect of weapons of mass destruction ... contemporary international law has virtually no means of regulating the development and application of such a weapon."* (Report of Secretary-General, Replies from Governments, Russia, 1999)

The UN GGE consensus report, produced in July 2021, marked the end of the norm formulation process in the UN GGE format (Kim, 2022, p. 33). The consensus that was reached in the 2021 UN GGE converged around the need to build vigilance against a number of threats in cyberspace, including: 1) the malicious operations against critical infrastructure providing information, public services internet integrity and health sector; 2) exploitation of vulnerabilities in the interconnectedness of computing devices, platforms, and other technological items constituting the Internet of Things leading to the expansion of attack surfaces; 3) vulnerabilities and risks

due to uneven capacity of states to secure information system, develop resilience, protect critical information infrastructure, identify and respond to threats in a timely manner; 4) the use of ICTs for terrorist purposes beyond radicalization, financing and incitements, and 5) increasingly diverse malicious non-state actors leveraging the ICTs for different motives (UNGA/UN GGE 2021). In terms of responding to another state's malicious activities, the 2021 UN GGE consensus stresses the applicability of the Charter of the United Nations and other international laws relevant to the settlement of disputes by peaceful means and internationally wrongful acts. This means that states may use countermeasures to respond to malicious cyber operations of other states that are meant to terminate the said cyber operations.

Due to this ongoing lack of consensus between major cyber powers, the UN GGE consensus bears a number of weaknesses. First, the UN GGE as a non-binding norm bears no clear parameters on the extent to which the norms have been practiced by participating countries. Secondly, UN GGE norms have little effect on the operationalization of cyberspace due to its voluntary character and normative tendencies. Third, there had been limited interaction between stakeholders to pursue the application of the norms due to the absence of facilitation of discussion on operational issues (Ruhl et al., 2020, p. 1).

In addition, the UN GGE has fallen short of addressing all threats and contentions in cyberspace that may build insecurity and uncertainties, particularly for middle and weak powers. Stadnik (2017) did a content analysis of the national cyber security strategies of Russia, China, and the US and found that the three powers share five issues of importance in cybersecurity: the threat of cybercrime, the use of information and communication technologies (ICT) for terrorist purposes, political cyber espionage, attacks on the functionality of critical information structures, cyber-attacks on Supervisory Control and Data Acquisition systems that regulates industry, energy and transportation, and other public facility sectors. However, many other threats and potential threats in cyberspace are considered, with differing priorities, by the three powers. Russia and China emphasize information security and content control, as well as national sovereignty in cyberspace, while the US is concerned with network security, intellectual property, and the free flow of information. The full listing of common grounds of threat perceptions of the three major powers is outlined in Table 8.1.

What also transpires from this listing is that both the UN GGE and the UN OEWG processes are impacted by differences in preferences of the three major powers. The threats and potential threats agreed upon as cybersecurity issues differed between the UN GGE before and after 2017, reflecting differences between the cybersecurity priorities of China, Russia, and the United States. This difference in priorities also manifested in the results of the UN OEWG process. The UN GGE, before 2017, did not consider the use of ICT that violates the law and state sovereignty in cyberspace, cybercrime, and gaps in mastery of digital technology, while all these topics were part of an agreement on threats and potential threats at the UN GGE in 2021. The US – as the sponsor of the post-2017 UN GGE process – had an interest in including these three agendas to facilitate discussions on cybercrime in order to better regulate the cyber jurisdiction of sovereign states in the context of prosecuting cybercrime. Although the US, China, and Russia attach importance to the threat of cybercrime, China and Russia prioritize national sovereignty above the need for cross-jurisdictional measures to resolve cybercrime. Similar reasons apply to regulations regarding violations of state sovereignty in cyberspace and cooperation to close gaps in mastery of digital technology. The US sought to establish global cybersecurity norms to clarify the limits of violations of state sovereignty with the aim of regulating what constitutes war in cyberspace. In addition, the US also sought to limit digital technology standards that states can potentially leverage to strengthen authoritarianism.

**Table 8.1** Common Grounds of Threat Perceptions between UN Global Cyber Norms and Key States in Cyber Space

UNGGE (Pre-2017)	UNGGE (Post-2017)	UNOEWG	Russia	China	US	Threats and Contentious Issues
	✓	✓	✓	✓		The use of ICT that violates international law, territorial integrity, and sovereignty;
✓	✓	✓	✓			Militarization of cyberspace
			✓	✓	✓	Political cyber espionage
✓	✓	✓	✓	✓	✓	The use of ICT for terrorist activities
	✓		✓	✓	✓	Cybercrime, including network exploitation & intrusion
			✓	✓		Dissemination of information that threatens public order and the society, including extremism
	✓	✓	✓	✓		Digital and IT technology dependence to a foreign country;
			✓	✓		Expansion of foreign media & distortion of domestic news and information
✓	✓	✓	✓	✓	✓	Threats to the stable functioning of international and national critical information infrastructure;
✓	✓	✓	✓	✓	✓	Cyber-attack to national critical infrastructure and SCADA system
					✓	Intellectual property theft
					✓	Internet freedom and free flow of information

Source: (Stadnik, 2017), with author's modifications.

There are only three cybersecurity threats agreed upon by the US, China, and Russia which constantly emerged as cyber threats at both the UN GGE and UN OEWG, namely the use of cyber space to facilitate terrorism, the threat of attacks on the functionality of critical information structures, and cyber-attacks on Supervisory Control and Data Acquisition system that regulates industry, energy, and transportation sectors. These three forms of threats can be said to have the potential to cause disruption to digital networks that can endanger human lives.

Different preferences of threat priorities and unfinished global cyber security norms have so far created an absence of clear understanding of acceptable and unacceptable behavior for all stakeholders. They also reflect competing value systems prioritizing either privacy, transparency, anonymity, or national sovereignty. This is not to mention that the state is not even the most powerful actor in cyberspace since most cyber infrastructure is run by the private sector, which prioritizes profits over national and international security. This situation creates a cyber domain largely characterized by power-based order and a general permissiveness towards offensive cyber operations.

The task of building a global consensus on cyber security that encompasses both states and non-states is now being carried out by the processes taking place in the UN OEWG until 2025. In its Final Substantive Report, states in the UN OEWG reaffirmed the applicability of the Charter of the United Nations in maintaining a peaceful ICT environment (UNGA/UN OEWG 2021). However, a common understanding of how international law applies to the use of ICTs by states still requires an engagement by representatives of states, academics, and the private sector in exchanging views and specific topics of international law. Furthermore, the UN OEWG recommends states take steps to determine which infrastructures they designate as critical and prevent or mitigate the impacts of malicious ICT activities through robust public-private partnerships.

**Discrepancies of Cyber Powers in Southeast Asia**

The structural challenges facing Southeast Asia are the risks and vulnerabilities brought by rapid digital transformation. As more public and private organizations connect to 5G networks, they are increasingly using technologies that support artificial intelligence (AI) and the internet of things (IoT), while migrating to cloud computing. This integration of digital technology has expanded the potential attack targets that can be exploited by cybercriminals.

In addition, another structural challenge is diversity in terms of cyber maturity, namely the varying intensity of commitment and political will of Southeast Asian countries to engage in cyber policy and security issues, as well as the varying political regimes in countries in the region, have led to discrepancies in approaches to cybersecurity. The measurement of the Networked Readiness Index shows that digital network connectivity readiness in ASEAN member states was at varying levels. The scores of ASEAN member states in the National Cyber Security Index (NCSI, 2019) and Global Cybersecurity Index (ITU, 2021) also appear to vary. Indeed, the Asia Pacific region is marked by a high discrepancy in the ICT Development Index between the lowest score of 28 (Afghanistan) and the highest score of 97 (Singapore) (International Telecommunication Union (ITU) Development Sector, 2023).

Table 8.2 shows that stronger commitments of states to either ICT development and/or national cybersecurity development would push them to have a larger involvement in global cybersecurity engagement and cooperation. Not only does Southeast Asia show a discrepancy in cybersecurity capacity and ICT development, but there is also a discrepancy in the extent of global engagement in cybersecurity norms-building. Singapore and Malaysia led the region with 83% fulfillment of their potential in global cybersecurity contribution, while Vietnam and the Philippines trail behind significantly with 33%, followed by Indonesia and the rest of the region with 17% each.

**Table 8.2** Measurement of Cybersecurity and ICT Development in Southeast Asia

Country	GCI Rank*	IDI Rank**	NCSI Rank***	Global Cyber Security Contribution****
Singapore	4	18	31	83%
Malaysia	5	63	22	83%
Indonesia	24	111	49	17%
Vietnam	25	108	93	33%
Thailand	44	78	45	17%
Philippines	61	101	48	33%
Brunei	85	53	88	17%
Myanmar	99	135	152	17%
Laos	131	139	135	17%
Cambodia	132	128	120	17%

\* The Global Cybersecurity Index (GCI) is compiled by the International Telecommunication Union (ITU) to measure the commitment of 193 ITU member countries to cybersecurity and help them identify areas for improvement. The rankings in this table are the result of converting the scores on the GCI index into global rankings.

\*\* The Information and Communication Technology (ICT) Development Index (IDI) measures the level of development of the Information and Communication Technology (ICT) sector created by the International Telecommunications Union (ITU). The IDI index measures the extent to which digital connectivity is universal and meaningful. The ranking in this table is the result of converting the scores on the IDI index into global rankings.

\*\*\* The National Cyber Security Index (NCSI) measures cybersecurity capacity building created by the Estonian e-Governance Academy (eGA).

\*\*\*\* Global Cyber Security Contribution is a measure within NCSI to measure the existence of international agreements on cybercrime, representation in international cooperation forums, role as host for international cyber security organizations, cooperation in cyber security capacity building

Source: Author’s Recapitulation from GCI, IDI, and NCSI.

Southeast Asia’s cyberspace is occupied by three groups of countries based on their commitment to cyber security. The first group is countries that have placed digital information security as a national priority and allocated a large portion of Gross Domestic Product (above the global average for a share of GDP on cybersecurity of 0.13%) on cybersecurity and ICT development, as well as placing a high level of dependency on the digital economy. Singapore, Malaysia, and Thailand are in this first category (Tran Dai & Gomez, 2018). In the second category, there are countries with a high level of dependency on the digital economy but which allocates a lower share of GDP (below the global average, between 0.03%-0.13% of GDP). They acknowledge the presence of threats but prioritize other issues, thereby allocating limited resources to cybersecurity and only partially pursuing cybersecurity. These countries recognize their vulnerability to cyber-attacks and their implications but do not yet have clear priorities between protecting infrastructure and controlling digital information content created by their citizens. Indonesia, Brunei, Vietnam, and the Philippines are in this second group. The third group is countries that have not recognized cyber security threats as a national priority because there are no assets at risk due to low internet penetration. Cambodia, Laos, and Myanmar are part of this group.

Different degrees of commitments of ASEAN member states also transpire from reading the National Cyber Security Index (NCSI). Among the indicators of cybersecurity in the NCSI is the states’ participation in global cybersecurity formulation and enforcement.

**Table 8.3** ASEAN States’ Contribution to Global Cybersecurity

ASEAN State	International Conventions on Cybercrime	Representative at International Cooperation Forum	Host for International Cybersecurity Organizations	Cybersecurity Capacity Building for other States	Total Score (in a scale of 6)
Singapura	0	1	3	1	5
Malaysia	0	1	3	1	5
Indonesia	0	1	0	0	1
Vietnam	0	1	0	1	2
Filipina	1	1	0	0	2
Brunei	0	1	0	0	1
Kamboja	0	1	0	0	1
Laos	0	1	0	0	1
Myanmar	0	1	0	0	1
Thailand	0	1	0	0	1

Source: Processed from NCSI Index (NSCI, 2023).

Table 8.3 shows that the majority of ASEAN countries do not yet have a significant commitment to participate in the development of global cybersecurity norms. Only Singapore and Malaysia have participated in the formation of global cybersecurity norms by hosting international cybersecurity organizations and carrying out capacity-building for other countries’ cybersecurity. Other ASEAN countries mostly only maintain their participation in international cybersecurity cooperation forums.

The diversity of commitments to cyber security governance policies and the pace of digitalization has resulted in Southeast Asia becoming a field for digital intervention by stronger cyber powers (Mubah et al., 2017). In the past, the US, Australia, and the UK have been noted as having carried out digital espionage against Indonesia, including wiretapping of the 2007 United Nations Framework Convention on Climate Change (UNFCCC) Bali Climate Conference meeting, which was carried out

in collaboration with NSA-ASD (Australian intelligence) and the wiretapping of President Susilo Bambang Yudhoyono's telephone by Australian intelligence. During the period 2007-2009, digital espionage included tapping the telecommunications network of one of the telecommunications companies in Indonesia in 2009 by GCSB (New Zealand intelligence), tapping the G-20 high-level meeting in London in 2009, including President Susilo Bambang Yudhoyono and Indonesian diplomats by GCHQ (intelligence UK) for economic purposes, and tapping underwater optical (internet) cables that originated in Singapore and carried internet data for several countries in the region, including Indonesia, by Singapore intelligence in collaboration with British, US, and Australian intelligence. The wiretapping allegedly lasted for 15 years and only became known to the general public in 2013 after information was leaked by Edward Snowden (Mengko, 2022, pp. 68-71 in Haripin (ed), 2022).

Chinese digital infrastructure has also been noted to host hacker groups such as Naikon and SharpPanda. Naikon – and other Advanced Persistent Threats (APT) groups – targeted governments in the Philippines, Vietnam, Thailand, Myanmar, and Brunei to gather geopolitical intelligence (Baezner, 2018). SharpPanda also used sophisticated spear phishing emails, a tactic that targets specific individuals and organizations to obtain confidential information (Checkpoint, 2020). Ensign Infosecurity's 2023 Cybersecurity Landscape Report reports that hacker groups from China, North Korea, Iran, and Russia are targeting Singapore, Indonesia, Malaysia, Hong Kong, and South Korea (ENSIIGN Infosecurity, 2023). They do so with a variety of motivations; most prioritize information theft & espionage, while others include network sabotage & destruction, as well as for crime and financial gains.

The Asia-Pacific region, especially Southeast Asia, also has higher than average rates of malware and ransomware attacks. Microsoft found that the region had rates 1.6 or 1.7 times higher than the global average (Microsoft Stories Asia, 2022). Cybercrime dominates the cybersecurity threat profile in Southeast Asia. The ASEAN Cyberthreat Assessment 2021 report conducted by Interpol identified the following as the top cybercrime threats in Southeast Asia: (1) business email compromise; (2) phishing; (3) ransomware; (4) hacking of digital economic data; (5) perpetrators of crimeware services (crimeware-as-a-service); and (6) cyber fraud. Interpol ranks ransomware as the most significant threat in Southeast Asia, proliferating at an unprecedented rate due to its low cost of entry and affordability for hackers to execute. Additionally, ransomware-as-a-service (RaaS), crimeware-as-a-service (CaaS), and phishing-as-a-service (PhaaS) are also becoming popular to make quick profits. This is a business model between ransomware operators and their clients. In this arrangement, clients who do not have the expertise to develop ransomware pay operators to launch ransomware attacks. Simply put, RaaS, CaaS, and PhaaS operate in the same way as a software-as-a-service (SaaS) business model (Baker, 2023). Interpol also reports an increasing tendency for cybercriminals to exploit the increasingly widespread use of IoT devices, using a variety of tactics to obtain maximum illegal profits. The report also notes that open-source information – consisting of information uploaded by social media users – is critical to devising effective social engineering fraud tactics against individuals and organizations (Interpol, 2021).

### **Cyber Security Governance that ASEAN Has Built So Far**

ASEAN cybersecurity norms are aimed at advancing cyber cooperation among member states instead of building preparedness in facing cyber conflicts or countering certain actors or ideologies in cyberspace. These norms are also not designed to build collaborative efforts to tackle cybercrimes. The development of Southeast Asian cybersecurity norms was initiated through the ASEAN Cybersecurity Cooperation Strategy (2017–2020), which was followed up by the Cybersecurity Cooperation Strategy 2021–2025, which outlined operational cooperation

among member states in the areas of: 1) advancing cooperation in the field of cyber readiness; 2) strengthening regional cyber policy coordination; 3) increasing trust in cyberspace; 4) regional capacity building; and 5) intramural cooperation in building a roadmap towards safe and secure cyberspace in the ASEAN region (ASEAN, 2022). The cooperation strategy document also outlined the establishment of the ASEAN Cybersecurity Coordinating Committee in which various cross-sector collaborations on cyber issues are embedded. ASEAN also established the ASEAN Ministerial Conference on Cybersecurity to respond to the growing ransomware threat in the first substantive session of the UN OEWG.

ASEAN's institutional framework and policies regarding cyber governance are still largely influenced by the fundamental regional principles collected in the ASEAN Way, including non-intervention in member countries' domestic affairs, deliberation and consensus as a decision-making method, and informal institutional mechanisms (Ali, 2021). Regional cyber cooperation in the cyber field also adheres to a formalistic intergovernmental approach characterized by declarations, statements, and non-binding cooperation initiatives, and an institutional structure in the form of the ASEAN Digital Ministers' Meeting (ADGMIN), previously known as ASEAN Telecommunications and Information Technology Ministers (TELMIN), which is the main institutional platform in ASEAN for cooperation in the ICT sector. ADGMIN carries out the task of determining the general direction of ASEAN policy and cooperation in the digital realm. In carrying out its functions, ADGMIN is also supported by the ASEAN Digital Senior Officials' Meeting, the ASEAN Telecommunication Regulators' Council, and the ASEAN ICT Center, each of which seeks to deepen cooperation between ASEAN countries. Adherence to the ASEAN Way corridor can be seen in policy initiatives that are non-binding and based on the principle of non-intervention in internal affairs.

Adherence to the ASEAN Way can also be seen in the ASEAN Framework on Personal Data Protection, which seeks to strengthen personal data protection in the region to support the flow of information. Instead of formulating binding rules that harmonize domestic laws regarding personal data protection, this framework encourages member countries to design and implement laws or policies that regulate personal data protection in their respective jurisdictions (Lee, 2023). In addition, member countries implementing this framework can adopt exceptions in accordance with their respective domestic conditions. In sharp contrast to the General Data Protection Regulation from the European Union, the ASEAN Framework on Personal Data Protection does not exist as a binding rule that must be implemented by ASEAN member countries in their respective jurisdictions (GSMA, 2018).

However, adherence to the ASEAN Way corridor and building extra-regional cooperation still seems to leave a lot of homework for ASEAN cyber security, especially in facing the threat of cybercrime. Despite increasing achievements in Southeast Asia regarding countering cybercrime, challenges remain for a collective and holistic regional response. First, a number of governments in Southeast Asian countries do not yet view cybercrime as a security threat (Walsh, 2017). The gap in the cybercrime threat perspective is related to the striking gap in digital maturity between member countries plus differences in cyber security priorities as a national security issue, overall reducing the depth of implementation of regional cyber security policies that have been taken (Heinl, 2014). For example, disputes in the South China Sea have long had a cyber dimension that manifests as espionage or information theft in cyberspace, but these incidents have never been considered as cyber security incidents and have been treated in isolation from the overall cyber security landscape (Manantan, 2020). This has raised doubts in some circles regarding ASEAN's ability to fulfill its cyber security commitments, especially because ASEAN's ability to maintain political consolidation amidst geopolitical competition increasingly appears to be limited.

The second challenge is that ASEAN countries do not yet have the same cybercrime framework in the region because the form of cyber governance in Southeast Asia follows a pattern of norm subsidiarity; namely, the cyber security norms that apply in Southeast Asia are subsidiarity of the ASEAN Way which prioritizes sovereignty of and non-interventionism among member states. The prioritization of national sovereignty in cyberspace has resulted in the adoption of a common framework for cybercrime, which has become a political issue and is difficult to fulfill. Among ASEAN countries, only the Philippines has ratified the Budapest Convention, an international agreement dealing with crimes committed via the Internet and other computer networks (Council of Europe, 2022). Most ASEAN member countries have not ratified this convention because of the general view that the Budapest Convention is too interventionist in the cyberspace management of its ratifying states, possibly resulting from its roots in the European Convention on Human Rights (Benincasa, 2021).

Adherence to the principles of non-intervention, in conjunction with the diversity of political regimes, levels of economic progress, and levels of cyber/digital maturity, creates major challenges for the definition and adoption of cyber norms in ASEAN. Regional heterogeneity creates obstacles for regional cyber governance because it results in different approaches in terms of securing cyberspace, especially in terms of perceptions about which layers/components of cyberspace are priorities and what threats are associated with them.

Two priority threats to data in cyberspace are digital information content, potentially resulting in political instability due to incompatibility with dominant ideological discourse, and cybercrime committed by disruptive actors, which threatens the integrity, accessibility, and confidentiality of data. Observers could say that these two threats are equally important and that ASEAN considers both equally important. However, in reality, an unbalanced focus on one threat will result in underinvestment in others. Indonesia is an example of a country whose cyber security priorities still revolve around controlling digital content, the sustainability of the digital economy, and the digitalization of sectors of society, resulting in a narrow space for attention to network and data security. The latter is shown by the fact that in 2021, the National Cyber and Crypto Agency (BSSN) reported that of the 1,261 security loop-hole notifications they sent to government institutions and other data management institutions, only 72 notifications or 6% received follow-up (Kompas, 2022). This low ability to respond to vulnerabilities shows the absence of structural encouragement to data management institutions to take network security seriously. This is in contrast to China, for example, which imposes fines of up to 500,000 yuan for institutions that experience cyber-attacks that result in damage, leakage, or loss of access to data (Heinl, 2017).

Another ASEAN Way principle that can also be a challenge is deliberation and consensus because this principle can encourage member countries to agree on norms and rules in order to achieve consensus without a complete understanding of these norms. More worrying than that, as cyberspace is characterized by the anonymity of cyberattack sponsors, consensus can be generated among actors with dishonest intentions. The integrity of any norms and rules at the regional level will depend on their implementation and translation into rules at the national level (Manantan, 2023).

In Southeast Asia, cyber diplomacy is directed at pragmatic cooperation, non-confrontational posturing, and accommodation towards extra-regional powers (Noor, 2020). On the other hand, ASEAN is also preventing domination by one power in geopolitical competition by consolidating ASEAN centrality and involving extra-regional actors. In practice, cyber regulations in Southeast Asia tend to follow the principles of multilateralism because of the closeness of these principles to

the values of the ASEAN Way (Chen & Yang, 2022). This situation has resulted in Southeast Asia not yet having an agreement that unifies the perception of threats to cyber security, in particular and especially on forms of cybercrime that have the potential to create disruption that is dangerous for public safety and the national economy, a potential threat that is great in the midst of unequal cyber governance among member states. This indicates the need for Southeast Asia to seek alternative ways to overcome the limitations of cyber security cooperation with large countries, which can trap partner countries in a vortex of geopolitical competition.

## **Conclusion**

This article has explained the landscape of cybersecurity in the Indo-Pacific, its impact on the global cybersecurity norm construction, and the latter's impact on ASEAN's cybersecurity norm construction. The states in the Indo-Pacific are marked by discrepancies in ICT development and cyber power, and the major cyber powers in the region include Australia, Japan, China, and the US.

Southeast Asia's cyber security is inseparable from the geopolitical competition between major powers outperforming each other in cyberspace. The geopolitical rivalry has resulted in the widespread use of cyberspace as a medium of competition and the use of cyber weapons to steal information, damage data integrity, and block access to data. This has implications for the increasing trend of strengthening state control in cyberspace, especially in terms of controlling the flow and content of digital information in the name of national security. The further implication of this is that global cyber norms are incomplete and fall short of serving as confidence-building instruments for middle powers in cyberspace.

Global cyber insecurity and a lack of unified cyber norms are shaping Southeast Asia's cyber landscape. The absence of cyber leadership, whose legitimacy is recognized globally, has resulted in the development of cyber norms that have not yet materialized. ASEAN has agreed on the centrality of digital technology and cyberspace for innovation, business efficiency, productivity, and the smooth daily lives of increasingly digitized citizens (ASEAN, 2021), but ASEAN member countries still have different priorities and approaches to security in cyberspace.

Fragmentation in global cyber norms and cooperation needs to be addressed by Southeast Asia by pursuing strategic cooperations that go beyond traditional partners between equal countries with shared experience and passion to advance cyber security solutions. Cyber diplomacy must involve more investment and intensity, especially by leading countries in the cyber space including Singapore, Malaysia and Indonesia.

In order to create effective hedging against the impact of US-China rivalry in cyberspace, the ASEAN cybersecurity architecture needs to reduce the digital divide between countries in the region, encourage member countries to formulate national cybersecurity strategies openly and periodically and encourage capacity development by sharing best practices in early detection of cyber-attacks and building resilience in cyberspace. In the future, collaborations that go beyond traditional partners and explore edge-type cooperation among countries with similar experiences and passions to advance cyber threat solutions are accessed as equal partners.

Cyber diplomacy must be invested in and intensified, especially by countries that are leaders in cyberspace, including Singapore, Malaysia, and Indonesia. Cyber diplomacy activism in the region is important to build mutual trust, predictability, and stability, which are essential to reducing the digital divide, encouraging incentives for the international system to build cybersecurity, and encouraging countries in the world to engage in cybersecurity discussions.

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## Assessing the Digital Geopolitical Rivalry in the Pacific Islands Region: China vs Australia's Battle for Influence

Muhammad Nidhal

### Introduction

The Pacific Islands region is experiencing a significant digital transformation driven by the increasing importance of connectivity in the global economy. As these island nations strive to overcome geographical challenges and bridge the digital divide, they find themselves at the center of a geopolitical rivalry, particularly between China and Australia. Both countries are vying for influence in the region, recognizing that control over digital infrastructure, especially subsea cables, is crucial for economic and strategic advantages. Subsea cables, which facilitate nearly 97% of international data transmission, have become a focal point in this competition, as they not only enable communication but also shape the flow of information and resources.

China's approach in the Pacific Islands has been characterized by substantial investments—with a majority in the form of concessional loans—in digital infrastructure, often accompanied by the promise of economic development and enhanced connectivity. Initiatives such as the construction of subsea cables through Chinese-led telecommunications firms such as HMN Tech and ZTE highlight Beijing's strategy to expand its influence and secure vital data routes. In contrast, Australia has responded by reinforcing its commitment to the region, promoting alternative infrastructure project funding through conditional aid, and prioritizing partnerships that align with democratic values and regional stability. This dichotomy in approaches underscores the broader geopolitical implications of digital infrastructure development in the Pacific Islands.

The cyber competition between China and Australia is particularly evident in the context of subsea cable financing projects, which serve as critical conduits for regional connectivity. This research aims to assess the digital geopolitical rivalry in the Pacific Islands region, focusing on the contrasting strategies of China and Australia. By analyzing the significance of subsea cables within this context, the study seeks to illuminate the broader implications of digital infrastructure development for the Pacific Islands.

### The Digitally Growing Pacific Islands

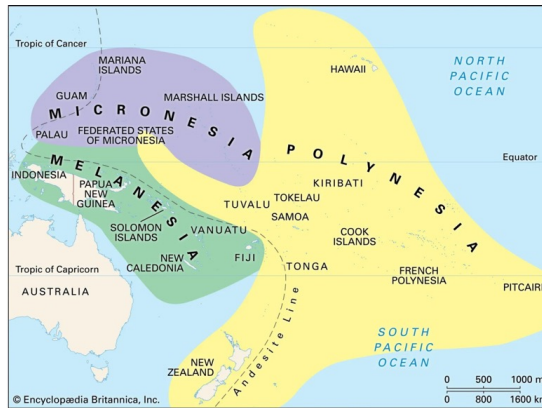
Pacific Island countries (PICs) generally refer to nations in and around the Pacific Ocean, which comprises three ethnogeographic groupings—Melanesia,<sup>1</sup> Micronesia,<sup>2</sup> and Polynesia<sup>3</sup>—and covering more than 800,000 square km of land (Wulandari & Saragih, 2023). The population is concentrated in Papua New Guinea (PNG), New Zealand (which has a majority of people of European descent), Hawaii, Fiji, and the Solomon Islands. PICs often have common environmental, economic, and geopolitical interests. They engage in trade, cultural exchanges, diplomatic relations, and regional cooperation on various issues such as climate change, security, and economic development (West and Foster, 2024). The region—comprising 14 independent countries and territories—provides a gateway to the vast Pacific Ocean and its vast resources.

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1 Melanesia, which is located in the center of Oceania, is a term referring to a different group of people that majorly speaks non-Austronesian languages.

2 Micronesia or northwestern Oceania is consisted of different Austronesian group that speaks Micronesian languages.

3 Polynesia or eastern Oceania is mainly consisted of major Austronesian population, since the term 'Polynesia' refers to an Austronesian group or an Austronesian-speaking group.



**Figure 9.1** Ethnogeographic Groupings of the Pacific Islands

Source: West and Foster, 2024

Historically, the Pacific Islands have been a focal point for international cooperation, with the Pacific Islands Forum (PIF) serving as a platform for regional cooperation and collective decision-making on issues such as economic development, trade, security, and regional integration (Indonesia MoFA, 2019). Established in 1971, the PIF promotes the “Blue Pacific” identity, which reflects the region’s deep connection to the ocean and its critical role in the livelihoods and cultures of Pacific Islanders. Since its inception, the PIF has spearheaded regional cooperation initiatives, including the Framework for Pacific Regionalism (Pacific Islands Forum Secretariat, 2022).

While significant strides have been made, the region confronts multifaceted climate, security, economic, and political challenges within a dynamic geopolitical environment. The regional architecture is fragmented, with varying levels of engagement among nonstate actors and key development partners—including Australia and China.

One of the key developments in the Pacific Islands region is the growing digital infrastructure development. Digital technologies have much to offer to the region. Digitalization is one of the key solutions that can address the lack of physical infrastructure, cover the vast distances in the region, and digitally connect isolated areas. It can bridge isolated communities and facilitate inclusive domestic and regional digital trade by reducing uncertainty and information asymmetries, as well as enhancing transaction security among large numbers of small and widely dispersed participants. For isolated archipelago nations, digital platforms can provide opportunities to open or expand access to local, regional, and international markets. This will lead to the integration of rural and urban markets as well as to job creation and export competitiveness. Digital financial services can accelerate the financial inclusion of low-income groups, MSMEs, and other unbanked and underbanked segments (UNCTAD, 2023).

The Pacific Islands are also witnessing a digital rivalry between China and Australia, both vying for influence through digital infrastructure investments. China’s Belt and Road Initiative (BRI) has facilitated large investments in telecommunications and infrastructure projects across the region; as part of the BRI, China’s Digital Silk Road (DSR) targets developing countries such as those in the Pacific Islands, with the aim of enhancing their commercial and technological capabilities (Hillman, 2021). The DSR offers Chinese technology firms a strategic opportunity to enter new markets, particularly as they face heightened scrutiny in more developed economies. Within lower-income markets, the priority of affordability often outweighs security concerns, making China’s service providers quite appealing (Nidhal, 2024).

In response, Australia has increased its engagement through the 2017 Pacific Step-up Policy, which promises to vastly increase support for infrastructure development in the PIC, particularly in the southern countries of the Pacific (DFAT, 2017). The Step-up policy fulfills Australia's commitment to "tackle infrastructure deficiencies that prevent developing economies from fully engaging in global markets" (Bishop, 2013). The policy also serves the core purpose of ensuring the Pacific Islands won't fall under the influence of China's growing presence in the region (Natanegara et al., 2023). Australia has been strengthening its diplomatic and economic ties with PIC to counter China's growing influence.

This rivalry has significant implications for the region's digital development, as it affects the type of digital infrastructure that is built, the level of digital literacy, and the overall digital ecosystem. Such cyber rivalry surrounding the Pacific Islands region reflects broader trends in international relations as nations vie for influence over critical infrastructure. The competition between China and Australia is emblematic of the strategic importance of subsea cables, which serve as conduits for communication, economic development, and national security. As the digital landscape continues to evolve, the role of digital infrastructure development will remain central to discussions of regional stability and power dynamics.

### **China and Australia's Approach in the Pacific Islands Region**

China and Australia have adopted markedly different approaches in their engagements with the Pacific Islands region, each reflecting their broader strategic interests and geopolitical objectives. China's strategy is primarily characterized by its Belt and Road Initiative (BRI), which emphasizes large-scale infrastructure investments, including subsea cables, to bolster economic ties and enhance regional connectivity. Through partnerships and financial commitments, China aims to increase its influence by offering development aid—both Official Development Assistance (ODA) and Other Official Flows (OOF)—and establishing economic "dependencies." This approach allows China to extend its geopolitical reach while gaining strategic footholds in the Pacific Islands. In contrast, Australia's approach focuses on reinforcing its traditional alliances and maintaining regional stability through strategic partnerships and multilateral engagements. Australia's strategy includes integrating its aid programs with broader development goals, such as enhancing regional security and supporting sustainable growth, thus promoting a balanced geopolitical environment. The following section will explore China's and Australia's strategic approaches in greater detail.

### **China's Strategic Engagement**

Over the past decades, China has experienced significant economic growth and modernization, which has expanded its influence in the international political arena. Today, China emerges as the second largest economy in the world, with a massive total GDP of 18.53 trillion USD and extensive global trade chains (China Power, 2024). With manufacturing capabilities and export-oriented industries driving its economic growth, China has become a significant trading partner for many countries, including those in the Pacific.

Historically, China's engagement with the Pacific Islands was limited, largely overshadowed by traditional powers like the US, Australia, and New Zealand. The South Pacific has long been perceived as either "an American lake" or the traditional sphere of influence for Australia and, to a lesser extent, New Zealand (Zhang, 2015). Such perceptions, however, no longer reflect the region's evolving geopolitical landscape. Since the late 20th century, China has emerged as an increasingly consequential player in the region through active political and diplomatic engagements, significant aid provisions, and expanding trade and economic ties.

Since 2006, China has significantly increased its trade, investment, cooperation mechanisms, and aid to the Pacific Islands. That same year, the two sides established the China-Pacific Island Countries Economic Development and Cooperation Forum—the highest-level dialogue mechanism on economy and trade. President Xi Jinping’s visits to the Pacific Islands in 2014 and 2018 fully demonstrate the importance China attaches to this region. At the 2014 summit, Xi and his Pacific counterparts agreed to elevate their relationship to the level of a strategic partnership (Xinhua, 2018; China MoFA, 2022). These two visits took place against the background of China’s all-around diplomacy in the international arena and President Xi Jinping’s participation in the G20 and Asia-Pacific Economic Cooperation (APEC) meetings held in Australia and PNG, respectively.

Today, with aid amounting to over 3.9 billion USD, China stands as the second largest aid provider in the South Pacific, after Australia’s 17 billion USD (Dayant et al., 2023). While the total size of Chinese aid is smaller than that of long-standing donors like Australia, this figure alone does not fully capture the impact of Chinese regional aid. One must evaluate not only the size of China’s aid but also how the nation delivers it. China’s approach to aid provision differs from that of OECD donors in two aspects: unlike OECD countries that often use aid conditionally as a tool to promote agendas, such as good governance, human rights, and civil society development, China attaches virtually no political conditions to its aid. This is based on its long-held foreign policy principle of non-interference in nations’ internal affairs (Zhang, 2015).

Additionally, OECD donors tend to focus aid on projects promoting political and economic reforms. China’s aid, however, funds infrastructure projects and public facilities, such as roads, bridges, dams, schools, hospitals, sports facilities, and government buildings. China also funds commercial projects that can generate immediate economic benefits for recipient countries. As a result, many Pacific Island governments view Chinese aid as a more attractive option than traditional OECD aid providers, which often comes with conditions attached. Furthermore, Chinese aid in the region is becoming increasingly consequential, with several large concessional loans<sup>4</sup> exceeding 100 million USD in recent years (Zhang, 2015).

One reason PICs continue to borrow from China is their huge demand for infrastructure. When comparing China’s concessional loans with those offered by traditional partners, Chinese loans are notably more accessible. The application process for Chinese loans is streamlined, involving less paperwork and fewer stringent requirements related to good governance, financial reform, human rights, and democratic principles. Additionally, Chinese contractors often present lower bids compared to their Western counterparts. However, a recurring issue arises post-contract award, as Chinese companies sometimes request budget increases from foreign governments, a problem that even the Chinese government is aware of (Baruah et al., 2024).

China’s expanding presence in the South Pacific is perceived by some as a potential assertion of hegemonic power, challenging the long-standing strategic influence of the US and its allies. Thus, for some observers, the South Pacific symbolizes a microcosm of the US-China rivalry in the broader Asia-Pacific region (Wallis, 2012). Conversely, others argue that China’s regional ambitions are more modest and primarily driven by economic and trade interests, particularly its need for resources and commitment to South-South cooperation (Hayward-Jones, 2013). In reality, China’s interests in the region are diverse and expanding over time, encompassing political and diplomatic goals, economic and trade considerations, and emerging security concerns. As noted by many

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<sup>4</sup> Concessional loan is a loan made on more favorable terms than the borrower could obtain in the marketplace. It can be in the form of an interest rate below the market place, deferred repayments, or income-contingent repayments. Concessional loans by the government are issued to support the achievement of government policy objectives, including in ICT-related projects (Australia Department of Finance, 2023).

scholars, Beijing's diverse interests do not mean it has a clearly thought-out, well-coordinated grand strategy for the region (Zhang, 2007; Hayward-Jones, 2013). Instead, China's actions often appear spontaneous and disjointed, with some even counterproductive, as exemplified by Tonga and Samoa's engagement with BRI-funded projects through the Exim Bank (Sihaloho et al., 2024).

Additionally, China's "opening up" in the late 1970s and the Cold War's end, as well as the diplomatic rivalry with Taiwan, became a main theme in Beijing's regional policy. This is due to Taiwan's pro-independence movement, which gained momentum in the early 1990s. Given that six out of twenty-two countries in the world recognize Taiwan as a PIC, it is not surprising that the region has become a major focus of the Taipei-Beijing diplomatic rivalry. Both Beijing and Taipei have engaged with the region through intensified aid, attracting widespread criticism of the destabilizing impacts of their "checkbook diplomacy" on various Island countries, which aims to gain diplomatic favor through economic aid and investments in the PIR (Synergia Foundation, 2018). For China, securing influence in the Pacific region ensures a supportive bloc with its position on issues that are decided in international fora, like UN votes (Tan, 2022).

Suffice it to say that China's growing role as a major aid provider has introduced new development opportunities for the Pacific Islands. Chinese policymakers and commentators regard their nation's aid program as a more effective model of development assistance than the Western approach. A common belief in China is that development is a prerequisite for good governance rather than the other way around (Zhang, 2015). Chinese officials and scholars argue that their focus on enhancing development capacities aligns more closely with the needs of recipient countries, in contrast to the Western emphasis on governance and structural reforms. This confidence is boosted by China's own developmental experiences and the positive reception of Chinese aid programs by many Pacific Islands leaders—as proudly claimed in several Chinese foreign aid white papers (China State Council, 2014).

### **Australia's Development Assistance**

As the largest and most powerful country in the Pacific, Australia's geographic proximity places it in a significant position to influence regional dynamics (Wulandari & Saragih, 2023). This influence is not just a matter of geographical destiny but also of deliberate policy choices aimed at fostering a secure and stable environment, which is closely related to Australia's long-term national interests. Thus, future instability in the region will demand an Australian response. Affected governments and citizens will look to Canberra for help or guidance. Similarly, other major powers will continue to rely on Australia to respond to crises in the region (Hayward-Jones, 2015).

Australia's position in the Pacific region is not only understood as necessary but also strategic for Australia to harvest profits in some areas that are mainly related to its own and regional security and stability issues. Australia's 2013 National Security Strategy highlights the nation's primary interests in the Pacific Islands region as security, stability, and economic prosperity. Rather than focusing on "hard threats," the strategy addresses economic, gender, social, governance, and security issues as those that hamper sustainable development and potentially undermine the region's stability (Australia Department of the Prime Minister and Cabinet, 2013).

In addition, Australia's approach is centered around strengthening its relationships with regional partners, promoting economic development, and enhancing security cooperation. The significance of Australia's position as a key actor in the PIR can be seen in its role in the PIF—formerly the South Pacific Forum. Australia, with its role, seeks to leverage its capabilities as a member of the PIF to maximize its influence within the organization. The PIF has been a critical regionalism of the

South Pacific region. Consequently, Australia's presence and influence within the PIF shape the organization's agenda and decision-making processes (Hayward-Jones, 2015).

Australia is also one of the largest aid donors and most prominent investor to PICs for more than four decades, where it provides substantial financial support, technical expertise, and capacity-building programs to promote sustainable economic development, infrastructure projects, healthcare, education, and other sectors. Australia's assistance enhances its standing and influence in the PIF by supporting the region's socio-economic progress. Between 2022 and 2024, Australia has increased its total Official Development Assistance (ODA) budget to the Pacific Islands region by approximately 50.83%, maintaining Australia's position as the region's largest and most comprehensive development partner (DFAT, n.d.).

Australia has been involved in the development of various infrastructure projects in the PICs, including the construction of roads, bridges, and ports. In 2018, then Prime Minister Scott Morrison unveiled the Pacific Step-up initiative, which spanned security and development, including regional investments in security via the new Australia Pacific Security College and the Pacific Fusion Centre and new funding for disaster resilience and digital connectivity (Packham, 2019). Beyond the Step-up, Australia continues to provide extensive governance assistance to Pacific Island states. This builds on the extensive support provided under major Australian initiatives such as the Regional Assistance Mission to Solomon Islands (RAMSI) and the Enhanced Cooperation Program in PNG.

In a further move to address the huge infrastructure deficit in the region and offer an alternative to Chinese infrastructure loans, Australia established the Australian Infrastructure Financing Facility for the Pacific (AIFFP) in 2019. This regional fund has 3 billion AUD for infrastructure lending and another 1 billion AUD for grants and supports airports, sea cables, roads, ports, and renewable energy projects—about 1.2 billion AUD has been committed across the Pacific (AIFFP, 2022). This corresponds to a 77% increase in overall infrastructure commitment to the Pacific Islands and a seven-fold expansion in Australia's infrastructure investments in the region (Dayant et al., 2023). During the same period, China has shifted its focus from large-scale infrastructure financing to “small and beautiful,”<sup>5</sup> with average project sizes decreasing from 40 million USD to 5 million USD—yet the number of small projects has continued to rise, indicating China's adoption of this new framework (Dayant et al., 2023).

The AIFFP provides an alternative to Chinese lending and sets regional standards for local procurement and accountability but adds another financial mechanism to an already complex, crowded, and bureaucratic system (Keen & Tidwell, 2024). Approved projects in telecommunications include the East Micronesia Cable Project,<sup>6</sup> Palau's second subsea cable,<sup>7</sup> and the expansion of Hawaiki Nui submarine cable (AIFFP, n.d.).<sup>8</sup> These initiatives aim not only to enhance regional connectivity but also to boost trade, economic growth, and good governance. Governance issues have historically hampered economic progress in PICs, often due to limited institutional capacity and a legacy of inappropriate colonial structures. Such challenges have stifled

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5 “Small and beautiful” or some translates it “small, yet smart,” is a phrase that Chinese President Xi started promoting in 2021 for its new BRI 2.0 framework to describe smaller-scale projects yet more politically targeted aid and that look more like traditional foreign aid projects (Mardell, 2023).

6 The Project is a combined grant package to connect the Federated States of Micronesia (FSM), Kiribati, and Nauru with reliable highspeed internet connectivity at an estimated total project cost of up to US\$80 million (AIFFP, 2021).

7 The project is the laying of the second fiber optic submarine cable system in Palau to expand digital connectivity at an estimated project cost AUS\$14.7 million. The project marks the first to be delivered under the Trilateral Partnership for Infrastructure Investment in the Indo-Pacific between the US, Australia and Japan (AIFFP, 2022).

8 The expansion of the Hawaiki Nui cable is expected to link South-East Asia, Australasia and North America, with the ready-for-service date expected in 2026 (AIFFP, n.d.b).

political integration and nation-building, with reform efforts often being short-lived, derailed by the self-interest of elites and the short-term political calculations of leaders.

Australia has steadily increased its funding and engagement in the Pacific region. In October 2022, Canberra announced an additional 900 million AUD over four years (2022–26), and the 2023 May budget committed 1.9 billion AUD to enhance Pacific engagement, with 1.4 billion AUD dedicated to boosting Pacific security (Wong, 2023). While initiatives remain primarily bilateral, there is a growing emphasis on multilateral actions and regional institution reforms to improve efficiency and shape donor engagement. For instance, Australia introduced the Pacific Quality Infrastructure Principles at the 2023 Pacific Islands Forum Economic Ministers’ Meeting to elevate the quality and sustainability of regional investments, including those by China and other donors.

Australia’s involvement in regional cooperation mechanisms is crucial for addressing shared challenges and promoting collective responses in partnership with the Pacific Islands’ partners. Active participation in forums such as the PIF and engaging in dialogue and cooperation on regional issues such as climate change, disaster resilience, digital connectivity, and sustainable development strengthens partnerships and contributes to regional stability. Emphasizing the importance of strong and lasting partnerships with PIC, Australia must respect their sovereignty, engage in meaningful dialogue, and support their aspirations for self-determination and development. This approach not only helps to overcome common challenges but also promotes shared prosperity. To sustain its strategy towards China, with its extensive resources and power, Australia will need to employ a more complex level of policy power and political strategy involving diverse layers of society and various components of authority. This nuanced approach is essential for Australia to effectively navigate the complex geopolitical landscape of the digitally growing Pacific Islands. The table below compares key initiatives of China, Australia, and the US in the Pacific Islands region.

**Table 9.1** Cooperation Comparison of Key Issues in the Pacific Island Countries between China, Australia, and the US

Sector	Country		
	China	Australia	United States
Infrastructure	Initiatives: Belt and Road Initiative (BRI) and Digital Silk Road projects, including port developments, roads, bridges, and ICT-related infrastructure.	Initiatives: Infrastructure Financing Facility for the Pacific (AIFFP) for major infrastructure projects and Pacific Step Up for governance.	Initiatives: Compact of Free Association (COFA) funding for infrastructure in US-affiliated PICs.
	Impact: Increased digital connectivity, but concerns over debt sustainability.	Impact: Enhances transport and energy infrastructure with an emphasis on long-term viability.	Impact: Strategic infrastructure investments linked to military and geopolitical interests.
Social Security and Stability	Initiatives: Provision of scholarships and striking security and policing pacts.	Initiatives: Support through the Pacific Islands Forum and police training programs.	Initiatives: Military presence and joint security exercises, including in COFA states.
	Impact: Strengthening ties through education and security cooperation, but concerns over authoritarian influence.	Impact: Regional stability driven by strong US influence is sometimes viewed to be piecemeal and overreactive.	Impact: Promoting stability and security partnerships while ensuring US strategic interests are foregrounded.

Sector	Country		
	China	Australia	United States
Climate Change	Initiatives: South-South cooperation for climate adaptation projects.	Initiatives: Pacific Climate Change Science Program and aid for climate resilience of the Pacific Resilience Facility.	Initiatives: Focus on climate resilience through USAID and involvement in international climate agreements.
	Impact: Assistance was provided but criticized for lack of transparency and tied aid.	Impact: Helps mitigate climate risks through research and adaptation strategies, yet viewed to be a slow-role and an outsider who is working against the agenda of Pacific states	Impact: Strengthens climate adaptation but criticized for being too short-term and often seen as secondary to security interests.
Total Aid (2021)	Committed: 9.67 billion USD Spent: 3.21 billion USD Total Projects: 406 Three Largest Sector % of Aid: Infrastructure (55.9%), Transport (38.1%), Government and civil society (28.8%).	Committed: 15.54 billion USD Spent: 14.99 billion USD Total Projects: 13112 Three Largest Sector % of Aid: Government and civil society (41.5%), Health (15.8%), and Multisector (12.7%).	Committed: 3.80 billion USD Spent: 2.93 billion USD Total Projects: 1024 Three Largest Sector % of Aid: Government and civil society (43.8%), Multisector (24.1%), and Education (11.9%).

Source: Compiled from the Pacific Aid Map Dashboard (2024) with additional author's analysis

### Sino-Australia Cyber Competition: The Case of Subsea Cables in the Pacific Islands

Subsea cables serve as critical communication infrastructure, forming the backbone of global networks and carrying over 97% of the world's international data traffic (Guinness, 2023). As the demand for data grows exponentially, the strategic importance of subsea cables has surged, making them a focal point in geopolitical rivalries, extending beyond their technical utility. In the Pacific Islands region, this rivalry is prominently displayed in the competition between China and Australia, both of which seek to expand their influence through the deployment and control of these critical infrastructures. The strategic competition between these two regional powers extends to subsea cables, which are increasingly seen as strategic assets due to their potential use in surveillance and their vulnerability to incur damage in conflicts. This rivalry is characterized by a "techno-diplomatic" approach, where nations leverage their technological capabilities to gain strategic advantages (Salzman, 2017).

Indeed, the strategic significance of subsea cables extends beyond their technical utility. These cables are built, owned, operated, and maintained primarily by private sector companies.<sup>9</sup> In 2021, around 98% of the world's subsea cables were manufactured and installed by four private firms: the US' SubCom, France's Alcatel Submarine Networks (ASN), and Japan's Nippon Electric Company (NEC) collectively held an 87% market share, with China's HMN Technologies (then Huawei Marine) holding the remaining 11%. In recent years, China has made significant investments in subsea cable infrastructure, making it a centerpiece of Beijing's ambitious Digital Silk Road (DSR) initiative launched in 2015, which seeks to capture 60% of the global fiber optic cable market by targeting emerging economies in Asia, Africa, the Middle East, and the Pacific (Runde et al., 2024).

The Chinese company HMN Technologies, for instance, has been involved in various cable projects, raising concerns among Western nations about potential surveillance and espionage. The US and its regional allies, including Australia, have responded by implementing measures to counter China's

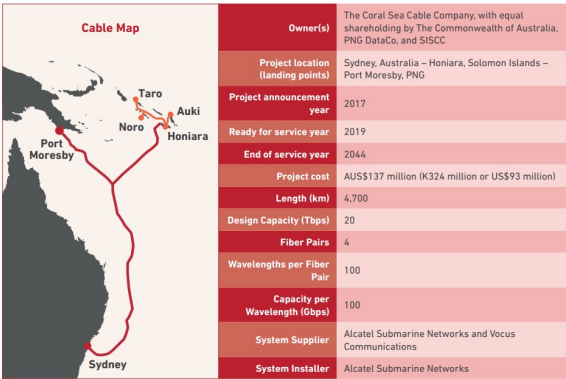
<sup>9</sup> Commercial subsea cables can be owned by a single company or a consortium of companies, including telecommunication providers, subsea cable companies, content providers, and cloud computing service providers.

influence, such as intervening in cable contracts to prevent Chinese companies from gaining control over critical infrastructure (Schochet & Carr, 2023). Australia and its regional partners have expressed concern over HMN Tech due to its links with the Chinese Communist Party, the CCP, and the use of internet infrastructure for political and strategic purposes (DeNardis, 2016).

The Chinese National Intelligence Law (2017) triggered a wave of concerns about the use of Chinese technologies for espionage and surveillance in the US, Australia, and elsewhere. This law allows the Chinese Government to demand access to data held by Chinese companies, including information from foreign network operators. Underpinned by China’s DSR policy, which aims to extend the global influence of Chinese technologies, HMN Tech has supplied 18% of the submarine cables activated worldwide over the past four years, thereby establishing a substantial international presence (Mochinaga, 2022; Brock, 2023).

Concerns about Chinese digital technologies and infrastructure in Australia predate the 2017 Chinese National Intelligence Law, with several notable decisions highlighting these early apprehensions. As early as 2010, Australia’s National Broadband Network (NBN) board decided against accepting bids from Huawei for the deployment of the new NBN. This decision was made following security concerns raised by the Australian Security Intelligence Organization. This ban was publicly supported by the Gillard government in 2012 (Reuters, 2012; Hartcher, 2021a).

In 2017, HMN Tech bypassed the Asian Development Bank (ADB) tender process and signed an agreement with the Solomon Island Submarine Cable Company for a new project to connect Honiara and Port Moresby directly to Australia’s core network, with a landing in Sydney (Huawei, 2017). This move prompted a swift response from the Australian Government, which proposed the Coral Sea Cable System (CS2) as an alternative. Funded as development aid, this initiative aimed to safeguard national security amid growing concerns about Chinese influence in Australia (Chubb, 2022). The Australian Government contributed two-thirds of the funding, amounting to 200 million USD—one of the largest Australian grants ever awarded (see Figure 9.2). The Australian Government’s deal with the Solomon Islands and PNG avoided the delicate diplomatic situation of formalizing an official refusal and stance on the connection of Chinese Huawei Marine cables to Australia (Nidhal, 2024).



**Figure 9.2** The Coral Sea Cable Project Design

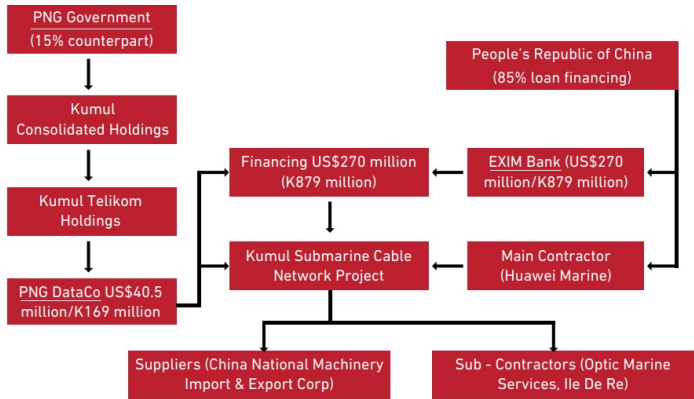
Source: Nidhal, 2024

Months later, a 2018 media release detailing the Australian Government’s security guidance for telecommunications carriers was one of the first official documents that was a precursor to what became known as the “Huawei Ban” (Hartcher, 2021b). This guidance targeted “vendors

who are likely to be subject to extrajudicial directions from a foreign government that conflict with Australian law,” effectively barring Huawei and ZTE from securing national 5G contracts. While this move clearly established Australia’s stance against using Chinese equipment in the domestic market, the government has been less explicit regarding equipment with international implications, such as subsea cables.

Another case in point is the Kumul Submarine Cable Network (KSCN), which falls under China’s DSR, a multi-billion digital infrastructure financing. The KSCN—a 5,457 km submarine fiber optic cable linking fourteen PNG coastal provinces and neighboring Indonesia—was financed to around 85% through a concessional loan from China’s Exim Bank, and the remaining 15% was supplied by the PNG Government through PNG DataCo Ltd.’s parent company, Kumul Telikom Holdings (Figure 9.3) (Natanegara et al., 2023). The Kumul Consolidated Holdings’ website stated 270 million USD as the loaned amount for the KSCN project (KCH, n.d.). However, other sources across various media channels have reported different figures.<sup>10</sup>

While the PNG Government welcomed the laying of KSCN by the HMN Tech, concerns have emerged on how PNG will repay the amount it borrowed from China’s Exim Bank to fund the project, in addition to other loans, including 53 million USD for a data center project that remains controversial (Moss, 2020; Noone, 2021). Deng (2022) highlights that PICs, including PNG, are particularly susceptible to debt distress due to the inherent weakness of having limited domestic markets, small populations, limited land, and remote geographical location, which all impede exports and imports. This vulnerability to debt distress is further exacerbated by the significant Chinese lending without proper financial scrutiny, potentially trapping these island nations<sup>11</sup> in unsustainable debt (Smyth, 2019).



**Figure 9.3** Kumul Submarine Cable Network Stakeholder Mapping  
 Source: The Institute of National Affairs, 2021

The laying of the two latest subsea fiber optic cables in PNG by the KSCN and the CS2 is viewed as part of the “battle for influence” between China and Australia in the Pacific Islands region. Most of PNG’s infrastructure projects are financed by international partners, with technology largely sourced from third-party providers (Watson, 2021). The KSCN is part of the Chinese BRI’s DSR,

10 The State Enterprises and Investment Minister, Hon. William Duma, communicated the amount to be US\$200 million (PGK 661 million) in August 2018 (The National, 2018; Suwamaru, 2020), while a former PNG Government advisor reported the loan figure to be US\$279 million (PGK 1 billion) (Wall, 2020). The discrepancy was also reflected in the Institute of National Affairs’ review report in 2021 (BRI Monitor, 2021)

11 Tonga, Vanuatu and Samoa are already among the countries most heavily indebted to China, according to a Lowy Institute report (Rajah et al., 2019)

while the CS2 subsea cable deployment is funded by Australia and part of Australia's Pacific Step-up, aimed at preventing the Pacific Islands from falling under Chinese influence (Layton, 2022). These projects are perceived as efforts by China and Australia to gain strategic and economic leverage in PNG and the broader Pacific region. Additionally, there are concerns about the potential security risks associated with granting Chinese or Australian authorities access to sensitive data and communications in the area (Wesley, 2020; Parkes, 2021).

In a broader implication, the heated subsea cable rivalry in the PIR between Beijing and Canberra is not only about controlling international data traffic but also a quest for regional dominance in the PIC. For China, these cables are integral to its broader strategy to extend its global influence through the BRI's DSR. For Australia (and the US), the focus is on securing the Pacific backyard from China's increasing presence. For the PICs, this rivalry offers both opportunities and risks. The influx of investment from both China and Australia means improved connectivity, which can drive economic growth, enhance digital inclusion, and improve access to services like education and healthcare. These infrastructure projects can also provide a much-needed boost to local economies through job creation and technology transfer. However, the strategic nature of these investments means that PICs could find themselves caught in the middle of a geopolitical tug-of-war, which could compromise their sovereignty and long-term stability.

## **Conclusion**

The Pacific Islands have become the epicenter of a renewed geopolitical arena as global powers like China, the US, Australia, and New Zealand jostle for influence in this strategically vital region. The Pacific Islands are likely to remain a critical battleground in the global "battle for influence" for the foreseeable future. The competition between China and Australia is particularly noteworthy, as both nations seek to advance their national interests within the Pacific Islands region. They have co-existed for decades, but the stakes are now higher, and the intensity of the competition is greater, particularly as the digital realm becomes a key battleground in their geopolitical contest. As PICs grapple with a significant digital divide exacerbated by inadequate infrastructure, they are increasingly leveraging this rivalry to enhance their development opportunities. However, competition for influence, as the study shows, may put good governance, transparency, and regional unity at risk.

Indeed, the transformation of the Pacific Islands from a relatively overlooked region to a central stage in global geopolitics reflects broader shifts in the international order. With the balance of power increasingly shifting towards the Indo-Pacific, the strategic importance of the Pacific Islands is set to grow. As global powers continue to vie for influence, the region will face ongoing challenges in balancing external pressures with local priorities. The decisions made by Pacific Island leaders in this environment will have significant implications not only for their own countries but also for the broader strategic landscape in the Indo-Pacific. PICs' ability to manage the competing interests of external powers while addressing the pressing needs of their own populations will be key to the region's stability and prosperity.

The outcome of the digital rivalry between China and Australia could impede collaborative efforts to address urgent regional issues like climate change and economic development, potentially deepening geopolitical divides and—possibly—provoking open conflict in the Indo-Pacific. Therefore, rather than pursuing exceptionalism or exemptionalism, both Beijing and Canberra need to pursue strategic regionalism and multilateralism alongside respect for Pacific sovereignty and agency. If Beijing and Canberra are reluctant to engage in strategic cooperation and peaceful action based on domestic security concerns, perhaps they should consider policy changes in the interests

of regional diplomatic and security goals. Moreover, the Pacific mantra “friends to all” is, in essence, about the sovereign right to choose partners and set the terms of engagement. Ultimately, the future of the PICs will depend on the leaders’ ability to leverage geopolitical dynamics to foster a more inclusive and resilient digital infrastructure development as well as to ensure a stable and prosperous future for their nations—progress that both China and Australia must respect.

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## Chip Diplomacy: How Taiwan's Semiconductor Innovations Influence Its Southeast Asian Relations

Tran Thi Mong Tuyen

### The Introduction of Taiwan – ASEAN relations

Despite the lack of official diplomatic relations between Taiwan and Southeast Asia countries (Association of Southeast Asian Nations – ASEAN), significant achievements have been made in economic relations and people-to-people ties. This is particularly evident under President Tsai Ing-wen's New Southbound Policy<sup>1</sup> (NSP), which is considered to be more effective in fostering relationships with Southeast Asia than the Go South policy<sup>2</sup> of the 1990s. Since its inception in 2016, the NSP has aimed to bolster ties with 18 countries, including those in Southeast Asia, South Asia, New Zealand, and Australia. By 2023, ASEAN had emerged as Taiwan's second-largest trading partner, comprising 15.0% of total trade, while China remained the largest at 21.2% and the US at 14.3% (Hoang and Thao, 2024). Taiwan's exports to Southeast Asia grew significantly from over 50 billion USD in previous years to between 70-80 billion USD during 2021-2023 (Hoang and Thao, 2024). Approximately 40% of Taiwan's new investments have been channeled into Southeast Asia, with Singapore, Vietnam, Indonesia, and Thailand ranking among the top destinations (Tuyen, 2024). Manufacturing constitutes the largest share of Taiwanese Foreign Direct Investment (FDI) in the region (38.2%), reflecting a shift towards high-tech manufacturing as Taiwanese tech firms relocate operations to Southeast Asia amid the US-China tech rivalry and the Cross-Strait tension (Hoang and Thao, 2024).

Taiwan has increasingly become a destination for migration from Southeast Asian countries, particularly Indonesia, Vietnam, the Philippines, and Thailand. Many individuals from these nations migrate to Taiwan for employment in factories, as laborers, domestic workers, or through cross-border marriages. In 2024, out of the total 116,038 international students enrolled for the academic year 2023, 71,012 were from NSP countries (Yip, 2024). Vietnam accounted for the largest proportion at 23.7%, followed by Indonesia at 14.4% and Malaysia at 9% (Yip, 2024). There has also been an increase in the number of Taiwanese moving to Southeast Asia for business, often bringing their families with them, with some choosing to settle down in the region. This movement has created a significant immigrant community for both Taiwan and Southeast Asia, fostering strong people-to-people ties.

Building on the strong foundation of traditional economic cooperation, Taiwan and Southeast Asian countries are now focusing on high-tech industrial collaboration, particularly in the semiconductor sector. Taiwan's global leadership in this field aligns with the ambitions of Southeast Asian nations, which are eager to develop their own semiconductor industries. For Taiwan, strengthening its semiconductor capabilities is not only an economic priority but also a strategic defense necessity. At the same time, Southeast Asian countries are striving to create a robust semiconductor ecosystem to drive economic growth, mitigate risks, and enhance resilience in the face of global uncertainties. The shared emphasis on semiconductors as a key to achieving

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1 The New Southbound Policy is an initiative of the Government of the Republic of China (Taiwan) under President Tsai Ing-wen that aims to enhance cooperation and exchange between Taiwan and 18 countries in Southeast Asia, South Asia and Australasia. The New Southbound Policy is for Taiwan to cooperate with 18 countries in the following aspects: trade, technology, agriculture, medicine, education, and tourism.

2 Go South Policy was proposed by President Teng-hui Lee in 1994 and spread investment across the region.

economic and national objectives highlights the critical role this industry plays in Taiwan-ASEAN relations.

The focus on high-tech dominance is particularly relevant today, echoing the Cold War-era competition between the US and the Soviet Union in areas like space exploration and the internet. Historically, technological leadership has driven not only economic progress but also military superiority, especially in the development of advanced weaponry. Innovations in high-tech, if adapted for military use, could revolutionize military combat and significantly alter the geopolitical balance. In the current global landscape, major powers—including the US, the EU, and China—are vying for supremacy in the semiconductor sector. Each is implementing strategic initiatives, such as the CHIPS Act, Made in China 2025, and the European Chips Act, to reduce reliance on Taiwan’s semiconductor industry, particularly amid concerns over Cross-Strait tensions. This competition highlights the broader impact of technological dominance, which has the potential to shift political power and reshape global influence. In this context, it becomes increasingly important to understand how the semiconductor industry is influencing the dynamics between Taiwan and ASEAN, as well as its broader impact on global geopolitics.

### **The Importance of Semiconductor to Taiwan**

President Lai continues to strengthen Taiwan’s relations with Southeast Asia, building on the achievements of the NSP. His focus includes reducing Taiwan’s dependency on China and expanding partnerships with other countries. A key aspect of President Lai’s strategy is Taiwan’s involvement in the high-tech industry. In his inauguration speech in May, he emphasized the importance of sectors like semiconductors, aiming to position Taiwan as a leader in artificial intelligence (AI) (Taiwan government, 2024). President Lai also expressed Taiwan’s readiness to cooperate closely with regional allies to advance these technological initiatives (Taiwan government, 2024).

Taiwan enjoys global renown as a leader in electronics and semiconductor technology, commanding a dominant position with over 70% of market shares in high-end chips (Representative Taipei Representative Office in Singapore, 2023). Taiwanese firms produce over 80% of the globe’s PCs and 90% of its servers (Nikkei Asia, 2023). Currently, Taiwan holds the top spot in semiconductor manufacturing worldwide. In 2021, Taiwan’s integrated circuit (IC) industry generated a total output value of 145.7 billion USD, constituting approximately 15% of Taiwan’s GDP (Uyen, 2023). Taiwan’s semiconductor ecosystem is robust, featuring the world’s largest foundry, which holds 63.8% of the global market share (Representative Taipei Representative Office in Singapore, 2023). Additionally, Taiwan commands significant shares in the packaging and testing sectors, with 58.6%, and boasts the second-largest IC design sector, capturing 20.1% of the market (Representative Taipei Representative Office in Singapore, 2024).

Taiwan’s position at the forefront of advanced semiconductor production not only underscores its technological prowess but also functions as a robust tool of “soft diplomacy,” a role of considerable importance given its unique diplomatic status. Recognizing the pivotal role of semiconductors, the Taiwanese government has embarked on strategic initiatives, such as “5 plus 2 innovative industrial plan”<sup>3</sup> and “Asia Silicon Valley”<sup>4</sup> development, aimed at further strengthening its semiconductor

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3 The 5+2 Plan builds on Taiwan’s strength in the ICT cluster to develop clusters in smart machinery, IoT (Asia Silicon Valley plan), clean energy, biotech, defense, the circular economy, and agriculture.

4 The Asia Silicon Valley Development Plan was approved by the government on September 8, 2016, to connect Taiwan with high-tech R&D communities worldwide and seize opportunities in next-generation industries. As the flagship program of the “five plus two” innovative industries, the plan focuses on promoting innovative research and development for the internet of things (IoT) and building a comprehensive ecosystem for innovative startups. Its aim is to boost economic

capabilities. This effort is particularly crucial amidst ongoing tensions in Cross-Strait, where Taiwan seeks to enhance its political resilience. President Lai has articulated Taiwan's strategic vision to establish itself as a key player in the global semiconductor industry and supply chain. This strategic positioning suggests that an increased global dependence on Taiwan's semiconductor exports could potentially contribute to reducing tensions in Cross-Strait by fostering mutual interdependence. Beyond economic benefits, this mutual reliance also serves to bolster national security, underscoring the critical importance of semiconductors in safeguarding Taiwan's sovereignty and stability. Amid strained relations with China, the Taiwanese government is actively pursuing strategies to lessen its dependence on the Chinese market, which has been slower to rebound from the pandemic compared to other regions due to delayed border openings. Ongoing trade disputes have further motivated Taiwan to seek more secure and attractive destinations for relocation, moving away from the uncertainties posed by China. The consistent electoral victories of the Democratic Progressive Party (DPP) underscore Taiwan's increasing inclination towards asserting independence from China.

### **The Importance of Southeast Asia to Taiwan**

Southeast Asia has emerged as a primary choice for Taiwanese relocation, thanks to its proximity to Taiwan, lower relocation costs for Taiwanese enterprises, and longstanding trade relationships dating back to the 1990s. The region's open policies and abundant, cost-effective labor pool are particularly appealing to Taiwanese companies. Moreover, shared cultural affinities further enhance Southeast Asia's attractiveness as a business destination. Leading Taiwanese corporations, including Foxconn, Quanta, and Wistron, and semiconductor giants like TSMC<sup>5</sup> and UMC,<sup>6</sup> are increasingly diversifying their operations into Southeast Asia, Japan, and even Europe (Tuyen, 2024). For instance, Frank Liang, the CEO of C. Sun, has laid out strategic plans to expand the company's operations into Thailand and Malaysia (Chanh, 2024). Historically focused on Taiwan and China, C. Sun has been a significant supplier to global PCB<sup>7</sup> manufacturers like ASE Technology,<sup>8</sup> and Unimicron.<sup>9</sup> Additionally, they provide crucial equipment to TSMC to meet the increasing demand for advanced chip packaging. Similarly, Topco Scientific, a key supplier to chip material manufacturers such as Shin-Etsu Chemical<sup>10</sup> and Fujimi<sup>11</sup> in Japan, is also eyeing expansion across Southeast Asia (Chanh, 2024). They currently serve major Taiwanese chip manufacturers like TSMC and UMC and are utilizing Singapore as a pivotal hub to extend their reach into Malaysia, Thailand, and Vietnam. These markets are experiencing rising demands for waste processing, chemicals, and materials. Topco has maintained a presence in Vietnam since 2008, but achieving profitability there has only recently materialized, driven by shifts in the supply chain dynamics (Chanh, 2024). Typically, it takes around five years to thoroughly grasp these markets and establish

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growth and create job opportunities by transforming Taiwan from a traditional contract manufacturer to a provider of smart, innovative services such as mobile lifestyles, artificial intelligence, automated driving, and augmented and virtual reality.

5 Taiwan Semiconductor Manufacturing Company Limited is a Taiwanese multinational semiconductor contract manufacturing and design company (TSMC).

6 UMC is best known for its semiconductor foundry business, manufacturing integrated circuits wafers for fabless semiconductor companies. In this role, UMC is ranked behind competitor TSMC. It has four 300 mm fabs, one in Taiwan, one in Singapore, one in China, and one in Japan.

7 A printed circuit board, also called printed wiring board, is a medium used to connect or "wire" components to one another in a circuit.

8 Advanced Semiconductor Engineering, Inc., previously known as ASE Group, is a leading provider of independent semiconductor packaging and test manufacturing services, with its headquarters in Kaohsiung, Taiwan.

9 Unimicron Technology Corporation is a printed circuit board manufacturer headquartered in Taiwan. The company produces PCBs, high density interconnection boards, flexible PCBs, rigid flex PCBs, integrated circuit carriers, and others.

10 Shin-Etsu Chemical Co., Ltd. is the largest chemical company in Japan, ranked No. 9 in Forbes Global 2000 for chemical sector. Shin-Etsu has the largest global market share for polyvinyl chloride, semiconductor silicon, and photomask substrates.

11 Fujimi is a global leader in lapping, abrasive, and polishing materials. We actively have products spanning various industries and are heavily utilized in the supply chain of semiconductor manufacturing organizations worldwide.

effective local teams, emphasizing the importance of sustained commitment and diversified operational strategies.

### **The Importance of Semiconductor to Southeast Asia**

Taiwan acknowledges the critical role of semiconductors, and concurrently, Southeast Asia is positioning itself as a burgeoning hub for semiconductor manufacturing. In the competitive global semiconductor landscape, ASEAN, encompassing nations that collectively form the world's fifth-largest economy, stands poised to play a pivotal role. With expanding manufacturing capacities, a skilled labor pool, and favorable governmental support, the region possesses substantial potential to attract investments and emerge as a key semiconductor production center. While the United States and China reported semiconductor exports of 28.4 billion USD and 220 billion USD, respectively, in 2022, ASEAN exceeded expectations by exporting semiconductors worth 165.3 billion USD during the same period, a substantial increase from US\$52.3 billion in 2017 (Lili, Y and Ivana, M, 2023). Furthermore, the ASEAN semiconductor market is projected to generate revenues of 101.8 billion USD this year, highlighting its substantial growth potential within the specialized supply chain (ASEAN Focus, 2023). This growth underscores ASEAN's increasing role and competitiveness in the global semiconductor industry. Similar to Taiwan, ASEAN recognizes the importance of achieving self-sufficiency and reducing dependence on external imports, viewing the high-tech industry as crucial for its long-term economic objectives.

Currently, Southeast Asia stands as the world's second-largest semiconductor equipment exporter (Hanoi, 2022). Acknowledging the pivotal role of semiconductors and aiming for further advancement in this domain, ASEAN member states are implementing diverse strategies to foster the semiconductor industry. Singapore has strategically built a robust semiconductor sector that contributes significantly, constituting 5% of the global semiconductor production capacity (Lili, and Ivana, 2023). This achievement underscores Singapore's pivotal role in the semiconductor supply chain, leveraging advanced infrastructure and a skilled workforce to maintain its competitive edge. On the other hand, Malaysia serves as a critical hub for semiconductor activities, focusing on assembly, testing, and packaging. Its comprehensive capabilities in these areas consolidate Malaysia's position, allowing it to capture an 11% share of the global semiconductor market (Lim, 2024). This strategic positioning has made Malaysia a preferred destination for semiconductor companies looking to optimize their manufacturing operations in Southeast Asia.

Furthermore, Southeast Asia presents emerging forces in the semiconductor sector, with countries like Thailand, the Philippines, Indonesia, and Vietnam actively developing their capabilities. Each nation is strategically positioning itself to attract investment and foster a conducive environment for semiconductor manufacturing, aiming to contribute significantly to the region's semiconductor industry growth. Indonesia, as part of its "Making Indonesia 4.0"<sup>12</sup> strategy, has embarked on semiconductor manufacturing, marking a significant step towards advancing its industrial capabilities in the digital age. This initiative aligns with Indonesia's broader economic goals of achieving the Golden Indonesia 2045 vision,<sup>13</sup> which aims to make Indonesia a developed economy. Meanwhile, the Philippines has established itself as a major exporter of electronic goods, with semiconductors comprising a substantial portion of the total. Currently, the Philippines exports approximately 70% of its electronic products, highlighting its significant role in the global electronics supply chain, particularly in semiconductor manufacturing and export (Khanh, 2023).

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12 By 2030, Indonesia aims to become one of the world's 10 largest economies, with the road to be paved by the digital transformation of Indonesian industry.

13 The Golden Indonesia 2045 Vision is an Indonesian ideal that sets the goal for the country to be a sovereign, advanced, fair and prosperous nation by its centennial in 2045. The goal is set in 2045, since by then the republic will commemorate 100 years of its independence.

This underscores the country's strategic position and contribution to the regional and global semiconductor industry landscape.

## **Taiwan – Southeast Asia Cooperation in Semiconductor**

### **1. Labor Force**

Each ASEAN member state possesses unique advantages that contribute to the development of its semiconductor industry. Indonesia, for instance, boasts the largest workforce in ASEAN, exceeding 18 million as of 2019, with over 170,000 employees dedicated to the electronics and semiconductor sectors (EY ASEAN). Malaysia's robust electronics industry employs approximately 600,000 individuals, underscoring its significant role in the regional market (Economic and Politics, 2024). The Philippines benefits from a youthful demographic, with an average age of 24 and a high level of English proficiency, making it the fifth-largest English-speaking nation globally (Santos, 2022). Vietnam, meanwhile, stands out for its abundant labor force, which is evident in its status as the leading source of workers sent to Taiwan for employment in factories as of 2023 (Tuyen, 2024). These demographic and workforce strengths across ASEAN countries are pivotal in shaping their respective semiconductor industries.

ASEAN member states possess significant labor resources that can synergize with Taiwan in the semiconductor industry, effectively addressing Taiwan's current labor shortages in this sector. Taiwan's government initiative, the INTENSE<sup>14</sup> program, exemplifies this collaboration by offering scholarships to Southeast Asian students specializing in semiconductor-related disciplines to study in Taiwan. Upon graduation, these students have opportunities to either join Taiwanese semiconductor firms or apply their acquired expertise back in their home countries, thereby contributing to the development of the domestic semiconductor industry. This partnership not only addresses Taiwan's semiconductor labor needs but also facilitates the cultivation of a highly skilled workforce across ASEAN member states. For instance, Vietnam is in its nascent stages of establishing a semiconductor industry and faces challenges with a scarcity of qualified personnel. The Vietnamese government aims to train 50,000 skilled workers in the semiconductor sector by 2030 (Tuyen, 2024). Leveraging its semiconductor leadership, Taiwan can play a pivotal role in assisting ASEAN member states in training and developing these crucial talents. Moreover, Taiwan's appeal as a destination for Southeast Asian students in East Asia underscores the potential effectiveness of the INTENSE program. This collaboration not only advances semiconductor advancements but also strengthens interpersonal connections, which are pivotal in the context of Taiwan's unofficial diplomatic relations with ASEAN nations.

### **2. Raw Materials**

In addition to its semiconductor prowess, Taiwan grapples with challenges such as securing essential raw materials like silicon to bolster its own manufacturing capabilities. To tackle this hurdle, Taiwan is increasingly turning to Southeast Asia as a strategic partner in semiconductor manufacturing because this region is rich in needed raw materials. For instance, Vietnam stands out for possessing the world's second-largest reserves of rare earth<sup>15</sup> minerals after China, alongside promising potential in renewable energy sectors like wind power for semiconductor manufacturers

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<sup>14</sup> The Ministry of Education (MOE) of Taiwan launched the "International Industrial Talents Education Special Program (INTENSE Program)" for talents coming to Taiwan for study and employment after graduation. This program integrates government, industry, and university resources to expand the recruitment of International superior industrial talent students. The program will first target students from Vietnam, Indonesia, and the Philippines in 2024.

<sup>15</sup> Rare-earth elements (REEs) are used as components in high technology devices, including smart phones, digital cameras, computer hard disks, fluorescent and light-emitting-diode (LED) lights, flat screen televisions, computer monitors, and electronic displays.

(Tuyen, 2024). Indonesia, on the other hand, offers substantial advantages with its abundant silica sand reserves, a critical raw material essential for semiconductor production (Indonesia Business Post, 2023). Moreover, Indonesia's vast bauxite resources hold promise for developing materials such as gallium and arsenic, crucial components for specialized semiconductors like Gallium Arsenide (Indonesia Business Post, 2023).

### 3. Research and Development

Taiwan is strategically harnessing its strengths in Southeast Asia to fortify the resilience of its semiconductor supply chain, navigate potential dependency risks, and cultivate collaborative advancements pivotal for sustaining the semiconductor industry's growth. Taiwan's proactive approach includes fostering Southeast Asia's capabilities through substantial investments in research and development (R&D) aimed at refining mineral processing technologies and enhancing semiconductor manufacturing capacities. This collaborative effort involves partnerships with global institutions to accelerate Southeast Asia's learning and innovation curve within the semiconductor sector. An exemplary instance of such cooperation is evident in the sixth Indo-Taiwan Industrial Collaboration Forum held in Bogor, Indonesia, which emphasized critical topics such as energy transition and digital industries, highlighting promising avenues for robust collaboration (Industrial Development Administration Ministry of Economic Affairs, 2023).<sup>16</sup>

### 4. Infrastructure

The collaboration between Taiwan and ASEAN in the semiconductor sector is evident in the substantial infrastructure development efforts by ASEAN member states to attract Taiwanese investment. For instance, regional autonomy in Indonesia has facilitated cooperation between Taiwanese transnational actors and Indonesian provinces like West Java and Central Java (Adhipramana and Maksum, 2022). In West Java, energy cooperation is underway with Taiwan's CPC Corporation,<sup>17</sup> while Central Java is working with the Taiwan External Trade Development Council (TAITRA)<sup>18</sup> to develop the Kendal Industrial Park (Adhipramana and Maksum, 2022).<sup>19</sup> These initiatives aim to invigorate economic activities in both regions. Infrastructure projects, such as the Patimban Port and the West Java International Airport (BIJB) in Subang, play a crucial role as vital logistics hubs, making West Java an attractive location for Taiwanese companies to relocate and invest. The integrated petrochemical industrial complex development in West Java, a collaboration between the regional autonomy of West Java, Pertamina,<sup>20</sup> and CPC Cooperation Taiwan, mirrors the concept of Asia's Silicon Valley (ibid). Similarly, Vietnam's construction of Long Thanh International Airport near industrial parks where Taiwanese companies have long been established will enhance logistics support (Tuyen, 2024). Vietnam's strategy to build an industrial city first, drawing inspiration from Taiwan's successful Silicon Valley in Hsinchu, further demonstrates its commitment to developing its semiconductor industry. According to the ASEAN Semiconductor Industry Association, the region is expected to see the establishment of six new chip manufacturing facilities by 2026 (Anh, 2023). This reflects the highest growth rate in installed capacity compared to other global regions. Such proactive measures underscore ASEAN's commitment to becoming a significant player in the global semiconductor market.

16 Gallium arsenide (chemical formula GaAs) is a semiconductor compound used in some diodes, field-effect transistors (FETs), and integrated circuits (ICs).

17 The CPC Corporation is a state-owned petroleum, natural gas, and gasoline company in Taiwan and is the core of the Taiwanese petrochemicals industry.

18 The Taiwan External Trade Development Council is a non-profit government co-sponsored trade promotion organization in Taiwan. It was founded in 1970 as China External Trade Development Council. However, it changed its English name in January 2004.

19 Kendal Industrial Park (KIP) is the largest industrial township development in Central Java with a total development size of 2,200 hectares.

20 PT Pertamina is an Indonesian state-owned oil and natural gas corporation, located in Jakarta. It was created in August 1968 by the merger of Pertamina and Permina.

These initiatives highlight Southeast Asia's dedication to fostering long-term, mutually beneficial partnerships across the region, promoting economic prosperity, technological innovation, and sustainable development. Countries like Singapore and Malaysia, with their established strengths in wafer production, software, and comprehensive semiconductor industries, are ideal partners for Taiwan to bolster its supply chains. They have advanced infrastructure for semiconductor development. Additionally, Singapore, Vietnam, Malaysia, the Philippines, and Thailand are leading in semiconductor research, development, and design, offering ripe opportunities for collaborative efforts with Taiwan to enhance supply chain security and competitiveness. The collaboration between Taiwan and ASEAN in the semiconductor sector is bolstered by significant infrastructure investments, strategic regional partnerships, and a focus on leveraging each other's strengths to drive economic growth and technological advancements across the region.

### **5. Cost Competition**

By shifting manufacturing operations to Southeast Asia, Taiwan stands to gain from reduced costs associated with lower labor expenses, more affordable raw materials, and streamlined logistics networks, which are more advantageous compared to Taiwan's logistical challenges as an island. This collaborative strategy not only enhances Taiwan's competitiveness in the semiconductor market but also positions Taiwan-ASEAN cooperation as a robust alternative amidst China's "Made in China 2025"<sup>21</sup> initiative. Moreover, Taiwan actively contributes to the development of ASEAN member states semiconductor industries, including Malaysia. Malaysia holds the distinction of being the world's sixth-largest semiconductor exporter and plays a key role in the global supply chain, particularly in packaging and testing (Farlina, F., 2024). Over the past half-century, Malaysia has established a strong semiconductor sector, currently meeting approximately 13% of the global demand for packaging and testing services (ibid). Malaysia has set ambitious goals to attract a mid-range wafer fabrication plant, an investment estimated between 4 to 8 billion USD (Tan, 2024). Achieving this objective would significantly bolster Malaysia's semiconductor supply chain. Collaboration with Taiwan could provide the critical capital and technological expertise needed to achieve this goal. By partnering with each ASEAN member state and leveraging their unique strengths, Taiwan can strengthen and secure its supply chain more effectively.

### **6. People-to-People Ties**

The collaboration between Taiwan and ASEAN in the semiconductor sector not only promises economic benefits and technological advancements but also nurtures deeper interpersonal connections. At present, Taiwan relies on labor imports, primarily from Southeast Asian nations such as Vietnam, Thailand, the Philippines, and Indonesia, predominantly for roles that are deemed low-skilled. In addressing the shortfall of highly skilled labor in Taiwan's semiconductor industry, collaborative efforts are crucial. Initiatives like INTENSE exemplify this approach by focusing on skills development. By investing in educational programs of this nature, Taiwan can reshape its perception of the Southeast Asian workforce. Currently, there is a tendency to view these workers as suitable only for low-skilled or potentially informal employment after their work permits expire, which can sometimes unfairly tarnish ASEAN's reputation in Taiwan. However, by providing comprehensive education and training through initiatives like INTENSE, the Southeast Asian workforce can acquire the necessary expertise to contribute effectively to Taiwan's semiconductor sector. This transformative approach not only has the potential to positively shift Taiwan's views but also establishes a solid groundwork for Taiwan-ASEAN relations, fostering mutual understanding and cooperation in a context where formal diplomatic ties may not exist.

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<sup>21</sup> Made in China 2025 is a national strategic plan and industrial policy of the Chinese Communist Party (CCP) to further develop the manufacturing sector of China, issued by CCP general secretary Xi Jinping and Chinese Premier Li Keqiang's cabinet in May 2015.

## Challenges in the Semiconductor Cooperation between Taiwan and ASEAN

### 1. Competition among ASEAN Countries

The collaboration between Taiwan and ASEAN in the semiconductor sector faces significant challenges due to competition among ASEAN nations, each striving to attract foreign investment to advance their own economic agendas. For instance, Indonesia races with Singapore and Malaysia, both of which have more established semiconductor industries. This competition underscores the broader difficulties faced by countries attempting to enhance their economic complexity within the global political economy. Vietnam, too, is positioning itself as a burgeoning semiconductor hub, a status that Malaysia is steadily refining. Vietnam has implemented various policies, such as tax exemptions and subsidies for training costs, to attract FDI in the semiconductor sector (Uyen, 2023). These measures highlight Vietnam's commitment to advancing high-tech manufacturing and effectively competing with Malaysia for FDI. Vietnam's advantage is further supported by its 13 free trade agreements, which attract more manufacturers than Malaysia's seven agreements (Uyen, 2023). Meanwhile, Thailand focuses on attracting companies involved in final production processes, such as wafer design (Nikkei Asia, 2023). The Philippines, with semiconductors making up 70% of its electronic exports, is concentrating on upgrading its assembly and testing facilities (Hanoi, 2022). These strategic initiatives by various ASEAN nations highlight the intense regional competition and the complexities of fostering a collaborative semiconductor industry amidst competing national interests. Each country has its own distinct strategy to advance its semiconductor development, often prioritizing national goals over a unified ASEAN approach to semiconductor industry growth.

### 2. Competition between Taiwan and ASEAN

ASEAN's strong commitment to becoming a global leader in the semiconductor industry highlights not only internal competition among ASEAN member states but also the long-term rivalry between ASEAN and Taiwan. Taiwan currently faces numerous challenges in the semiconductor sector, including issues related to sourcing and the cost of materials like silicon, rising labor costs, trade tensions, and a strategic shift to reduce reliance on China's market. Additionally, Taiwan faces the necessity of relocating factories and firms to Southeast Asia to remain competitive. However, this relocation poses significant challenges, particularly concerning the transfer of sensitive technology. To address these concerns, Taiwan continues to focus its research and development activities domestically to protect its critical semiconductor technologies. During his inauguration in May, President Lai emphasized the importance of maintaining Taiwan's research capabilities on the island throughout this relocation process (Taiwan government, 2024).

From the ASEAN perspective, sustainable exploitation of raw materials is a key concern in long-term collaboration with Taiwan. Therefore, ASEAN member states need to conduct comprehensive research to develop sustainable strategies for raw material utilization to avoid resource depletion. Additionally, managing the environmental impact of waste from Taiwanese semiconductor facilities in ASEAN countries is crucial to minimize ecological damage and strengthen commitments to environmental protection. On the other hand, semiconductors play a pivotal role in advancing clean energy technologies, such as manufacturing solar panels and wind turbine components, which can reduce dependence on fossil fuels and promote cleaner, more sustainable energy practices. Moreover, ASEAN member states are making progress in green energy development, an area where Taiwan also excels. Effectively leveraging these opportunities could foster productive collaboration between Taiwan and ASEAN in this sector, enhancing both regions' capabilities in green technology and sustainability initiatives.

The collaboration between Taiwan and ASEAN in the semiconductor industry addresses Taiwan's labor shortages while potentially creating a deficit of skilled workers in ASEAN countries. Programs like INTENSE prepare ASEAN workers for advanced roles in Taiwan's semiconductor sector, reshaping perceptions of ASEAN labor as highly skilled. These efforts also deepen personal ties between Taiwan and ASEAN, promoting mutual benefits and sustainable development despite the absence of formal diplomatic relations. However, a possible consequence of this collaboration is a shortage of skilled semiconductor workers within ASEAN nations, as graduates may opt to remain in Taiwan for superior economic prospects. Taiwan's higher wages and living standards could encourage them to stay abroad rather than return home to contribute to their own countries' semiconductor industries. Addressing this challenge necessitates balanced workforce development strategies to ensure fair benefits and sustainable growth across both Taiwan and ASEAN.

### **3. Competition between Taiwan and Other Major Countries to ASEAN**

Navigating Southeast Asia's competitive semiconductor market presents challenges for Taiwan, particularly amidst heightened interest from global players like the US, South Korea, Japan, and the European Union. These nations are increasingly targeting Southeast Asia, posing significant hurdles for Taiwan, which lacks formal diplomatic ties with the region's countries. For instance, Infineon Technologies AG of Germany has committed a significant investment totaling 5.47 billion USD to be implemented over a span of five years, aimed at establishing what is poised to become the largest silicon carbide (SiC) manufacturing facility globally (Business and Financial Press, 2023). This ambitious initiative is set to unfold in Malaysia, marking a substantial milestone in the country's emergence as a central hub for advanced manufacturing on the global stage. This expansion is supported by steady technology investments from the US and EU, as recognized by HSBC (Vietnam News, 2023). In addition, after upgrading to the Comprehensive Strategic Partnership, Japan and the US are actively assisting Vietnam in developing its semiconductor workforce, with the US government initiating a 2 million USD grant program, directly racing with Taiwan's INTENSE program (US Embassy, 2023). ASEAN member states are diversifying their partnerships, including collaborations with China, to bolster their semiconductor technology ambitions. These developments underscore the intensifying competition Taiwan faces in Southeast Asia's semiconductor sector. To navigate these challenges, Taiwan should strategically enhance its competitiveness and manage geopolitical complexities effectively.

### **4. The Competition of China**

The partnership between Taiwan and ASEAN faces significant challenges, particularly amid the influence of China. ASEAN member states adhere to the One China Policy, and they have substantial trade relations with China, their largest trading partner. China also leads in foreign direct investment in ASEAN, notably in Indonesia, and supports regional economic growth through infrastructure projects under the Belt and Road Initiative.<sup>22</sup> Despite these dynamics, Taiwan maintains robust economic ties with ASEAN nations, driven by initiatives like the New Southbound Policy. Taiwan, despite its small size, ranks among ASEAN's top destinations for foreign direct investment, highlighting deep economic interdependence, particularly with a substantial ASEAN expatriate community in Taiwan. In Vietnam, for instance, Taiwan's leading investment, compared to all foreign investments in 2008, played a key role in the country's economic development, illustrating Taiwan's crucial economic role in Southeast Asia, albeit overshadowed by China's economic magnitude (Tuyen, 2024). Navigating these complexities, ASEAN member states should uphold the One China Policy while carefully managing relations with Taiwan to maximize

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22 The Belt and Road Initiative, known in China as the One Belt One Road (BRI) and sometimes referred to as the New Silk Road, is a global infrastructure development strategy adopted by the Chinese government in 2013 to invest in more than 150 countries and international organizations.

economic opportunities, especially in sectors where Taiwan leads globally.

## **Conclusion**

In Taiwan's strategic positioning amid competitive landscapes, its semiconductor industry emerges as a critical asset poised to bolster its competitive advantage within the ASEAN market. The sector's advanced technology and expertise offer Taiwan a pivotal edge, presenting fertile ground for collaborative ventures. Initiatives focused on sharing semiconductor development know-how represent promising pathways for cooperation. Under President Lai's leadership, Taiwan aims to leverage its sophisticated semiconductor capabilities to drive deeper economic integration with ASEAN member states. This vision seeks to elevate bilateral relations to new heights of cooperation and mutual benefit, navigating challenges even in the absence of formal diplomatic ties between Taiwan and ASEAN member states. Efforts to foster closer ties through high-tech collaboration not only enhance Taiwan's economic standing but also underscore its role as a key player in regional semiconductor innovation. This strategic approach not only strengthens Taiwan's position in the global semiconductor market but also fortifies its partnerships within ASEAN, fostering sustainable economic growth and resilience in an increasingly interconnected world.

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## Conclusion

### Prospects and Pitfalls: Indo-Pacific Dynamics and ASEAN's Role

Luthfy Ramiz and Marina Ika Sari

#### Introduction

With the Indo-Pacific emerging as the most vibrant geopolitical and geo-economic theater in the world, it has become a significant focus in International Relations studies. Major and middle powers have increasingly positioned the Indo-Pacific as a strategic environment in their foreign policies by releasing Indo-Pacific visions or strategies. These efforts aim to secure maritime routes, access economic markets, and acquire resources within the Indo-Pacific region.

This edited volume seeks to enrich our understanding of the Indo-Pacific's dynamics as a new regional architecture from both geopolitical and geo-economic perspectives. The topics addressed by the authors are diverse and cover a range of discussions relevant to the Indo-Pacific dynamics. Starting with an exploration of the region's most prominent issues, such as the great powers' competition (GPC) between the US and China, and how middle powers navigate these rivalries, to raising non-traditional security issues that are increasingly critical, such as cybersecurity and semiconductors.

The recent GPC occurring between the US and China, as mentioned in the work of Bagus Jatmiko and Marsetio, has critically influenced the dynamic in the maritime-heavy Indo-Pacific region. The writers argue that to cope with the ongoing GPC, countries around the region should consider the regional dynamics within the formulation of their security policy to build up security narratives, which are then used to disseminate the ideas embodied in the policy to other states, in order to reach a common understanding and interest in the emerging maritime issues amidst the GPC in the Indo-Pacific that are expected to drive states' behavior.

With China's growing power overshadowing the US hegemony in the region, the US enhanced its presence in the Indo-Pacific through strategic minilateral arrangements. Patrick Kurniawan and Indira Utomo's chapter assesses the US' pivot to the Indo-Pacific with what it understood as minilateralism, particularly through QUAD, AUKUS, and JAPHUS. Through these arrangements, the US aims to achieve a rules-based order in the Indo-Pacific amidst the massive ongoing maritime disputes that challenge its freedom of navigation and broader regional stability.

To overcome those challenges, Chyungly Lee's chapter exacerbates the discussion on the US strategy for advancing integrated deterrence with its allies and partners through the convention of combined military exercises. Apart from reassuring alliances and partnerships with each other, these exercises provide an opportunity to send signals of collective resolve, implementation, and coalition options to other like-minded actors. As it led to more countries being interested in participating in US-led military exercises, Chyungly Lee noted that combined military exercises often resulted in deeper defense engagements between allies and partners, with or without formal defense treaties.

With regard to competition in the maritime domain, Ma Chun-wei's chapter explains that while the US continues to push for freedom of navigation operations, China is pursuing a maritime expansion strategy by shifting its focus from "coastal defense" to "distant sea protection." China's

ultimate maritime expansion targets extend southward from southern China, encompassing the South China Sea and reaching into the South Pacific to the east. This expansion has generated spillover effects, posing threats to neighboring countries—Fiji, The Solomons, the Philippines, and Vietnam—and prompting them to forge security alliances to ensure mutual safety.

Gufon Gozali and M. Habib Pashya's chapter elaborates on a detailed case study on China's influence in the Solomon Islands. The shift in diplomatic allegiance of the Solomon Islands from Taiwan to China has raised concerns among the US and Australia regarding China's growing influence in the Pacific region. Geoeconomically, the Solomon Islands can attract investment and aid from both sides by leveraging the rivalry between China and traditional powers—the US and Australia. However, the Solomon Islands also face concerns about China's growing influence in the Pacific, including potential ideological misalignment with its values and the risk of falling into a debt trap due to Chinese investments. Amidst the concern about the region's growing dependence on China, Patrick Kurniawan and Indira Utomo argue that the US-led economic cooperation might bolster stronger economic ties between the US and the region, thus reducing excessive reliance on China.

In addition to strengthening its grip on the Pacific, China is also intensifying its stance on the long-standing disputes in the South China Sea. The chapter of Brice Lee, et al. sheds light on the rising tensions between China and the Philippines and the emerging security dilemma in the South China Sea. As China intensified its maneuver through naval exercises, coast guard deployment, and extensive military facility constructions in the disputed waters, the Philippines followed suit by increasing military patrols and engaged in diplomatic efforts to gain international support. This chapter acknowledges that what China and the Philippines perceive as necessary measures might undermine the collective security of claimant states, which further reflects the cycle of the security dilemma and affects regional stability. Therefore, ASEAN would be necessary to play a crucial role in managing security dynamics to prevent an arms race and ensure regional stability.

Another key player in Southeast Asia, Indonesia, adopts a “soft hedging” strategy in the Indo-Pacific by fostering economic and diplomatic ties with China while enhancing defense capabilities with the US. Khoirul Amin's chapter analyzes how this approach enables Indonesia to maintain flexibility in regional geopolitics without risking entanglement in major power conflicts. In the context of geoeconomics, it also allows Indonesia to advance its strategic interests, particularly by benefiting from Chinese investments in infrastructure development through BRI projects. However, this does not ignore the underlying complexities in their strategic economic cooperation. The primary challenge lies in leveraging economic benefits from China while safeguarding broader national interests, particularly those related to China's claim in the North Natuna Sea area.

Aside from the hard political issues, this edited volume also covers non-traditional threats that cannot be ignored in the Indo-Pacific discussion, such as cyber and technology dynamics and renewable energy. Ali Wibisono's chapter underscores the Indo-Pacific as a battleground for cyber conflict and competition. It is characterized by strategic maneuvers in digital and emerging technologies by global players such as China, Russia, the US, and their allies. At the ASEAN regional level, although the bloc faces notably higher rates of malware and ransomware attacks than the global average, it lacks unified cyber norms due to diverse political regimes, economic disparities, and varying levels of cyber or digital maturity among its members. Those situations hinder cybersecurity cooperation among ASEAN Member States (AMS). Therefore, Wibisono emphasizes the need for ASEAN to enhance its cybersecurity governance and develop a unified response to cyber threats, especially as geopolitical tensions rise.

Muhammad Nidhal's chapter also echoes the concerns over the Indo-Pacific becoming a battleground for strategic maneuvers in technology among global players. The chapter deals with the scaling digital geopolitical rivalry between China and Australia within the Pacific Islands, which entailed competition in the Pacific Islands Forum and control over subsea cables. Australia's raising its official development assistance budget by nearly 50.83% from 2022 to 2024 and China's supplying 18% of global submarine cables in the last four years alone have sparked a tense competition over strategic assets such as undersea cables, which are critical to carrying 97% of the world's international data traffic, and provoked concerns over surveillance and potential debt distress among Pacific Island nations. Despite the escalating rivalry, the Pacific Islands nations should strategically use the dynamics of the situation to achieve sustainable growth and safeguard regional unity.

Talking about technology and cyberspace, we cannot neglect Taiwan as a technology powerhouse in the Indo-Pacific. Taiwan acknowledges the vital role of semiconductors in the Indo-Pacific's geo-economic sphere. Under President Lai's leadership, it aims to leverage its sophisticated semiconductor capabilities to drive deeper economic cooperation and integration with Southeast Asian countries. Tran Thi Mong Tuy's chapter argues that Southeast Asia, encompassing nations that form the world's fifth-largest economy, stands poised to play a pivotal role in a rather competitive global semiconductor landscape. Some Southeast Asian countries have leveraged manufacturing capacities, a pool of skilled labor, and favorable governmental support. Tran Thi Mong Tuy's work views the region as possessing substantive potential to attract investments, as well as emerging as a key and burgeoning hub for semiconductor manufacturing.

### **Establishing the ASEAN Outlook on the Indo-Pacific: A Conceptual Pathway**

Besides its geographical position straddling the Indian and Pacific Oceans, ASEAN has long played an active role as a regional connector and bridge builder (Lân, 2023). Amidst the evolving Indo-Pacific construct, ASEAN faces various geopolitical dynamics and challenges from interested countries in the region, requiring different responses (Sukma, 2019). The strategic environment poses challenges that compel each country to formulate strategies to safeguard and advance its national interests, including through a regional institution. Therefore, AMS collectively adopted the ASEAN Outlook on the Indo-Pacific (AOIP) in 2019 to reaffirm its strategic role in addressing dynamics within the Indo-Pacific regional architecture (Ministry of Foreign Affairs of The Republic of Indonesia, 2023a).

The AOIP would not have been possible without Indonesia's initiative (Sukma, 2019). As the de facto leader in ASEAN, the establishment of AOIP reflects Indonesia's pivotal role in initiating and advocating for this concept. Spearheading the AOIP concept, Indonesia began by formulating a document titled "Indonesia's Perspective for an ASEAN Outlook on the Indo-Pacific: Towards a Peaceful, Prosperous, and Inclusive Region" at the national level after conducting intensive virtual consultations with various ministries, universities, think tanks, and Indonesia's representatives abroad (Ministry of Foreign Affairs of The Republic of Indonesia, 2018, p. 126). President Joko Widodo and Foreign Minister Retno Marsudi then brought and promoted the concept at the regional level through ASEAN-led forums, such as the 32nd ASEAN Summit (27-28 April 2018), ASEAN Foreign Ministers' Meeting (30 July-4 August 2018), 33rd ASEAN Summit (13-15 November 2018), 13th East Asia Summit (15 November 2018), and ASEAN Foreign Ministers' Retreat (17-18 January 2019) (Pangestu et al., 2021).

After Indonesia's year-and-a-half lobbying process to convince regional partners of ASEAN's strategic necessity, the AOIP was eventually adopted at the 34th ASEAN Summit in Bangkok (23

June 2019) (Anwar, 2020). The AOIP represents the AMS' collective regional stance (Lân, 2023), articulating ASEAN's views on the emerging Indo-Pacific discourse. As a strategic response to geopolitical dynamics and the tug of power between major powers, the Outlook mirrors ASEAN's commitment to maintaining its relevance and strategic autonomy in the discourse (Ha, 2021). In principle, the vision of the AOIP is to create a peaceful, stable, and prosperous Indo-Pacific region, with ASEAN playing a key driving role (Mulyana & Yazid, 2023).

ASEAN's perspective on the Indo-Pacific is encapsulated in four key elements of the AOIP: (1) a perspective of viewing the Asia-Pacific and Indian Ocean regions not as contiguous territorial spaces but as a closely integrated and interconnected region, with ASEAN playing a central and strategic role; (2) an Indo-Pacific region of dialogue and cooperation instead of rivalry; (3) an Indo-Pacific region of development and prosperity instead of rivalry; and (4) the importance of maritime domain and perspective in the evolving regional architecture (ASEAN, 2019, p. 2).

The AOIP aims not to create new mechanisms or replace existing ones but rather to strengthen cooperation by optimizing ASEAN-led mechanisms and exploring other regional mechanisms in the Indo-Pacific. It outlines four areas of cooperation that AMS can explore with other countries in the Indo-Pacific region: (1) maritime cooperation to address unresolved maritime disputes by upholding international law and peaceful resolutions, promoting maritime safety and security, freedom of navigation, combating transnational crimes, managing marine resources, and protecting the marine environment; (2) connectivity infrastructures encompassing physical, institutional, and people-to-people linkages; (3) supporting the UN Sustainable Development Goals 2030; and (4) economic cooperation and other areas such as South-South Cooperation, trade facilitation and logistic infrastructure, digital economy, empowerment of micro, small, and medium-sized enterprises (MSMEs), research and innovation, and climate change (ASEAN, 2019, pp. 3-5).

By prioritizing dialogue and cooperation with all countries, the AOIP serves as a guideline for ASEAN's engagement with all actors in the Indo-Pacific region, including major powers. ASEAN embraces major powers and partner countries to cooperate through the AOIP principles, which include strengthening ASEAN Centrality, openness, transparency, inclusivity, a rules-based framework, non-intervention, and respect for international law (ASEAN, 2019, p. 2). The AOIP concept, emphasizing ASEAN unity and centrality, underscores ASEAN's leadership role in the driver's seat rather than aligning with conflicting views, such as the US Free and Open Indo-Pacific and China's Belt and Road Initiative, and preventing major powers from dictating the Indo-Pacific concept to ASEAN (Tham, 2018). In other words, the Outlook demonstrates that ASEAN does not take sides with any major power to maintain peace in the Indo-Pacific region.

The introduction of the AOIP contributes a fresh perspective on the Indo-Pacific. It adds value to the existing regional order by presenting a more positive narrative of the Indo-Pacific as an opportunity for expanding cooperation rather than exacerbating differences and competition. In contrast, visions proposed by other countries could be seen as efforts to assert hegemony in the region (Tham, 2018). For instance, the Indo-Pacific strategies released by the US, Japan, Australia, and some European countries concerning freedom of navigation under international law have been viewed by China as interference and threats to regional peace and security (Cohen & Koch, 2023). All in all, the AOIP functions as an inclusive platform for navigating competing regional order visions offered by major and regional players.

With an initiative focused on ASEAN-centric regional architecture and principles of inclusivity that distinguish AOIP from strategies of other countries, this proposal has become more widely accepted by all parties with interests in the region. As a strategy to navigate the geopolitical complexities of the region, AOIP aims not only to balance but also to serve as a bridge between competing major powers (Ramsi et al., 2023, p. 9). The importance of ASEAN Centrality is widely acknowledged for its role in facilitating multilateral forums to foster cooperation and security dialogue through ASEAN-led mechanisms such as the East Asia Summit, the ASEAN Regional Forum, and the ASEAN Defence Ministers' Meeting Plus (Anwar, 2020). Through these platforms, ASEAN can bring the US and China together to discuss regional and global political-security issues. In this context, ASEAN's role is crucial as a facilitator of dialogue during periods of heightened tension or conflict in the region.

While AOIP is praised for potentially uniting all parties and reducing the narrative of US-China competition regarding the Indo-Pacific concept, it is not without criticism. The AOIP document, which is comprised of five pages, has been criticized for not sufficiently detailing the concrete implementation of its outlook (Mulyana & Yazid, 2023). The document states that strategic discussions on practical cooperative activities can only be pursued through ASEAN-led mechanisms. Perhaps due to its nature as an “outlook,” the explanation is brief compared to documents launched by other countries in the form of detailed and comprehensive “strategies” or “visions.”

### **ASEAN Member States' Stances on the Indo-Pacific**

ASEAN positioning itself in the Indo-Pacific is necessary to maintain its relevance amidst the global geoeconomic and geopolitical gravity shift to the Indo-Pacific. It further conveys ASEAN's answer to critics of the organization's losing grip in the region. Explicitly through the value of “ASEAN playing a central and strategic role,” the AOIP passes an essential element of ASEAN's positioning effort in the Indo-Pacific region and aspires for ASEAN centrality to gain center stage in shaping economic and security architecture in the region. In short, it envisages ASEAN's “taking back the driver's seat” in the Indo-Pacific economic and political chessboard.

Although the AOIP reflects the stance of ASEAN as an organization, it never interprets individual ASEAN member states' stances towards the Indo-Pacific conception. As a document that was made neither as a strategy nor a treaty, the AOIP draws the common aspiration toward the Indo-Pacific. Moreover, ASEAN, as it is known for its loose institutionalization, does not limit its member states to pursue their interests; thus, the AMS does not rely exclusively on the ASEAN platform (Jaknanihan, 2022). It is logical that the AOIP provides a root for the AMS to grow and stem its position towards the Indo-Pacific; however, it might differ in practice.

Experts have seen that most ASEAN member states have been ambivalent toward the Indo-Pacific conception (Hoang, 2021). This ambivalence might be rooted in particular factors, including the intensifying rivalry between the US and China. Unlike the term “Asia-Pacific,” which emerged on a neutral stance after the growing role of Asia in the Pacific Ocean (Ghosh, 2023), the “Indo-Pacific” has been presumed to have emerged following its ideation by the US and its allies as a response to China's expansionist policy in the region (Khoo, 2022) – especially with the growth of Chinese naval presence in the waters surrounding the area and the Belt and Road Initiative. This has been further aided by some experts' analysis of China's negative view of the Indo-Pacific concept. Therefore, incorporating the Indo-Pacific concept within AMS's foreign policy might result in political misinterpretation.

While some opted not to incorporate the US-led Indo-Pacific conception into their foreign policy, countries like Singapore, Vietnam, and the Philippines have rather distinct approaches to responding to the conception. Small but geographically strategic AMS like Singapore opted not to position itself within the US-led Indo-Pacific conception and instead pursued the ASEAN-led Indo-Pacific conception with the AOIP. For Singapore, the values that AOIP underpins, such as ASEAN centrality, prosperity, and international law, are seen as quintessential for the country's survival and prosperity as a small city-state (Scott, 2022). While opting to pursue ASEAN-led AOIP, Singapore is open to moving through a bilateral canal with regional actors as part of evolving with the dynamics. It utilized its bilateral ties with regional main actors, such as China, India, Japan, Australia, and the US (Scott, 2019; Scott, 2022).

Vietnam, on the other hand, resonated with interest in the Indo-Pacific conception. Aside from acknowledging the term Indo-Pacific as a region within its defense white paper in 2019 (Vietnam Ministry of Defence, 2019), Vietnam has been seen as a strategic partner within the US Indo-Pacific Strategy (Trinh & Do, 2024). The US sees Vietnam as important, somewhat similar to the Philippines' key position in Southeast Asia (United States Department of State, 2022).

Yet, it is important also to note that, while showing a welcoming gesture toward security cooperation with the US and its allies, Vietnam plays a cautious balancing game with China. Both Vietnam and China definitely shared ideological kinship, which, in any case, can make it easy for Vietnam to maintain its bounds with its neighbor up north. However, economic roots leverage it even more. This past decade, Vietnam maintained and strengthened its economic and trade cooperation with China and restrained both powers in the presence of ASEAN (Manh, 2022). As evidence, Xi Jinping's visit to Hanoi last December has inked several new economic cooperations, including synergizing Beijing's Belt and Road Initiative and both countries' Two Corridors and One Economic Circle initiative (Ministry of Foreign Affairs of the People's Republic of China, 2023). Interestingly, Xi's visit took place following the US Secretary of State Anthony Blinken's visit to Vietnam last year, part of which discussed leveraging Vietnam's defense capacity (United States Embassy and Consulate in Vietnam, 2023).

Unlike Vietnam, which has a rather balanced reception of the US-led Indo-Pacific concept, the Philippines has been deemed to embrace it (Robles, 2023). It is safe to argue that the country sees itself beyond the strategic partnership. It has manifested in both the efforts to accelerate the implementation of the Enhanced Defense Cooperation Agreement (EDCA) between the Philippines and the US, as well as the Japan-Philippines-US (JAPHUS) trilateral partnership. This recent minilateral grouping aims to improve collective response in the region between the three countries. Indeed, with the ongoing escalation in the South China Sea – where the Philippines and Vietnam are also the parties to the dispute – and also in other parts of Indo-Pacific waters such as the East China Sea and the Taiwan Strait, the US and its allies embracing the principle of the rules-based order as subtly stipulated in its Indo-Pacific Strategy, would be strategic ground to bolster efforts to warrant security in the region. The EDCA and JAPHUS trilateral partnership came and reflected the shared interest of the three countries to explore a deeper integration and collective response at a time when China's expansionism would expense international law (Basu & Gill, 2024).

As for Indonesia, its stance stemmed from President Joko Widodo's full-fledged economic and development pursuits within his foreign policy scenario. Indonesia's ASEAN-led constructivist approach (Hoang, 2021) was evident during the country's 2023 ASEAN Chairmanship, where it held the AIPF and led the issuance of a Concept Paper on the Implementation of the ASEAN Outlook on the Indo-Pacific. Indonesia's ideation and support for the AOIP show that its Indo-Pacific scenarios

have primarily revolved around ASEAN as its regional vehicle. This is unsurprising, as Dewi Fortuna Anwar argued that since ASEAN is Indonesia's strategic environment, it has been the country's cornerstone of foreign policy (Anwar, 2020).

### **The Implementation of the AOIP**

Efforts to promote AOIP have not progressed significantly since its inception. There were almost no tangible actions taken by the AMS to implement its contents, resulting in minimal impact on the strategic environment of the Indo-Pacific region (Ramsi et al., 2023, p. 9). Finally, four years after its launch, during Indonesia's ASEAN Chairmanship in 2023, ASEAN organized the ASEAN Indo-Pacific Forum (AIPF) as an effort to translate AOIP into concrete cooperation.

The AIPF took place in Jakarta on September 5-6, 2023, in parallel with the 43rd ASEAN Summit, focusing on three key issues of mutual interest: (1) Green Infrastructure and Resilient Supply Chains; (2) Sustainable and Innovative Financing; and (3) Inclusive Digital Transformation and Creative Economy (Ministry of Foreign Affairs of The Republic of Indonesia, 2023b). The AIPF serves as an inclusive platform for AMS and external partners from the public and private sectors to engage in constructive discussions, identify potential tangible projects, and promote collaboration in the Indo-Pacific (Ministry of Foreign Affairs of The Republic of Indonesia, 2023b).

The forum successfully attracted more than 2,500 participants from 51 countries, including heads of state or government, CEOs or industry leaders, and renowned experts from various sectors. It resulted in commitments to collaborate on 93 projects worth 38.2 billion USD, with potential for another 73 projects valued at 17.8 billion USD (Mulyana & Yazid, 2023). Given that ASEAN is located in the heart of the Indo-Pacific, the objective of the AIPF is to create a more integrated and interconnected region through inclusive collaboration. The forum's focus on economic aspects demonstrates that under Indonesia's ASEAN Chairmanship, the priority in implementing AOIP is to advance ASEAN's economic framework.

Furthermore, during the 17th ASEAN Defence Ministers' Meeting on 15 November 2023, ASEAN issued the Concept Paper on the Implementation of the ASEAN Outlook on the Indo-Pacific from a Defence Perspective to enhance cooperation on strategic and security matters. This Concept aims to strengthen defense collaboration among AMS and external partners in the Indo-Pacific region. The scope and areas of cooperation for implementing AOIP in the defense sector encompass maritime cooperation and connectivity through various activities such as dialogues (seminars or conferences), exercises (table-top exercises, command post exercises, and field training exercises), as well as education, training, military science, and technology research (ASEAN, 2023).

In the Concept Paper on the Implementation of the ASEAN Outlook on the Indo-Pacific from a Defence Perspective, ASEAN reiterates its central role by stating that AOIP projects or activities shall be initiated by an AMS or jointly initiated by an AMS and an external partner. Furthermore, proposed projects and activities must be approved by the ADMM mechanism (ASEAN, 2023).

It is noteworthy that in both the AOIP and the Concept Paper on the Implementation of the ASEAN Outlook on the Indo-Pacific from a Defence Perspective document, ASEAN focuses on the maritime domain as one of the main areas of cooperation. Considering the Indo-Pacific region's extensive maritime routes and marine resources, this is a strategic and essential step. Maritime infrastructure and security are pivotal for economic and political interactions that ultimately influence regional development and stability (Ramsi et al., 2023, p. 43).

Despite Indonesia no longer holding the ASEAN Chair position, it can pursue a proactive role in ensuring and guiding ASEAN to continue mainstreaming and advancing AOIP implementation through concrete and practical cooperation. Ultimately, as a diplomatic product of ASEAN, the AOIP is expected to contribute to peace, security, stability, and prosperity for the ASEAN region and the broader Indo-Pacific region. Moreover, in playing a more proactive role and advancing AOIP implementation, it is important for Indonesia to understand the ongoing GPC dynamics in the Indo-Pacific well. Echoing Jatmiko and Marsetio's argument in their chapter, Indonesia needs to recalibrate a comprehensive maritime policy to gain a better stage in developing cooperation and dialogues to maintain the region's stability.

### **A Test of ASEAN Centrality**

Growing major power rivalry and the Indo-Pacific conception entailed growing regional minilateralism, as evident in JAPHUS as the most recent minilateral partnership. The Indo-Pacific region has also previously witnessed other minilateral scenarios emerge over the past decades. As it is deemed that minilateralism peaked in its golden age during the advent of its conception (Teo, 2024), countries pursuing minilateralism in the Indo-Pacific, among others, are visible in the re-establishment of the QUAD, as well as in AUKUS, and JAPHUS.

The flux of minilateral partnerships in the Indo-Pacific region has stimulated differing reactions. While some view the development positively, others view it as a challenge to the existing multilateral arrangements in the area. The main characteristics of minilateralism include the presence of shared interests but not necessarily ideological alignment (Mladenov, 2023). This agility plays a significant role in giving flexibility to address challenges swiftly.

However, although it entails an efficiency benefit, minilateralism contains risks for regional dynamics. It risks a more exclusive construction. This risk might be evident in Teo's finding that among the newer minilateral groupings, they are mostly the element of the US-led Indo-Pacific conception, with members being allied with the US (Teo, 2024). Furthermore, growing exclusive arrangements could accelerate the world's coalescence into rival coalitions (Patrick, 2016). In addition to the risks of constructing exclusive arrangements, minilateralism risks undermining the effectiveness of multilateralism – such as ASEAN.

Echoing Kurniawan and Utomo's argument, the discourse around ASEAN is currently being challenged by the growing Indo-Pacific dynamics, especially its rivalry element and entailing minilateral groupings. Some view that the growing minilateral groupings around the region, such as JAPHUS, were driven by ASEAN's institutionalization—with its ASEAN centrality at its core. Amidst the escalations and growing dynamics, ASEAN faces criticism against its institutional functionality. The organization's religious adherence to the decision-making process, which is known to be based on discreteness, informality, consensus-building, and non-confrontation, makes ASEAN's multilateral engagement and policies operate on a rather slow pace and, as Nagy argued in its work, inconsequential (Nagy, 2023).

The criticisms faced by ASEAN's institutionalization and added to the consequences of growing minilateral groupings, like the JAPHUS and QUAD, have lately rendered the question of the effectiveness of ASEAN centrality, especially with it falling short of addressing regional challenges such as the Myanmar Crisis and the South China Sea dispute (Parameswaran, 2024). With Brice Lee's chapter acknowledging the question of ASEAN's effectiveness in addressing regional disputes, ASEAN institutionalization needs to have hands-on cooperative security mechanisms and strengthen engagement among AMS and its external partners to ensure regional peace.

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## About The Habibie Center

The Habibie Center was founded by Bacharuddin Jusuf Habibie and family as an independent, non-governmental, and non-profit organization on November 10, 1999. Our vision is to promote the modernization and democratization of Indonesian society based on morality and integrity of sound cultural and religious values.

The missions of The Habibie Center are:

- 1** First, creating a culturally and structurally democratic society that recognizes, respects, and upholds human rights, as well as examines and raises issues of democratic development and human rights
- 2** Second, promoting and improving human resources management and technology socialization efforts.

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