



Southeast Asian Middle Powers' Approaches to  
US-China Strategic Competition and the  
Implications for the East Asian Security Order:  
a Comparative Study of Vietnam and Indonesia  
(Online)

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Ngoc Ly Nguyen

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米中戦略的競争において東南アジア諸国のミドルパワーのアプローチと東アジアの  
安全保障秩序への影響：  
事例としてインドネシアとヴェトナムの外交

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## **List of Abbreviations**

ADMM	ASEAN Defense Ministers Meeting
AOIP	ASEAN Outlook on the Indo Pacific
APEC	Asia-Pacific Economic Cooperation
APT	ASEAN Plus Three
AIIB	Asian Infrastructure Investment Bank
ARF	ASEAN Regional Forum
ASEAN	The Association of South-East Asian Nations
AUKUS	Trilateral security pact between Australia, the United Kingdom, and the United States
BRI	Belt and Road Initiative
COC	Code of Conduct in the South China Sea
CPC	The Communist Party of China
CPTPP	Comprehensive and Progressive Trans-Pacific Partnership
CPV	The Communist Party of Vietnam
DOC	Declaration on the Conduct of Parties in the South China Sea
EAS	East Asia Summit
ECS	East China Sea
FOIP	Free and Open Indo Pacific
FTA	Free Trade Agreement
G20	Group of Twenty
GDP	Gross Domestic Product
GNI	Gross National Income
IPEF	Indo-Pacific Economic Framework
Jokowi	Joko 'Jokowi' Widodo, Incumbent President of Indonesia



Kemlu	Ministry of Foreign Affairs of the Republic of Indonesia
MEF	Minimal Essential Force
Quad	Quadrilateral Security Dialogue
RCEP	Regional Comprehensive Economic Partnership
SEA	Southeast Asia
SCS	South China Sea
TNI	Indonesian National Armed Forces
TPP	Trans-Pacific Partnership
UNCLOS	United Nations Convention on the Law of the Sea

## **List of Figures**

Figure 1. Power-Response Spectrum (Kuik, 2016) .....	30
Figure 2. A map showing the oil rig in maritime territory disputed by Indonesia and China. (Channel News Asia, 2022) .....	55
Figure 3. Number of Chinese companies on the United States Entity List (Financial Times, Nikkei, Department of Commerce, 2023).....	110
Figure 4. Survey on ASEAN Members' Perception of Quad's Impacts on Southeast Asian Security (an excerpt from ISEAS-Yusof Ishak Institute ASEAN Survey Report by Tang et al., 2020) .....	124
Figure 5. ASEAN countries' supporting rates of participation in security initiatives and military exercises organized under the Quad framework (an excerpt from ISEAS-Yusof Ishak Institute ASEAN Survey Report by Tang et al., 2020).....	124

## **List of Tables**

Table 1. Regional security strategies of middle powers (Emmers and Teo, 2018) .....	33
Table 2. Diplomatic Influence of Southeast Asian Countries (Lowy Institute, 2023) .....	65

## Abstract

This paper examines factors driving Indonesia's and Vietnam's approaches to the US-China strategic competition and implications to the East Asian security framework. The two countries are studied due to their significance in the region. Indonesia is known as a de facto leader of ASEAN due to its overwhelming population, territory, and historical claims. Meanwhile, Vietnam's long coastline faces the South China Sea, a "strategic flashpoint" in the US-China strategic competition. The geopolitical significance, coupled with Hanoi's ceaseless struggle against China's influence, makes it a critical player in the regional security architecture.

In this paper, the author posits Indonesia's and Vietnam's foreign policies under a combination of hedging theory and middle-power diplomacy. She contends that the hedging theory clarifies nuances between middle powers' perspectives on powerhouses' statecraft in their race for influence. At the same time, middle-power diplomacy yields an illuminating insight into how they respond to the great-power rivalry dynamics and contribute to regional security and stability. Therefore, by adopting both hedging and middle-power diplomacy theories, this paper is expected to comprehensively analyze Hanoi's and Jakarta's foreign policies vis-à-vis the US-China competition.

Despite both highlighting strategic autonomy in their doctrines, Indonesia's and Vietnam's hedging strategies and middle-power diplomacy differ in practice. The author argues that how they hedge against the US-China competition and practice middle-power diplomacy is decided by their distinctive historical contexts, strategic environments, and resource availability.

*Keywords:* middle power, hedging, middle-power diplomacy, Southeast Asia, Indonesia, Vietnam

## Table of contents

<b>Acknowledgments .....</b>	<b>i</b>
<b>List of Abbreviations .....</b>	<b>iii</b>
<b>List of Figures.....</b>	<b>v</b>
<b>List of Tables .....</b>	<b>v</b>
<b>Abstract.....</b>	<b>vi</b>
<b>Table of contents .....</b>	<b>vii</b>
<b>Chapter 1. Introduction .....</b>	<b>1</b>
Background.....	1
Literature Review.....	11
Dependent and Independent Variables .....	26
Research Puzzle and Questions .....	26
Thesis Structure .....	27
<b>Chapter 2. Methodology, Theoretical Framework and Typologies .....</b>	<b>28</b>
Methodology.....	28
Theoretical Framework.....	28
Typologies.....	34
Limitation and Delimitation.....	35
<b>Chapter 3. Indonesia’s and Vietnam’s Foreign Policies: Strategic Autonomy + <math>\alpha</math> .....</b>	<b>38</b>
A Comparison of Indonesia and Vietnam’s Historical Context .....	41
A Comparison of Indonesia’s and Vietnam’s Strategic Environment.....	53

A Comparison of Indonesia’s and Vietnam’s resource availability .....	59
Normative vs. Mixed Middle-power Strategies.....	61
<b>Chapter 4. Positioning Indonesia and Vietnam as middle powers.....</b>	<b>63</b>
Indonesia as an “awkward” middle power.....	63
Vietnam as an “awkward” middle power .....	70
<b>Chapter 5. Understanding Indonesia’s and Vietnam’s Approaches to China’s Rise and US Pivot to Asia Using Hedging Theory .....</b>	<b>83</b>
Indonesia’s Approach to China’s Rise: Neutral Hedger.....	83
Vietnam’s Hedge against China’s Rise: Toward power rejection.....	89
Vietnam and Indonesia Hedge against US Pivot to Asia: Power Acceptance.....	99
<b>Chapter 6. Indonesia and Vietnam Responding to New Dynamics in the Shadow of Increasing US-China Strategic Competition .....</b>	<b>109</b>
Hedging under increasing economic decoupling: Swing State vs. Balancer.....	114
Hedging against Supply Chain Disruption: Who is Winner or Loser?.....	119
Rise of Non-ASEAN Minilateralism: Resisting vs. Cautious Embrace.....	122
<b>Chapter 7. Conclusion and Implications .....</b>	<b>137</b>
Indonesia’s Linchpin on ASEAN: Challenges and Opportunities.....	138
Vietnam Caught between Superpowers: Challenges and Opportunities .....	146
<b>References.....</b>	<b>152</b>

## Chapter 1. Introduction

### Background

The President of the United States, Donald Trump, labeled China as the United States' strategic competitor, which, as a "revisionist," "seeks to displace the United States in the Indo-Pacific region" in his first National Security Strategy in December 2017. However, the uneasy relations between the two global powerhouses drew the attention of scholars and policymakers well before. In 2010, China, for the first time, surpassed Japan to become the second-largest economy in the world<sup>1</sup>. Realizing China's growth as a regional economic hub and potentially a powerhouse in Asia-Pacific, the United States under Obama's administration in late 2011 voiced its "pivot" to Asia (and the Pacific) through the November trips by the President to the region. "Asia Pacific is critical to achieving my highest priority," he says when visiting the Australian Parliament House in mid-November<sup>2</sup>, adding, "I have directed my national security team to make our presence and mission in the Asia-Pacific a top priority." By placing Asia at the core of its security strategy, the policy marked a shift in America's foreign policy away from the costly undergoing Middle East interventions to Asia, where China had been affirming its position as the most regional influential actor. This move apparently was not taken lightly by Beijing. Especially since Xi Jinping seized power in late 2012, China's foreign policy doctrine has shifted from "keeping a low profile"<sup>3</sup> since Deng Xiaoping's era in the early 1990s to "a Chinese dream"<sup>4</sup>, or "striving for achievement."<sup>5</sup> It

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<sup>1</sup> Barboza, D. (2010, August 15). China Passes Japan to Become No. 2 Economy. The New York Times. <https://www.nytimes.com/2010/08/16/business/global/16yuan.html>

<sup>2</sup> The White House. (2011, November 17). Remarks By President Obama to the Australian Parliament. Whitehouse.Gov. <https://obamawhitehouse.archives.gov/the-press-office/2011/11/17/remarks-president-obama-australian-parliament>

<sup>3</sup> See an analysis of Deng Xiaoping's 24-Character Strategy at <https://www.globalsecurity.org/military/world/china/24-character.htm>

<sup>4</sup> *President Xi urges youths to contribute to "Chinese dream."* (2013 May 4). Retrieved May 7, 2023, from [http://ie.china-embassy.gov.cn/eng/zt/chinesedream/201309/t20130910\\_2540559.htm](http://ie.china-embassy.gov.cn/eng/zt/chinesedream/201309/t20130910_2540559.htm)

<sup>5</sup> Yan, X. (2014). From Keeping a Low Profile to Striving for Achievement. *The Chinese Journal of International Politics*, 7(2), 153–184.

was followed by a series of back-and-forth attempts by the two sides in multiple domains. In the economic domain, a trade war between the two superpowers has taken place since mid-2018 with a series of heavy tariffs imposed on commodities imported from each other, which has escalated to mutual technological 'decoupling' recently, as seen through the United States' efforts to dwarf China's progress in the semiconductor industry, which is vital for both tech and weapon industry.

On the other hand, China has sought to foster a Sino-centric economic and logistic network in the region and beyond with the establishment of the Asia Infrastructure Investment Bank (AIIB), the Belt and Road Initiative (BRI) and the 'Made in China 2025' plan that seeks to lessen China's dependence on foreign technology yet instead "fostering Chinese brands" and "internationalizing manufacturing." In response, the United States and other members of G7, in 2021, adopted the Build Back Better World initiative targeting funding infrastructure projects for low- and middle-income states as an alternative to BRI<sup>6</sup>. In the maritime aspects, China has continually deployed gray-zone operations in the South and East China Seas. Indeed, China's assertiveness marked its significant escalation in the South China Sea with cable-cutting incidents in 2011 and 2012. They were followed by numerous bold actions, including the Scarborough Shoal stand-off in 2012 (with the Philippines), the oil rig incident in 2014 (with Vietnam), China's reclamation, construction, and militarization over the disputed Spratly and Paracel archipelagoes since 2014<sup>7</sup>. Meanwhile, in the East China Sea (ECS), China has also increased its gray-zone activities over Taiwan and the disputed Senkaku/Diaoyu island with Japan. The activities are, inter alia, frequent deployment of military drones over the Kinmen and Matsu islands, using civilian aircraft,

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<sup>6</sup> Widakuswara, P. (2021, November 4). "Build Back Better World": Biden's Counter to China's Belt and Road. In Voice of America. [voanews.com/a/build-back-better-world-biden-s-counter-to-china-s-belt-and-road/6299568.html](https://voanews.com/a/build-back-better-world-biden-s-counter-to-china-s-belt-and-road/6299568.html)

<sup>7</sup> Associated Press. (2022, March 21). China has fully militarized three islands in South China Sea, U.S. admiral says. *The Guardian*. <https://www.theguardian.com/world/2022/mar/21/china-has-fully-militarized-three-islands-in-south-china-sea-us-admiral-says>

balloons, boats, and vessels for military purposes around Taiwan waters; frequent deployments of government vessels into Senkaku/Diaoyu island<sup>8</sup>. In response to China's assertiveness, apart from counteractions by states directly involved in maritime disputes with the Asian giant, the United States could not stand still. As a significant regional player whose strategic interests are much linked to the sea lanes of communications of the South China Sea, alliance with Asian partners, as well as a semi-conductor production chain dominated by Taiwan, it has also tightened bilateral and multilateral relations with Asian critical players, including Japan and Southeast Asian nations, to balance against China. The Trump administration and now that of Biden have been imposing economic sanctions on Chinese enterprises and officials deemed to have a connection with China's activities in the SCS. It has also indicated the constant naval presence and performed overflight operations in the SCS and ECS. According to the South China Sea Strategic Situation Probing Initiative (SCSPI), in 2021 alone, the United States 2021 over 100 military exercises in and near the South China Sea (Xuanzun, 2022).

Located between the two resourceful and, at the same time, troubled waters, which are of both global powerhouses' strategic interests, the East Asia region is both blessed and cursed by its geopolitical significance. On a positive note, China's miraculous development in the past few decades has benefited regional countries with a great deal of multilateral trade and cooperation. Beijing has become the leading trade partner of even states that previously had Washington as their primary trade partner (Ikenberry, 2016). Japan, for example, since the late 2000s, witnessed China and the U.S. repeatedly overthrowing each other to become

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<sup>8</sup> See, for example:

The Japan Times (2022, November 26). China boosting capabilities for "gray zone" operations, Japan Defense Ministry think tank says. *The Japan Times*. <https://www.japantimes.co.jp/news/2022/11/26/national/japan-defense-ministry-report-china-gray-zone/>

Gunness, K. (2021). China's Gray-Zone Capabilities in the East China Sea (No. 90; NBR Special Report). The National Bureau of Asian Research. Page 6-8

Cuffley, A. (2022, December 12). China's Gray Zone Activities and Taiwan's Responses • Stimson Center. Stimson Center. <https://www.stimson.org/2022/chinas-gray-zone-activities-and-taiwans-responses/>



its top trading partner. In 2020, China consumed more than 20% of the country's exports, surpassing the United States to become the most significant export buyer of Japan<sup>9</sup>.

According to statistics by the ASEAN, China has continued to be ASEAN's top trading partner since the signing of the ASEAN-China Free Trade Agreement in 2009<sup>10</sup>. Yet, the picture is not all rosy. Apart from the benefits cultivated from trading with the growing China economy, East Asian countries are also wary of Beijing's increasing maritime assertiveness over the two troubled waters, as mentioned above, and its economic coercion. The robust trade with China also entails heavy dependence on its economy. This creates a favorable condition for China to employ economic coercion to pursue its national goals abroad. For instance, China in 2016 issued travel warnings that discouraged its citizens from visiting South Korea in response to Seoul's deployment of the US system of Terminal High Altitude Area Defense (THAAD) on its territory<sup>11</sup>.

The Philippines and Vietnam are also frequent targets of Beijing's coercive diplomacy, given the two countries' maritime disputes with China. For instance, China in 2019 did not clear customs for 5,000 trucks carrying Vietnamese farm produce in return for Vietnam's independent policies on Quadrilateral Security Dialogue (Quad), AUKUS (a trilateral security pact between Australia, the United Kingdom, and the United States since 2021) and the Myanmar issue<sup>12</sup>. For the Philippines, China imposed quarantine restrictions in 2012 over bananas, an essential export item of the Southeast Asian country, as an apparent

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<sup>9</sup> Nikkei Asia. (2021, January 22). China passes US as top Japanese export buyer, topping 20%. *Nikkei Asia*. <https://asia.nikkei.com/Economy/Trade/China-passes-US-as-top-Japanese-export-buyer-topping-20>

<sup>10</sup> ASEAN. (n.d.). *ASEAN-China Free Trade Area | Free Trade Areas | ASEAN Investment* [The official investment promotion website of ASEAN]. Invest ASEAN. Retrieved April 30, 2023, from <https://investasean.asean.org/free-trade-areas/view/734/newsid/776/aseanchina-free-trade-area.html>

<sup>11</sup> Lim, D. J. (2019, December 28). *Chinese Economic Coercion during the THAAD Dispute*. *The Asan Forum*. <https://theasanforum.org/chinese-economic-coercion-during-the-thaad-dispute/>

<sup>12</sup> Chaudhury, D. R. (2021, December 23). China Vietnam Border: Beijing's coercive diplomacy threaten impact Vietnam's border trade with China—The Economic Times. *The Economic Times*. <https://economictimes.indiatimes.com/news/international/world-news/beijings-coercive-diplomacy-threaten-impact-vietnams-border-trade-with-china/articleshow/88446679.cms>

retaliation for the Scarborough incident<sup>13</sup>. The maritime dispute led to Manila's filing the arbitration case in January 2013 and restraining relations with Beijing. As a payback, China intensified its quarantine measures against Filipino farm produce, placing its banana industry and agriculture sector in general in great difficulty. Months before Duterte's election, 35 tons of bananas were destroyed for not meeting China's sanitary standards<sup>14</sup>. With unparalleled economic power, China has succeeded in its "banana diplomacy" with the Philippines. Indeed, when President Rodrigo Duterte visited Beijing in late 2016, he voiced Manila's separation from Washington in exchange for Xi's promise to import bananas and other fruits from Southeast Asia countries<sup>15</sup>.

Given severe threats from the US-China competition, East Asian countries find it necessary to build a concrete security framework to enmesh the superpowers and maintain regional stability. As previously discussed, the countries understand the benefits of doing business with China and the importance of having U.S. security engagement in the region to constrain China's coercion and assertiveness. This mindset results in a "dual hierarchical system," which has gained popularity among most regional players, as argued by Ikenberry (2013 and 2016)<sup>16</sup>.

Yet, the increasing economic coerciveness of China, as having been discussed hitherto, the willingness of East Asian countries to accept China at the top of the economic hierarchy is questionable. Additionally, China's sluggish economic growth due to its zero-

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<sup>13</sup> West, K. (2012, June 29). Banana crisis blamed on Philippines-China dispute. ABC News. <https://www.abc.net.au/news/2012-06-29/an-banana-exporters-caught-in-philippines-china-dispute/4100422>

<sup>14</sup> Reuters. (2016, March 27). China destroys 35 tons of bananas from the Philippines. ABS-CBN News. <https://news.abs-cbn.com/business/03/26/16/china-destroys-35-tons-of-bananas-from-philippines>

<sup>15</sup> Venzon, C. (2019, July 26). China uses banana diplomacy in the Philippines to edge out Japan—Nikkei Asia. Nikkei Asia. <https://asia.nikkei.com/Politics/International-relations/China-uses-banana-diplomacy-in-Philippines-to-edge-out-Japan>

<sup>16</sup> Ikenberry, G. J. (2016). *Between the Eagle and the Dragon: America, China, and Middle State Strategies in East Asia*. Political Science Quarterly, 131(1), 9–43.

Ikenberry, G. J. (2013). East Asia and Liberal International Order: Hegemony, Balance, and Consent in the Shaping of East Asian Regional Order. In *The Troubled Triangle* (pp. 13–33). Palgrave Macmillan, New York. [https://doi.org/10.1057/9781137316851\\_2](https://doi.org/10.1057/9781137316851_2)

COVID policy might also drive some critical changes in the dual hierarchies as proposed by Ikenberry. Since the first outbreak of COVID-19 in early 2020, the Chinese government has applied a strict lockdown policy, which has just eased in early 2023 after a nationwide demonstration protesting the harsh policy that had disrupted people's life and livelihood for the past three years. Under the strict curbs, the gross domestic product growth rate slumped to only 3% in 2022, marking the lowest annual growth rate, apart from an exception of 2% in the first COVID year 2022 since 1976<sup>17</sup>. The harsh Covid-19 policy has not only choked the domestic economy but also got on foreign investors' nerves. Kathryn Koch from Goldman Sachs Asset Management at the World Economic Forum in May 2022 contends that China was 'uninvestable' from a capital market perspective<sup>18</sup>. Resonating the outlook, Li Daokui, professor of economics at China's Tsinghua University, voices that the zero-Covid policy has been hurting global confidence in its industrial supply chain<sup>19</sup>. In short, Ikenberry's argument on the de-facto economic leadership of China in the region has been challenged by Beijing's coercion coupled with its sluggish growth due to the strict zero-COVID policy<sup>20</sup>. These dynamics are likely to result in regional countries' seeking autonomy to mitigate risks from depending upon China.

When looking into the East Asian security framework, it is also essential to investigate its architects as well as the factors driving their approaches to external dynamics to sustain the regional order. Though the construction of a regional security framework can be attributed to several actors, the role of Southeast Asian states should not be

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<sup>17</sup> Tan, C. (2023, January 17). China's economy expands 3% in 2022, among the weakest growth in decades. Nikkei Asia. <https://asia.nikkei.com/Economy/China-s-economy-expands-3-in-2022-among-weakest-growth-in-decades>

<sup>18</sup> Horowitz, J. (2022, June 7). *Premarket stocks: "Uninvestable" China could make a comeback*. CNN Business. <https://edition.cnn.com/2022/06/07/investing/premarket-stocks-trading/index.html>

<sup>19</sup> Tan, S.-L. (Director). (2022, November 30). *China could reopen in March, but zero-Covid has shaken confidence in supply chains, economist says [Interview]*. In Squawk Box Asia. CNBC.

<sup>20</sup> Ning, Z. (2022, October 9). China's economic slowdown is about more than zero COVID - Nikkei Asia. Nikkei Asia. <https://asia.nikkei.com/Opinion/China-s-economic-slowdown-is-about-more-than-zero-COVID>

underestimated. Indeed, many institutions supporting the regional order are initiated by the Association of Southeast Asian Nations (ASEAN), such as the ASEAN Plus Three (APT), ASEAN Regional Forum (ARF), and the Regional Comprehensive Economic Partnership (RCEP), etc. They provide “the institutional "platform" within which the wider Asia Pacific and East Asian regional institutions are anchored” (Acharya, 2017), thus, placing ASEAN at the core of East Asia and Asia-Pacific at large. This concept, dubbed ASEAN Centrality, has also resonated in both Washington and Tokyo’s visions for a Free and Open Indo-Pacific (FOIP).

However, analyzing the contributions of the Southeast Asian nations generally as a bloc to the regional security framework is of controversy due to its significant heterogeneity and sometimes contradictions. ASEAN is a bloc of diversity in terms of political regimes, religions, economic size, and mixed relationships with the two global powerhouses. The diversity leads to their diverse directions in navigating relationships with international and regional powerhouses, which sometimes even conflict with those of other ASEAN members. For example, while Vietnam and the Philippines are strong opposers of China’s claims in the South China Seas, Cambodia, as being non-partisan to maritime territorial disputes and profiting from robust economic ties with China, is a dedicated supporter of Beijing’s discourse on SCS issues. Cambodia has continually blocked any ASEAN joint statement on the matter and instead supported China’s stance in dealing with it bilaterally. In 2016, for instance, Phnom Penh opposed an ASEAN joint communique in a Foreign Minister Meeting on The Hague’s ruling in favor of Manila, which invalidated Beijing’s claims in SCS<sup>21</sup>. Previously, Cambodia also refused to sign a joint declaration on how to deal with China’s behaviors in disputed waters in SCS in 2012<sup>22</sup>. In short, the role of ASEAN in constructing

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<sup>21</sup> Mogato, M., Martina, M., & Ben, B. (2016, July 25). *ASEAN deadlocked on South China Sea, Cambodia blocks statement*. Reuters. <https://www.reuters.com/article/us-southchinasea-ruling-asean-idUSKCN1050F6>

<sup>22</sup> BBC. (2012, July 13). ASEAN nations fail to reach agreement on South China Sea—BBC News. BBC News. <https://www.bbc.com/news/world-asia-18825148>

regional order is an interesting paradox. On the one hand, it is an architect of regional institutions, which are crucial for upholding regional stability. Yet, on the other hand, it is a heterogenous bloc with different and sometimes contradictory approaches to regional and global issues. This paradoxical feature of ASEAN makes it challenging to tell dichotomously whether the association made meaningful contributions to the regional order and stability given the context of US-China increasing tensions. Therefore, instead of viewing ASEAN as a regional middle power as some scholars have approached (see, for example, Nagy, 2022, and Morada, 2012), the author will approach some Southeast Asian middle powers individually. The association, then, is among items, yet a powerful one, in their diplomatic toolbox for navigating great-power rivalry and shaping the regional order. Besides utilizing ASEAN, Southeast Asian middle powers have been employing other diplomacy tools, such as extra-regional reaching out (for example, Vietnam reaching out to other regional powers, especially Japan, in enhancing its risk contingency capability; or the Philippines buttressing international organizations, The Hague, in settling the maritime dispute with China). Apart from analyzing their foreign policies, this paper also explores factors driving their approaches to external dynamics and the formation of security strategies. Understanding these motives is expected to decode certain patterns in their decision-making vis-à-vis the lingering US-China rivalry.

To generate meaningful results, it is important to determine what case studies should be included. As a 10-member bloc, interestingly enough, ASEAN is home to arguably six empirical middle powers, Singapore, Indonesia, Thailand, Malaysia, Vietnam, and the Philippines, according to the Lowy Institute's Asia Power Index since its first edition in 2018<sup>23</sup>. However, with a view to making the paper succinct, Indonesia and Vietnam are examined due to their significance within ASEAN. Indonesia has been a de-facto leader of

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<sup>23</sup> Lowy Institute. (n.d.). Map—Lowy Institute Asia Power Index. Lowy Institute Asia Power Index 2023. Retrieved April 30, 2023, from <https://power.lowyinstitute.org/>

ASEAN due to its overwhelming population and territory in comparison to other bloc members. According to ASEAN's statistics (2021), with a population of around 270 million people, Indonesia accounts for one third of ASEAN's total population<sup>24</sup>. In 2020, Indonesia's GDP is the largest among ASEAN members, accounting for 35.3% of the region's GDP<sup>25</sup>. It is the only Southeast Asian representative in the G20, a grouping of 19 countries and the European Union, which make up around 85% and 75% of the global GDP and trade, respectively, and approximately two-thirds of the world population<sup>26</sup>. The country, along with Malaysia, Singapore, and Thailand, shares the border of the Malacca Strait, a strategic sea lane connecting the Indian and Pacific Oceans. The geographical location adds to its strategic significance to the regional security framework. Vietnam, though its population in 2021 is around one-third of that of Indonesia (97.47 million vs. 273.8 million) and GDP is around the same ratio (366.1 billion vs. 1.186 trillion USD), according to the World Bank's statistics in 2022, has a long coastline facing the South China Sea, a "strategic flashpoint" in the US-China strategic competition (Rosales, 2019). Its resilience in pushing back China in the SCS dispute has placed Hanoi in the position of "the region's front-line defender of the territorial status quo" (Le Thu, 2020). Malaysia and Brunei, two other Southeast Asian states with territorial claims overlapping those of China, meanwhile, have been reticent. Indeed, the two countries' approach to the SCS disputes is oft-cited as 'silent' or 'quiet.'

The Philippines, which is at the forefront of struggling against China's maritime assertiveness with the submission of an arbitration case to The Hague regarding its maritime dispute with China, has a different momentum from other claimant states. It is backed by Washington through a Mutual Defense Treaty signed in 1951. Yet, under the former Duterte

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<sup>24</sup> The ASEAN Secretariat. (2021). ASEAN Key Figures 2021 (4th ed.). *Association of Southeast Asian Nations*. <https://www.aseanstats.org/wp-content/uploads/2021/12/ASEAN-KEY-FIGURES-2021-FINAL-1.pdf>. Page 3

<sup>25</sup> Ibid. Page 34

<sup>26</sup> G20 Webpage. (n.d.). About G20. Retrieved March 20, 2023, from <https://www.g20.org/en/about-g20/>

regime, the country apparently abandoned attempts to challenge Beijing in international arbitration as a result of Xi's banana diplomacy since late 2016 and instead devoted considerable efforts to domestic affairs<sup>27</sup> (Bisley, 2016).

The new President Ferdinand Marcos Jr. is seen as a hardliner in deterring China<sup>28</sup>. For example, in an interview granted for Centre for Strategic and International Studies (CSIS) on May 5, 2023, he contends that the 'highest security and defense right now are top of mind, and security and defense are what we [the U.S. and the Philippines] feel are the urgent issues that we must attend to<sup>29</sup>.' However, Marcos Jr. has indeed faced several challenges, both domestically from Duterte's legacy and internationally, as he is the descendant of a brutal dictator<sup>30</sup>. These factors might constrain the Philippines' effective deterrence of China.

On the contrary, the insistence on struggling against China's maritime assertiveness has pulled Vietnam closer to other regional and global powerhouses which seek to balance against China<sup>31</sup>. In other words, Vietnam has become a strategically important actor in the regional security paradigm. On the other hand, while other Southeast Asian countries have been economically struggling with the coronavirus pandemic aftermath, Vietnam has shown

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<sup>27</sup> Bisley, N. (2016, July 20). *Duterte to focus on domestic affairs for now*. The Japan Times. <https://www.japantimes.co.jp/opinion/2016/07/20/commentary/world-commentary/duterte-focus-domestic-affairs-now/>

<sup>28</sup> Heydarian, R. J. (n.d.). *Marcos is bringing in more friends to help deter China*. Nikkei Asia, April 10, 2023. Retrieved April 30, 2023, from <https://asia.nikkei.com/Opinion/Marcos-is-bringing-in-more-friends-to-help-deter-Chinas>

<sup>29</sup> CSIS (2023, May 5). *A Conversation with President Ferdinand Marcos Jr. of the Philippines* [Interview]. <https://www.csis.org/analysis/conversation-president-ferdinand-marcos-jr-philippines>

<sup>30</sup> Kurlantzick, J. (2022, November 22). *Marcos Jr. Tries to Escape Duterte's Legacy, But Can He Be Trusted?* Council on Foreign Relations. <https://www.cfr.org/blog/marcos-jr-tries-escape-dutertes-legacy-can-he-be-trusted>

<sup>31</sup> See, for example,

Sharma, K. (2022, July 4). *India-Vietnam defense ties on upswing as both eye China*. *Nikkei Asia*. <https://asia.nikkei.com/Politics/International-relations/Indo-Pacific/India-Vietnam-defense-ties-on-upswing-as-both-eye-China>

Yamaguchi, M. (2021, November 24). *Japan, Vietnam express serious concern about South China Sea*. *Associated Press*. <https://apnews.com/article/business-china-japan-vietnam-south-china-sea-895f28bf2743c03613c27400309492e6>

Marlow, I. (2023, April 15). *Blinken Looks to Deepen Vietnam Ties as China Tensions Simmer*. *Bloomberg*. <https://www.bloomberg.com/news/articles/2023-04-15/blinken-looks-to-deepen-vietnam-ties-as-china-tensions-simmer>

its economic resilience through its GDP growth of over 8 percent in 2022 as a result of a successful transition from its pandemic response policies from “zero-COVID” to “coexisting with COVID-19” (Leung, 2023). Hanoi’s resilience in the economic realm could also be observed through its thriving economy despite the adverse impacts of the U.S.-China trade war and Chinese economic coercion. Besides, its political stability also enables the government to deploy its foreign policy effectively and consistently, making it worth mentioning in the regional context vis-à-vis US-China strategic competition.

## **Literature Review**

### ***Revisiting middle-power theories***

When the Cold War was freshly ended in the 1990s, greater attention was attached to middle powers. While acknowledging that the great powers are still principals and assume structural leadership, Cooper et al. (1993) deem that “agents,” or, put differently, “secondary actors,” including middle powers, have assumed greater roles in the international system<sup>32</sup>. As a result, more studies have been carried out to systemize the understanding of such important actors in global politics.

As compiled by Chapnick (1999), there are three approaches to understanding middle powers: either through functional, behavioral, or hierarchical prisms. The functional model categorizes powers upon their capability of exerting influence on international affairs. The behavioral model, as its name suggests, reveals middle powers’ typical diplomatic behaviors. The hierarchical school (or empirical approach) identifies middle powers by correlating their capability, asserted position, and recognized status with great and small powers.

Among the approaches, behavioral school is the most popular. Accordingly, middle powers are identified as states with a “tendency to pursue multilateral solutions to international problems, [...] embrace compromise positions in international disputes and [...]

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<sup>32</sup> Cooper, A. F., Nossal, R. A., & Higgott, K. R. (1993). Relocating Middle Powers: Australia and Canada in a Changing World Order. *University of British Columbia Press*. Page 13



notions of 'good international citizenship' to guide their diplomacy<sup>33</sup>."

These behaviors, as framed under the post-Cold War context, however, are grounded in their attempts to buttress institutions having been established by great powers. As argued by Cooper et al. (1993), "these states [middle powers] were especially active participants in, and supporters of, international organizations spawned by that [American-led] order" By consolidating organizations molded by great powers, middle powers were depicted as policy takers. This no longer fits the contemporary world and regional contexts.

In fact, China rising as a prominent power and competing with the United States has resulted in a "change of the security architecture in the Asia-Pacific region and the global structure of relations<sup>34</sup>" (Tyushka 2018). At the same time, China's geographical location in East Asia has made the region a dangerous geopolitical fault line and urged regional middle powers to employ more proactive foreign policies. Under the circumstance, Tyushka (2018) reasonably points out the necessity to investigate the "assertiveness" of middle-power actors "beyond the West" in both positive and negative ways<sup>35</sup>. Accordingly, positive middle power assertiveness partly resonates with the conventional understanding of middle powers' behavior, which favors proactively dealing with international issues "in a constructive and overtly cooperative fashion,"; while the negative points to "proactively tackling of international collective action problems in both overtly and/or covertly confrontational fashion." The middle powers' assertiveness, thus, obsoletes the "good international citizenship" and "compromised" behaviors. To put it differently, not many middle powers now adhere to 'good international citizen' as a sole guideline for their middle-power diplomacy.

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<sup>33</sup> Cooper, A. F., Nossal, R. A., & Higgott, K. R. (1993). Relocating Middle Powers: Australia and Canada in a Changing World Order. *University of British Columbia Press*. Page 19

<sup>34</sup> Tyushka, A. (2018). Middle power assertiveness as a behavioural model in foreign policy. In *Rethinking Middle Powers in the Asian Century*. Page 122

<sup>35</sup> Ibid.

This shift in middlepowermanship is also observed by Nagy (2022) as he argues that middle powers have been increasingly proactive and engaged in “behavior that includes lobbying, insulating, and rulemaking in the realms of security, trade, and international law” to fill the vacuum left by the United States since Trump’s administration damaged the superpower’s relationships with their middle-power allies. Middle powers in the East Asia region, for example, instead of focusing on organizations and forums initiated by great powers, tend to make attempts to be rule setters by creating regional frameworks such as ASEAN Plus Three (APT), ASEAN Regional Forum (ARF) and Regional Comprehensive Economic Partnership (RCEP), among others. In an attempt to clarify this trend among middle powers, Nagy (2022, 2019) introduces a concept of “neo-middle power diplomacy.” Accordingly, middle powers are depicted as “actively aligning in new multilateral partnerships for functional, non-normative collaborations, such as the promotion of resilient supply chains, infrastructure, connectivity financing, and technology cooperation.” It shows that middle powers have now stepped up from policy takers to policymakers in the international realm. In other words, under the increasingly high-stake strategic environment in the shadow of the US-China strategic competition, they could not afford to abide by the traditional normative prescription of middlepowermanship but proactively build coalitions and pursue different foreign policies to mitigate risks and maximize returns from the ever-changing dynamics of great-power rivalry. Therefore, as Nagy and Ping (2023) argue, the “heyday of normative middle power diplomacy is on life support and possibly even dead.”

However, the author argues that this normative agenda has not gone extinct among the second-tier powers. The “death” of normative behaviors and adoption of a highly functional agenda is true for highly capable middle powers such as Japan and Australia. However, for Southeast Asian middle powers whose material and soft power is far more limited, an effective all-out functional strategy is hard to implement.

On the other hand, despite recognizing the threats from US-China strategic

competition, each middle power's strategic perception vis-à-vis the powerhouses is different. Their strategic environment under the US-China competition is also varied. All of these results in their diverse middle-power diplomacy agendas. As Emmers and Teo (2018) rightly point out, strategic environment and resource availability influence how a state forms its security strategy. Accordingly, states with a high-threat strategic environment and high resource availability tend to pursue a functional strategy; the states with both indicators low seek normative strategy, while the rest can pursue a mixed one.

This paper will not opt out of the behavioral prism in analyzing case studies yet adopt some adjustments to the school. Specifically, instead of framing middle-power diplomacy employed by Indonesia and Vietnam as promoting the "good international citizens" posture and advocating multilateralism only, the author will also investigate three behaviors as pointed out by Walton and Wilkins (2018), mediation, norm entrepreneurship, and coalition building. The first behavior deals with how middle powers proactively settle international disputes. However, it does not limit their choice to multilateralism as the traditional behavioral approach suggests. Likewise, norm entrepreneurship indicates their tendency to wield influence outside well-established international organizations. The norms promoted by middle powers also reveal its niche diplomacy, or put differently, their preferred domain of influence. Indonesia, for instance, promotes 'ASEAN Centrality' among regional players, encouraging them to use ASEAN-led multilateral frameworks to resolve regional security issues. Meanwhile, Vietnam can be seen as a silent norm diffuser of the rule-based order (which will be discussed in detail in chapter 4). Lastly, coalition building is a salient and interesting aspect when discussing the cases of Jakarta and Hanoi, as their official stances are not taking sides. Both states are part of the non-alignment movement (Indonesia has been a founding member and Vietnam since 1976). Indonesia adheres to a 'free and active' foreign policy doctrine, while Vietnam asserts its non-alignment principle with its "Four No's" defense policy. Yet, in practice, Indonesia has still sought alignment within the Southeast

Asian bloc to form “a regional order determined primarily by the Southeast Asian states<sup>36</sup>” (Emmers 2012). Vietnam, on the other hand, despite its Four No’s policy, has, along with the Philippines, “moved fastest and farthest in developing stronger defense cooperation with the pivoting America” (Kuik, 2016a). Vietnam has been actively seeking partnerships with regional powerhouses, notably Japan and India, to counter China’s rise. These activities are in line with an element of neo-middle power diplomacy put forward by Nagy (2022), “insulation” – to protect themselves in the uncertain great-power dynamics.

Secondly, as discussed earlier, given the contemporary world context, the functional school has proved its relevance and gained increasing favor among middle-power scholars. The traditional functional prism, according to Chapnick (1999, 74), suggests that middle powers are “capable of exerting influence in international affairs in specific instances, and differentiates them from all the rest.” This convention prism has two drawbacks. First, while it is true that highly capable middle powers, such as Australia, Canada, Japan, Norway, and arguably the EU, etc. have the capability to provide a public good in the international arena, the likelihood of those with lower resource availability, such as those in Southeast Asia, to project international influence is unrealistic. Even middle powers with high-resource availability, amid unrelenting pressure from a high-threat regional strategic environment, tend to prioritize resources to address regional security challenges deemed imminent to their national security instead of pursuing a far-fetched international agenda. For example, Canada has been labeled as a “global citizen” in the middle-power club due to its long-standing track record for providing international goods since the end of the Cold War (Patience and Roy, 2018). However, in November 2022, the North American country shifted its focus to a narrower geographical area by publishing its Indo-Pacific strategy as it “recognized that its future prosperity and security are not just interlinked with but depends on the trajectory of the

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<sup>36</sup> Emmers, R. (2012). *Cooperative Security and the Balance of Power in ASEAN and the ARF*. Routledge. Page 17

Indo-Pacific region” (Miller, 2023).

Also, the traditional functional approach only focuses on global but excludes regional institutions when discussing the contributions of middle powers. Meanwhile, although the US-China rivalry can be seen as a global challenge, regional institutions in Asia-Pacific, especially those in East Asia, play a critical role in navigating the great-power competition and derivative security issues to regional security. Indeed, China’s rise is gradual through its immediate regions of East Asia to greater areas and, ultimately, the position of an aspiring superpower capable of challenging the US hegemony. During its course of development, Beijing, Washington, and other regional middle powers have bargained, interacted, engaged, and balanced each multilaterally through a series of regional platforms mostly created by ASEAN countries, making the institutions a critical element in the US-China competition analogy.

Realizing this gap in the face of the contemporary great power security dilemma, scholars have paid heed to the regional impacts of middle powers. Patience and Roy (2018), while configuring three types of middle powers based on their behaviors, have included regional middle powers beside dependent middle powers and middle powers as global citizens<sup>37</sup>. Accordingly, regional middle powers include those who neither bandwagon nor form alliances with great power but instead seek partnerships with other regional peers who share the same security challenges to manage a regional order. The regional middle powers in East Asia have been studied by several scholars, such as Johnathan Ping<sup>38</sup>, Ralf Emmers, and Sarah Teo<sup>39</sup>. However, these studies are significantly fewer compared to those on traditional

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<sup>37</sup> The categorization is based upon middle powers’ behaviors toward international issues and vis-à-vis great powers. The first configuration, dependent middle powers, includes secondary states who align with great power, and their middle power status is driven by that alliance. On the other hand, the “middle powers as global citizens” category are in line with the traditional middle power behavioral approach as it highlights a state’s good international and regional citizen identity.

<sup>38</sup> See for example Ping, J. H. (2005). *Middle Power Statecraft: Indonesia, Malaysia, and the Asia-Pacific*. Routledge. <https://doi.org/10.4324/9781351153041>; Ping, J. (2022). Malaysia as an Awkward Middle Power. In G. Abbondanza & T. S. Wilkins (Eds.), *Awkward Powers: Escaping Traditional Great and Middle Power Theory* (pp. 177–197). Springer. [https://doi.org/10.1007/978-981-16-0370-9\\_7](https://doi.org/10.1007/978-981-16-0370-9_7);

<sup>39</sup> See for example Emmers, R., & Teo, S. (2015). Regional security strategies of middle powers in the Asia-Pacific. *International Relations of the Asia-Pacific*, 15(2), 185–216. <https://doi.org/10.1093/irap/lcu020>; Emmers, R. (2018). The Role of Middle Powers in Asian

middle powers, such as Canada or Australia. Even when it comes to discussing regional middle powers in East Asia, a greater focus is on South Korea, Japan, and ASEAN as a whole rather than Southeast Asian states as individual middle powers (except for Indonesia for its long-standing middle-power identity).

To put it simply, the functional prism is a powerful lens for understanding middle-power diplomacy. However, conventional studies often approach middle powers as international players with less focus on their regional roles. Therefore, it might neglect some regional middle powers with limited resources, including those in Southeast Asia.

Third, among all approaches, the empirical one seems to be the most objective way to categorize powers. Several scholars specializing in middle powers have attempted to introduce their own sets of criteria to ultimately rank powers as great, middle, and minor. An earlier attempt by a middle-power specialized scholar could be attributed to Holbraad (1984, 78-91) when he introduced GNP and population as two indexes to be considered in ranking world powers. These statistical criteria, however, are quite sketchy, as they only take the economic capability and demography into consideration while excluding other important factors, most notably military power.

Meanwhile, military capability has long been considered among the most important factors in measuring a state's power. Echoing this view, Mearsheimer (2001) attributes "military assets to put up a serious fight in an all-out conventional war against the most powerful state in the world" as the ultimate criteria to evaluate state power. Other attempts to objectively classify powers include a set of five criteria proposed by Kenneth Waltz (1993), the forefather of the neorealism school. He suggests population and territory; resource endowment; economic capability; political stability and competence; and military strength as indexes to rank powers internationally.

Elaborating on the statistical tools to position states in an international power chart, Ping (2005) proposes nine indexes, which cover geographic area, economic capability (Gross Domestic Product – GDP, GDP real growth, Value of Exports, Gross National Income (GNI) per capita, Trade as a percentage to GDP), military power (Military Expenditure) and demography (Population and Life Expectancy at Birth). Such statistical methods, while doing a great job of measuring the hard power of a state, did not consider its power of influencing others, or said in another way, its soft power, as well as political stability. Meanwhile, these indexes are important in realizing a state's political goal. As said by Nye (1990), strength in war as the only test of great power is no longer applicable in such a contemporary interdependent world<sup>40</sup>. Given such a context, coercive power becomes less important, leaving more space for co-option, which “tends to arise from such resources as cultural and ideological attraction as well as rules and institutions of international regimes.”

A more objective set of indexes that incorporates both hard and soft capabilities is Lowy Institute's Asia Power Index (API). Having been introduced in 2018, the set comprising 131 indexes is categorized into eight thematic domains: Economic Capability, Military Capability, Resilience, Future Resources, Economic Relationships, Defense Networks, Diplomatic Influence, and Cultural Influence. Still, the author doubts the relevance of future resources as an indicator of power as it might further complicate the most vexing conundrum in power analysis, which, according to Khong (2019), is the issue of fungibility<sup>41</sup>, or differently, the possibility of how resources could be converted to success in achieving political goals. It is owing to the future resources' nature of fluctuation. The future capabilities indeed depend much on both a state's unpredictable internal and external dynamics. Therefore, considering context elements when evaluating powers adds

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<sup>40</sup> Nye, J. S. (1990). *Soft Power*. *Foreign Policy*, 80. Page 154

<sup>41</sup> Khong, Y. F. (2019). Power as prestige in world politics. *International Affairs*, 95(1). Page 127, 128.

sophistication to the analysis<sup>42</sup> (Khong, 2019). However, as compared to other indicators, the future trends element only accounts for 7.5% of the power index. Coupled with “resilience,” it contributes the least to the API metrics. As a result, this index could be seen as a good framework of reference when it comes to evaluating powers.

Though objectively evaluating powers based on their resources does not help much in studying middle powers' foreign policies and making predictions about their strategic decisions, it is helpful to decide which powers should be investigated.

Apart from the aforementioned approaches, identity-based schools are also commonly known among middle-power scholars. Accordingly, the status of great, middle, or minor powers depends on how the state and other actors in the international system see itself. This approach corresponds to Keohane's (1969)'s earlier argument about categorizing powers, which suggests ‘instead of focusing on perceptions of whether security can be maintained primarily with one's own resources, we should focus on the systemic role that states' leaders see their countries playing.’ This approach gives policymakers more room for maneuvering in designing and implementing foreign policies vis-à-vis great-power tensions. By claiming its title of middle power, one state could consolidate its reputation and assume more roles in international and regional issues. This also enables predictions of the state's future moves. Indeed, when identifying itself as a middle power, that country shows its readiness to act louder instead of being a minor power, which focuses “mostly on the protection of their territorial integrity rather than on the pursuit of more far-reaching global objectives<sup>43</sup>” (Krause and Singer, 2001).

This approach does not help much in systematically studying middle powers and often triggers debates among elites. Such case studies in this paper, Indonesia and Vietnam, are an

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<sup>42</sup> Ibid.

<sup>43</sup> Krause, V., & Singer, J. D. (2001). Minor Powers, Alliances, and Armed Conflict: Some Preliminary Patterns. In E. Reiter & H. Gärtner (Eds.), *Small States and Alliances*. Page 19



example. Indeed, while Indonesia has satisfied the criteria of a middle power, some Indonesian elites have described the state as an aspiring great power or a regional great power. For instance, Rizal Sukma, executive director of the Centre for Strategic and International Studies, Jakarta, in 2013, discussed Indonesia's potential and urged the country to embrace itself as a "major player in international affairs." Sukma (2013) also points out that "Indonesians tend to perceive their country as a 'negara besar' (big power), not 'negara menengah' (middle power)<sup>44</sup>." Meanwhile, Vietnam has been cautious in identifying itself as a middle power. For example, Anh Tuan, Binh, and Huong (2020) from the Diplomatic Academy of Vietnam deny the notion of Vietnam as a middle power<sup>45</sup>. That is, when elites are in debate about a state's identity or that state does not position itself as a middle power, would that exclude the state from the secondary-state rank? For that matter, this paper does not consider the identity-based approach as a baseline for studying middle powers.

As argued above, the identity-based approach is subjective and proves unfit for the US-China strategic competition dynamics and Southeast Asian middle powers, while empirical, behavioral, and functional approaches are on the contrary. Therefore, this paper will adopt a mixed approach combining empirical, behavioral, and functional prisms. Meanwhile, the traditional approach frames middle powers in an international scope, which focuses on their roles in providing a global public good. Such international roles are ill-suited to middle powers with limited material capacity. Still, while having a dwarfed role in the global arena, some low-capability middle powers, in fact, play a critical role in a regional setting, making them powerful regional middle powers. Studies on these states, however, are

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<sup>44</sup> Ibid.

<sup>45</sup> Anh Tuan, H., Binh, L. H., & Huong, T. T. (2020). SHEDDING TO GROW: THE COMING DOI MOI 2.0 IN VIETNAM'S FOREIGN POLICY. *Humanities & Social Sciences Reviews*, 8(3). <https://doi.org/10.18510/hssr.2020.8315>

Binh L. H. (among three authors) was Foreign Ministry's spokesperson from 2014 to 2017. From 2021 until the present time (Nov. 2022), he has been Deputy Head of the Party Central Committee's Commission for Communication and Education

significantly less than those on traditional middle powers with international roles, let alone great powers. Therefore, this paper is expected to contribute to the understanding of regional middle powers, given their increasing significance in the face of increasing competition between China and the United States.

### *Studies on Southeast Asian middle powers*

As for discussing Southeast Asian middle powers, there have been scholarly texts discussing them both individually and collectively. Among the studies, criticism over the bloc is robust and not a recent development. As said Nabbs-Keller (2020), the bloc's attempts to enmesh China "into Southeast Asian norms of dialogue and consensus appears to have ultimately failed to constrain Beijing." Emmers and Tan (2009) call the ASEAN Regional Forum and the bloc's pursuit of preventive diplomacy a "failure in practice."

Nowadays, given the rise of the Indo-Pacific concept, more criticism points to ASEAN's belittled role in resolving security issues lingering in the region. Wu (2019) argues that the purpose and the principles of the ASEAN have belittled the bloc's role in the region. Nagy (2023) also points to ASEAN's institutional vulnerabilities that have frustrated regional powerhouses and forced them to come up with security initiatives to insulate from the ever-increasing regional tensions as a result of the US-China strategic competition<sup>46</sup>.

Those observations are not wrong, yet they reveal two research gaps that this paper looks to fill in. First, studying Southeast Asian powers as a bloc apparently results in arguments against the meaningful contributions of Southeast Asian nations due to the association's obvious institutional vulnerabilities. Indeed, the bloc is of great heterogeneity and sometimes contradictions. The diversity leads to their diverse directions in navigating relationships with global and regional powerhouses. Meanwhile, ASEAN's decision-making

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<sup>46</sup> Nagy, S. R. (2023, March 22). ASEAN's institutional vulnerabilities are driving minilateralism | The Strategist. The Strategist. <https://www.aspistrategist.org.au/aseans-institutional-vulnerabilities-are-driving-minilateralism/>

is known for its unanimity-based ASEAN Consensus and strict “non-interference” principle. These institutional constraints prevent ASEAN from making effective and efficient decisions when it comes to controversial issues involving each member’s national interest. On the other hand, even within ASEAN, not every nation plays an equal role. In fact, when it comes to addressing ASEAN’s position in the region, a majority of studies point to Indonesia as its de facto leader. Indonesia is the architect behind the 'ASEAN Outlook on Indo-Pacific (AOIP) and has actively coordinated ASEAN efforts to deal with major intra-bloc and regional security issues. Therefore, when addressing the bloc as a middle power<sup>47</sup> (see, for example, Morada, 2012 and Ryu, 2013), it is easier to point to its deadlocks in settling regional disputes than its meaningful contributions to regional stability.

Also, studying ASEAN as a whole in the regional security context is also adequate as the association is not the only tool that Southeast Asian powers employ, which can make contributions to regional security architecture. For example, Vietnam has been reaching out to other regional powers, especially Japan, to enhance its risk contingency capability) while the Philippines buttresses international organizations (when it brought the SCS case to The Hague in 2016), among others. Therefore, this paper looks to discuss Southeast Asian middle powers individually, particularly Indonesia and Vietnam, to overcome the aforementioned drawbacks.

Second, given the rise of the Indo-Pacific, ASEAN’s role has been examined in such a vast region and compared to minilateral initiatives by highly capable regional powerhouses such as Quad and AUKUS (See, for example, Teo 2022, Laksmana 2020) while the bloc has still been struggling with its intra-bloc issues, such as Myanmar and Mekong River. While it is true that the US-China battlefield has expanded to the Indo-Pacific region, the question is

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<sup>47</sup> Ryu, Y. (2013). *ASEAN's Middle Power Diplomacy Toward China*

Morada, N. M. (2002). *ASEAN in the ARF: Identity and Norms Promotion by an Aspiring “Middle Power”?* Philippine Political Science Journal, 23(46), 83–118. <https://doi.org/10.1080/01154451.2002.9754236>

whether Southeast Asian countries are ready for such a vast region. If seeing the Indo-Pacific region as a series of concentric circles with ASEAN at its core, there are two other layers within that architecture worth noting, East Asia and Asia-Pacific. The author argues that Southeast Asian middle powers, regardless of their growing geopolitical significance, show the greatest and most effective influence in their most immediate region of East Asia.

Most Southeast Asian powers, despite their growth prospects, have low resource availability. Their priority is economic development and insulation from the turbulence in their surrounding region. While security issues in East Asia driven by the US-China upheavals are the most imminent threats and are yet to be resolved, it is difficult for them to shift focus to such a wider region. As Carr (2015) argues, middle powers do best in their immediate and nearby region, while their global influence is less likely<sup>48</sup>. Since East Asia is the closest concentric circle surrounding Southeast Asian nations, it is more reasonable to frame Southeast Asian middle powers' roles within the East Asia region.

As East Asia is also China's most immediate region, there have been numerous scholarly texts discussing the regional players responding to China's rise (See, for example, Chung 2009 and Kang 2005<sup>49</sup>). As two important players in ASEAN, Vietnam, and Indonesia, have been studied in this regard. Carl Thayer, a leading analyst of Vietnamese politics, wrote a series of articles pointing out how Vietnam manages Sino- Vietnamese relations and the challenges posed by territorial disputes (See, for example, Thayer, 2010 and 2011), through which, Vietnam's "cooperation and struggle" approach to China is highlighted. Thanh Hai (2021) makes another meaningful contribution to understanding Vietnam's position toward China by arguing that the ideological bond between China and

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<sup>48</sup> Carr, A. (2015). *Winning the Peace: Australia's Campaign to Change the Asia-Pacific*. Melbourne University Publishing. Page 16

<sup>49</sup> Chung, J. H. (2009). East Asia Responds to the Rise of China: Patterns and Variations. *Pacific Affairs*, 82(4), 657–675. <https://doi.org/10.5509/2009824657>

Kang, D. C. (2005). Why China's Rise Will Be Peaceful: Hierarchy and Stability in the East Asian Region. *Perspectives on Politics*, 3(3), 551–554. <https://doi.org/10.1017/S1537592705270342>

Vietnam has been overshadowed by the latter's strategic perception that its national security is threatened by China. This echoes Le Hong Hiep's point that the Sino-Vietnam relations are "interactions between asymmetric powers pursuing divergent, sometimes conflicting, interests" (Hiep, 2013). An equal focus on Indonesia's responses to China's rise can also be observed. For example, Fitriani (2018) looks into how internal politics and China's behaviors shape Jakarta's approach to Beijing<sup>50</sup>. Anwar (2022), on the other hand, correlates Indonesia's approach to China's rise through its promotion of ASEAN Centrality<sup>51</sup>.

Despite abundant studies on these states' responses to China's rise, little literature focuses on how they perceive Washington's Pivot to Asia, though it is an important dynamic in the US-China strategic competition as well as the East Asian security framework. Nonetheless, there have been studies on how these countries approach the US-China strategic competition. Tung (2022) argues that a "heightened sense of threat from China and its growing convergence of interests with the United States in recent years have motivated Vietnam to adopt a harder line vis-à-vis China." Therefore, it seeks closer collaboration with the United States on several issues to counter China (Tung, 2022). Meanwhile, Thayer (2017) argues that Vietnam looks to "promote a multipolar balance in its relations with the five major powers [Russia, India, Japan, China, and the United States], [...] to "prevent Vietnam from being pulled into a rival's orbit." Mubah (2019) analyzes Indonesia's approach to US-China competition as a double-hedging strategy to keep Jakarta at a safe distance from both Washington and Beijing to avoid risks. From a different perspective, Tritto, Silaban, and Camba (2022) explain how Indonesia sees opportunities from the complexities of US-China and Japan-China competitions and make it a "beauty contest" to maximize profits. In short, most scholarly works pay heed to these states' responses to either China's or US-China

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<sup>50</sup> Fitriani, E. (2018). Indonesian perceptions of the rise of China: Dare you, dare you not. *The Pacific Review*, 31(3), 391–405. <https://doi.org/10.1080/09512748.2018.1428677>

<sup>51</sup> Anwar, D. F. (2022). Indonesia's response to China's rise. Project for Peaceful Competition. <https://www.peaceful-competition.org/pub/brdt54wm/release/1>

rivalry, while much fewer studies include their foreign policy vis-à-vis the United States. Therefore, the author expects to touch on this aspect in section three of Chapter 5 to offer a more balanced argument on how the Southeast Asian middle powers approach the great-power rivalry.

Besides, scholars often frame their foreign policies vis-à-vis Sino-US competition under either a hedging perspective or middle-power diplomacy. Anwar (2022) has made an exceptional contribution to the scholarship by integrating both theories into his study on Indonesia's policies vis-à-vis the US-China competition<sup>52</sup>. The author resonates with this approach. She contends that the hedging theory sheds light on a middle power' perspective on powerhouses' statecraft in their race for influence, while middle-power diplomacy yields an illuminating insight into how they respond to the great-power rivalry dynamics and contribution to regional security and stability.

On the other hand, the author also notices an inconsistency in what independent variabilities are taken into consideration when watchers discuss Vietnam's and Indonesia's foreign policies vis-à-vis the US-China competition. While economic pragmatism and strategic environment are equally mentioned in studies of Vietnam and Indonesia, studies about Vietnam often include historical contexts, while those discussing Indonesia's case show little attention to this dynamic. As Ping (2005) rightly points out in his hybridization middle-power theory, the historical contexts influence how the states perceive their power and affect their statecraft, or put differently, their domestic and foreign policies.

As such, when addressing driving factors influencing Vietnam's and Indonesia's foreign policies vis-à-vis the US-China rivalry, the author looks to provide a comprehensive understanding of the Southeast Asian powers' stance by examining their historical context, strategic environment, and resource availability.

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<sup>52</sup> Anwar, D. F. (2023). Indonesia's hedging plus policy in the face of China's rise and the US-China rivalry in the Indo-Pacific region. *The Pacific Review*, 36(2), 351–377.

Also, while studies on each state's responses to US-China strategic competition are abundant, no comparison has been made between those two. Through examining their foreign policies, the author recognizes two sounding-similar doctrines, Indonesia's "free and active" and Vietnam's "self-reliance, and independence." Both highlight strategic autonomy as a guiding principle of their foreign policies. However, in practice, Jakarta and Hanoi have different approaches to Washington and Beijing, and thus divergent responses to US-China strategic competition and its derivative dynamics in the region. As Hanoi and Jakarta are two critical players in ASEAN, understanding the driving forces behind their divergent responses to the US-China strategic competition is expected to contribute to a meaningful and comprehensive scholarly understanding of Southeast Asian middle powers perceive the US-China competition and suggest how regional powerhouses should approach these states for effective collaboration in upholding the East Asian security framework.

### **Dependent and Independent Variables**

- *Dependent variable:* Vietnam's and Indonesia's responses to US-China Strategic Competition
- *Independent variables:* Resource availability, strategic environment, and historical context facing Indonesia and Vietnam

### **Research Puzzle and Questions**

*Puzzle:* What drives divergence and convergence of Southeast Asian middle powers' foreign policies vis-à-vis the US-China strategic competition?

*Research questions:*

- How differently do Indonesia and Vietnam perceive their strategic environment vis-à-vis China's rise and US' pivot to Asia?
- How do Vietnam and Indonesia approach the changing dynamics in the region as impacted by the US-China strategic competition?

- To what extent does their strategies vis-à-vis US-China competition contribute to the construction of the East Asian security order?

### **Thesis Structure**

The paper is divided into seven chapters. The first chapter examines current scholarship on middle-power theories and Southeast Asian middle powers to identify the research gap that this paper looks to fill in. Throughout the chapter, the research objectives and the significance of the thesis are listed. To frame a systematic approach to studying the case studies' foreign policies vis-à-vis US-China strategic competition as well as to argue for independent variables set forth in Chapter 1, the second chapter of "Theoretical Framework and Methodology" confines understandings of the topic to key relevant theories and terminologies. Then, the third chapter will address two variables influencing foreign policies and great-power strategies by Vietnam and Indonesia, including historical context, strategic environment, and resource availability. Chapter four analyzes how Vietnam and Indonesia fit the title of middle powers by looking into the empirical approach as a preliminary study and discussing their practice of middlepowermanship. The next chapter studies their approaches to the US-China strategic competition using hedging theory, followed by another chapter addressing their responses to emerging dynamics under the shade of US-China rivalry, namely the supply chain disruption, economic decoupling, and rise of security-oriented unilateralism under the prisms of both hedging and middle-power diplomacy. The last chapter will suggest how these approaches to US-China strategic competition provide momentum and obstacles to the countries as well as regional security and make recommendations for states involved to tackle challenges and take advantage of the opportunities.



## **Chapter 2. Methodology, Theoretical Framework and Typologies**

### **Methodology**

Since the research is mainly interpretivism, the prevalent research methodology is qualitative. In making the thesis, the author will investigate scholarly texts from academic books and journals, international media, as well as Indonesia's and Vietnam's official discourses on foreign policy and defense strategies to determine their perspective on the regional security dilemmas and their domains of priority in dealing with the great-power dynamics. Official documents from Indonesian and Vietnamese political elites and some academic sources help the author establish a theoretical framework, gain background knowledge on the topic and form her own hypotheses accordingly. Meanwhile, other scholarly works with contradicting views and media publications revealing Indonesia's and Vietnam's actual decisions vis-à-vis dynamics under the Sino-US competition expand her understanding of the gap between their middle-power diplomacy's discourses and practices. Through examining and correlating Vietnam's and Indonesia's rhetoric about their foreign policies and reality, as well as referring to different viewpoints by scholars and journalists in different schools of thought, the author's hypotheses are tested and/or validated.

### **Theoretical Framework**

It could be seen that most studies on these states' responses to either China or US-China rivalry are generally approached from a hedging viewpoint but with little discussion from the middle-power perspective. The author resounds with Anwar's (2022) mixed approach as he uses both hedging and middle-power diplomacy theories to form a comprehensive study on Indonesia's 'hedging plus' strategy vis-à-vis the US-China competition. Indeed, the hedging theory helps clarify a state's viewpoint on a powerhouse in accordance with its national interest and security. Meanwhile, middle-power diplomacy sheds light on how they respond to the great-power rivalry dynamics.

On the one hand, hedging theory has been used as an anchor of several studies on

ASEAN states' foreign policies vis-à-vis US-China competition. As Kuik (2016a) argues, Southeast Asian states have been adopting “a mixed and opposite strategy towards the re-emerging China” to form a strategy called “hedging.” This notion has been growing in IR literature as it has “captured the range and nuances of weaker actors' external policy than the false dichotomy of the “balancing versus bandwagoning” debate” (Kuik, 2016b). Indeed, when analyzing ASEAN middle powers' foreign policies, particularly those of Indonesia and Vietnam, the logic of either pure balancing or bandwagoning seems odd. As Ikenberry (2016) rightly puts it, East Asian middle states (including ASEAN players, as translated by the author) do not want to make a strategic choice between the United States and China. Instead, they look to engage China in regional institutions to maximize the economic benefit and minimize security risks.

On the other hand, ASEAN powers are skeptical about the United States' “episodic engagement” in Southeast Asia (Shambaugh 2018 and 2021). Therefore, it is absurd to predicate that the SEA middle powers have or will purely bandwagon toward the United States for security reasons. As a result, within the framework of this paper, ASEAN middle powers' diplomatic toolkit is going to be assessed first under hedging logic. Along with the growing number of studies on hedging, theories discussing this concept have been established. However, few theories shed light on the epistemological question of how middle powers hedge. Wilkins (2023) analyzes hedging logic by interpreting the alignment of Japan and Australia through their strategic partnership. Haacke (2019) looks into the risk management aspect when addressing hedging strategies in Malaysia and Singapore. While Kuik (2016a) discusses, in detail, the alignment behaviors of ASEAN states toward China to propose a theoretical framework for the hedging logic.

Although each approach has its merit, this paper will adopt Kuik's theory (see Figure

1 below)<sup>53</sup> when analyzing alignment as part of Indonesia's and Vietnam's foreign policies vis-à-vis the US-China strategic competition. The reason is first, Kuik's theory directly involves ASEAN states, and second, it offers a power rejection/acceptance spectrum that might be helpful to analyze the changing policies or, says, the trend of their alignment behaviors vis-à-vis the development of the US-China competition dynamics.

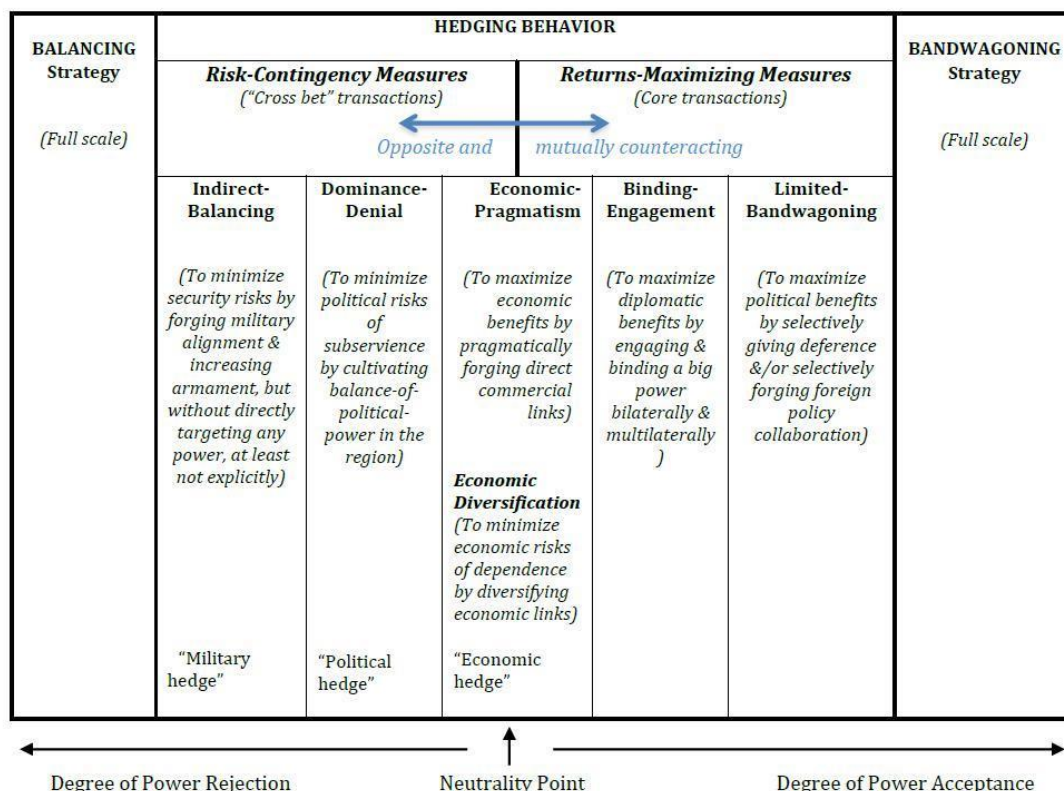


Figure 1. Power-Response Spectrum (Kuik, 2016)

The hedging theory, despite clarifying Vietnam's and Indonesia's approaches to the great-power dynamics, is lacking in profound insights into their contribution to regional security as two middle powers. As Wang (2021) contends, “hedging occurs when a small country cooperates simultaneously with two great powers, resulting in the balance of power.” It reflects a dichotomy in the mainstream IR scholarship: great powers balance each other while smaller states attempt to buy time, or say, to “hedge.” It, therefore, fails to distinguish

<sup>53</sup> Kuik, C.-C. (2016). How Do Weaker States Hedge? Unpacking ASEAN states' alignment behavior towards China. *Journal of Contemporary China*, 25(100), 500–514. <https://doi.org/10.1080/10670564.2015.1132714>

between the foreign policies adopted by middle- and small powers. For that reason, the author is convinced that besides hedging, a close investigation of middle-power diplomacy will provide a thorough understanding of the SEA middle powers' approaches to Sino-US strategic competition.

As argued above, the identity approach to middle power will not be used among foundational theories within this paper. It does not have much scholarly substance as it depends on the state's official labeling, which sometimes goes against its practices and behaviors. Vietnam, for example, until recently has started calling it a middle power despite several scholars locating it as one for years. Indeed, its strategy vis-à-vis US-China competition has elements of both behavioral and functional middle-power strategies. While exerting great diplomatic efforts in maritime issues and countering China's assertiveness in the South China Sea, Vietnam, at the same time, has been an advocate for multilateralism and a rule-based order norm promoter. Meanwhile, Indonesia is confused about its perceived power by positioning it as a 'negara besar' (big state), yet pursuing middle-power diplomacy in upholding multilateralism, norm entrepreneurship, and mediation, which, as pointed out by Walton and Wilkins (2018), consists of a typical middle-power diplomacy toolkit.

Instead, the author looks to examine the case studies through both behavioral and functional lenses, following an empirical approach as a preliminary to see if the powers fit the middle-power bracket.

Regarding the empirical approach, the author is thankful to the Lowy Institute for developing a fair set of indexes that incorporates both hard and soft capabilities: the Asia Power Index (API). Having been introduced in 2018, the set of 131 indexes is categorized into eight thematic domains: Economic Capability, Military Capability, Resilience, Future Resources, Economic Relationships, Defense Networks, Diplomatic Influence, and Cultural Influence. Still, the author is skeptical about listing future resources as an indicator of power as it might further complicate the most vexing conundrum in power analysis, which,

according to Khong (2019), is the issue of fungibility<sup>54</sup>, or put it differently, the possibility of how resources could be converted to success in achieving political goals. It is owing to the future resources' nature of fluctuation. The future capabilities indeed depend much on both a state's unpredictable internal and external dynamics. Therefore, considering context elements when evaluating powers adds sophistication to the analysis<sup>55</sup> (Khong, 2019). However, as compared to other indicators, the future trends element only accounts for 7.5% of the power index. Coupled with "resilience," it contributes the least to the API metrics. As a result, this index could be seen as a good framework of reference when it comes to evaluating powers.

Following examination of a statistical approach to see whether a power's material and soft power are capable of exerting meaningful influence in the region, this paper will investigate their middlepowermanship vis-à-vis US-China rivalry, which is formed by their interactions with Washington and Beijing and reactions to impacts from their tit-for-tat escalations. Though both Indonesia and Vietnam abide by the non-alignment principle and strategic autonomy, their actual strategies vis-à-vis the great-power rivalry are not identical. In order to understand the Southeast Asian middle powers' strategic behaviors, it is important to determine what factors influence their decision-making. According to Koga (2018), economic and military capabilities are decisive, while diplomatic factors are complementary to a state's strategic behavior. Meanwhile, Kuik (2021) points to the strategic environment; accordingly, a high-stakes, high-uncertainty circumstance will encourage small states to perform a hedging strategy. Meanwhile, Ping (2005) points out that historical and cultural factors interact with external dynamics to shape a middle power's statecraft. This continual process is called hybridization (Ping, 2005). Meanwhile, Emmers and Teo (2014 and 2018) refer to the strategic environment and resource availability as two factors shaping middle-power security strategies (see Table 1 below).

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<sup>54</sup> Khong, Y. F. (2019). Power as prestige in world politics. *International Affairs*, 95(1). Page 127-128

<sup>55</sup> Ibid.

		Low level of resource availability	High level of resource availability
Low-threat environment	strategic	Normative	Mixed
High-threat environment	strategic	Mixed	Functional

*Table 1. Regional security strategies of middle powers (Emmers and Teo, 2018)*

The author resonates with these findings and contends that this framework can ease the confusion and arguments between different schools of studying middle powers. Accordingly, Emmers and Teo correlate strategic environment and resource availability to distinctive strategies employed by middle powers.

Meanwhile, the author also agrees with Ping’s argument that historical context plays yet another important role in defining their foreign policy doctrine and their attitude toward foreign actors, here including China and the United States.

Following determining the overall strategies adopted by middle powers, this paper looks into their actual diplomacy practices under either functional or behavioral, or a combination of both, as suggested after studying their strategic environment, resource availability, and historical context.

There are several scholarly works dealing with ‘middle-power diplomacy.’ Nagy (2022) defines neo-middle power diplomacy as “lobbying, insulating, and rulemaking in three realms of security, trade, and international law.” Meanwhile, Walton and Wilkins (2018) list elements of middle-power diplomacy as mediation, norm entrepreneurship, and coalition building. Nagy’s neo-middle power diplomacy points to the functional role of middle powers, which can be seen in Vietnam’s concerted efforts in the security realm, especially in the maritime domain, due to its lingering dispute with China in the South China Sea. Nagy’s concept is in line with the functional prism laid out by Chapnick (1999), defining middle powers as ‘influential international policy makers’ but with no framing on

geographical scope. Meanwhile, the middle-power diplomacy definition by Walton and Wilkins (2018) can be seen in Indonesia's traditional mediation role, its active promotion of democracy and ASEAN Centrality as a norm in the region. Its inward coalition-building through ASEAN. Vietnam, though less active than Indonesia in mediation and norm entrepreneurship efforts, has also been active in outward coalition building with powerhouses in the region, especially Japan and India.

In short, to provide a comprehensive understanding of Vietnam's and Indonesia's approaches to US-China strategic competition and their contributions to the East Asian security framework, the paper will adopt the hedging theory by Kuik (2016) to analyze their attitudes and counter policies to China's rise and US pivot to China as they are integral parts of the great-power rivalry. This paper will also address the impacts of the great-power rivalry on the region and how Indonesia and Vietnam adjust their middle-power diplomacy to response to these dynamics using both functional and behavioral approaches by Chapnick (1999), yet with scope of influence narrowed to regional issues; and Walton and Wilkins (2018). In an attempt to discover why their responses differ, the author uses Emmers and Teo's theory on middle power strategies which includes strategic environment and resource availability as determinants of their diplomacy. Besides, she also mentions historical context as another variable to their foreign policy doctrines and practices.

### **Typologies**

As argued above, the term "middle power" is contested as it is often approached through one specific school, either behavioral, function, empirical, or identity-based prisms. It results in a "competition between academic schools of thought and political competition for the control of foreign policy narratives" (Robertson, 2017). To overcome the confusion of middle-power scholarship, this paper supports the empirical approach by Lowy Institute API as a precondition for sorting out which power is qualified for being examined.

However, the author also acknowledges that there is hardly any fixed set of behaviors

or agendas commonly adopted by powers in the middle brackets. Instead, their strategies are determined by resource availability and strategic environment, and historical context.

Altogether, they shape a middle power's distinctive 'middlepowermanship,' which can be either a functional, normative, or mixed agenda, as argued by Emmers and Teo (2018). As positing the normative agenda, the author supports the approach by Walton and Wilkins (2018), which lists mediation, norm entrepreneurship, and coalition building as three elements of middlepowermanship. She also partly supports the traditional notions of multilateralism and good international citizenship, as they could be seen as supporting a middle power's functional agenda.

The middlepowermanship, or 'middle-power diplomacy,' yet, does not tell the nuances of how these middle powers see and respond to the superpowers as well as the impacts of their rivalry. These subtle distinctions have been increasingly captured in IR scholarship under the 'hedging' label. This theory sets itself apart from the conventional dichotomous understanding of balancing or bandwagoning by locating powers in an in-between position, or, says Koga (2017), "hedging is located between balancing and bandwagoning as the state's third strategic choice." It also differs from that of 'neutrality.' Neutrality is seen as keeping distance from great powers, or in other words, refusing to either bandwagon or balance (Koga, 2017). It can be translated into a passive policy of equidistance or fence-sitting. This differs from hedging, the 'active pursuit of contradictory and mutually counteracting measures vis-a-vis the powers' (Kuik, 2016a).

As hedging is crucial to understanding a state's foreign policy vis-à-vis great-power competition, to forge a comprehensive understanding of the case studies, this paper also adopts Kuik's hedging theory (see, for example, Kuik 2016a, 2016b) to investigate Indonesia's and Vietnam's approaches to China and the United States, as well as their strategic competition.

### **Limitation and Delimitation**



The author is aware that apart from historical context, other factors, including culture and domestic political conditions, have also been studied as factors shaping a state's behaviors. Wiadra (2016) points to religion and culture as independent variables of a state's foreign policy. When referring to Asian states, he mentioned, inter alia, Confucianism, dynastic authoritarianism, and "a powerful bureaucracy that serves state purposes." Feng (2007) anchors Chinese leadership style and military doctrine on Confucianism<sup>56</sup>. On the other hand, Putnam's two-level game approach<sup>57</sup> (1988) argues that at the international level, politicians must balance between satisfying domestic pressures and mitigating risks from foreign developments. On the other hand, for pluralist democracies, each political party might have different agendas. However, within the framework of this paper, the author does not consider those factors as independent variables to Indonesia's and Vietnam's foreign policies vis-à-vis US-China strategic competition.

First, strategic culture is a contested concept whose elements vary among states. For example, Sulaiman (2016) defines Indonesia's strategic culture as being constituted by "a constructed past that provides a united identity for a diverse population," a "narrative of the struggle for independence, in which the military plays a central role" and "free and active" foreign policy that stresses nonalignment." Arif and Kurniawan (2018), on the other hand, attribute the archipelagic state's strategic culture to its "perception about the nature of state's geography and historical experience." Meanwhile, Butterfield (1996) correlates Vietnam's strategic culture with "perceived historical lessons." Therefore, integrating strategic cultural elements into the analysis might further complicate the comparative study between the two case studies.

Second, while it is true that the government must continually balance between

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<sup>56</sup> Feng, H. (2007). *Chinese Strategic Culture and Foreign Policy Decision-Making: Confucianism, Leadership and War*. Routledge.

<sup>57</sup> Putnam, R. D. (1988). Diplomacy and domestic politics: The logic of two-level games. *International Organization*, 42(3), 427–460. <https://doi.org/10.1017/S0020818300027697>

domestic and foreign policies, this continual struggle has formed a certain pattern of interactions between domestic and foreign policies, ensuring they do not step on each other's feet. Not to mention, the general internal public opinion is mostly concerned with structural matters, such as poverty, pollution, social equity, security, and well-being, rather than international affairs. However, among the public opinion agendas, nationalism is indeed influential in the formulation of foreign policies. As Ko (2022) reasonably points out, nationalism involving relationships with other countries might "blowback" and "constrain their [political leaders'] range of choices." Therefore, the author also takes nationalism into consideration when decoding Vietnam's and Indonesia's historical contexts, as that of both countries involves China, making it an important variable to the study.

The author also recognizes that framing the paper within the East Asia context might require attention to other regional problems, such as the Taiwan issue and North Korea's ambitious development of nuclear-armed missiles. However, as several findings suggest, ASEAN could not do much to pressure North Korea to change its pursuit except for signaling that Pyongyang should back down from its provocative behavior (Han, 2017). Not to mention, Pyongyang's nuclear development scheme had taken place well before the US-China competition. The state withdrew from the Nuclear Non-Proliferation Treaty in 2003 and conducted its first nuclear test in 2006 after years of uranium enrichment. North Korea's nuclear threat is, in fact, not an issue driven by the US-China rivalry. Therefore, though it posed a serious threat to the region, it is not within this paper's scope of research. Regarding the cross-strait issue, ASEAN has been keeping the Taiwan issue off the ARF agenda with a view to encouraging China to engage and accepting regional norms set by the bloc (Yates, 2017). For Indonesia and Vietnam individually, they have not shown any proactive role in settling any of the issues, except for the mediation role Hanoi took when organizing the Trump-Kim summit in 2019. Therefore, though both issues are significant in the East Asian security framework, the author hereafter does not include the issues in this paper.

**Chapter 3. Indonesia's and Vietnam's Foreign Policies: Strategic Autonomy +  $\alpha$** 

Contemporary Indonesia's foreign policy is defined through the doctrine of 'free and active' ('bebas aktif' in Bahasa)<sup>58</sup>. This doctrine has been introduced since Indonesia officially gained independence in 1948 when first Vice President Mohammad Hatta called on the need for Jakarta's foreign policy to 'row between two reefs' ('mendayung antara dua karang' in Bahasa)<sup>59</sup>. The doctrine emphasizes non-alignment, in which Jakarta vows to neither align with the superpowers nor bind the country to any military pact<sup>60</sup> (Kemlu, n.d.). However, one should not generalize the contemporary non-alignment principle guiding Indonesian foreign policy as consistent since the post-World War II Non-Aligned Movement (NAM) to which Indonesia was among the founding members when hosting the first Asian-African Conference in 1955 in Bandung. The NAM formation took place amid the bipolar division between Western capitalist and Eastern communist camps. Despite voicing its adherence to NAM, Indonesia, from 1963 to 1966, under President Sukarno and Indonesian Communist Party (PKI), cultivated deep relations with the People's Republic of China through the Jakarta-Beijing axis<sup>61</sup>. It was formed to balance against the Federation of Malaysia as Kuala Lumpur, which, at that time, decided to allow the British military bases to remain, which was seen by President Sukarno as an effort to encircle Indonesia (Anwar, 2023). This alliance, however, was completely reversed under President Suharto's army-led New Order government. Suharto froze Jakarta's relationship with PRC from 1967 to 1990 and strengthened relations with the United States even to the point that they could be seen as a "de facto alliance" (Anwar, 2023). Worse still, in 1967, Indonesia, along with Malaysia, the

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<sup>58</sup> Sukma, R. (2009, September). *A Journey of Change: Indonesia's Foreign Policy*. *Global Asia*, 4(3). [https://www.globalasia.org/v4no3/cover/a-journey-of-change-indonesias-foreign-policy\\_dewi-fortuna-anwar](https://www.globalasia.org/v4no3/cover/a-journey-of-change-indonesias-foreign-policy_dewi-fortuna-anwar)

<sup>59</sup> Kemlu. (n.d.). Indonesia's Foreign Policy [Government]. Embassy of the Republic of Indonesia in Washington D.C., the United States of America. Retrieved April 27, 2023, from [https://kemlu.go.id/washington/en/pages/kebijakan\\_luar\\_negeri\\_ri/716/etc-menu](https://kemlu.go.id/washington/en/pages/kebijakan_luar_negeri_ri/716/etc-menu)

<sup>60</sup> Ibid.

<sup>61</sup> Anwar, D. F. (2019). Indonesia-China Relations: To Be Handled with Care. *ISEAS Yusof Ishak Institute Perspective*. Page 2

Philippines, Singapore, and Thailand, founded the Association of Southeast Asian Nations (ASEAN) “as a shield against communist subversions, particularly from China” (Anwar, 1994). Not until the end of the Cold War in the early 1990s has Indonesia acted true to its ‘free and active’ doctrine.

Accordingly, the ‘free and active’ diplomacy doctrine has been identified with two prevalent policy phrases: ‘a million friends and zero enemies’ and ‘dynamic equilibrium’ (Gindarsah & Priamarizki, 2015). The first notion points to its efforts to portray itself as a benevolent partner to all states and avoid forming any alliance that might trigger any. It also highlights Indonesia’s pursuit of diversification of international relations, which is similar to Vietnam’s pledge to make “more friends and fewer enemies” in Resolution No. 13, entitled “On the Tasks and Foreign Policy in the New Situation” by the CPV Politburo in 1988. Meanwhile, the latter implies its approach to the great-power competition, which is restraining them from having an overwhelming preponderance of political, economic, or military power and dominating the region (Gindarsah & Priamarizki, 2015). Under the shadow of the US-China rivalry, the ‘equilibrium’ element means Indonesia would rather stay neutral instead of leaning to either side. Meanwhile, the ‘dynamic’ element sets it apart from passive ‘neutrality,’ which is defined as the tendency of not choosing a side and attempting to keep a distance from third-party conflicts (Lottaz, 2022). In contrast, by ‘dynamic equilibrium,’ Jakarta shows its preference for proactively navigating great-power relations to attain its favorable strategic environment instead of taking a passive risk contingency approach. This is compatible with Kuik (2021)’s definition of hedging as “a sovereign state positions itself between two or more competing powers while navigating a broad range of risks and uncertainties under international anarchy.”

The non-alignment principle is also highlighted in Vietnam’s ‘independence and self-reliance’ doctrine. It has been reiterated in the growingly prominent ‘bamboo diplomacy’ concept, which was first introduced by the Communist Party of Vietnam’s (hereinafter

referred to as CPV) leader Nguyen Phu Trong in 2016 at the 29<sup>th</sup> Foreign Affairs Conference<sup>62</sup>. The concept can be effectively captured by Thayer's quotation in Linh Ha and Hong Nhung's piece in 2023 "This approach reflects the fact that over the decades, Vietnam has remained a resilient bamboo patch, independent, and self-sufficient." The 'independence and self-reliance' doctrine has been adopted in Vietnam since the 1986 Doi Moi (literally 'Reform' in English) policy. Emerging out of economic distress and observing China's "reform and openness" under Deng Xiaoping and the Soviet Union's perestroika reforms under Gorbachev, the policy was introduced at the 6<sup>th</sup> National Congress of the Communist Party of Vietnam (herein referred to as CPV) in December 1986, aiming at transforming Vietnam from a subsidized economy to a "socialist-oriented market economy." Prior to this landmark, Vietnam had strictly adhered to the Marxist-Leninist worldview that defined Communist states as "friends" and capitalism as "foes" and a zero-sum game between two ideological camps (see, for example, Thayer 2018)<sup>63</sup>. Since the Doi Moi policy, Vietnam has, for the first time, opened its door to the outside world. While adopting market liberalization and starting to trade with foreign countries, Vietnam thus had to transform its external policy. In 1988, the CPV Politburo, through its 13<sup>th</sup> Resolution, vowed to make "more friends and fewer enemies," marking the abolishment of ideology-based doctrine and the introduction of a pragmatic view (Phan, 2022). In 1991, the CPV adopted a multidirectional foreign policy that called for diversification of diplomacy and economic cooperation with all countries, regardless of their political regimes. In 1998, 2004, and 2009 White Books of Defense formally introduced the "three no's" policy that stresses no military alliances, no foreign

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<sup>62</sup> Quang Phong. (2016, August 22). Tổng Bí thư: Ngành ngoại giao mang đậm bản sắc "cây tre Việt Nam" [Party leader: Vietnam's Foreign Policy imprinted with Bamboo image]. Dan Tri Newspaper. <https://dantri.com.vn/chinh-tri/tong-bi-thu-nganh-ngoai-giao-mang-dam-ban-sac-cay-tre-viet-nam-20160822143323799.htm>

<sup>63</sup> Thayer, C. A. (2018). The Evolution of Vietnamese Diplomacy, 1986–2016. In A. Tsvetov & H. H. Le (Eds.), Vietnam's Foreign Policy under Doi Moi (pp. 23–44). ISEAS–Yusof Ishak Institute. <https://www.cambridge.org/core/books/vietnams-foreign-policy-under-doi-moi/evolution-of-vietnamese-diplomacy-19862016/6FF5D34FB15ABB57AA1D38A0D030F878>

military bases permitted in the country, and no explicit alliances with one country against another<sup>64</sup>. The 2019 version adds a fourth no, “no use of force or threatens to use force in international relations.” The CPV Central Committee issued a resolution in 2003 entitled “On the Strategy of National Defense in the New Conditions” that altered the Cold War–era dichotomy of friends and foes with targets of cooperation (đôi tác) and targets of struggle (đối tượng). As Dung (2022) points out, “Under this framework, a country could be seen as a target of cooperation in some areas but a target of struggle in others.”

It could be seen that, theoretically, both countries stress strategic autonomy as a ‘political hedging’ tactic to shield against the great power shift. However, there are some nuances in implementing such doctrines that could be traced back to their distinctive historical context and strategic environment.

### **A Comparison of Indonesia and Vietnam’s Historical Context**

*Interference of foreign forces: Indonesia haunted by economic loss; Vietnam cautious of fragile sovereignty.*

Similar to many of the Southeast Asian states, Indonesia was through a painful history of being colonized. Prior to the colonial period, there had not been a unified Indonesia but separated kingdoms ruling across the islands. Their coexistence involved both peaceful times and conflicts. The Netherlands’ interference in the country started with the Dutch East India Company (VOC)’s presence in the Indonesian archipelago starting in 1621. It was succeeded by the Dutch state following VOC’s bankruptcy in 1799. The oppressive colonial states were not without bloody wars with the revolutionary locals until 1949, when the Netherlands recognized the Republic of Indonesia. The border of Indonesia, as it is now (except for independent East Timor), is indeed a successor of the Dutch East Indies framed by the Netherlands’ colonial government. Also, it is worth noting that during the transition of the

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<sup>64</sup> <http://tapchiqptd.vn/vi/an-pham-tap-chi-in/sach-trang-quoc-phong-viet-nam-2009-su-the-hien-nhat-quan-chinh-sach-quoc-phong-tu-ve-vi-h/1799.html>

Dutch colonial government to the newly independent Indonesia, many former collaborators with colonialism and former colonial army soldiers were retained in the new parliament and the new Republican army (Anderson, 1999); among those including General Suharto, who used to serve in the pre-war colonial military. Based upon the fact that the pre-colonial Indonesian archipelago had no common national identity, plus the post-colonial independent government was a compromised one with a mixture of pro-revolutionary and former colonial officers, it could be concluded that nationalism was not a common concept shared by Indonesian people throughout the history. Instead, as Bijl (2012) points out, it was a product of the nationalist revolutionary New Order historians. He notes,

before the late-nineteenth century, the idea of Indonesia did not exist, and it had not been part of the struggle of many 'National Hero' at all, a fact that explains the slipperiness of these figures in a nation where many regions strive for (and some have attained) greater autonomy.

The colonial period, on the other hand, was associated with "inequality and "shared poverty" (Zwart, 2022). The extractive regime made the European colonizers earn a fortune at the expense of the indigenous people. During the colonial period, local Indonesians also saw Chinese people, whose majority entered the Dutch East Indies as economic immigrants, gaining great wealth. In the late colonial regime, specifically from 1905 onward, the Indonesian economy saw average foreign Asian (mainly Chinese) taxpayers earning four times the assessable income of the average Indonesian<sup>65</sup> (Booth, 1988).

With no common national identity prior to the colonial era and a compromised government transited from the former Dutch East Indies, the colonial memory in Indonesia, therefore, was not prevalent by national struggles against invasion. Instead, it was widely remembered as an extractive regime with foreigners gaining wealth at the expense of the

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<sup>65</sup> Booth, A. (1988). Living Standards and the Distribution of Income in Colonial Indonesia: A Review of the Evidence. *Journal of Southeast Asian Studies*, 19(2), 310–334. Table 3 (p.320)

locals. As colonialism is associated with economic stagnation, it explains why Indonesia is skeptical about foreign investment while being haunted by the idea of seizing wealth back to the indigenous Indonesian people, or in other words, 'Indonesianizing' the economy.

Therefore, while translating the "besar negara" ambition, Indonesia's discourse is much about economic growth, while it only spends less than 1% of its GDP on the defense budget, apparently evidencing that economic pragmatism tops the agenda of Indonesia's foreign policy. The 'bebas aktif' doctrine, thus, is to keep a safe distance from great powers to create an optimal condition for domestic growth.

Unlike Indonesia, Vietnam's history was dominated by armed struggles to defend national sovereignty and independence. In the feudal era, Vietnam was ruled by China for over 1000 years (111 BC-939) until Ngo Quyen managed to claim national independence. Since then, Vietnam fought several wars to defend its sovereignty against the Chinese Empire. During these struggles, Viet people were united under one kingdom, despite its varied names (Đại Cồ Việt, Đại Ngu, yet mostly Đại Việt, from 1054-1804). Fast forward to premodern history. Since September 1858, Vietnam's independence was again taken away by the French Colonists. During French colonial rule, revolutions were continually being broken out across Vietnam. In March 1945, the Japanese military conducted a coup d'état against the French and managed to dismantle their rule over Indochina. Vietnamese people united under Ho Chi Minh's Viet Minh troops once they fought against the Japanese fascist government. In September 1945, France, under the support of its ally, Britain, moved to take over Vietnam. The struggle continued until 1954, when Vietnam defeated the French in the Battle of Dien Bien Phu and seized its independence. Then came the Vietnam War from 1954 to 1975 between the North and South regimes that ended with the reunification of two separated regions.

Having a history prevailed by invasions by foreign forces, Vietnam, both the public and political elites, are sensitive to territorial infringement, which could lead to losing the



nation's fate to foreign forces. China's assertiveness in the South China Sea, which threatens national sovereignty and territorial integrity, is such a threat. It explains why Vietnam could act decisively on issues relating to national sovereignty and why the security domain has prevailed in the state's foreign policy agenda.

To summarize, Indonesia, with a loose national identity, does not have a common perspective and experience of armed struggles against foreign forces despite the Dutch colonial rule. Instead, their historical experiences were imprinted with foreigners gaining so much wealth and exercising economic discrimination against the locals. Therefore, gaining wealth back to Indonesians tops Jakarta's agenda. Meanwhile, Vietnam, with a long history of armed struggles against foreign forces to defend national sovereignty, sees security domains as uncompromisable. When it comes to China, thus, Indonesia might tone down the maritime dispute in the North Natuna Sea with China to secure bilateral ties, trade benefits, and investment; Vietnam shows less willingness to make concessions but is proactive in indirect balancing against China, which will be discussed in detail in Chapter 5 and 6.

***Lessons from the Cold War teach Indonesia and Vietnam the cost of picking sides.***

Indonesia's current pursuance of strategic autonomy can also be traced back to its uneasy past during the US-Soviet split. Having gained independence amid the onset of the Cold War between two superpowers, the United States and the Soviet Union, Indonesia was striving to avoid being drawn into the great-power rivalry and used it as a proxy for them to gain leverage in the region. Therefore, it affirmed adherence to the doctrine of 'bebas aktif,' stressing the non-alignment principle to focus on decolonization and domestic stabilization. To realize that end, President Sukarno, coupled with Indian Prime Minister Jawaharlal Nehru, organized the Bandung Conference in West Java, Indonesia, gathering newly independent countries in Africa and Asia to discuss the way forward by promoting South-South cooperation and opposing colonialism and neo-colonialism, which are perceived through the Soviet Union's and the United States' efforts to draw other countries into their orbits against

each other. The Bandung Conference laid a critical foundation for the establishment of the Non-Aligned Movement in Belgrade, with all member countries vowing not to take sides in any great-power competitions.

However, during the Sukarno and Suharto administrations, the 'free and active' doctrine and non-alignment principle were downplayed as influenced by internal politics (Anwar, 2018a). While Sukarno chose to lean toward China by setting up a Beijing-Jakarta axis in 1950 to balance against Malaysia under a strategic perception that the pro-Britain neighbor, by allowing the British military base to remain, was attempting to encircle Indonesia. It led to Jakarta's confrontation policy ('Konfrontasi' in Bahasa) against the neighbor. Indonesia turning its back on Western democracy and titling toward China entailed its distant relations with the United States. This trend, however, was reserved when Suharto managed to lead a coup overthrowing Sukarno. His New Order regime, as opposed to the predecessor, saw Communist China as a threat and aligned closely with the West. Indonesia and Communist-resistant states in Southeast Asia then formed the ASEAN to constrain the expansion of communism.

Domestic instability and stagnant economic growth under highly politicized regimes were traumatic and taught Indonesia a lesson about how important it is to uphold the country's strategic autonomy. During Sukarno's term, the world entered the Cold War between capitalist and communist blocs. Therefore, Sukarno's axis with China, its 'Konfrontasi' against the democratic state of Malaysia, and its reliance on the Communist Party of Indonesia (PKI) were not taken lightly by the United States. To constrain communism in Indonesia, Washington was gradually cutting off aid to the archipelago from 1962-1965 and instead funded the right-wing faction of the Indonesian army, which was friendly to Washington (Scott, 1985). While drawn into the political game and struggle for power, the Sukarno government failed in the economic domain. He stepped down from his throne with a chaotic economy that was "on the verge of collapse," with the cost of living

soaring by 600% (Bandyopadhyaya, 1977) and a national debt of over \$US2 billion (Vatikiotis, 1998). The economic turmoil distressed the Indonesian people and contributed to the fall of Sukarno. Leading the coup d'état government, Suharto, yet followed his predecessor's footsteps. To consolidate power, he led a purge that massacred about 400,000 PKI members and anyone deemed to have connections with the Party. The actual number could have been higher, according to statistics provided by Yale University<sup>66</sup>. In the economic sphere, despite the good performance in the first half of the New Order Regime, from the mid-1970s, a series of protests against Suharto and their family and friends, who were accused of manipulating the economy, took place across the country. The corrupted regime, coupled with a series of external events it failed to handle, such as the global oil market recession in the 1982–3 financial year (that led to the collapse of the oil boom in Indonesia) and, ultimately, the 1997 financial crisis, brought the New Order Regime down in 1998.

The two turbulent leaderships also revealed how much Indonesia is prone to great-power rivalry and the cost of being drawn in such competitions, including economic stagnation and domestic instability. It explains why strategic autonomy has been highly stressed in Indonesia's 'free and active' doctrine through the 'dynamic equilibrium' notion.

Vietnam's experiences of the Cold War were not pleasant either. It became a proxy for the two ideological camps during the Vietnam War from 1955-1975. During the conflict, the Communist government in the North was supported by the Soviet Union and China, and the United States backed the South Vietnam regime. Despite the North winning and reunifying the country, there were still devastating human losses and economic consequences. After the war, Vietnam continued building a communist state with a strict Marxist-Leninist doctrine while struggling with the sanctions imposed by Washington. The

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<sup>66</sup> Yale University. (n.d.). Documenting Violence in Indonesia. *Genocide Studies Program*. Retrieved May 5, 2023, from <https://gsp.yale.edu/case-studies/indonesia>

foreign policy of Vietnam until 1986 was driven by ideology. Accordingly, as Thayer (2018) points out Vietnam's foreign policy post-Vietnam War was defined as "a struggle between friends and enemies" and "who will triumph over whom" [ai thắng ai].<sup>67</sup> During this time, Vietnam was subject to the US trade embargo as part of the Cold War politics. The poor central planning model plus isolation from international trading and investment results in economic turmoil. Herman (2004) notes that this time saw Vietnam's farm produce climbing barely 2 percent annually, "less than enough to accommodate the greater than two percent annual growth in population." Meanwhile, industrial output stagnated, with factories operating at only 40–50 percent of capacity<sup>68</sup>. The annual inflation rate was rampant, reaching 700% in 1986, while its currency, the 'Vietnam Dong,' saw an 80% devaluation (Esterline, 1987). Worse still, by siding with the Soviet Union, Vietnam triggered China amid the tension between these two communist big brothers that was increasingly heightened since the Sino-Soviet split in 1961. It led to the bloody border war in the Northern mountainous region of Vietnam in 1979 as a 'punishment' from China. Around this time, Cambodia, another neighbor on Vietnam's Southwestern border, was also funded by CPC "to counter the closer ties between Vietnam and the Soviet Union" (Wang, 2018)<sup>69</sup>. The Khmer Rouge in 1979 led repeated attacks on Vietnam's bordering southwestern provinces, particularly the Ba Chuc massacre resulting in 3,000 deaths of Vietnamese people<sup>70</sup>. It kicked off the Vietnam-Cambodia War, which was later infamously known as Vietnam's invasion of Cambodia. Given the economic turmoil and security threats, its de facto alliance with the Soviet Union did not help much. Hanoi signed a Treaty of Friendship and Cooperation with Moscow in

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<sup>67</sup> Thayer, C. A. (2018). *The Evolution of Vietnamese Diplomacy, 1986–2016*. In A. Tsvetov & H. H. Le (Eds.), *Vietnam's Foreign Policy under Doi Moi* (pp. 23–44). ISEAS–Yusof Ishak Institute. Page 24

<sup>68</sup> Ibid.

<sup>69</sup> Wang, C. (2018). *The Chinese Communist Party's Relationship with the Khmer Rouge in the 1970s: An Ideological Victory and a Strategic Failure*. Woodrow Wilson International Center for Scholars. Page 88

<sup>70</sup> See, for example, Pringle, J. (2004, January 7). Opinion | MEANWHILE: When the Khmer Rouge came to kill in Vietnam. *The New York Times*.

November 1978, allowing the latter to build a military base in Cam Ranh Port. Yet, throughout both border wars, Vietnam was fighting on its own. This resonates with Vietnam's old saying, “nước xa không cứu được lửa gần” (literally ‘the waters from far away cannot put out a fire near you’).

The Soviet collapse was an awakening bell for Vietnam. The cutback in economic aid, nullified trade deals, and nearly empty military base in Cam Ranh Port shocked Vietnamese political elites. As Bragin in notes in his article in the Washington Post in 1991, “some Vietnamese Communist Party hard-liners convey a sense of betrayal as they vow to avoid the “mistakes” of their former Eastern Bloc comrades.” Vietnam has learned a bitter lesson about siding with great powers. Therefore, in 1991, the CPV adopted a multidirectional foreign policy that called for diversification of diplomacy and economic cooperation with all countries, regardless of their political regimes. In the military domain, since the first White Book of Defense in 1994, Vietnam has been consistent with its three no's principle (now four no's-one depend, which will be discussed later in Chapter 5)

No less painful than Indonesia, Vietnam's experiences of picking sides during the Cold War were full of economic turmoil and even blood. Therefore, both Hanoi and Jakarta realize the significance of upholding strategic autonomy.

### ***Nationalism in Indonesia's and Vietnam's contexts: Anti-China or Anti-Chinese?***

In May 1998, given the economic collapse in Indonesia, a tragic anti-violence against the Chinese ethnic group residing in the country took place. The attacks targeted Chinese Indonesian people's businesses and property, and Chinese ethnic women and girls were also victims of mass-scale sexual assaults during the riots<sup>71</sup>. The tragedy occurred against the economic turmoil under the latter reign of Suharto and growing frustration among the Indonesian people. To defuse public anger, the military government attempted to blame

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<sup>71</sup> Himawan, E. M., Pohlman, A., & Louis, W. (2022). Revisiting the May 1998 Riots in Indonesia: Civilians and Their Untold Memories. *Journal of Current Southeast Asian Affairs*, 41(2). Page 169-170.

Indonesia's ethnic Chinese community for manipulating and destroying the economy, further spurring hatred toward the ethnic group, which has long been watched with wary eyes by indigenous Indonesian people.

Fast forward to more recent events, in 2016, following Chinese Indonesian Basuki Tjahaja Purnam (locally known as 'Ahok')'s re-election campaign for the post of Jakarta's governor, anti-Chinese rhetoric was once again spurred among Islamic Indonesians, and a mini market was raided in a Chinese-Indonesian neighborhood<sup>72</sup>. In January 2023, a fatal attack on a Chinese-owned nickel smelter in Morowali district, Central Sulawesi, raised the alarm on anti-Chinese rhetoric in Indonesia<sup>73</sup> (Simandjuntak & Lin, 2023).

The sentiment has been rooted in Indonesian society since colonial times due to their dominance in the local economy (Tanasaldy, 2022). Following Dutch colonial rule, the archipelagic state experienced a "dual economy," which was dominated by the Dutch and Chinese Indonesians in the most profitable sectors. At the same time, indigenous Indonesians were left with little economic gain (De Vries, 2011). Discrimination against Chinese Indonesian was even institutionalized under the latter rule of Sukarno. It got even worse during Suharto's New Order regime, with policies such as banning the use of Han characters, forcing Chinese-origin people to change their name to Bahasa, and forging assimilation, etc., that no longer exist now. However, this discrimination was purely domestic and should not be correlated with the Jakarta government's foreign policy toward China.

Still, this paper acknowledges that there was indeed a troubled past between Jakarta and Beijing under the early phase New Order government. It was fueled by Suharto's accusation of China's support for the PKI-led coup attempt on 30 September 1965. As a

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<sup>72</sup> Holmes, O. (2016, November 25). Jakarta's violent identity crisis: Behind the vilification of Chinese-Indonesians. *The Guardian*. <https://www.theguardian.com/cities/2016/nov/25/jakarta-chinese-indonesians-governor-ahok>

<sup>73</sup> Simandjuntak, D., & Lin, A. (2023, February 24). Recent Clashes at Chinese Companies in Indonesia Might be Fodder for Political Manipulation. *FULCRUM by ISEAS Yusof Ishak Institute*. <https://fulcrum.sg/recent-clashes-at-chinese-companies-in-indonesia-might-be-fodder-for-political-manipulation/>

result, when Suharto overthrew Sukarno in 1967, he reversed the diplomatic ties with China that had been formed in 1950. This diplomatic tension cooled down when Suharto realized the economic progress gained by PRC under Deng Xiaoping and contended that China under the Chinese paramount leader was “very different compared to Mao Zedong’s strict communism” (Purba, 2020). Suharto’s reconciliation with China even saved Beijing’s face following the Tiananmen Square incident amid the world’s criticism. Indeed, Jakarta’s resumption of diplomatic ties resulted in Singapore and Brunei formalizing diplomatic relations with the PRC on October 3, 1990, and September 1991, respectively (Purba, 2020). Since the diplomatic resumption, the two countries have cultivated ever-growing trade relations. The early anti-China (state-level confrontation) under the early New Order regime, thus, was purely a political game of that particular historical period and had little relevance to the current foreign policy of Indonesia.

Unlike Indonesia, the anti-China sentiment in Vietnam is linked to a traumatic history of Vietnam’s territorial integrity being infringed by China during the feudal era, as mentioned earlier in this chapter. Fast forward to modern history, the phantom of the past stepped down to make room for the comradeship between Vietnam and China (and the Soviet Union) during the former’s revolutionary struggles against the French colonialists from 1946 to 1954 under the CPV’s leadership. Vietnam was tilting close to China as true blood comrades during this time. However, following the Sino-Soviet split, Vietnam took the Soviet’s side by signing the Treaty of Friendship and Cooperation with the Soviet Union, through which the latter pledged to aid Vietnam whenever the Southeast Asian nation was attacked. Apparently, China did not take it lightly. Deng Xiaoping then ordered a bloody war with Vietnam in 1979 to punish the southern neighbor by accusing its southern comrade’s little brother of having

“hegemonistic ‘imperial dreams’ in South-East Asia<sup>74</sup>” and “intimacy with the Soviet Union” (Zhang, 2005). It could be seen that throughout history, Vietnam’s land border has been under threat of China’s expansion and aggression. The maritime boundary is not an exception. In 1974, the PLA and the Republic of Vietnam Military Forces under the South Vietnam regime fought over Paracel Islands, during which the latter was defeated. After the Vietnam War ended in April 1975, Hanoi quickly occupied the islands in the Spratly Chain held by the South Vietnam regime. PLA, in 1988, sent vessels to occupy several islands within this chain. They encountered resilient resistance from the Vietnamese navy. These historical contexts have formed an anti-China sentiment widely across Vietnamese people. The idea of national struggles encapsulates immense nationalism and plays a critical role in constraining the Vietnamese government to deploy policies seen as making Vietnam drawn to China’s orbit.

Also, the traumatic past drives Vietnamese political elites’ skepticism about China’s intentions despite their comradeship. The distrust emerged in the 1979 border war, reiterated in 2011 when three Chinese boats were detected attempting to “sabotage” the Vietnamese oil exploration vessel Binh Minh II in Vietnamese waters<sup>75</sup>. In December 2012, a similar event occurred near Vietnamese Con Co island off the coast of Phu Yen province, as “two Chinese fishing boats cut across cables being laid by the survey vessel Binh Minh 2” (Brummitt, 2012). Ultimately, in 2014, China sent its Hai Yang Shi You 981 oil platform (known in Vietnam as “Hải Dương – 981”) to the waters near the disputed Paracel Islands, resulting in a stand-off between Vietnam and China. Before these provoking actions, the two countries

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<sup>74</sup> China accused Vietnam of invading Cambodia in 1978 (See more in the section discussing Vietnam’s experiences of the Cold War) and fostering Lao’s economic and political dependency (See more at Emmers 2005, p. 653)

Emmers, R. (2005). Regional Hegemonies and the Exercise of Power in Southeast Asia: A Study of Indonesia and Vietnam. *Asian Survey*, 45(4). Page 653

<sup>75</sup> Watts, A. (2011, June 2). Vietnam accuses China of sabotage. *The Sydney Morning Herald*.  
<https://www.smh.com.au/world/vietnam-accuses-china-of-sabotage-20110601-1fgec.html>



enjoyed a relatively amicable bilateral relationship. Since the dissolution of the Soviet Union in 1990, the Sino-Vietnam bilateral ties started warming up. Both countries resumed land border demarcation negotiations in the early 1990s, signed a final land boundary treaty on December 30, 1999, and finished the delimitation in 2009. In 1999, Vietnamese Party General Secretary Le Kha Phieu paid a visit to Beijing to meet his Chinese counterpart, Jiang Zemin. Within the framework of the trip, both leaders announced a joint '16 Golden Words' Guideline<sup>76</sup> (“láng giềng hữu nghị, hợp tác toàn diện, ổn định lâu dài, hướng tới tương lai,” literally translated as solidary neighbors, comprehensive cooperation, long-term stability, looking forward to the future). The two countries elevated their relations to a ‘comprehensive partnership’ in 2000 and, ultimately, a ‘comprehensive strategic cooperative partnership’ in 2008.

The ups and downs in bilateral relations have taught Vietnamese political leaders to be vigilant against Chinese intentions. Thus, despite the party-to-party relations and close economic ties, Vietnam refrains from tilting to the troublesome comrade.

In short, the general nationalist sentiment from Vietnam is rooted in its continual struggles for national sovereignty and territorial integrity against its Northern neighbor since the early feudal era. Under the sensitive and furious nationalist sentiment, the ruling party could not afford to tilt toward China at the expense of the public's approval. Additionally, even though CCP and CPV share ideological commonalities, Vietnamese elites are skeptical about their Chinese counterparts' benign intentions due to growing distrusts from the 1979 border war and maritime assertiveness in the early 2010s. Even though there have not been any critical incidents for the time being, Vietnam remains vigilant and has proactively sought soft-balancing measures against China.

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<sup>76</sup> Nhan Dan Newspaper. (n.d.). Phương châm “16 chữ” và tinh thần “4 tốt” trong quan hệ Việt Nam-Trung Quốc là gì? [What does '16-word' principle and '4 goods' doctrine in Sino-Vietnam relationship mean?/English sub] Retrieved April 25, 2023, from [https://special.nhandan.vn/quanhe\\_viettrung/index.html](https://special.nhandan.vn/quanhe_viettrung/index.html)

Compared to Indonesia, Vietnamese anti-China sentiment is different as it is associated with national integrity and sovereignty, plus the distrust in the political domain. Therefore, countering China is at the top of Vietnamese foreign policy's agenda. On the other hand, Indonesian nationalism has little connection with national identity and sovereignty but is spurred by the extractive colonial era and foreigners (especially Chinese) accumulating wealth from the indigenous Indonesian people. Therefore, economic pragmatism overwhelms Indonesia's foreign policy.

### **A Comparison of Indonesia's and Vietnam's Strategic Environment**

Indonesia's strategic environment vis-à-vis relatively amicable. They hardly have any serious historical problems and very few territorial disputes with any surrounding countries.

Surrounded by waters, the archipelagic state keeps a relatively safe distance from any major regional and global powerhouses. The author is informed that Indonesia and China indeed have a maritime dispute over the North Natuna Sea. However, she argues that the dispute is not a determining factor in Indonesia's strategic environment as it is overshadowed by Jakarta's economic pragmatism and China's 'charm offensive' to the archipelagic states.

Indonesia resumed its diplomatic relations with PRC in 1990 and elevated bilateral ties to a strategic partnership in 2005 and a comprehensive strategic partnership in 2013. Along with the leveraging of diplomatic relations, economic ties between Jakarta and Beijing have been blossoming. China is now the biggest trading partner and second-largest investor in Indonesia (Anwar, 2022).

Despite China's infamous diplomatic and economic coercion in the region, Jakarta has not experienced the same fate as its ASEAN peers, such as the Philippines and Vietnam. China's economic coercion often comes as threatening/conducting to halt or limit trading some commodities or investments with states or organizations when there arises political dispute until the targeted actor compromises. It could be seen through China's banana diplomacy toward the Philippines when Xi promised to import more Filipino fruits and

pledged to invest \$24 billion in the country as Philippine President Rodrigo Duterte voiced his “separation” from its ally, the United States, during his visit to Beijing in 2016 (Venzon, 2019). The banana diplomacy led to the growing dependence of Manila in Beijing for fruit exporting, which has been taken advantage of by the latter to edge out Japan in infrastructure development in the Philippines. As Venzon (2019) observes, “While Tokyo pushes rail projects to get the upper hand in infrastructure, Beijing doubles down on agriculture.”

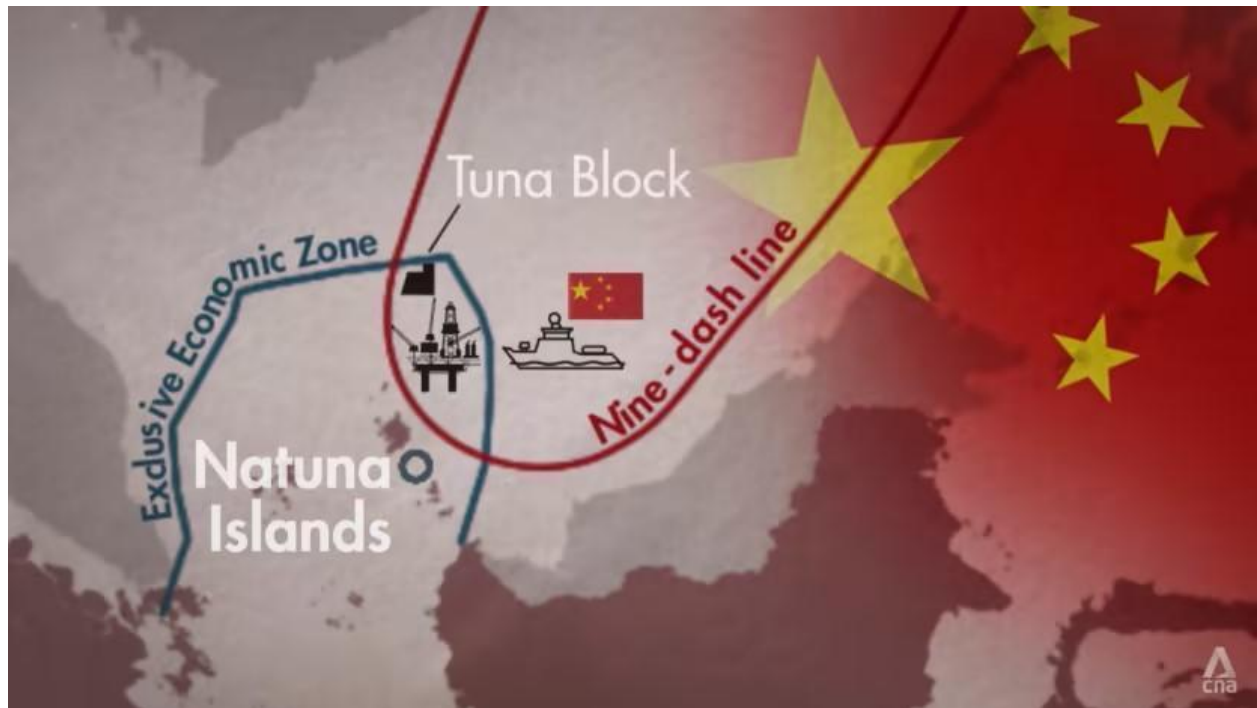
Indonesia, however, has not experienced such coercion despite its growing dependence on China. On the contrary, Jakarta has greatly benefited from China’s BRI project. China has also been providing cash and relief items to support Indonesia in overcoming disasters’ aftermath, as the latter is prone to natural hazards. In response to the earthquake and tsunami in Palu in 2018, not only did the Chinese government provide aid and assistance to Indonesia, but Chinese Non-Governmental Organizations also joined the relief efforts<sup>77</sup>. These investments and disaster diplomacy have bettered the view of the Indonesian public and elites about China.

Meanwhile, in terms of territorial dispute, Indonesia has no direct conflict with China except for the overlapping Northern part of the Natuna islands and the tipping point of China’s nine-dash line, as shown in Figure 2.

These clashing territorial claims, however, are kept “under wraps,” as said by Pardomuan (2022). In his article, he quotes ISEAS – Yusof Ishak Institute visiting senior fellow Leo Suryadinata as “China would not – at this particular moment – push too much so that it’d make Indonesia react (in an unfriendly manner).” As a non-claimant in the South China Sea dispute and a minor territorial clash with China, which has been kept much below the boiling point, the strategic environment facing Indonesia vis-à-vis China’s rise features less imminent threats than that of Vietnam and the Philippines.

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<sup>77</sup> Gong, L. (2021). China’s Disaster Diplomacy in Southeast Asia. *China Review*, 21(4), 77–107.



*Figure 2. A map showing the oil rig in maritime territory disputed by Indonesia and China.*

*(Channel News Asia, 2022)*

Indonesia's primary concern about China is not directly related to its national security and interest but instead to the East Asian giant's political influence in the region that might undermine the unity and centrality of ASEAN, a cornerstone of Indonesia's foreign policy. Indeed, China's vision of regional order is deeply embedded in a Sino-centric view, which apparently downplays the ASEAN Centrality. First, China's concept of regional order is deeply embedded in a Sino-centric view, which apparently downplays the ASEAN Centrality. In fact, since Xi Jinping took power in 2012, he has adjusted China's regional policy. He has initiated the Asian Infrastructure Investment Bank (AIIB) and the One Belt One Road (OBOR), later renamed as Belt and Road Initiative (BRI) initiatives, to promote what he calls the "community of shared destiny." Callahan (2016) correlates these initiatives to "weave neighboring countries into a Sinocentric network of economic, political, cultural, and security relations." The effort of reinventing the region is also reflected in Beijing's establishment of the Lancang-Mekong Cooperation to discuss cooperation in exploiting the

river's water among countries along its bank (including Vietnam, Laos, Cambodia, and Thailand) instead of utilizing the readily available Mekong River Commission created by the United Nations in 1957.

Second, as a claimant party to the South China Sea, besides three ASEAN nations Vietnam, the Philippines, and Malaysia, China has been attempting and, to some extent taking advantage of the bloc's unanimity-based decision-making process to block it from making any joint statement about the maritime disputes. China has made well use of this feature as it continues using its economic power to lure Cambodia to its orbit and make Phnom Penh its mouthpiece within ASEAN. It happened when Cambodia blocked any mention of the international court ruling against Beijing in a meeting in Vientiane in 2016, following the Hague's arbitration ruling in favor of the Philippines in July of the same year (Mogato et al., 2016). In 2012, Cambodia did the same thing when "other members such as Laos and Malaysia are perceived as weak on the South China Sea issue due to Chinese pressure" (Campbell, 2016)<sup>78</sup>. The ineffective decision-making indeed has grown frustration among regional stakeholders as the bloc is "easily compromised on issues of priority for China" (Nagy, 2023).

In short, Indonesia has quite an amicable perception of China due to its little direct confrontation with China. Meanwhile, as discussed earlier in the historical context, economic pragmatism tops Indonesia's foreign policy agenda. As such, with great benefits from Chinese BRI, Indonesia tends to downplay the minor disputes in North Natuna Sea in exchange for a good relationship with China to secure its investment in the country's infrastructure and energy sector. Generally, Indonesia has a warm attitude toward the emerging giant, except for the worry that it might undermine ASEAN Centrality and Unity. Yet, it is far from being considered an imminent threat. Apart from China, Indonesia

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<sup>78</sup> Campbell, C. (2016, July 25). ASEAN Releases Statement on South China Sea Dispute. Time. <https://time.com/4421293/asean-beijing-south-china-sea-cambodia-philippines-laos/>

experienced no threats from its neighbors, making its perceived strategic environment peaceful. It allows Indonesia to pursue a normative middle-power strategy without being worried about diverting diplomatic efforts to counter any threats.

Unlike that of Indonesia, the strategic environment facing Vietnam is more hazardous. With a strong suspicion driven by the lingering armed struggles against the Chinese Empire, and political elites' distrust about China's benign intention, as aforementioned in the previous section, Vietnam is deeply wary of the giant neighbor. Especially the increasing assertiveness of Beijing in all political, economic, and, notably, maritime domains has shaped Vietnam's high-threat strategic environment, urging it to pursue a functional agenda instead of relying on sole normative behaviors.

For Vietnam, Spratly and Paracel Islands, which are in disputes between Vietnam and China, are not only a problem facing national security but also under the great nationalist sentiment among the Vietnamese community both at home and abroad. Following the 2014 Oil Rig Incident, hundreds of people gathered in front of the Chinese Embassy in Hanoi for a demonstration opposing Beijing's vessels sinking Vietnamese ships. Another protest took place in 2019 against China's maritime survey in the South China Sea. In social networks, the opposition to China's aggression is also strong on popular nationalist pages such as 'Comrade Commissar' or 'Tifosi'. According to Luong (2021), the nationalists on Vietnamese social network pages mostly target China<sup>79</sup>. They have been criticizing Vietnamese leaders for "meek responses" over China's increasing aggressiveness and expansionism, calling for Vietnamese patriots to voice and take action to protect national sovereignty and urging Vietnam to escape China's orbit. As nationalism is a source of the CPV's legitimacy besides legal-rational and performance (Thayer, 2023), China's aggressiveness is seen as a threat to both Vietnam's national security and the CPV's party leadership. Thus, countering China's

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<sup>79</sup> Luong, D. N. A. (2021). *The Growing Saliency of Online Vietnamese Nationalism*. ISEAS Publishing

assertiveness has always been high on Vietnam's foreign policy agenda.

Still, despite the high perceived threat from China, Vietnam could not afford to formally align with the United States as the ruling elites of Vietnam always stay vigilant to "peaceful evolution," a term describing "hostile forces' attempts" to promote "American standards on human rights such as "freedom of speech," "freedom of demonstration" to "sabotage" the authoritarian regime (Nguyen, 2023). Indeed, during diplomatic events, the United States has always embedded the American concept of human rights. President Clinton, in his remarks on the occasion of the US-Vietnam normalization of diplomatic relations in 1995, said, "I believed normalization and increased contact between Americans and Vietnamese will advance the cause of freedom in Vietnam, just as it did in Eastern Europe and the former Soviet Union." President Obama, in his official visit to Vietnam in 2016, also suggested Vietnam adopt American human rights elements, including human rights "freedom of speech" and "freedom of demonstration" (Nguyen, 2023). Recently, hours before his trip to Vietnam to discuss the prospect of upgrading US-Vietnam bilateral relations to a Strategic Partnership level, Hours ahead of a visit to Hanoi by U.S. Secretary of State Antony Blinken, the United States on Thursday condemned Vietnam's jailing of a prominent political activist and said ties could only reach their full potential if the country improved its human rights record. Therefore, it refrains from officially and publicly aligning with the United States side not only because of its fear it might trigger the giant next door but also a threat to the party's survival.

In short, unlike Indonesia, Vietnam had complicated relations with both China and the United States. Beijing poses a risk to its national security and the ruling party's legitimacy if it fails the test of upholding national sovereignty and identity. Meanwhile, the party is cautious about the 'color revolution' flag waved by the United States that threatens to topple the CPV's leadership. On the one hand, the threat from the giant neighbor makes Vietnam's strategic environment a high-stake one. On the other hand, the complicated relationships

between Vietnam and both China and the United States give Vietnam little agency to maneuver its foreign policy but hedge against both powerhouses.

### **A Comparison of Indonesia's and Vietnam's resource availability**

Regarding material resources, both Indonesia and Vietnam are developing countries with a lot of lingering domestic issues, such as inequality and unemployment. Indonesia has been listed as an 'upper-middle-income country' since 2019, with Gross National Income (GNI) per capita reaching US\$4,070<sup>80</sup>. In 2020, due to the impacts of COVID-19, it lost the credential and returned to the lower-middle income bracket, but then reclaimed the title in 2021 with GNI per capita climbing to US\$4,180, according to World Bank<sup>81</sup>. This number is only above the bare minimum set by the World Bank; accordingly, lower-middle-income economies are defined as those with a GNI per capita between US\$1,036 and US\$4,045, while upper middle-income economies having a GNI per capita between US\$4,046 and US\$12,535<sup>82</sup>. Meanwhile, Vietnam has been catching up with GNI per capita, continually increasing from US\$3,340 in 2019 to US\$3,590 in 2021<sup>83</sup>. Indonesia and Vietnam have been on an upward trend in the human development index (HDI) and entered the group of countries with high HDI in 2019 and 2020, respectively<sup>84</sup>. However, as the UNDP reports point out, both Indonesia and Vietnam face huge inequality<sup>85</sup>.

In the defense domain, though constantly being ranked in the top 15 globally in terms

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<sup>80</sup> World Bank. (n.d.). GNI per capita, Atlas method (current US\$)—Indonesia. World Bank Open Data. Retrieved April 28, 2023, from <https://data.worldbank.org>

<sup>81</sup> Ibid.

<sup>82</sup> World Bank. (n.d.). The World Bank in Middle Income Countries [Text/HTML]. World Bank. Retrieved April 28, 2023, from <https://www.worldbank.org/en/country/mic/overview>

<sup>83</sup> World Bank. (n.d.). GNI per capita, Atlas method (current US\$)—Vietnam. World Bank Open Data. Retrieved April 28, 2023, from <https://data.worldbank.org>

<sup>84</sup> United Nations Development Program. (2019, December 10). *Indonesia breaks into high human development category group*. UNDP. <https://www.undp.org/indonesia/press-releases/indonesia-breaks-high-human-development-category-group> & United Nations Development Program. (2020, December 16). *Viet Nam breaks into high human development category group: UNDP new report*. UNDP. <https://www.undp.org/vietnam/press-releases/viet-nam-breaks-high-human-development-category-group-undp-new-report>

<sup>85</sup> Ibid.



of overall military power according to Global Firepower<sup>86</sup>, domestic tasks such as counterterrorism and pandemic management prevail “while its external defense capabilities remain underwhelming” (Laksmna, 2021). In response to the contemporary geopolitical shift, the Indonesian National Armed Forces (TNI) has set a military modernization target by achieving a ‘minimum essential force’ (MEF), first introduced in its White Book of Defense in 2015. The initial target was completing the military modernization work through MEF in 2024. Yet, up to this point, Indonesia’s military technology and several defense equipment and machinery are still lagging behind some countries in the Southeast Asia region (Shiddiqy & Sudirman, 2019). Meanwhile, as Ashar and Malufti (2022) cite TNI Commander Gen. Andika Perkasa’s prediction, only 70 percent of MEF completion can be achieved by 2024. Another indicator showing correlations between Indonesian military power and other key regional players could be traced back to Lowy Institute’s Asia Power Index (API). According to the API 2023 edition<sup>87</sup>, Indonesia’s military capability ranks 11<sup>th</sup> among 26 countries being measured with a cumulative score of 17.4, significantly lower than that of Singapore (24.8), Australia (28.8), South Korea (31.0) and Japan (33.1), not to mention the top three military powers United States, China and Russia (85.0, 70.6 and 40.4, respectively).

Vietnam is also a modest military power. Lowy Institute (2023) suggests Vietnam’s military capability ranks 14<sup>th</sup> with a score of 17.0, one place lower than that of Indonesia. The Global Firepower constantly ranks Vietnam among the top 20 military powers worldwide<sup>88</sup>. According to data from the International Trade Administration under the U.S. Department of Commerce released in December 2022, Vietnam’s military expenditure increased by nearly 700% between 2003 and 2018, from US\$841 million to US\$5.5 billion, placing it among

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<sup>86</sup> Global Firepower. (2023, January 9). 2023 Indonesia Military Strength. GlobalFirepower.Com. [https://www.globalfirepower.com/country-military-strength-detail.php?country\\_id=indonesia](https://www.globalfirepower.com/country-military-strength-detail.php?country_id=indonesia)

<sup>87</sup> <https://power.lowyinstitute.org/weightings/>

<sup>88</sup> Global Firepower. (2023, January 1). 2023 Vietnam Military Strength. GlobalFirepower.Com. [https://www.globalfirepower.com/country-military-strength-detail.php?country\\_id=vietnam](https://www.globalfirepower.com/country-military-strength-detail.php?country_id=vietnam)

“some of the largest increases in military expenditures in Southeast Asia”<sup>89</sup>. In the wake of China projecting its maritime ambition by “attaching a map showing so-called “nine-dash line” to its note verbale to the United Nations in May 2009”, Vietnam has responded actively by procuring six Kilo-class submarines from Moscow (Tran, 2020). Since then, it has focused extensively on building its naval power as an internal balancing strategy against China’s growing assertiveness. However, similar to Indonesia, Vietnam’s military power is significantly less than regional powerhouses, let alone its giant neighbor.

### **Normative vs. Mixed Middle-power Strategies**

It could be seen that both Southeast Asian countries, despite their positive economic growth and ambition of modernizing their military strength, are still in the low resource availability brackets. This indicator, along with different levels of hazard from the strategic environment, as Emmers and Teo (2018) suggest, are determinants for a middle power’s security strategy. Indonesia has a low-threat strategic environment, while Vietnam has a more hostile one. With such variables, Indonesia tends to pursue a normative agenda, while Vietnam’s middle-power strategy is defined by a mix of both functional and behavioral elements. The functional one, with an imminent threat from China, is defined by Vietnam’s focus on the maritime security domain; and the normative one stresses multilateralism and rule-based order norm diffusing. Details of Vietnam’s and Indonesia’s middle-power strategies will be discussed in Chapter 4 and revised in Chapter 6, as the author discusses how the Southeast Asian states adjust their security strategies to respond to the emerging minilateralism as a dynamic of the growing rivalry between Beijing and Washington.

While strategic environment and resource availability explain the middle-power strategies employed by Vietnam and Indonesia, the different historical contexts provide an

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<sup>89</sup> International Trade Administration, U.S. Department of Commerce. (2022, December 15). *Vietnam—Defense and Security Sector*. International Trade Administration. <https://www.trade.gov/country-commercial-guides/vietnam-defense-and-security-sector>

explanation of how the two powers hedge against the US-China strategic competition. Their hedging behaviors will be discussed in Chapter 5 and the two first sections of Chapter 6 as a logic behind their responses to economic challenges driven by the US-China tensions.

#### Chapter 4. Positioning Indonesia and Vietnam as middle powers

##### Indonesia as an “awkward” middle power

###### *Empirically a concrete middle power with an ambition of a ‘big state.’*

Among ASEAN members, Indonesia is far bigger than its regional peers in terms of population and economic size. The country's GDP has been constantly ranked within the range from 16<sup>th</sup> to 19<sup>th</sup> worldwide and has been the only Southeast Asian representative in G20 (Teo, 2022). According to Worldometer (data accessed in March 2023), its population has been continually the 4<sup>th</sup> place globally. Given its growing economic size and population, political elites in Indonesia have been attempting to promote its position as a prominent big state ('negara besar' in Bahasa)<sup>90</sup>. To realize this end, Indonesia's President Joko Widodo has constantly asserted his ambition for the country to enter the “top five world economies” through “The Vision of Indonesia 2045,” launched in 2019 (The Jakarta Post, 2019). This aspiration had been promoted through Jokowi's 'blak-blakan' (Javanese slang meaning 'being direct') diplomacy, which can be seen as growing assertiveness in diplomatic events. For example, during the 2014 APEC Summit held in Beijing, he requested to be seated between Xi and Obama as a symbol of Jakarta's central role in managing uneasy US-China relationships (Witular, 2014). However, in the military sphere, Jakarta has been falling short of Jokowi's aspirations. According to World Bank's statistics, since 2011, when there were clearer signs of increasing tension between Washington and Beijing, Jakarta's defense budget has not shown any signs of rising. Instead, the highest proportion of military expenditure in its total GDP was 0.9%, significantly lower than that of other middle powers in the region (Australia 2% in 2021, South Korea 2.8%, Singapore 3%, and Vietnam 2.3%), let alone the great powers (World Bank, 2023).

Jokowi's regime, in the White Paper of Defense in 2015, highlights the need to

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<sup>90</sup> Fealy, G., & White, H. (2016). Indonesia's 'Great Power' Aspirations: A Critical View. *Asia & the Pacific Policy Studies*, 3(1), 92–100. <https://doi.org/10.1002/app5.122>

modernize the TNI through the completion of MEF and enhance preparedness and mass mobilization capability through 'Bela Negara' (universal military-patriotic education and encouraging students over 18 to encounter military training and join the national reserve force). To achieve the MEF target, the Ministry of Defense was supposed to be allocated \$20.7 billion in external loans to procure major weapon systems, as presented in the 2020-2024 Strategic Planning. However, as of mid-2022, it received only \$7.8 billion, far less than half of the planned allocation (Ashar and Malufti, 2022). The goal of realizing MEF seems more difficult as the government is facing a "pandemic-induced fiscal squeeze," forcing it to lower budgets for all ministries, not excluding the Ministry of Defense, Ashar and Malufti (2022) added. Meanwhile, the 'Bela Negara' is only voluntary, which makes it difficult to enhance the country's military capability practically and significantly. Not to mention, Indonesians might correlate the paramilitary force with the one deployed by TNI against student protestors in 1998 (Ng and Nugroho, 2020), which could discourage them from joining the program. Therefore, though Indonesia has attempted to shift its identification toward a "big state," the constrained military capability seems to keep the title out of Jakarta's reach and make it an "awkward middle power"<sup>91</sup> as its perceived power misfit actual capabilities.

Despite its contested aspiration, Indonesia's capabilities make it undoubtedly a member of the middle-power club. According to the Lowy Institute's API in 2023, Indonesia ranks 9<sup>th</sup> among 26 countries and territories brought examined, second in the Southeast Asia region, behind Singapore. The country is among six regional nations and territories seeing an upward trend in overall score year-on-year, largely thanks to its successful organization of the G20 Summit. Among Southeast Asian states, Indonesia continues to lead in diplomatic influence, followed by Vietnam and Singapore (See Table 2 below)

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<sup>91</sup> A term borrowed from Abbondanza and Wilkins (2022))

Diplomatic Influence of Southeast Asian countries (2023)

Country	Sub-regional rank	Score
Indonesia	1	60.4
Vietnam	2	55.2
Singapore	3	52.9
Thailand	4	48.3
Malaysia	5	43.8
Philippines	6	37.1
Brunei	7	32.7
Cambodia	8	32.5
Laos	9	27.3
Myanmar	10	24.6

Source: Lowy Institute 2023 Asia Power Index

Note: Rank among Southeast Asian countries. Excludes non Southeast Asian Index countries

Table 2. Diplomatic Influence of Southeast Asian Countries (Lowy Institute, 2023)

In spite of its impressive performance in the diplomatic sphere, Indonesia’s military power is the weakest with military capability and defense networks, both ranking 13<sup>th</sup> among examined powers. It consolidates the aforementioned argument that Indonesia’s military power is tying the country down in the middle-power spectrum and makes it difficult for Jakarta to realize its ambition of being a “big country” even in the region.

Therefore, empirically, it could be seen that Indonesia is a middle power in the Asia-Pacific region. However, not all middle-sized powers play an active role in constructing and upholding the regional security architecture. The Lowy Institute’s Power Index, since its first edition, has included North Korea and Taiwan as two “middle powers” in the region. As one would expect, Pyongyang’s provocative acts, including nuclear tests and missile launches, have been a destabilizing factor in the region. Taiwan, on the other hand, is diplomatically isolated under PRC’s One-China policy. Thus, it has been struggling for its survival and identity other than making meaningful contributions to the regional security architecture. Meanwhile, among ten members of ASEAN, there are arguably six middle powers constantly listed in Lowy’s second-tier ranking, namely Singapore, Indonesia, Thailand, Malaysia,

Vietnam, and the Philippines. Their empirical positions, which vary year by year, show little about their actual contribution to the regional security structure. Therefore, it is important to investigate their middlepowermanship.

***Indonesia's middlepowermanship: Normative agenda***

As analyzed in Chapter 3, despite its population and growth prospects, Indonesia is still a developing country with limited resource availability. It has a relatively amicable strategic environment with no imminent risks to national security. Therefore, instead of concentrating power on addressing critical threats, Jakarta tends to pursue a normative middle-power profile, which is reflected in its attempts to be a regional mediator and norm entrepreneur, as well as pursuance of inward coalition building within ASEAN.

**Traditional regional mediator.** Jakarta has a good record of mediating intra-regional conflicts in Southeast Asia. The region, despite current relative harmony, has witnessed several territorial disputes throughout its history. During which, Indonesia has been showing a consistent mediation role. In 1962, the tensions between the Philippines and Malaysia were rising with their claims over Sabah sovereignty. Indonesia was then invited to attend a meeting initiated by the President of the Philippines, Diosdado Macapagal, in Manila in 1963. There, the two countries signed the Manila Accord to ease the tensions under the witness of Indonesia's President Sukarno.

During the Cambodian conflict, which took place from 1979 to 1991, while Vietnam was accused of invading Cambodia by ASEAN members, Indonesia was proactively playing its role as an 'honest broker' as it worked with Malaysia to draft the March 1980 Kuantan statement, which recognized Vietnam's security concern, yet at the same time, called for ending the Soviet Union's influence in Vietnam. Indonesia also sent officers to Hanoi for direct negotiations. After Indonesian Foreign Minister Mochtar Kusumaatmadja met with his Vietnamese counterpart Nguyen Co Thach in Ho Chi Minh City in 1987, an agreement on holding an informal meeting for stakeholders in the Cambodian crisis was reached. Jakarta's

“soft-liner” approach (Sudrajat et al., 2020), together with other external pressures, made Hanoi withdraw all troops from Cambodia in 1989.

The mediation role of Indonesia was again exercised through settling the armed conflict between the Preah Vihear temple dispute between Thailand and Cambodia. Indonesia chaired an informal meeting of ASEAN foreign ministers to discuss the Preah Vihear issue. Here, an agreement was reached with both Bangkok and Phnom Penh’s promises to act to prevent military clashes in the future, as well as both sides giving consent to the Indonesian military and civilian observers to the border area to monitor their ceasefire agreement (Wagener, 2011). Although the dispute was not resolved directly by either Indonesia or ASEAN, instead, an International Court of Justice (ICJ)’s ruling on 11 November 2013 in favor of Cambodia has shown how immensely Indonesia exerted efforts to push forward the concept of honest broker.

Indonesia, despite having its EEZ overlapping the tipping point of China’s proclaimed U-shape coverage of the SCS, has positioned itself as a non-claimant state to the dispute. Jakarta’s approach is expected to support its ‘honest broker’ position in the region with the hope of building confidence among the claiming parties, thus accelerating the settlement of the disputes.

As a ‘broker,’ Indonesia has attempted to settle regional disputes via ASEAN mechanisms. In 2012, when ASEAN failed to issue a joint communique including the Scarborough Shoal standoff between China and the Philippines the same year due to Cambodia’s refusal to mention the event, Indonesia’s Foreign Minister at that time, Marty Natalegawa called for an ASEAN Foreign Minister Meeting (AMM) between direct-claimant states the Philippines, Vietnam, Malaysia, along with Singapore and Cambodia to remind the significance of ASEAN Unity and importance of the issue to all ASEAN members<sup>92</sup>. The

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<sup>92</sup> Aprilla, W. (2021). Indonesia’s Efforts in Resolving South China Sea Conflict. *International Journal on Social Science, Economics and Art*, 11(1), 1–11. <https://doi.org/10.35335/ijosea.v10i1.1>



AMM was concluded with ASEAN's Six Point Principles on the South China Sea on July 20, 2012. Also, in September 2012, Jakarta submitted an initial draft (which is dubbed 'zero drafts') of CoC on the South China Sea to Foreign Ministers of ASEAN states within the AMM framework. Although the CoC has not yet been concluded, Indonesia's draft has opened up back-and-forth negotiations on the CoC.

More recently, Indonesia's successful organization of the G20 Summit amid Russia's invasion of Ukraine and its positioning as a non-claimant party and, thus, an 'honest broker' in the SCS dispute have also reflected its genuine efforts in mediation.

**Dedicated norm entrepreneur (but with limited success).** Besides its proactive mediation role, Indonesia has proved to be a dedicated norm entrepreneur in the region.

Indonesia is undoubtedly among the norm setters as it is a founding member of ASEAN. It has made several attempts to diffuse norms of democracy (Teo, 2022; Emmers, 2014) and strategic autonomy among the bloc members.

In terms of democracy, in its action plan to realize the ASEAN Security Community (ASC), which was later renamed to ASEAN Political-Security Community (APSC), Indonesia put forward demands for the promotion of democracy and human rights (Emmers, 2014). Former Indonesia's President Yudhoyono, when giving a speech in August 2007, also reiterated ASEAN cohesion "should stem from a shared commitment to the fundamental values of democracy, human rights, and the free market" (Teo, 2022). Indonesia has also called for "reinventing" ASEAN's non-interference principle as former foreign minister Ali Alatas urges, "ASEAN should be able to develop an agreed mechanism through which member states could work together to help a member country in addressing internal problems with clear external implications" (as cited by Ba, 2013). However, these attempts met the objection of some members with arguably non-democratic regimes, notably Myanmar. Despite being unable to promote its vision of democracy as planned in its ASPC action plan and unable to reverse the rigid non-interference principle in ASEAN Charter, Indonesia's

efforts in promoting democratic norms have, to some extent, been successful as democracy and human rights were included in the ASPC, the ASEAN Charter and the ASEAN Intergovernmental Commission on Human Rights.

Besides spreading democracy, the Association's de facto leader has been promoting the norm of strategic autonomy for itself and the Association, whereby "regional states are masters of their own destinies rather than simply succumbing to the dictate of one or more external powers" (Anwar, 2018b). This norm coincides with Indonesia's attempts to build an inward coalition within ASEAN, as discussed below.

**Inward coalition-building through ASEAN.** ASEAN in the wake of Sukarno's fall and the formal end of its Konfrontasi against Malaysia. The association was established in 1967 by Indonesia, Malaysia, the Philippines, Singapore, and Thailand and gradually expanded to 10 Southeast Asian members. The bloc is expected to admit Timor Leste as a member in 2023, making its coverage widely across the Southeast Asian region. To Indonesia, it was also the state's assurance to the region and the world that it had no more association with expansionism and aggression than it had been under Sukarno's confrontation policy. For this reason, Indonesia has refrained from being assertive in the bloc yet showing a quiet leadership role.

On the other hand, although being used as a "shield against possible Communist expansion" in Southeast Asia during Suharto's regime, investing in the bloc instead of aligning with the West directly allows the country to show commitment to its non-aligned foreign policy stance (Anwar, 2015).

Since ASEAN is recognized internationally, it gives Indonesia a tool to magnify its influence and bargaining power to deal with regional and global powers. Therefore, it could be considered a buffer in Indonesia's foreign policy.

The bloc, upon establishment, has helped create an amicable strategic environment within Southeast Asia, which had been prevalent by inter-state conflicts, creating an optimal

condition for Indonesia to develop its economy and concentrate on consolidating domestic stability.

Attaching ASEAN's significance to its foreign policy, Indonesia has proactively promoted its 'bebas aktif' doctrine, or strategic autonomy, as a norm of the association. As Anwar (2005) rightly argues, "One of Indonesia's cherished long-term objectives for ASEAN is the establishment of an autonomous regional order where regional members become full masters in their own region." Therefore, Indonesia actively seeks inward coalition building within ASEAN.

In other words, Indonesia is not interested in the ideas of ASEAN members dependent on external powers' assistance. To envisage strategic autonomy as a norm within ASEAN, Jakarta pushed forward the Zone of Peace, Freedom, and Neutrality (ZOPFAN) in 1971 and the regional resilience concept in 1976 (Anwar, 2005).

### **Vietnam as an "awkward" middle power**

#### ***Empirically a middle power yet being 'humble' about its role***

While Indonesia has a long-held middle power profile and has been active in promoting its middlepowermanship through mediation and norm entrepreneurship, Vietnam, on the other hand, had not positioned itself within the middle power brackets until very recently. For example, Anh Tuan, Binh, and Huong (2020) from the Diplomatic Academy of Vietnam (DAV) in their study deny the notion of Vietnam as a middle power. On the contrary, Vu-Le and Do (2021) also from DAV published an article in *Tap Chi Cong San* (Communist Party Magazine) highlighting Vietnam's increasing role and contributions to regional and international peace and security allow it to pursue 'niche diplomacy', an approach effectively adopted by middle powers<sup>93</sup>. Despite the cautious embracement of the middle-power title,

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<sup>93</sup> Vu-Le, T. H., & Do, T. T. (2021, June 25). Quốc gia tầm trung với định hướng ngoại giao chuyên biệt: Một số gợi ý cho Việt Nam đến năm 2030 [Middle power and niche diplomacy: Recommendations for Vietnam towards 2030]. *Tap chí Cộng sản*. <https://www.tapchiconsan.org.vn/web/guest/the-gioi-van-de-su-kien/>

within a scholarly context, Vietnam has been studied as one thanks to its empirical power and critical functions in the region.

Since the first edition of Lowy Institute's Asia Power Index in 2018, Vietnam has firmly stood among Asian middle powers. Yet, empirically, among Southeast Asian countries, it is not the best performer when it comes to economic capabilities. According to data from the World Bank, the country's nominal GDP in 2021 is over US\$366 billion, ranked sixth in ASEAN, behind Indonesia, Thailand, Singapore, the Philippines, and Malaysia<sup>94</sup>. Vietnam's economy yet is among the fastest growing in Southeast Asia. According to a report by PwC Vietnam in 2018 (before the Coronavirus pandemic), Vietnam is among the leading countries in ASEAN in terms of middle-income population growth<sup>95</sup>. It has also consistently recorded positive FDI growth in recent years and a robust labor market with a relatively young population, among which 52% of the population is within working age<sup>96</sup>. The World Bank, in its report on East Asia and the Pacific in September 2022, forecasts Vietnam to be the fastest-growing economy in Southeast Asia. As manufacturers have been diversifying supply chains to avoid over-dependence on China, Vietnam has been named among possible alternatives several times. For example, as Hoang (2023) quotes the Japan External Trade Organization, Vietnam is now at the center of Japan's supply chain shift to ASEAN<sup>97</sup>.

Unlike Jakarta, Hanoi's spending on military expenditure in 2022 was at 2.3% (while that of Indonesia was 0.7%), and this has been constant since 2003 (because of the data's

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/2018/823418/quoc-gia-tam-trung-voi-dinh-huong-ngoai-giao-chuyen-biet--mot-so-goi-y-cho-viet-nam-den-nam-2030.aspx

<sup>94</sup> World Bank. (n.d.). *GDP (current US\$)—Vietnam, Indonesia, Thailand, Singapore, Malaysia, Brunei Darussalam, Lao PDR, Cambodia, Philippines, Myanmar*. World Bank Open Data. Retrieved May 3, 2023, from <https://data.worldbank.org>

<sup>95</sup> PricewaterhouseCoopers (2018). *The Future of ASEAN: Viet Nam Perspective*. PwC. Retrieved March 30, 2023, from <https://www.pwc.com/vn/en/publications/vietnam-publications/the-future-of-asean-vietnam.html>

<sup>96</sup> Ibid.

<sup>97</sup> Hoang, L. (2023, February 14). *Vietnam at center of Japan's ASEAN supply chain shift: Survey*. Nikkei Asia. Retrieved March 30, 2023, from <https://asia.nikkei.com/Spotlight/Supply-Chain/Vietnam-at-center-of-Japan-s-ASEAN-supply-chain-shift-survey>

availability). This is attributed to Vietnam's perception of a high-threat strategic environment due to its long territorial dispute with China. The Southeast Asian country is also vulnerable to China's coercion due to its asymmetrical economic interdependence with China. Indeed, Vietnam's higher investment in the military has been reflected in the Lowy Institute's API, as it has been ranked above Indonesia since the first edition of the Index. The dynamic economy and military capability have given Hanoi a firm economic footprint in the middle-sized countries bracket.

Besides economic and military powers, Vietnam has been recognized for good performance in diplomatic influence, ranking second in Southeast Asia thanks to its active outreach to diverse partners (Lowy Institute, 2023). Indeed, Vietnam now has official diplomatic relations with 189/193 member states of the UN. It also sustains economic relations with over 230 countries and territories worldwide and is a member of over 500 multilateral agreements and seventeen free trade agreements (FTAs) (Do, 2022).

With its combined powers solidly falling into the second-tier powers brackets, Vietnam should be seen as a concrete middle power in the region.

*Vietnam's middlepowermanship: a mixed of functional and normative agendas*

**Maritime security tops the functional agenda.** Due to its low resource availability and high-threat strategic environment, Vietnam utilizes both functional and normative agendas in its middle-power strategy.

Functionally, as Hanoi's perceived threat is China's assertiveness in maritime and economic domains as well as a long-held structural nationalism against China, the security strategy of Vietnam is prevalent by a maritime security agenda as well as building economic resilience to mitigate Chinese influence.

Vietnam, together with the Philippines, are the most enthusiastic promoters of a Code of Conduct in the South China Sea (COC). Hanoi submitted a draft of the CoC in the late 1990s and became the important pusher to the conclusion of the 2002 ASEAN-China

Declaration on the Conduct of Parties (DOC). However, the declaration fell short of Hanoi's expectations due to its lack of specification of the geographical scope and concrete prohibition of building new structures on submerged features (Le, 2019). As growing frustrated by the DOC's failure to constrain China's aggression in the South China Sea, Hanoi has looked to reinvent the DOC into a more materialized document governed by international law, especially UNCLOS. Indeed, it has been pushing hard to a conclusion of a legally binding Code of Conduct in the SCS since it was re-initiated within ASEAN in 2011 (Amer and Jianwei, 2021). For example, in 2016 Vietnam Delegation to the DOC-Senior Officials Meeting suggested that the frequency of meetings and discussions for drafting the COC be intensified. In its Single Draft Negotiating Text for COC in 2018, Vietnam proposed that the document "shall apply to all disputed features and overlapping maritime areas claimed under the 1982 UNCLOS in the South China Sea" (Amer & Jianwei, 2021). It also calls for banning any Air Defense Identification Zone (ADIZ) over the South China Sea, though this initiative was eventually rejected by China (Le, 2019).

With its decisive acts in countering China's expansion in the South China Sea, Vietnam's significance in maritime security in the region has also been realized in the US Department of Defense's Indo-Pacific Strategy Report released in June 2019, which iterates the significance of partnering with Vietnam among ASEAN countries as "central in our (Washington's) efforts to ensure peace and underwrite prosperity in the Indo-Pacific" (US DoD, 2019). The fact that Washington has listed Vietnam first, followed by Indonesia and Malaysia, has confirmed Hanoi's significant role in stabilizing regional security.

**Upholding multilateralism and good international citizenship.** Due to its low resource availability, Vietnam also seeks a behavior strategy to enhance its international and regional prestige, thus attracting diplomatic support from other countries for its functional agenda.

Vietnam has been an advocate of multilateralism. It has been a member of numerous

international organizations and multilateral forums. Since adopting the Doi Moi policy, the CPV has paid heed to integrating the country into international organizations. Specifically, in the political guidance adopted in the 6th National Congress of the CPV in 1986, the Party points out the need for Vietnam to expand its relations with international organizations (Ha and Le, 2022). Multilateral diplomacy was then referred to as a goal in the country's foreign policy at the 7th National Congress in 1991. The policy turned into reality with Vietnam's acceding to ASEAN-TAC in 1992 and eventually becoming a member of the bloc in 1995. After that, it joined APEC in 1998 and the World Trade Organization in 2007.

Besides actively participating in international and regional multilateral organizations, the country has promoted its 'good international citizenship' posture. Vietnam served a non-permanent membership term at the UN Security Council (UNSC) from 2008 to 2009.

Vietnamese Prime Minister Nguyen Tan Dung, at the UN General Assembly in September 2013, announced Vietnam was ready to participate in UN Peacekeeping operations<sup>98</sup>. One year later, the country started to officially join the UN Peacekeeping Missions. Up to this point, Vietnam has sent 513 military officers and soldiers to 3 UN peacekeeping missions in South Sudan, the Central African Republic, Abyei, and the UN headquarters<sup>99</sup>.

In 2019, the country had actively lobbied states and managed to be elected to the United Nations Security Council's non-permanent seat with a record high of 192/193 votes. In its ASEAN presidential term in 2020, Vietnam chose the theme of 'Cohesive and Responsive.' The former represents its determination to uphold ASEAN Centrality, while the latter iterates the importance of the bloc, a multilateralism anchor of the region, in proactively settling challenges from global and regional situations. During the ASEAN chairmanship

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<sup>98</sup> Ho Diep. (2014, May 27). Trung tâm Giữ gìn Hòa bình Việt Nam chính thức ra đời [Vietnam's Peacekeeping Center Formally Established]. *VOV.VN*. <https://vov.vn/chinh-tri/trung-tam-gin-giu-hoa-binh-viet-nam-chinh-thuc-ra-doi-328819.vov>

<sup>99</sup> Nguyen Nhung, & Anh Huyen. (2023, February 1). Vietnam contributes to UN peacekeeping mission. The Voice of Vietnam. <https://vovworld.vn/en-US/content/MTAxNjI1OQ==.vov>

term, it was the first state to bring the Mekong River issue (which is among China, Vietnam, Laos, Cambodia, and Thailand) to the bloc's agenda<sup>100</sup>, showing its favor for multilateralism in settling such a sub-regional issue. The country has hosted several multilateral meetings and summits, such as ASEAN 2010, APEC 2017, and Greater Mekong Summit 2018. Given the unfavorable dynamics leading to rising doubts over multilateralism's relevance in settling global and regional security issues, such as the US-China rivalry or the Ukraine crisis, Vietnam still shows its dedicated support for multilateralism. The 13th National Congress of the CPV in January 2021 set out an objective of bringing multilateral diplomacy in its foreign policy to a new height as a task in the next five years, specifically by:

proactively participating in and promoting Vietnam's role in multilateral mechanisms in the region and the world, proactively contributing to shaping multilateral mechanisms, and proactively participating in multilateral defense and security mechanisms to protect the country. (Ha and Le, 2022)

This resonates with Directive 25, dated August 8<sup>th</sup>, 2018, by the CPV Central Committee's Secretariat on promoting multilateral diplomacy in Vietnam's foreign policy until 2030.

**(Limited) mediation role in global and regional security issues.** While being proactive in building resilience against China's assertiveness, Vietnam, on the other hand, has been less enthusiastic in enhancing mediation or norm entrepreneurship profile unless it is deemed relevant to its efforts to counter China.

Indeed, with regard to the mediation role, although being managed to organize a Trump-Kim summit in 2019 between US President and the DPRK supreme leader and set "mediation role" as part of its foreign policy objectives until 2030 in Directive 25 CT/TW (Tuyên Giáo Magazine by CPV Communication and Education Commission, 2019), Vietnam

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<sup>100</sup> Macan-Markar, M. (2020, February 26). Vietnam puts the Mekong's fate on ASEAN's agenda. *Nikkei Asia*. <https://asia.nikkei.com/Politics/International-relations/Vietnam-puts-the-Mekong-s-fate-on-ASEAN-s-agenda>



has hardly been proactive in materializing this role. As in the Myanmar crisis, Vietnam's reaction is mostly neglect, or as phrased by Hutt (2023), Vietnam is among 'disinterested states' in the crisis<sup>101</sup>. The reason is Hanoi has been locked in a dilemma due to friendly ties between the two countries' military forces, notably between the military-run enterprise Viettel and Myanmar's national army. It keeps Vietnam from acting bold in the crisis, instead calling for self-restraints and peaceful settlement of the humanitarian crisis in Myanmar. Vietnam has also toned down criticism against the military junta as reflected in its objection to a draft statement by UNSC condemning the junta in a council's meeting on 10 March 2021 as a UNSC non-permanent member (Tran, 2022). Also, during talks with Special Envoy of the United Nations Secretary-General on Myanmar Noeleen Heyzer on January 14, 2022, Vietnam's Foreign Minister Bui Thanh Son suggested a "comprehensive, gradual approach without haste" on Myanmar issues (Vu, 2022). By not taking serious actions to end the bloodshed in Myanmar, as Takahashi (2021) points out, Vietnam's mediation diplomacy has been through a rough test<sup>102</sup> despite its potential to play a constructive role as a mediator in the Rohingya crisis<sup>103</sup> due to its good relations with Myanmar's military (Hasan, 2021).

Although there is a lot more for Vietnam to flesh out its mediation diplomacy, its geopolitical significance and special ties with both China and the United States facilitate its role as a prominent broker in the region in the face of the great powers' growing tensions.

**Silent Norm Advocate of Rule-based Order.** At the 11<sup>th</sup> National Congress in 2011, the CPV voiced its perception of the growing trend of great-power competition, through which it sees the "trend of multipolarization becoming increasingly vivid" ('Cục diện thế giới

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<sup>101</sup> Hutt, D. (2023, March 3). On Myanmar, the World Needs to Save ASEAN From Itself – The Diplomat. The Diplomat. <https://thediplomat.com/2023/03/on-myanmar-the-world-needs-to-save-asean-from-itself/>

<sup>102</sup> Takahashi, T. (2021, April 14). Vietnam's "mediation diplomacy" faces key test in Myanmar crisis. *Nikkei Asia*. <https://asia.nikkei.com/Spotlight/Comment/Vietnam-s-meditation-diplomacy-faces-key-test-in-Myanmar-crisis>

<sup>103</sup> Hasan, P. (2021, November 23). *Vietnam Could Benefit from Resolving The Rohingya Crisis Between Bangladesh And Myanmar* – OpEd. Eurasia Review. <https://www.eurasiareview.com/23112021-vietnam-could-benefit-from-resolving-the-rohingya-crisis-between-bangladesh-and-myanmar-oped/>

đa cực ngày càng rõ hơn' (Vietnamese sub) and great powers continuing to dominate the international relations. However, this should not be translated as Vietnam prefers an alternative international order that replaces the contemporary rule-based order. As Hiep (2020) reasonably points out, Vietnam indeed “would like to see the two superpowers co-exist both cooperatively and competitively in an open and ruled-based multipolar order where other powers, big and small, can maintain their sovereignty and autonomy.”

In 2013, former Prime Minister Nguyen Tan Dung at the 12<sup>th</sup> Shangri-la Dialogue stressed the significance of building strategic trust as a solid foundation for peace, cooperation, and prosperity in Asia-Pacific, which cannot be done “without equality, respect of international law, and transparency.” In a conference marking the 20<sup>th</sup> anniversary of Vietnam-US diplomatic relations in 2015, Deputy Foreign Minister Ha Kim Ngoc urged both sides to work together to support a stable international system and international law while stressing the ‘similar lens’ about challenges to the status quo in the South China Sea<sup>104</sup>. This paper echoes Hiep (2020)’s observation that the wary of China’s growing assertiveness and coercion, deemed threatening Vietnam’s national interest and security, push Hanoi’s geo-strategic interests closer to that of Washington (Hiep, 2020)<sup>105</sup>. Therefore, though having not publicly shown support for any particular Free and Open Indo-Pacific vision due to fear of being seen as an adversary to China, the joint statement on the occasion of Former President Donald Trump’s visit to Vietnam in November 2017, both sides expressed welcome for “initiatives to preserve peace and stability and to advance cooperation and development in the Indo-Pacific region” (Hiep, 2020).

It could be seen that Vietnam’s support for the US-led rule-based regional order has

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<sup>104</sup> Osius, T. (2015, April 10). *Twenty Years of Diplomatic Relations with Vietnam—And What Comes Next*. U.S. Embassy & Consulate in Vietnam. <https://vn.usembassy.gov/twenty-years-of-diplomatic-relations-with-vietnam-and-what-comes-next/>

<sup>105</sup> Hiep, L. H. (2020). *The Vietnam-US Security Partnership and the Rules-Based International Order in the Age of Trump*. ISEAS Publishing. Page 20

been consistent since the destabilizing actions of China in the South China Sea. However, it prefers silent endorsement to avoid triggering the giant next door.

**Outward coalition building.** As rightly observed by Le Thu (2023), while Vietnam and China share ideological solidarity and similar systems of government, their relationship is often bogged down by maritime territorial disputes, security concerns, and geopolitical competition. On a similar note, while sharing a common security threat from China's rise, Vietnam is wary of the US' attempt to promote human rights values which might threaten the CPV's authoritarian rule (Nguyen, 2023). These love-hate relationships prevent Vietnam from tilting too close to either side, at least publicly. This creates a trilemma for Vietnam.

Vietnam is required to balance against China to protect national security, yet it could neither perform direct balancing acts due to its limited capabilities nor side with the United States, which is most capable of deterring China, as a result of their conflicting regimes. While ASEAN is also critical to Vietnam to magnify influence through multilateral institutions, such as ARF, APT, EAS, and ADMM+, its slow progress in dealing with the SCS disputes together with its increasing fracture driven by China's influence on small powers such as Cambodia and Laos have eroded Hanoi's trust on the bloc's ability to shield it against the troublesome big brother. The distrust in ASEAN's capability to effectively protect its national interest and security has forced Vietnam to seek coalitions with external powers. Yet, an alignment with the United States is infeasible for Vietnam due to the CPV regime's skepticism about US' human rights agenda and worry about China's coercion while being triggered. Therefore, Hanoi's options are limited to siding with regional powers that share a common concern about China, including, inter alia, Japan, India, and South Korea. Among these, Japan is the closest partner as their relationship remains close in all domains, from economic and political to security.

Since 2012, China's increased assertiveness in both the East and South China Seas has pulled the Vietnam-Japan defense and security relationship closer (Huynh, 2021). Indeed,

in 2011, three Chinese boats were detected attempting to “sabotage” the Vietnamese oil exploration vessel Binh Minh II in Vietnamese waters<sup>106</sup>. In December 2012, a similar event took place near Vietnamese Con Co island off the coast of Phu Yen province, as “two Chinese fishing boats cut across cables being laid by the survey vessel Binh Minh 2” (Brummitt, 2012). The ECS also recorded increasing assertiveness of China during this time. Beijing started to use maritime law-enforcement vessels in the disputed Senkaku/Diaoyu waters in late 2008 (Patalano, 2020). Until 2012, they were spotted in the waters several times, in August 2011, then in March and July 2012. In September 2010, a collision between a Chinese trawler and a Japanese coast guard cutter took place, raising tensions between the two Northeast Asian powers (Patalano, 2020).

Sharing a common concern about China’s aggressiveness, Vietnam and Japan held their second Defense Policy Dialogue in Tokyo in August 2013 and agreed to make it annual (Huynh 2020). There, both sides stressed the significance of international law, especially UNCLOS, in settling maritime disputes. 2012 also marked a departure in their naval relations, as reflected in frequent naval visits by Japanese vessels to Vietnam (Huynh, 2021). Also, as Huynh (2021) notes, Tokyo 2014 sent six used patrol vessels to Vietnam roughly two weeks after the oil rig standoff between Vietnam and China in the Paracel Islands.

As signing a deal worth \$350 million in June 2017 to upgrade Vietnam’s coast guard vessels and patrol capabilities, Prime Minister Nguyen Xuan Phuc and his Japanese counterpart Shinzo Abe voiced “deep concern over the complex developments” involving Beijing in the South China Sea, and affirmed their expectation that the deal would strengthen “a free and open international order based on the rule of law.” (Huynh, 2021). Vietnam and Japan have reiterated this concern several times during bilateral meetings and pledged to assist each other in addressing maritime security concerns. For example, during a summit in

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<sup>106</sup> Watts, A. (2011, June 2). Vietnam accuses China of sabotage. *The Sydney Morning Herald*.  
<https://www.smh.com.au/world/vietnam-accuses-china-of-sabotage-20110601-1fgec.html>

Tokyo in 2021, Vietnam's Prime Minister Pham Minh Chinh and his Japanese counterpart, Fumio Kishida, raised concern over China's drive to increase its clout in the East and South China seas. At the meeting, Japan vowed to export more defense equipment, including naval vessels, to Vietnam while emphasizing Vietnam's significance as a "vital partner" in Japan's vision of a free and open Indo-Pacific (Mizorogi and Imahashi, 2021). On the economic side, given China's bid to lobby CPTPP members to join the trade pact, both countries stand a common perspective of "maintaining the current "high-level" standards, which have been seen as an obstacle for China (Mizorogi and Imahashi, 2021). This was also affirmed at the summit between Vietnam and Japan in Tokyo in late 2021.

Besides the deep alignment with Japan, Vietnam also seeks a close defense partnership with India to strengthen its deterrence capabilities in the South China Sea. India and Vietnam both face territorial disputes with China and share a concern about China's rise as a threat to national security (Chaturvedy, 2022). Economically, India's growing trade with East Asia has bound its interest with the strategic sea lines of communication in the South China Sea. Meanwhile, as India's national interest involves the maritime domain, it perceives the South China Sea as a crucial front to deter potential adversaries threatening its naval power. Indeed, in 2014, it revised the "Look East" policy that stressed the economic integration with ASEAN and added two new elements, East Asian countries, and Security cooperation, giving the policy a new face, "Act East." The Act East policy marked India's joining the construction of the East Asia security framework. During the pursuance of this policy, India has seen Vietnam as a "valuable partner" in the region (Chaturvedy, 2022). Vietnam, aligning its interest in the South China Sea, did not miss the opportunity to align with India to counter China's assertiveness in the strategic water. In May 2015, Indian and Vietnamese Ministries of Defense signed a 'Joint Vision Statement on India-Vietnam Defense Relations for the period of 2015-2020', which laid a strong basis for fostering their defense relationship. One year later, Vietnam and India have elevated their relations to a

comprehensive strategic partnership. Their defense relationship was not only limited to the Memoranda of Understanding but also materialized through military exercises and training. In fact, the two nations' armies held their first exercise, VINBAX, in January 2018, followed by the first maritime exercise between the Indian and Vietnamese navies in Da Nang, Vietnam, in May of the same year (Solanki, 2021). Indian Defense Minister Rajnath Singh, during a virtual summit in November 2020, pledged to enhance military training for Vietnamese armed forces of all services through technical, operational, and English language teaching to Vietnamese training academies and Vietnam's armed forces personnel (Solanki, 2021). As Sharma (2022) quoted Srikanth Kondapalli, professor of Chinese studies at New Delhi-based Jawaharlal Nehru University, "India is seen as a "better bet" than many other nations with which Hanoi has historical issues, including the U.S. because of the Vietnam War."

Vietnam also sustains amicable defense cooperation with Australia, though the relations are not as close as those with India and Japan due to Australia's human rights agenda with Vietnam, which includes *inter alia* freedoms of speech, assembly, the press, association, and demonstration<sup>107</sup>, which was not taken easily by the ruling communist party. Still, given the common wary of China's assertiveness and coercion in the region, defense relations between Canberra and Hanoi are significantly enhanced. In 2010, the two countries signed MoU on Defense Cooperation and enhanced the ties with a Joint Vision Statement on Further Defense Cooperation in 2018. Since 2012, they have sustained the Australia-Vietnam Strategic Dialogue at Deputy-Secretary/Vice-Minister level. Both countries agreed to organize the Defense High-Level Meeting between their defense ministers on an annual basis starting in 2020.

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<sup>107</sup> Joint Standing Committee on Foreign Affairs, Defence and Trade. (2012). *Inquiry into Australia's Human Rights Dialogues with China and Vietnam (Australia)*. The Parliament of the Commonwealth of Australia. [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Completed\\_Inquiries/jfadt/HRdialoguechina/vietnam/report#chapters](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Completed_Inquiries/jfadt/HRdialoguechina/vietnam/report#chapters)

It could be seen that, unlike Indonesia, which has a tendency to build an inward coalition within ASEAN, Vietnam favors an outward coalition building. It has been cultivating close bilateral defense cooperation with Japan and India, especially in the maritime domain, and amicable and growing defense ties with Australia as rooted in their common concern over China's actions disrupting the regional status quo.

## **Chapter 5. Understanding Indonesia's and Vietnam's Approaches to China's Rise and US Pivot to Asia Using Hedging Theory**

### **Indonesia's Approach to China's Rise: Neutral Hedger**

According to Kuik (2016a), a state's hedging strategy is composed of two counteracting options, "risk contingency" and "return maximization." A state's foreign policy toward a superpower could only be seen as "hedging" when it satisfies all three conditions (1) an insistence on not taking sides among competing powers; (2) employing both opposite and counteracting measures; and (3) use of the opposite acts to pursue objectives of preserving gains while cultivating a 'fallback' position. In Indonesia's case, the non-taking-side position is reflected through its "free and active" doctrine and non-alignment principle. Given the US-China increasing competition, its stance of not choosing sides is affirmed by Rizal Sukma, the executive director of the Centre for Strategic and International Studies in Jakarta and a foreign policy adviser to Jokowi, "Leaning to one side is not an option. Indonesia needs and wants both the US and China as friends and partners and would not want to see the superpowers become rivals, competing for influence in its neighborhood." (Sukma, 2012).

Jakarta's foreign policy also satisfies the second requirement of a hedging strategy, employing both opposite and counteracting measures toward China. As Laksmana (2017) phrases, Indonesia's policy toward great powers, including China, is defined as 'Pragmatic equidistance,' consisting of both "deeper engagement and strategic autonomy with several great powers simultaneously based more on pragmatic interests than normative concerns."

China is now the biggest trading partner and second-largest investor in Indonesia (Anwar, 2022). The archipelago also expects more investment from Beijing in terms of infrastructure. Indonesia is a member of China's Asia Infrastructure Investment Bank (AIIB) and the Belt and Road Initiative (BRI). According to a survey by CSIS in 2019, a majority of Indonesian respondents from different sectors see China's Belt and Road Initiative (BRI) as being necessary for their country's development, especially given its need for infrastructure



building (Damuri et al. 2019). At the same time, it is also cautious about China's growing assertiveness in the region and has been attempting to achieve "dynamic equilibrium" by limiting China's dominance in its economy and the region. In the economic sphere, for example, it has been diversifying buyers of coal and palm oil, its key export commodities, to Africa, South Asia, and the Middle East<sup>108</sup>. In the diplomatic domain, it insisted on including other major players in the Indo-Pacific region, Australia, India, and New Zealand, to prevent the prevalence of China in the East Asia Summit (EAS) (Anwar, 2022).

The opposite measures employed by Indonesia aim at cultivating the economic benefits from the (re)emerging China while, at the same time, insulating Jakarta from the risk of a "fallback" position when too much depends on China, Indonesia's foreign policy satisfies the third condition of a hedging strategy.

To analyze these two counteractive acts in detail, the authors use Kuik's framework (2015, 2016) on hedging behavior, as depicted below, to see where Jakarta's foreign policy fits in the hedging spectrum, whether it tilts to power rejection or acceptance attitude toward China.

Here the author argues that Indonesia has been carrying out all five hedging options with equal focus on both binding-engagement, binding-engagement, and economic pragmatism (both cultivating and diversifying trade). Meanwhile, Jakarta shows limited attempts at indirect balancing and limited bandwagoning.

First, as discussed above, the attractiveness of China's robust growth and Indonesia's dire need for infrastructure development drives the economic ties between Jakarta and Beijing. China's economic growth has recorded a rapid rise following Deng Xiaoping's 1987 reforms, remarkably following its integration into the World Trade Organization in 2001. Its

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<sup>108</sup> Sulaeman, F. H. (2023, January 11). *Indonesia eyes new markets for coal, palm oil as global recession looms*. <https://www.thejakartapost.com/business/2023/01/10/indonesia-eyes-new-markets-for-coal-palm-oil-as-global-recession-looms.html>

survival through both great economic crises: the Asian Financial Crisis (1997-98) and the Global Financial Crisis (2008-2009), has consolidated investors' confidence and added more momentum to its impressive growth. The economic miracle has called on countries to boost trade ties with the emerging huge market, and Indonesia is not an exception to the trend. China has become Indonesia's biggest trading partner since their Strategic Partnership in 2005 (World Bank data 2022). The mutual economic ties are further boosted under Indonesia's President Jokowi and his Chinese counterpart Xi, resulting in a surge in investment under the BRI framework. China has helped Indonesia step closer to meeting its energy and infrastructure required for development. As of 2021, Indonesia had the highest number of Chinese-built overseas coal-fired power plants. (Fitriani, 2022). At the same time, Indonesia also attempts to reach out to different partners as a risk contingency plan given the stagnant growth of China due to multiple reasons: strict zero-COVID policy, the Xi regime's increasing control and intervention in the private sector, and decoupling threat from the increasing tensions between Washington and Beijing. Japan, as a long-term infrastructure investor in Southeast Asia, has been a top choice. Tokyo is the largest ODA donor to Indonesia, accounting for 45% of the cumulative total of ODA to the archipelagic country since 1960<sup>109</sup>. From 2013-2018, Japan helped Indonesia build the Jakarta Mass Rapid Transit (MRT) South-North Line<sup>110</sup>. Tokyo has also assisted the Southeast Asian state in building 60% of toll roads in the Jakarta metropolitan area<sup>111</sup>. However, due to strict requirements on government-to-government cooperation mechanisms, Japan's infrastructure projects have lost Indonesia's preference for those by China<sup>112</sup>. For commodity trading, Jokowi's government

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<sup>109</sup> Japan International Cooperation Agency. (n.d.). *Indonesia | Indonesia | Countries & Regions | JICA*. Retrieved May 5, 2023, from <https://www.jica.go.jp/indonesia/english/index.html>

<sup>110</sup> Ministry of Land, Infrastructure, Transport and Tourism of Japan (2021). *Japan's "Quality Infrastructure" Around the world—Compendium of Good Practices*. <https://www.mlit.go.jp/kokusai/content/001397311.pdf>

<sup>111</sup> Ibid.

<sup>112</sup> Watanabe, S. (2015, September 5). Japan dismayed by Indonesia's decision to turn down high-speed train plans. *Nikkei Asia*. <https://asia.nikkei.com/Politics/Japan-dismayed-by-Indonesia-s-decision-to-turn-down-high-speed-train-plans>

has been targeting Latin American and Caribbean countries, as well as Central and Eastern European, as potential partners to diversify its trade portfolio (VietnamPlus, 2021). Since 2019, Jakarta has organized the annual Indonesia-Latin America and Caribbean Business Forum to bolster mutual trade. The forum is proven not to be a non-substance talk shop as the bilateral trade between Indonesia with Latin America and the Caribbean region has increased by 15% from 7.75 billion USD in 2019 to 8.25 billion USD in 2020 (VietnamPlus, 2021). Besides, Jakarta also expects to “redouble efforts in Central and Eastern Europe” via the Indonesia-Central and Eastern European Business Forum. The diversification, however, takes a great deal of time and effort. Meanwhile, China’s trade and investment still play a significant role in Indonesia’s development.

While the economic domain sees Indonesia’s leaning toward more ‘power acceptance’ toward China, the political sphere witnesses a reserve trend. ASEAN has always been a cornerstone in Indonesia’s foreign policy for several reasons since the New Order Regime. The establishment of ASEAN in 1967 facilitated the end of the Indonesian-Malaysian Confrontation. It enabled Indonesia to reintegrate and claim relevance in the peaceful regional setting. In the early days of ASEAN, it was conceived by Indonesia and the other four founding members as a shield against the expansion of communism. When the Cold War ended, ASEAN allowed Indonesia to act true to its “free and active” diplomacy and “promote peaceful coexistence between contending powers” (Anwar, 2018b). ASEAN is now a buffer zone to insulate Indonesia and other Southeast Asian nations from external risks from the contending great powers. ASEAN regionalism through a web of institutions and forums, such as the ARF, ASEAN+3 (APT), EAS, etc., with a wide range of major powers as dialogue partners, including the United States, China, Japan, Australia, India, etc., has been acting as an omni-enmeshment system, as phrased by Goh (2007), to refrain regional powerhouses from taking confrontational postures. ASEAN is also a tool for Jakarta to step closer to its ‘negara besar’ aspiration. By promoting the bloc’s centrality in the region and

upholding its relevance to great powers, Indonesia's significance in the region and the world is also enhanced. Therefore, ASEAN is not only historically important to Jakarta but also practically significant due to its role as a buffer zone safeguarding Indonesia's security and a tool to magnify its diplomatic influence. Thus, Indonesia is wary of China's attempts to undermine ASEAN's unity and centrality.

As a claimant party to the South China Sea, China has attempted and, to some extent, managed to take advantage of the bloc's unanimity-based decision-making process to block it from making any joint statement about maritime disputes. It happened when Cambodia blocked any mention of the international court ruling against Beijing in a meeting in Vientiane in 2016, following the Hague's arbitration ruling in favor of the Philippines in July of the same year (Mogato et al., 2016). In 2012, Cambodia did the same thing in 2012 when "other members such as Laos and Malaysia are perceived as weak on the South China Sea issue due to Chinese pressure" (Campbell, 2016). Given China's efforts to undermine ASEAN unity and, ultimately, centrality, Indonesia's hedging posture in the political sphere tilts towards dominance denial. Still, it also employs binding engagement tactics by embedding China into ASEAN-led multilateral political initiatives; the act can be seen as both restraining China's efforts of cracking down on the bloc's unity and cultivating diplomatic ties for material benefits.

In the domain of the military, Indonesia's strategy toward China is neutral, as the two countries only have minor territorial disputes and a few historical problems. Therefore, unlike Vietnam and the Philippines, which say no to procuring arms from China, Indonesia started to purchase arms from China in 2006. In 2021, 5% of the Indonesian arms supply came from China. Still, this number is significantly less than that of the United States, which accounts for 80% of Indonesia's weapon procurement. In 2021, Jakarta agreed to Beijing's offer to send three ships to assist in its mission of salvaging the sunken Indonesian attack submarine

KRI<sup>113</sup> despite the sensitive wreckage location in the Lombok Strait<sup>114</sup> (Grossman, 2021). In late 2022, TNI and PLA agreed to resume joint military training and exercises after the COVID-19 disruption<sup>115</sup>.

It, however, should not be translated into its neglect of risk contingency measures. In its White Book of National Defense in 2015, Indonesia mentions that Singapore, an ASEAN member, was granted access to training in sea and air space within Natuna Island. However, it has not invited either the United States or its regional allies to the water as an indirect balancing effort that avoids directly triggering China. As Zou (2023) reasonably observes, Indonesia and China opt for resolving the territorial clash “through compromise, maintaining friendly relations, and engaging in economic cooperation.” It could be seen that, with little imminent threat from China, in the military domain, Indonesia’s policy toward China is neutral.

One might correlate Indonesia’s ramping-up efforts in modernizing its military force toward fulfilling the Minimal Essential Force (MEF) and defense capability with the patriotic ‘*bela negara*’ program as a balancing strategy against China. However, I argue that, given the huge economic benefit from China and little direct security threat arising from China’s rise, such efforts are not primarily aimed at Beijing but instead compose Jakarta’s self-help strategy to insulate itself from the increasing anarchy of the international society and the diminishing role of ASEAN.

To sum up, Indonesia hedges against China in all three domains: economic, political, and military. In the first domain, it tilts toward power acceptance due to the great benefits of doing business with the East Asian giant. Indonesia needs China’s investment in infrastructure for national economic development and realizes its ‘*negara besar*’ ambition. As

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<sup>113</sup> Mahadzir, D. (2021, May 4). Chinese Navy to Help with Recovery of Indonesian Sub Wreck. *USNI News*. <https://news.usni.org/2021/05/04/chinese-navy-to-help-with-recovery-of-indonesian-sub-wreck>

<sup>114</sup> Grossman, D. (2021, June 7). Indonesia Is Quietly Warming Up to China. *Foreign Policy*. <https://foreignpolicy.com/2021/06/07/indonesia-china-jokowi-natuna-sea-military-bri-cooperation-biden-united-states/>

<sup>115</sup> [http://id.china-embassy.gov.cn/eng/zgyyn/202211/t20221121\\_10978599.htm](http://id.china-embassy.gov.cn/eng/zgyyn/202211/t20221121_10978599.htm)

Pardomuan (2022) cites Achmad Sukarsono, associate director and lead analyst risk consultancy Control Risks in Indonesia, Jakarta can still develop infrastructure as lacking BRI investment, yet without it, “Indonesia will fall back on its old Java-centric template focusing on the main island.” The political domain, however, sees an opposite trend as the Jokowi government moves closer to power rejection against China in the hedging spectrum. It was driven by Indonesia’s fear of China downplaying the unity and centrality of ASEAN, a *raison d’être* in Indonesia’s foreign policy. The last domain, security, saw Jakarta’s neutral position toward China due to its relatively friendly strategic perception of Beijing and economic pragmatism overwhelming foreign policy. With a military hedging policy at a neutrality point, economic toward power acceptance, and diplomacy toward power rejection, Indonesia’s overall hedging strategy toward China is at the neutral point, which is in line with its ‘free and active’ foreign policy doctrine.

### **Vietnam’s Hedge against China’s Rise: Toward power rejection**

Unlike Indonesia’s case, Vietnam’s policy toward China is better understood as an interplay of two levels: state and party. Although the state is led by the Communist Party of Vietnam, which has ‘as close as lip and teeth’ relations with the Chinese Communist Party since the Ho Chi Minh era (see, for example, Ministry of Foreign Affairs – PRC, 2018), any assumption that the Party-to-Party close relations should be translated to Vietnam might compromise national interests to bandwagon China is a hasty conclusion. Such an argument is made, for example, in the International Institute for Strategic Studies’ Strategic Comments in March 2023, in which it makes a presumption that from Vietnam’s point of view, “territorial disputes are likely to be less important than China’s political and ideological alignment with the party and Beijing’s ability to support the continuation of CPV governance.”<sup>116</sup> As Thayer (2023) contends, the CPV’s legitimacy is from “multiple sources,” “including nationalism,

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<sup>116</sup> International Institute for Strategic Studies (2023). Vietnam: Leadership turnover and foreign-policy implications. *Strategic Comments*, 29(2), i–iii. <https://doi.org/10.1080/13567888.2023.2190696>

legal-rational and performance but not a democratic mandate.” Meanwhile, China’s aggressiveness in the South China Sea, which threatens Vietnam’s sovereignty and territorial integrity, is among the two most potent issues that trigger the anti-China nationalist sentiment among the Vietnamese population (Luong, 2021). Therefore, Vietnam’s moving to align with China, compromising the maritime disputes in exchange for CPC’s support to remain in power, is not a correct analysis of Vietnam’s foreign policy toward China, regardless of state or party level. On the contrary, this paper argues that Vietnam’s hedging strategy against China is more toward power rejection as (1) it perceived the maritime dispute with China as an imminent threat to national interest and security; (2) Vietnam’s foreign policy toward China is under the pressure of nationalist sentiment. However, what keeps it within the hedging spectrum without shifting to full-scale balancing is economic pragmatism and communist comradeship. This party-to-party brotherhood, however, is kept at ideological and bureaucratic issues to enhance the party’s legitimacy and leadership. It cannot and should not be translated to Vietnamese leaning toward China, as, for example when Bhadrakumar (2023) correlates Vietnam’s anti-corruption campaign learned from China as “moving in a more ideological and less pro-Western direction.”

In order to analyze Vietnam’s hedging position toward China, this paper first determines why its foreign policy fits the hedging spectrum.

First, Vietnam in public platforms has always taken a non-choosing-side posture vis-à-vis great-power rivalry. In its 2019 White Paper of Defense, Vietnam reiterates its “Four No’s” principle, as summarized by Quang Chuyen and Minh Ha (2022) in the National Defense Journal as follows:

Vietnam will not join any military alliance; not side with one country to counter another one; not allow foreign countries to set military bases or use Vietnam’s territory to counter a third country; not use force or threaten to use force in international relations.

This military doctrine is complemented by “one depends,” in which Vietnam adds, depending on specific circumstances and conditions, it will consider developing military relations deemed appropriate and necessary with other countries (Vietnam’s White Paper of Defense, 2019). The “one depends” is added alongside the fourth “no” of not using force or threatening to use force in international relations. Under hedging logic, it implies that Vietnam has employed “opposite acts to pursue objectives of preserving gains while cultivating a ‘fallback’ position” toward China. On the one hand, the “fourth no” softens Hanoi’s stance in the territorial disputes with China in SCS, thus avoiding triggering its assertive neighbor. On the other hand, the “one depends” is to preserve its “fallback” position when the tensions escalate.

Second, Vietnam’s foreign policy toward China is conceptualized as ‘cooperation and struggle’ (Le, 2013) as adopting the phrase that the CPV Politburo used when Vietnam joined ASEAN in 1994. In terms of cooperation, Vietnamese and Chinese parties, and states enhance ties due to their “ideological affinity and growing economic interdependence.” On the other hand, as Vietnam is well aware that China’s increasing assertiveness in the South China Sea is a threat to its national security, the country is cautious about the true intention of its ‘big brother’ and adopting measures to counter pressure from China. These contradicting approaches that are set apart from the conventional bandwagoning/balancing logic of Vietnam are in line with the second condition of hedging by Kuik (2016).

Third, these counteracting measures are aimed at maximizing returns from trading with China and minimizing security risks arising from its reemergence and assertiveness. Besides national and legal-rational, CPV’s legitimacy also rests on performance, and it has become the regime’s “prime source of legitimacy,” passing the other two since the success of Doi Moi (Thayer, 2017). China’s emergence as the world’s second-biggest economy has been seen as a valuable opportunity for Vietnam to boost its economic growth and, thus, consolidate the party’s legitimacy. Since normalizing ties with China, the trade value between



the two countries has been steadily growing. According to Tran (2021), China is Vietnam's biggest trade partner since 2004. The billion-people market, with a growing share of the middle-income population, is the major importer of Vietnamese fruit and vegetables, accounting for 57.5% of its farm produce export in 2022<sup>117</sup>. In November 2022, the two countries signed a Protocol on phytosanitary procedures for fresh Vietnamese bananas, which resulted in Vietnam's banana export value to China exceeding \$300 million in 2023. At the same time, as Vietnam is also aware of the risks of over-depending on China due to the latter's infamous record of weaponizing trade, the former has made efforts to diversify trade partners through new-generation Free Trade Agreements following China's provocative action in SCS in 2014 by deploying a giant oil rig in Vietnam's exclusive economic zone (EEZ) (Tran, 2021). Beijing's intensified gray zone operations in the disputed South China Sea. Satellite photos also reveal China's full militarization of three islands in the South China Sea, including the Mischief Reef (Đá Vành Khăn/Vietnamese sub), Subi Reef (Đá Xubi/Vietnamese sub), and Fiery Cross Reef (Đá Chữ Thập/Vietnamese sub). Beijing has also funded as many as 300 maritime militia vessels to patrol the Spratly Islands<sup>118</sup> (Hale, 2021). Under the dynamics, Vietnam's hedging strategy toward China satisfies the third condition: maximizing economic return and minimizing security risks.

To effectively realize the objectives, Vietnam has employed all five hedging measures: indirect balancing, dominance denial, economic pragmatism and diversification, binding engagement, and limited bandwagoning with each of them on different domains and diplomatic levels.

In the military domain, due to territorial disputes with China, which are considered

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<sup>117</sup> Vietnamnews (2023 March 9). Việt Nam's fruit and vegetable exports rise about 18%. Vietnamnews.vn. Retrieved April 2, 2023, from <https://vietnamnews.vn/economy/1494179/viet-nam-s-fruit-and-vegetable-exports-rise-about-18.html>

<sup>118</sup> Hale, E. (2021, November 19). China uses maritime militia to assert claim on the South China Sea. Al Jazeera. <https://www.aljazeera.com/news/2021/11/19/china-supports-maritime-militia-to-assert-south-china-sea-claim>

vital to national security, the Vietnamese government has employed indirect balancing tactics by enhancing its military power and forging naval diplomacy and military cooperation with regional and global actors. The internal hard balancing is observed through its increased purchase of more weapons and strengthening its domestic defense industry (Tran and Sato, 2018). Vietnam is among the 20 biggest buyers of weapons in the world, given tensions with China<sup>119</sup>. Among services receiving investments for modernization, with “the navy the air force at the forefront” (Nguyen, 2022). The Vietnamese Ministry of Defense’s investment in these two services rose from the rise of the Chinese navy in the 1990s and its growing assertiveness in SCS. The military-run Viettel Group has been escalating its study of high-tech defense systems, including drones, radars, and anti-ship cruise missiles. Among the countries supplying weapons for Vietnam, zero percent is from China. In fact, the former stopped procuring arms from the latter after 1973 (Torrijos, 2022) (Meanwhile, Indonesia has procured Chinese arms since 2006, reflecting Jakarta’s less resistant posture toward China, though the Chinese armor only accounts for a small percentage of the country’s total arms procurements). Therefore, the Soviet Union has been its main supplier ever since. However, the country has been diversifying its arms procurement. From 2016 to 2021, following the US’ lift of the arms embargo on Vietnam, Russia’s share slumped to 63% from over 90% from 1995 to 2015. Vietnam has now been more proactively eyeing other weapon suppliers amid Putin’s invasion of Ukraine and Moscow moving closer to China. Europe, East Asia, India, Israel, and the United States are now in Vietnam’s consideration for arms procurement (Guarascio and Vu, 2022).

Besides boosting internal balancing capacity, Vietnam has been forging naval diplomacy and military cooperation. As says Thayer (2016), Vietnam seeks defense

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<sup>119</sup> Guarascio, F., & Vu, K. (2022). Vietnam shifts gears on arms trade as it loosens ties with Russia. The Japan Times. Retrieved April 2, 2023, from <https://www.japantimes.co.jp/news/2022/12/09/asia-pacific/vietnam-arms-russia-trade/>

diplomacy with a view to gaining “support from major maritime powers to counter China.”

To that end, Vietnam has bilaterally strengthened military relations with the United States, Russia, India, and Japan (Shoji, 2016). In its White Paper of Defense (2019), the Vietnamese government affirms it “is willing to welcome vessels of navies, coast guards, border guards, and international organizations to make courtesy or ordinary port visits or stopover in its ports to repair, replenish logistics and technical supplies or take refugees from national disasters.”

Besides bilateral defense ties, as a smaller state compared to its giant neighbor, Vietnam has proactively utilized multilateral frameworks of ASEAN to advance its maritime agenda without directly confronting China (Pham, 2021). It insists on settling the disputes multilaterally based on international law (UNCLOS is the basis) by including the matter in the ASEAN agenda. In fact, Vietnam, as ASEAN Chair in 2010, brought back the South China Sea issue in the ASEAN Summit agenda after it was “forgotten” after the Declaration of Conduct (DoC) was signed between China and ASEAN in 2002 (Vo, 2022). Hanoi was also the first ASEAN member to promote the UN Convention on the Law of the Sea (UNCLOS) as a legal basis for settling SCS disputes in the 1998 Hanoi Declaration. Vietnam has also relentlessly promoted ASEAN unity and consolidated multilateral efforts to settle SCS disputes. In these efforts, however, Vietnam has been avoiding directly triggering China. As Pham (2021) righteously points out, Vietnam has never explicitly voiced its embracement of the Hague’s arbitration in 2016 that rejects China’s claims in SCS. Also, when bringing the SCS issue out for discussion at ASEAN forums, Vietnam also avoids mentioning China directly to prevent any diplomatic catastrophe from happening, which might hurt the trade relations between Vietnam and China. Instead, Hanoi often uses vague wordings, such as “any maritime claims in the [South China Sea]” (Pham, 2021).

It could be seen that in the military domain, Vietnam’s China policy is tilting toward power rejection with a lot of balancing factors. Vietnam has indeed engaged with China in

national defense, yet on thematic issues of common security challenges, including drug trafficking, crimes, and illegal immigration, as well as courtesy exchanges, such as their annual border defense friendship exchange. Collaborating to deal with such challenges cannot and should not be translated into Vietnam aligning with China.

It is different from Indonesia's hedging position, which is more likely to be defined as neutral due to its less imminent threats by China.

In the diplomacy domain, state and party levels should be distinguished. On the party level, the warm "lips and teeth" comradeship between CCP and CPV is, at times, mistaken as Vietnam bandwagoning China, or at least, aligning with it to downplay the West (See, for example, Bhadrakumar, 2023 and IISS, 2023). As two authoritarian communist comrades, the two parties feel their need to show symbolic friendship and solidarity, as well as learn from each other how to consolidate power. According to Wang (2016), the CCP-CPV inter-party relations have four characteristics: (1) increasing political dialogue, (2) frequent exchanges of governance experience, (3) focusing on economic interaction, and (4) strengthening party exchanges in third-party platforms. Among those four, the 'political dialogues' should be discussed as its agenda also deals with Sino-Vietnam relations. However, they are often sugarcoated by warm diplomatic protocol and flamboyant agendas, such as upholding the 16-golden-word guideline of Sino-Vietnam friendship and spirit of "good neighbors, good friends, good comrades, and good partners," which reveals little about their true underpinning problems between the two communist comrades. As Thayer (2015) says, both sides recognize their ruling parties as "the key constituencies for promoting stable bilateral relations." Therefore, their party-to-party relations remain warm no matter what and play a role as glue to bond troublesome comrades together. The inter-party areas for cooperation often focus on ideology and governance experience, such as the World Marxist Political Parties Forum, meeting addressing the fight against corruption between CPC Central Committee's Commission for Discipline Inspection and its CPV Counterpart, building party cadres'

capacity, etc.

To sum up, Vietnam's policy toward China at the party level is warm and shows deep alignment, even "limited bandwagoning" for consolidating domestic power. However, it should not be referred to as a basis to define Vietnam's overall foreign policy toward China as it does not reflect the true intention of both sides and tends to shift focus away from matters of national security and interest.

At the state level, diplomatic hedging is more in line with national security issues. Here, the author argues that Vietnam's political hedging tactic toward China is best located as both "dominance-denial" and "binding/engagement" with more risk-contingency elements. Similar to Indonesia, Vietnam is aware of China's intention to downplay ASEAN Centrality and Unity and promote a Sino-centric regional order through its ambition to lead the Global South with the concept of 'Community of common destiny'<sup>120</sup> and using Cambodia to "expand China's footprint in Southeast Asia" (Horton, 2020)<sup>121</sup>. Therefore, the Southeast Asian country has attempted to deny this dominance, firstly through its promotion of ASEAN unity by choosing cohesion as a theme for its chairmanship term in 2020. Hanoi has also paid heed to investing in Cambodia's needy portfolios for development. Cambodia now ranks second among 79 countries and territories receiving Vietnam's investment. Vietnam tops the list of ASEAN investors to the neighbor and is among the five biggest foreign investors there (Vietnam Investment Review, 2021). Vietnam is also active as a de facto leader at the smaller groupings inside ASEAN, namely CLV (Cambodia-Laos-Vietnam) Development Triangle Area and CLMV (Myanmar added), whose focus is solely on economic development to help build the confidence of the countries in Hanoi given China's increasing influence on them. Hanoi also moves carefully when it comes to the Belt and Road initiative, unlike Indonesia's

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<sup>120</sup> Oud, M. (2020). Harmonic Convergence: China and the Right to Development (No. 87; An Emerging China-Centric Order: China's Vision for a New World Order in Practice, pp. 69–84).

<sup>121</sup> Horton, C. (2020). China's Engagement with Cambodia: Developing a Strategic Foothold in Southeast Asia (No. 87; An Emerging China-Centric Order: China's Vision for a New World Order in Practice, pp. 1-18)

warm embracement of the project. On the one hand, Vietnam provides diplomatic support for BRI China-led Asian Infrastructure Investment Bank (AIIB) by publicly confirming its support for China's initiatives. For example, late President Tran Dai Quang in May 2017 voiced that Vietnam welcomed the BRI and efforts to promote economic and regional connectivity at the Belt and Road Forum for International Cooperation in Beijing (Le, 2018). Vietnam and China signed a Memorandum of Understanding (MOU) on promoting the connection between the "Two Corridors, One Belt" framework and the BRI during Xi's visit to Hanoi in 2017. However, as wary of the risk of heavy economic dependence on its neighbor and concerned about the opacity of projects under BRI as well as sensitive political and strategic implications of BRI amid the territorial disputes between the two countries, Hanoi has "proactively constrained its engagement in this initiative" (Trinh and Do, 2023) despite its "enormous need for infrastructure investment and its largely positive responses to the BRI so far" (Le, 2018). It could be seen that Hanoi is wary of security threats from China and will not compromise it for investment despite the Initiative's attractive offer and Hanoi's dire need for infrastructure. Instead, the country looks to alternative partners, noticeably Japan, to help it fulfill the need.

From an economic aspect, the country shows deep engagement with China both bilaterally and multilaterally. Bilateral trade is a cornerstone in economic cooperation between China and Vietnam and has remained in impressive growth despite the COVID-19 pandemic, the Sino-US trade war, and territorial disputes between Hanoi and Beijing. China has retained its position as its number-one trading partner in Vietnam since 2004 (bin Abdullah & binti Daud, 2020). China's reopening, which entails its people's boosting their spending, is expected to provide a golden opportunity for Vietnamese agricultural products and seafood as well as the tourism industry<sup>122</sup>. Multilateral trade between Vietnam and China

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<sup>122</sup> Lenain, P. (2023, January 17). The return of China: Mostly positive news for Vietnam. *Vietnam Investment Review - VIR*. <https://vir.com.vn/the-return-of-china-mostly-positive-news-for-vietnam-99305.html>

is also facilitated by the Regional Comprehensive Economic Partnership (RCEP), which came into effect in 2020, and China-ASEAN Free Trade Agreement in 2009. However, the asymmetrical size of the two economies, along with its trade deficit with China, which entails a risk of China's leverage economic codependence to coercion, has driven Vietnam's caution toward its neighbor. Therefore, its China policy is not only binding/engaging but also has a dominance denial element. Following the oil rig incident in 2014, then Prime Minister Nguyen Tan Dung issued Decision 2146/QD-TTg, stressing the need for "diversification of import markets, especially for production materials, to avoid reliance on any single market." To that end, Vietnam has signed numerous bilateral and multilateral Free Trade Agreements. Specifically, since 2015 alone, Vietnam has enforced the FTAs with South Korea, and the Eurasian Economic Union, the Comprehensive and Progressive for Trans-Pacific Partnership (CPTPP); FTAs with Hong Kong and China; concluded FTA negotiations with the European Union (EU) (bin Abdullah & binti Daud, 2020). In 2018, it registered a trade surplus with the US and EU, with a value of nearly USD34.8 billion and over USD28 billion, respectively. Despite still heavy reliance on China in the economic domain, Vietnam has been showing its hedging efforts toward China. In investment terms, Vietnam is quite cautious from Beijing's source, not only from the BRI as discussed above but also from the private sector. Therefore, of 108 current investors in Vietnam in 2022, Mainland China comes fourth after Singapore, South Korea, and Japan<sup>123</sup>.

Among all three domains, Vietnam has implemented its hedging measures against China with a focus on dominance denial and indirect balancing at the state level (with the military sphere tilting toward balancing gestures and diplomatic domain dominance denial). Meanwhile, economic hedge titling from deep engagement to the neutral point as its growing concern of China's coercion. The actual binding/engagement can be apparently seen at the

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<sup>123</sup> Vietnam Ministry of Planning and Investment. (2022, December 26). Ministry of Planning and Investment Portal. Retrieved April 2, 2023, from <https://www.mpi.gov.vn/en/Pages/tinbai.aspx?idTin=56367&idcm=122>

party level. However, as the CPC-CPV party-to-party relations mostly focus on governance experiences, ideologies, and symbolic gestures, they are not much meaningful when discussing strategic hedging. With the aforementioned mixture of hedging tactics, it could be seen that Vietnam's China policy is more toward power rejection, which is distinguishable from Indonesia's neutrality.

The trajectory is determined by three factors. First, Vietnam perceived its strategic environment vis-à-vis China as a high-threat one, driven by a territorial dispute with China. Second, the anti-China sentiment in Vietnam is linked to a traumatic history of Vietnam's territorial integrity being violated by China. It not only spurs the nationalist sentiment that warns policymakers off China but also raises skepticism among political elites about China's benign intention, especially when considering China's border invasion as a "punishment" for Vietnam's tilting toward the Soviet Union and Beijing's harassment of Vietnam in SCS.

Therefore, though Vietnam has intensified trade with China as a result of economic pragmatism, it is hard for Vietnam's China policy to move toward neutrality, as is that of Indonesia, let alone power acceptance despite their communist comradeship.

### **Vietnam and Indonesia Hedge against US Pivot to Asia: Power Acceptance**

As China's rise has been affecting its surrounding areas, among which East Asia is the most immediate zone affected, there have been several scholarly texts describing how regional countries respond to China's reemergence. Despite being described as a 'revisionist' power (see, for example, Zhao, 2018; Panda, 2021; Feigenbaum, 2020<sup>124</sup>) or a 'revolutionary'/'reformist' one (see, for example, Mitter, 2022; Li, 2021<sup>125</sup>), China has no

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<sup>124</sup> Feigenbaum, E. A. (2020). Reluctant Stakeholder: Why China's Highly Strategic Brand of Revisionism Is More Challenging Than Washington Thinks. In D. Ma (Ed.), *China's Economic Arrival: Decoding a Disruptive Rise* (pp. 113–130). Springer. [https://doi.org/10.1007/978-981-15-2275-8\\_8](https://doi.org/10.1007/978-981-15-2275-8_8)

Panda, J. P. (2021). China as a Revisionist Power in Indo-Pacific and India's Perception: A Power-Partner Contention. *Journal of Contemporary China*, 30(127), 1–17. <https://doi.org/10.1080/10670564.2020.1766906>

Zhao, S. (2018). A Revisionist Stakeholder: China and the Post-World War II World Order. *Journal of Contemporary China*, 27(113), 643–658. <https://doi.org/10.1080/10670564.2018.1458029>

<sup>125</sup> Mitter, R. (2022). China: Revolutionary or Revisionist? *The Washington Quarterly*, 45(3), 7–21. <https://doi.org/10.1080/0163660X.2022.2124017>



doubt challenged the US' hegemony in both regional and global arenas. As such, China's reemergence has altered the status quo and become a major variable in the security framework of East Asia and beyond. For that reason, most scholarly texts have been focusing on how states, especially those within China's most recent concentric circle, like ASEAN members, respond to the rise of China. On the contrary, little literature has focused on their policy toward the United States. During the Cold War, the US allies in East Asia, such as Japan, South Korea, and the Philippines, were seen as the United States' fortress in containing the spread of communism from the USSR and China. As Breer (2010) phrases, the US' alliance in East Asia allowed it to cover the USSR's eastern flank and demonstrate to China and North Korea how Washington is committed to protecting its interests and those of allies in East Asia. Even when the Cold War ended with the collapse of the communist camp leader – the Soviet Union, the United States continued upholding its presence in the region through military bases around the Pacific. US' de facto role as security hegemon in East Asia, thus, is considered the “status quo” of the region. Especially for states having territorial disputes with China, including, inter alia, Vietnam, the Philippines, Malaysia, and Indonesia (though Indonesia, despite disputes with China over the North Natuna Sea, is refrained from a position of SCS claimant state), this status quo is preferred given the increasing assertiveness of Beijing. As Kim (2015) argues, when the dominant power is challenged by a dissatisfied regional major power, “a satisfied middle power's supporting role in maintaining the status quo increases.” Therefore, ASEAN middle powers are perceived by default as supporting the US-led order in East Asia, the “status quo,” and thus, their policies toward the US have been less pronounced. While it is true that the long-standing role of the United States in East Asia could be seen as the status quo, the rise of China, followed by the US pivot to Asia, has altered that equilibrium. Indeed, the United States pivot policy put Asia at the highest priority

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Li, H. Y. (2021). China: Between a revolutionary and a revisionist power. In *China's New World Order* (pp. 24–46). Edward Elgar Publishing. <https://www.elgaronline.com/display/9781786437327.00008.xml>

in the Asia Pacific region, a departure from Washington's previous priority on the Middle East or, previously, Latin America or Europe during the Cold War with the Soviet Union (Shambaugh, 2013). That is, prior to Obama, America's engagement in the region was "highly episodic, sometimes neglectful, and not always deeply engaged" (Shambaugh, 2013), and the Obama administration wanted to change this view in regional states. To show its commitment to East Asia under the new pivot policy, Washington has integrated more into regional multilateral initiatives, especially those by ASEAN. Obama's administration entered the ASEAN Treaty of Amity and Cooperation in 2009. He was also the first US President to attend the East Asian Summit and the ASEAN leaders meeting. This deep engagement by the United States showed Washington's logic of rebalancing the region amid the rise and deep penetration of China. This created a new dynamic that forced ASEAN countries to adjust their foreign policies targeting the United States besides those toward China.

Overall, China's nine-dash line in the South China Sea violates the territorial integrity of both Indonesia and Vietnam. For Indonesia, it is not only a vulnerability that has been used by China to sabotage the unity of the ASEAN, a cornerstone in the archipelagic state's foreign policy. Also, as Indonesia and China have a dispute over the North Natuna Sea (within Indonesia's EEZ and the tipping point of China's U-shape claim in SCS) and Jakarta has taken a position of a non-claimant state in SCS in exchange for its 'honest broker' role and trading benefit with China, it can only rely on bilateral negotiation and struggle to uphold its sovereignty over the islands there.

For Vietnam, China's aggressiveness is seen as a threat to both Vietnam's national security and the CPV's party leadership. Therefore, sharing the view of condemning China's assertiveness, both Vietnam and Indonesia benefit from the US-led rule-based order and need Washington's support to indirectly balance China. On the security domain, thus, Indonesia and Vietnam have been tilting toward the United States by elevating bilateral relations and welcoming the presence of the United States in East Asia through ASEAN-led mechanisms.

In 2013, Vietnam and the United States elevated their relationship to a “comprehensive partnership” and have eyed upgrading it to “strategic partnership in 2023, while Indonesia-US relations were upgraded to a “strategic partnership” in 2015. Since the United States lifted its arms sales ban to Vietnam in 2016, Hanoi has signed several defense deals with Washington, including six ScanEagle unmanned aerial vehicles, 12 Beechcraft T-6 Texan II trainer aircraft, and two decommissioned Hamilton-class cutters to strengthen Vietnam's capacity in patrolling the disputed South China Sea, among others<sup>126</sup>. For Indonesia, it has carried out “at least 998 joint defense and security activities” with the United States from 2011 to 2016<sup>127</sup> (Kemlu). In 2015, the ministries of defense of the two sides signed a joint statement stipulating focused activities to be conducted to advance their military cooperation, in which maritime tops the agenda (Kemlu)<sup>128</sup>.

While maximizing benefits to national interest by aligning with the US in the security domain and embracing the Washington-led rule-based order, Indonesia and Vietnam have also refrained from titling too close toward the United States under a risk contingency logic. With great dependence on Chinese investment in key development sectors, Jokowi would not risk upsetting Beijing and hurting its cash inflow into Indonesia.

Vietnam's risk contingency logic, apart from being driven by economic pragmatism, is rooted in its geopolitical situation and asymmetrical codependence with China at Vietnam's expense. As Vo (2023) put it, Vietnam is well informed that “other extra-regional great powers may not protect Vietnam when Vietnam needs it, but China will certainly punish Vietnam if it believes it must.” Therefore, Vietnam often shows acts of reassurance to China whenever they conduct any moves to strengthen its relationship with the United States.

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<sup>126</sup> Ngo, T., & Baker, J. A. (2022 December 9). The US seeks to boost arms sales to Vietnam as the Southeast Asian nation looks to diversify supply. *Channel News Asia*. Retrieved April 9, 2023, from <https://www.channelnewsasia.com/asia/us-vietnam-arms-supply-defence-expo-3134386>

<sup>127</sup> [https://kemlu.go.id/washington/en/pages/hubungan\\_bilateral\\_indonesia-amerika\\_serikat/554/etc-menu](https://kemlu.go.id/washington/en/pages/hubungan_bilateral_indonesia-amerika_serikat/554/etc-menu)

<sup>128</sup> Ibid.

For instance, following the US lifting of the arms trade ban on Vietnam in May 2016, Vietnamese border guards held a joint anti-terror exercise with their Chinese counterparts in July 2016 in Ha Giang province<sup>129</sup>. Another example is the recent upbeat statements from Vietnam and the United States on a prominent bilateral strategic partnership that comes after Party Leader Nguyen Phu Trong's visit to China in October 2022. According to Southeast Asia watcher of CSIS Murray Hiebert (2023), the visit gives Hanoi "some breathing room to step up ties with Washington."

Indonesia, on the other hand, seeks a neutral position between Beijing and Washington in the military domain by procuring arms from and conducting regular drills with China. For example, Jakarta has bought KCR-40 vessels with C-705 missiles from China, though the number is limited due to TNI's underlying distrust of communist China (Peterson et al., 2023). Jakarta also continually performed anti-terrorism drills "Sharp Knife" between 2011 to 2014. However, the joint drills were discontinued under Jokowi's presidency.

Though performing a hedging strategy against the United States' pivot to Asia due to concerns about the risk of triggering China, both Indonesia's and Vietnam's policies show a tendency of power acceptance toward the United States as they both benefit from the US-led rule-based order.

However, political and economic dynamics also drive some divergence in their policy toward the United States. While both Southeast Asian countries favor the US military assistance and presence in the region to counter China, they have different approaches to Washington's pivot to Asia due to their distinctive political environment.

Indonesia shares democratic values with the United States and experiences. It gives the archipelagic state more room to maneuver its policy toward the United States. Indonesia-based Bali Democracy Forum, for example, since established in 2008, has been attended by

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<sup>129</sup> Parameswaran, P. (2016, July 30). China, Vietnam Hold Joint Drills. *The Diplomat*. <https://thediplomat.com/2016/07/china-vietnam-hold-joint-drills/>

the US and like-minded countries. Meanwhile, Indonesia has been a frequent attendee of the US-led Summit for Democracy, which was first held in 2021. Both sides have been jointly promoting inclusive governance, openness and transparency, active civil society, and human rights.

Vietnam, in contrast, is not on the same political page as America. The Communist Party of Vietnam is no doubt on the totally opposite side of Western democratic values due to its concern that the 'color revolution' might topple the party's rule.

In the political domain, in conclusion, while Indonesia shows appreciation for the US' pivot to Asia during and after the Obama administration, Vietnam has always been more skeptical about US' deep engagement in the region. Hanoi is entitled to the US-led security order in East Asia to defend its national sovereignty and territorial integrity. However, the US' human rights agenda raises skepticism among the ruling CPV leaders and prevents the Southeast Asian country from engaging with Washington in the political domain.

In the economic domain, Washington under Obama sought a US-centered free trade area in Asia-Pacific by pushing forward the Trans-Pacific Partnership (TPP) that included 12 Pacific-rim countries.

The project was warmly embraced by Vietnam. Following the invitation of Washington in 2008, Vietnam joined the TPP negotiations as an associate member in early 2009. After observing three rounds of negotiations as an associate member, Hanoi decided to fully join the trade deal's negotiations in November 2010. Despite huge challenges from rules of origin facing the Vietnamese key export sector of textiles and garments, Vietnam's enthusiasm in negotiating the TPP showed its commitment to multi-lateralization and diversification since the Doi Moi period. The TPP negotiations arrived in the context of the 2008-2009 Financial Crisis that bogged down Vietnam's economic growth. Against this background, the Vietnam-China trade relations blossomed; however, they were "unbalanced to China's advantage" (Do and Ha, 2012). Indeed, Vietnam had recorded a continual increase

in trade deficit with China. Indeed, it had grown from US\$1.7 billion in 2003 to US\$12.7 billion in 2010. Also, China accounted for 97% of Vietnam's total trade deficit in 2009 (Do and Ha, 2012). On the contrary, Vietnam has the largest trade surplus with the US. As a result, the TPP offered a favorable strategic option to Vietnam to become less economically dependent on China (Le Thu, 2016).

In other words, Hanoi's embracement of TPP is rooted in the country's risk contingency logic that growing trade dependence on China might undermine Vietnam's bargaining power in terms of maritime disputes. Therefore, even when the United States pulled out from the trade deal, Vietnam still advocated for the renewed Comprehensive and Progressive TPP (CPTPP) and ratified it on January 14, 2019. Vietnam's welcoming of the Western-led TPP and its later version of CPTPP without the United States reflects the country's aspiration to multidirectional reaching out to exit China's economic orbit.

Indonesia, on the other hand, was rather ambivalent about TPP. Although when meeting with his counterpart Obama in 2015, President Jokowi voiced that "Indonesia intends to join the TPP," the archipelagic state has never joined any negotiations within the trade pact's framework. Explaining his prudent view toward the trade agreement, Jokowi, at the Indonesian National Defense Forces Executive Meeting (Rapim TNI) in December 2015, voiced his concern about the adverse impacts of TPP, including fierce competition from imported goods on domestic ones and unprepared human resources and strict conditions on products to be qualified for the trade pact, among others<sup>130</sup>. These challenges are also shared by Vietnam. However, the strategic environment with a high threat from China that motivates Hanoi to diversify its economic partnership is absent from Indonesia. Therefore, when calculating the risks and benefits when joining TPP, risks facing domestic production

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<sup>130</sup> Cabinet Secretariat of the Republic of Indonesia. (2015, December 15). *President Jokowi Asserts Indonesia does not Join TPP Yet*. Sekretariat Kabinet Republik Indonesia. <https://setkab.go.id/en/president-jokowi-asserts-indonesia-does-not-join-tpp-yet/>

prevailed and prevented Jakarta from embracing the trade pact.

In short, the distinctive strategic environments play a decisive role in Indonesia's and Vietnam's calculations of policy toward the US pivot to Asia. Hanoi, although skeptical about the US commitment in the region and seeing Washington's political agenda promoting the Western model of democracy as a threat to the ruling party's survival, perceives its strategic environment as being under high threat from China. Therefore, while refraining from deeply engaging with the United States politically to mitigate risks from 'peaceful evolution,' Vietnam embraces the United States' leading role in regional security architecture and welcomes its efforts to rebalance China in the economic domain. The former is beneficial for Vietnam as it helps the country to safeguard its sovereignty and territorial integrity, which is not only for the sake of national interest but also to comfort the long-standing nationalist sentiment against China's aggression, which also poses a challenge to the ruling party's legitimacy. Meanwhile, the latter assists Vietnam's efforts in escaping China's economic orbit, giving it leverage in the 'struggling' side of the "cooperation while struggling" strategy in coexisting with China (see studies on the cooperation/struggling approach at, for example, Thayer 2011, Thanh Hai 2018)<sup>131</sup>. With such a strategic environment, Vietnam's hedging position toward the United States is firmly toward power acceptance.

For Indonesia, remaining its position as a non-claimant party in SCS disputes put it in a position of being able to rely on itself and bilateral efforts in settling the North Natuna Sea dispute with China. Besides, China has been seen to disrupt unity within ASEAN, a cornerstone in Indonesia's foreign policy. As such, Jakarta also benefited from the US-led regional security order with an expectation that it would keep China's assertiveness at bay. Additionally, Jakarta and Washington share common democratic values. These conditions are

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<sup>131</sup> Thayer, C. A. (2011). The Tyranny of Geography: Vietnamese Strategies to Constrain China in the South China Sea. *Contemporary Southeast Asia*, 33(3), 348–369;  
Thanh Hai, D. (2018). Vietnam: Riding the Chinese tide. *The Pacific Review*, 31(2), 205–220.  
<https://doi.org/10.1080/09512748.2017.1377282>

supposed to put Indonesia at the forefront of embracing the US pivot to Asia. However, Indonesia's perception of China, which is apparently more amicable than that of Vietnam, has made Jakarta less enthusiastic about the US efforts to claim the leading role in East Asia. Indeed, the history of Java was distant from the Sino-centric East Asian tribunal system. Thus, there were no major clashes between the Indonesian and the Chinese in the past. In the contemporary world, there, in fact, is anti-China sentiment among a proportion of Indonesian people. Yet it is grounded in Chinese ethnic people instead of the state of China, as previously explained in the section discussing Indonesia's hedging strategy against China. Meanwhile, Jakarta's territorial dispute with Beijing in the North Natuna Sea has been downplayed by the former in exchange for economic relations with the latter and Jakarta's position of an 'honest broker' in settling the South China Sea disputes. This amicable strategic environment gives Indonesia less motivation to push back against China's influence in the region. Therefore, despite common grounds in the political and security domains, Indonesia's view toward the US pivot to Asia is meeker than that of Vietnam.

Throughout the aforementioned discussion, it could be seen that Vietnam, due to its high-threat strategic environment with maritime security topping the agenda and a sense of strategic distrust about China driven by its historical context, can be seen as a "heavy hedger" vis-à-vis China. This position, according to Kuik (2020), is defined by strong defiance against China in high-profile security or political issues and offsetting the defiance with some quiet, limited deference to please China. Kuik (2020), however, also positions Indonesia as a 'heavy hedger.' Based upon the findings on Jakarta's strategic environment and historical context, which are more amicable toward China and driven by economic pragmatism, the author is convinced that Indonesia is, in fact, a 'light hedger,' which selectively defy China (in the political domain) in an indirect and less confrontational manner. The 'heavy hedger' position is in line with the author's argument that Hanoi's position toward Beijing is 'toward power rejection,' while that of Jakarta is at the neutrality point.



Meanwhile, as Vietnam and Indonesia have been greatly benefiting from the US-led rule-based regional order in the security domain, both powers see more alignment with the Western superpower. However, Jakarta and Hanoi are both skeptical about the United States 'episodic engagement' with ASEAN. Coupled with the risk of triggering China, it prevents both Southeast Asian middle powers from taking a public alignment stance toward the United States. In the political domain, Indonesia tilts more closely to the United States due to the shared democratic values. On the contrary, Vietnam shows a "rejection" tendency when it comes to political hedges against the United States due to its contradictory regimes. Different priorities in Hanoi's and Jakarta's foreign policy agenda also explain their hedging position toward the TPP, a United States' economic initiative under Obama's pivot to Asia. With a foreign policy agenda driven by economic pragmatism, Indonesia sees this trade pact purely under the pros and cons of the domestic economy. Therefore, it refused to participate in the trade pact after weighing the benefits and potential consequences to the economy.

Meanwhile, with a functional agenda topped by countering China's growing regional influence and defending national security given a high-risk strategic environment, Vietnam sees TPP as a promising platform to expand trade partnerships and escape China's economic orbit. It was a pity for Vietnam that Washington, under the Trump administration, withdrew from the pact in 2017. Still, it moved on with the ratification of CPTPP in 2021. Still, despite different internal dynamics and approaches in each domain, both Vietnam and Indonesia see the United States as an opportunity rather than a risk. Therefore, their perspective toward the superpower is more toward 'power acceptance.'

## **Chapter 6. Indonesia and Vietnam Responding to New Dynamics in the Shadow of Increasing US-China Strategic Competition**

Since the Trump administration (2017-2020), the US-China competition has departed to a more confrontational manner. Unlike his predecessor Obama, Trump sought little engagement with China. In his national security strategy issued in late 2017, Trump labeled China as the United States' "strategic competitor." It was followed by a series of import tariffs that both sides imposed on each other's products. In July 2018, Washington placed 25 percent duties on imported goods from China, including cars, hard disks, and aircraft parts. China fired back with a 25-percent tariff on American agricultural products, automobiles, and aquatic products. Apart from consumer goods, the competition between the two powerhouses also takes place in the technology domain as they have been competing for supremacy in technology and technical standards, notably with a race to master the fifth-generation network (5G), the key technology in developing artificial intelligence (AI), smart factories, smart cities, and autonomous vehicles<sup>132</sup>. Trump's approach to the tech battleground with China was a departure from his predecessor Obama. While Obama looked to prevent China's penetration into United States' tech supremacy by restricting Chinese firms from investing in the US semiconductor industry and "tightening China's access to American technology through commercial channels," Trump took a more zero-sum approach (Sun, 2019). Accordingly, the United States expected China to give up or revise its state-led high-tech industrial policy through sanctions and restrictions on technological personnel exchanges. It could be seen notably through the United States' listing of Chinese tech firm Huawei on its 'Entity List' subject to an embargo in May 2019. The United States also convinces its allies and partners to abandon cooperation with Chinese tech enterprises. For example, then U.S. Secretary of State Mike Pompeo, during his trip to London in May 2019, warned Britain,

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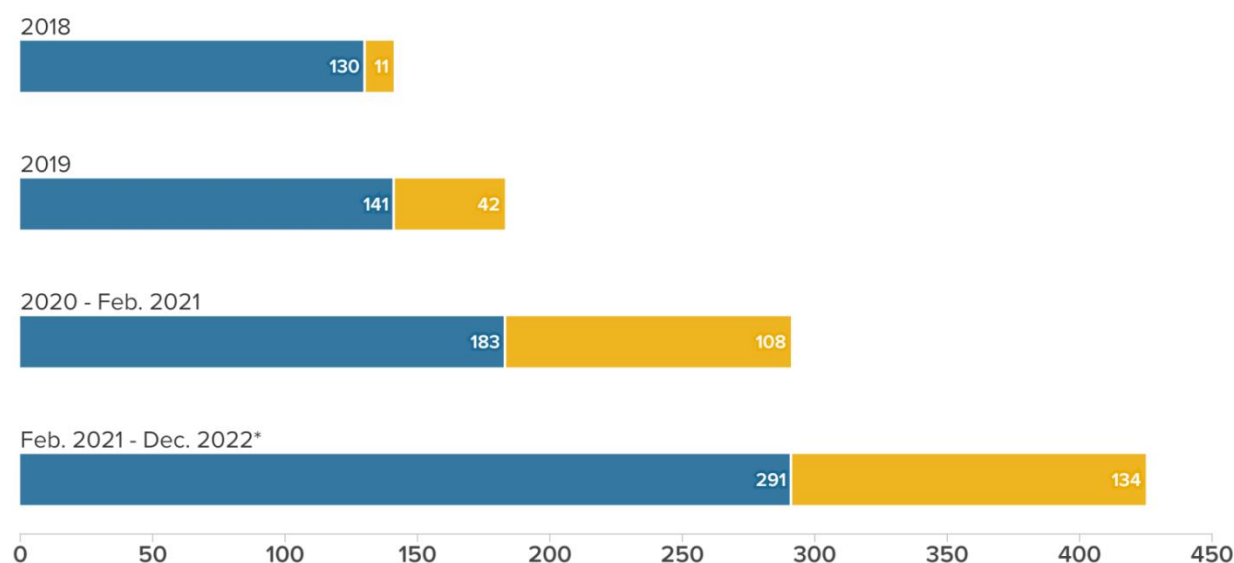
<sup>132</sup> Lee, H. (2022, September 2). The US-China 'standard-off' over technology. *East Asia Forum*. <https://www.eastasiaforum.org/2022/09/02/the-us-china-standard-off-over-technology/>

who, at that time, had not excluded Huawei from its list of 5G suppliers, about the security risk of Huawei's 5G technology. He voiced his concern about "insufficient security" that will "impede the United States' ability to share certain information within trusted networks," adding that China wants to "divide Western alliances through bits and bytes, not bullets and bombs." The United States' move against Huawei's 5G as part of its concern over the firm's ties with China's ruling party was endorsed by its allies, including Japan, Australia, and New Zealand<sup>133</sup>. Under Biden's administration, the tech war yet continued to escalate, as reflected by the quadruple rise of Chinese companies on the entity list as depicted in the chart below:

### Entity List Acceleration

Number of Chinese companies on the Entity List

■ Previous Entries ■ New Entries



Source: Financial Times, Nikkei, Department of Commerce  
 \*Shifted date ranges to accommodate for transition from Trump to Biden Administration

Figure 3. Number of Chinese companies on the United States Entity List (Financial Times, Nikkei, Department of Commerce, 2023)

Under the Biden administration, a standoff between the US and China for championing the semiconductor industry was also initiated. Indeed, Washington, on October

<sup>133</sup> Alden, E. (2019, January 31). Huawei, the US, and its anxious allies. Nikkei Asia. <https://asia.nikkei.com/Opinion/Huawei-the-US-and-its-anxious-allies>

2022, announced broad export controls that require firms, regardless of where they base, to have licenses when exporting chips to China using US tools or software (Tewari and Joseph, 2022). The same pattern was seen when the United States attempted to get its allies on board in the semiconductor war. On January 27, 2023, the Netherlands and Japan joined the superpower ally in restricting sales of equipment for advanced semiconductors to China (Mark and Roberts, 2023)<sup>134</sup>.

The US-China accelerating competition and decoupling in the trade domain has brought about a disruption in the supply chain, forcing companies to seek diversification of their production. Southeast Asia has become a destination for multinational firms' journey for supply chain diversification due to its favorable geographical location and cheap labor. For example, Intel has been shifting its chips production to Malaysia, Apple AirPods and Lego to Vietnam, and Murata capacitors to Thailand<sup>135</sup>. While Malaysia, Vietnam, Thailand, the Philippines, and Singapore seem to benefit from the diversification trend brought about by the trade war, Indonesia's economy is adversely impacted by the trade war while failing to attract manufacturers<sup>136</sup> (Sim, 2019).

Besides supply chain disruption, amid the growing trend of economic decoupling between the superpowers, Southeast Asia is also a battleground for them to gain influence. While China has been employing economic coercion together with its charm offensive strategy via BRI and AIIB, and the Regional Comprehensive Economic Partnership (RCEP), the United States under the Biden administration has been attempting to reinsert itself into the East Asian economic order by proposing the Indo-Pacific Economic Framework after

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<sup>134</sup> Mark, J., & Roberts, D. T. (2023, February 23). United States–China semiconductor standoff: A supply chain under stress. *Atlantic Council*. <https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/united-states-china-semiconductor-standoff-a-supply-chain-under-stress/>

<sup>135</sup> Mukherji, B., & Jennings, R. (2023, January 7). China's loss is Southeast Asia's gain as supply chains shift. *South China Morning Post*. <https://www.scmp.com/week-asia/economics/article/3205858/chain-reaction-chinas-loss-southeast-asias-gain-supply-chains-shift-away-cheaper-climes>

<sup>136</sup> Sim, D. (2019, October 4). Indonesia is 'only loser' as US-China trade war provides Asean investment boon. *South China Morning Post*. <https://www.scmp.com/news/asia/southeast-asia/article/3031618/indonesia-only-loser-us-china-trade-war-provides-asean>

Trump's withdrawal from TPP. Apart from the United States, with its episodic engagement with the region in the economic domain, Japan has been known as China's competitor for economic influence in East Asia<sup>137</sup>. Given the economic decoupling between the superpowers, an upward trend of politicization of trade and investment has also been observed<sup>138</sup>. As Zhao (2019)'s keen observation, despite some benefits, the Japan-China race for infrastructure investment in Southeast Asia, when overshadowed by great-power politics, could "harm Southeast Asian countries by increasing national debts, thus jeopardizing the market-decision principle in allocating resources and arousing concerns of being involved in great power rivalry." Another example could be seen in the tech war during which the U.S.' was attempting to convince allies to ban Huawei from their 5G market, as mentioned earlier. Also, when Washington rolled out its IPEF initiative, the Chinese government voiced "strong displeasure" by accusing the Western superpower of "politicizing, weaponizing and ideologizing economic issues and coercing regional countries to take sides between China and the US by economic means." As economic initiatives have become increasingly politicized, Southeast Asian members, as a critical battleground in the US-China struggle for regional supremacy, are in a difficult position to uphold their strategic autonomy.

Meanwhile, in the political-security domain, the increasing tensions between the United States and China have given rise to security-oriented minilateral groupings, such as Quad and AUKUS, which, according to Nagy (2023), are more "pragmatic and results-focused" and expected to address security challenges to which "ASEAN hasn't been part of the solution" due to its institutional vulnerabilities, as reflected in the bloc's easy compromise

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<sup>137</sup> See, for example,

Zhao, H. (2019). China–Japan Compete for Infrastructure Investment in Southeast Asia: Geopolitical Rivalry or Healthy Competition? *Journal of Contemporary China*, 28(118), 558–574.

Wang, L. (2022). China–Japan Competition in Infrastructure Investment in Southeast Asia: A Two-Level Analysis. *Chinese Political Science Review*.

<sup>138</sup> Roberts, A., Choer Moraes, H., & Ferguson, V. (2019). Toward a Geoeconomic Order in International Trade and Investment. *Journal of International Economic Law*, 22(4). Page 673

on issues of priority for China. As ASEAN-led multilateral mechanisms are seen as critical for both Vietnam and Indonesia as a buffer zone and magnifier of their regional influences, the rise of minilateralism has been raising eyebrows among the Southeast Asian middle powers, requiring them to adjust foreign policy to stay relevant in the new security dynamic. When discussing the (re)emergence of Quad, it is essential to understand the Quad's core values, which, according to Patton (2022), are much in debate that whether the grouping is to deliver the "public goods" or to establish a joint security initiative to constrain China's growing influence<sup>139</sup>. In addressing the dichotomous question, Dr. Nagy (2022) argues that "the Quad will be a minilateral problem-solving group that bridges security and public goods provision," which is nothing like Chinese State Councilor and Foreign Minister Wang Yi's perspective on a NATO-like grouping to contain China. Resonating with this perspective, Koga and Seah (2023) voices that the United States approaches the security domain of Indo-Pacific through the trilateral platform of AUKUS and other bilateral relationships, "which has freed up the Quad for civilian objectives<sup>140</sup>". While concurring with the aforementioned views on Quad's ultimate goal, the author is convinced that how Southeast Asian states see Quad's motive is also determined by their calculation of Chinese factor and Quad's initial approach of containing China. Quad's agenda, though expanded beyond the traditional security issues, is to provide regional countries options apart from those by China, which can be seen as supporting their 'dominance denial' hedging tactic vis-à-vis China. Beijing, unsurprisingly, approaches the grouping as a US-led effort of encircling it. Therefore, although Quad looks to provide regional public goods, it is still seen as a political-security initiative in the shadow of the US-China competition. Especially for Southeast Asian countries, as the minilateral grouping is antagonized by Beijing, their attitudes toward it

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<sup>139</sup> Patton, S. (2022, May 30). The uses and the limits of the Quad. *Lowy Institute*.  
<https://www.lowyinstitute.org/publications/uses-limits-quad>

<sup>140</sup> Sharon, S., & Koga, K. (2023, May 24). ASEAN and the Quad Inch Closer Together. *Foreign Policy*.  
<https://foreignpolicy.com/2023/05/24/quad-asean-southeast-asia-china-geopolitics-indo-pacific/>

differ as determined by their strategic perception of China.

### **Hedging under increasing economic decoupling: Swing State vs. Balancer**

According to Kuik's model of hedging, an economic hedge comprises both economic pragmatism and economic diversification. Accordingly, the former consists of behaviors to maximize material returns, while the latter refers to risk mitigation behaviors as the hedging state looks to diversify economic links to avoid being over-reliant on one single great power. (Kuik, 2016). Among those, which dominates one's strategic calculation depends on their strategic environment and historical contexts.

On the one hand, a moderate hedger, with no major conflict of interest and historical struggles with any great power, might see the economic decoupling trend under an 'economic pragmatism' lens. This is true for Indonesia's case as it sees the great-power competition for investment in the region as a golden opportunity for developing its infrastructure and energy sectors. As Tritto, Silaban, and Camba (2022) explain, Indonesia sees opportunities from the complexities of US-China and Japan-China doubling down for regional influence in the economic domain and making it a "beauty contest" to advance its economy.

On the other hand, a tough hedger, such as Vietnam, sees the economic decoupling trend under the 'economic diversification' lens. Under Vietnam's logic, the race of powerhouses for regional economic influence greatly facilitates the Southeast Asian state's efforts to escape China's economic orbit and consolidate its bargaining power. The following paragraphs will discuss in detail how Indonesia and Vietnam approach the economic decoupling trend under a hedging logic.

ASEAN is seen as a "swing state" for two camps, the United States and like-minded allies and China, in their race for regional influence (Howey, 2022). The concept was first initiated by Kliman (2012) when he named Indonesia, Brazil, Turkey, and India as global swing states. This concept was then endorsed by other scholars, including Osius (2014) and Campbell (2020). It correlates international politics with the American presidential election,

where states without a clear political orientation might swing and become the wild card determining the election result. Accordingly, ASEAN nations, including Vietnam and Indonesia, with their geostrategic significance and commitment to upholding strategic autonomy through 'independence and self-reliance' and 'free and active' doctrines, respectively, could be a game-changer in the race for influence between Washington and its allies and Beijing in the region. It is well noted that the United States rather focuses on the security domain while lacking equivalent concentration in the economic sphere. Setting aside Trump's skepticism about multilateral trade, Obama's TPP and Biden's Indo-Pacific Economic Framework for Prosperity (IPEF) only focus on constructing a trade area with the United States at its core to affirm America's economic leadership in Asia. Meanwhile, less attention has been paid to bilateral aid and development projects. As says Zhai Kun, Professor in the School of International Studies at Peking University in 2022, among three components of security, politics, and economics Biden's Indo-Pacific strategy in Southeast Asia, the economic domain remains the weakest link<sup>141</sup>. Although neglected by the United States, infrastructure and development projects in East Asia are not monopolized by China. The race for influence through development assistance has also been pursued by Japan, another regional powerhouse and America's trusted ally in the region. While China has sought to invest in Southeast Asia nations' infrastructure projects via BRI and AIIB, Japan has countered with Partnership for Quality Infrastructure (PQI) through the Japan-led Asian Development Bank. However, Indonesia and Vietnam have their own approaches to the infrastructure assistance race. While Indonesia enjoys being the 'swing' state and making the most of the China-Japan investment race, Vietnam favors Japan over China as part of its attempts to indirectly balance against Beijing's influence.

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<sup>141</sup> Zhai, K. (n.d.). Zhai Kun: How Indonesia and the rest of Asean can benefit from US-China competition—Opinions and Interviews—Center For International Security And Strategy Tsinghua University. Retrieved April 12, 2023, from <https://ciss.tsinghua.edu.cn/info/OpinionsandInterviews/4480>



Indonesia's 'swing state' position, given the Japan-China competition, is rooted in a profit-maximizing logic. As famously phrased by Indonesia's Coordinating Minister of Maritime Affairs in 2015, "Let them race to invest in Indonesia [...] It's like a girl wanted by many guys; the girl can pick whomever she likes" (Schindler & DiCarlo, 2022). A good example of how Indonesia has been flirting with both sides to obtain the best deals for its infrastructure development could be seen through the "bidding war" between Tokyo and Beijing over the Bandung-Jakarta bullet train project. While China offers a risk-free package for the government through a business-to-business (B2B) cooperation model, Japan, though insisting on Government-to-government (G2G) model, adjusted the package by lowering the government guarantee to 50% and promised an increase in purchasing of local materials (Yan, 2021). While the project was awarded to China, Jokowi's government entrusted Japan to deploy the Jakarta-Surabaya Medium Speed Rail project in 2019 to comfort Tokyo and encourage it to invest in future projects.

In 2020, Telekomunikasi Indonesia picked Huawei over Ericsson and Nokia to deploy the national 5G network, mainly because the Chinese tech firm offers equipment at a 20-30% cheaper rate than the European competitor<sup>142</sup>. Under Biden's (re)pivot to Asia, Indonesia has benefited from the US-led Partnership for Global Infrastructure and Investment (PGII) initiative that focuses on high-standard infrastructure and investment in developing countries. Indeed, at the 2022 G20 Summit in Bali, Jakarta managed to secure the Indonesia Just Energy Transition Partnership (JETP) and Indonesia Millennium Challenge Corporation (MCC) Compact within the PGII framework to develop infrastructure and energy sectors (US White House 2022). In Jakarta's calculation, Indonesia's economic decisions are less impacted by security concerns. Thus, it sees the economic decoupling as a 'beauty contest' in which great powers race to invest in the archipelagic state. In this race, it seems that China

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<sup>142</sup> Jibiki, K., & Kawakami, T. (2020, December 2). Huawei's 5G deal with Indonesia spearheads Southeast Asia push. *Nikkei Asia*.

has been well ahead. This confirms Indonesia's 'light hedging' position, or as discussed earlier in Chapter 5, in the economic sphere, Indonesia's hedging position toward China is more toward 'power acceptance' with 'economic pragmatism' dominating its China policy.

While Vietnam is also sometimes referred to as a 'swing state' (see, for example, Campbell, 2021)<sup>143</sup> its position is different from that of Indonesia. As aforementioned, Vietnam perceived its strategic environment as a high-risk one, with territorial disputes with China being the highest on the agenda. As China's threat is not only a matter of national security but is also subject to a long-standing nationalism that tests the CPV's leadership, Hanoi "does not make decisions simply to maximizing economic gains" but instead do a "complex risk-return calculation based on an assessment of the security relations with great powers" (Liao and Dang 2020).

Security concerns over China have begun to overwhelm Hanoi's economic pragmatism since China's assertive actions in the SCS from 2010 onwards. Notably, after the Oil Rig incident in 2014, which sparked anger among the Vietnamese community both at home and abroad, calling for the Vietnamese government's stronger responses and less reliance on China sparked all over the internet. The public outrage was taken advantage of by overseas and domestic anti-government Vietnamese as a weapon attacking the CPV's legitimacy. Given the unexpected turns, Vietnam has reconsidered its approach to doing business with China with more prudence and grasped all the opportunities to escape China's orbit. Therefore, in the context of the investment competition between China and Japan in Southeast Asia, Vietnam does not enjoy the position of 'swing state' as its middle-power peer Indonesia.

Instead, it sees the Japan-China investment competition and US-China race in the

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<sup>143</sup> Moriyasu, K. (2021, November 20). *India and Vietnam will define the future of Asia: Kurt Campbell*. Nikkei Asia. <https://asia.nikkei.com/Politics/International-relations/Indo-Pacific/India-and-Vietnam-will-define-the-future-of-Asia-Kurt-Campbell>

economic domain as tools to indirectly balance against its troubled giant next door.

Vietnam's position in the competition is best illustrated as a 'balancer,' as Campbell (2020) puts it, who "shares difficult relations with Beijing but matches this with a refusal to surrender their interests to China even amid growing concerns over U.S. reliability." Vietnam has continually lobbied Japan to continue pouring ODA into the Southeast Asian country, given its middle-income state ranking. In an interview granted to the Foreign Investment Agency of Vietnam in 2016, JICA Country Representative in Vietnam Yasuo Fujita affirmed Japan will continue to provide ODA for Vietnam until 2030<sup>144</sup>. Vietnam has been serious in its commitment to fight corruption in ODA projects in Vietnam, notably after the bribery scandal between Japan Transportation Consultants, Inc. and Vietnam Railways that suspended ODA from Japan to Vietnam. Following Vietnam's pledge to improve transparency in future projects, Japan agreed to resume ODA inflow to Vietnam (Vietnamnet, 2014). While showing welcoming gestures toward Japanese investors in infrastructure projects, Vietnam acts cautiously toward funds from China. In fact, the Cat Linh-Ha Dong sky train, signed in 2008, is the only infrastructure project under BRI in Vietnam. It has also denied China's offer to develop the Van Don-Mong Cai Expressway and turned down Huawei's 5G deployment in Vietnam due to national security concerns.

The 'balancer' position also explains why Vietnam has warmly embraced Biden's initiative of the Indo-Pacific Economic Framework for Prosperity (IPEF) despite the Framework's strict requirements on matters of Hanoi's shortcomings. For example, the IPEF agenda includes, inter alia, strong labor and environment standards and corporate accountability and decarbonization. Vietnam's economy, despite impressive growth, remains the drawbacks of "low labor productivity, modest innovation and shadowy regulations in

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<sup>144</sup> Foreign Investment Agency Portal (2016, November 7). *Nhật Bản vẫn hỗ trợ ODA cho Việt Nam sau năm 2017 [Japan still assists Vietnam with ODA after 2017]*. Foreign Investment Agency - Ministry of Planning and Investment of Vietnam. <https://fia.mpi.gov.vn/Detail/CatID/a2feab58-437c-49a1-9449-9f69c5fe128d/NewsID/84f4f01e-0ae5-45b1-9599-623cf9fc921c>

financial technology,” which makes full-fledged participation in the pact unlikely (Huynh, 2022). Still, Hanoi places a bet on the framework. Simply put, Vietnam sees any great-power competition involving China as favorable to its bid to escape China’s orbit and indirectly balance against the frenemy next door due to its perception that China’s growing power is threatening its national security and paradoxically, the regime’s legitimacy due to anti-China nationalist sentiment. This is in line with Kuik’s economic hedging tactic of ‘economic diversification,’ which is a part of economic hedging driven by a ‘risk contingency’ logic.

### **Hedging against Supply Chain Disruption: Who is Winner or Loser?**

While other ASEAN middle powers, notably Vietnam, treat the supply chain restructuring driven by the US-China trade war as an opportunity to penetrate the global value chain (GVC), Indonesia missed the opportunity of attracting FDI. Sim (2019) portrays Indonesia as the “only loser” in Southeast Asia, given the context of the US-China trade war due to its failure to grasp the FDI influx from the global supply chain rearrangement. As Surianta and Patunru (2021) observe, during the global value chains shifting away from China from 2017 to 2019, while Vietnam attracted 96 FDI projects, Indonesia managed to welcome only 10. The archipelagic state has loose linkages with the Global Value Chains compared to most Southeast Asian states. Thorbecke and Kato (2022) note that Indonesia “has never joined the value chain for electronics and other machinery industries,” while its participation in labor-intensive sectors such as textiles is insubstantial.

Several factors were attributed to Indonesia missing the opportunity of attracting FDI. Thorbecke and Kato (2022) point to logistics problems, protectionism, as well as laborers’ skill and education insufficiency. While logistics and laborers’ skills are also problematic in Vietnam, Indonesia’s protectionism seems to make the difference in how Vietnam and Indonesia approach supply chain diversification. Indonesia’s attitude toward trade was described as “sitting on the fence” as its leaders are “reluctant to actively participate in globalization.” A major attribution to this attitude is its skepticism about foreign investment,

which is rooted in its uneasy historical perspective of economic extraction by foreigners. During the later colonial rule by the Dutch, the archipelagic state experienced a “dual economy,” which was dominated by the Dutch and Chinese Indonesians in the most profitable sectors, while indigenous Indonesians were left with little economic gain (De Vries, 2011). Therefore, the mindset of ‘Indonesianizing’ the economy has been imprinted among the citizens and policymakers. Indeed, Jokowi’s government has sought to increase the ‘domestic value added’ of Indonesian products for both domestic consumption and exports (Pane and Panturu, 2022)<sup>145</sup>. Although communicating to the global audience as a liberal reformist who welcomes foreign investment to develop the Indonesian economy, Jokowi continually speaks to Indonesian people that the country needs to “stand on its own feet” by reducing dependence on imports, enhancing state-owned enterprises, and nationalizing key foreign-owned natural resource projects (Bland, 2020). His domestic communication seems more aligned with his actual policy toward foreign investment. According to OECD (2020), Indonesia is one of the most restrictive countries to FDI, with discriminatory policies listed by OECD (2020) as follows:

Higher minimum capital requirements for foreign-invested companies, stringent conditions on the employment of foreigners in key management positions, limitations on branching and access to land by foreign legal entities, and preferential treatment accorded to Indonesian-owned entities in public procurement.

Also, Indonesia has experienced painful memories from the adverse impact of globalization through the Asian Financial Crisis in 1997 that greatly contributed to the economic turmoil and later the chaotic collapse of the New Order regime in 1997-1998. The historical dynamics make Indonesia wary about the FDI and, thus, “sitting on the fence” when other ASEAN middle powers grasp the opportunities brought by the supply chain

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<sup>145</sup> Pane, D. D., & Patunru, A. A. (2022). The role of imported inputs in firms’ productivity and exports: Evidence from Indonesia. *Review of World Economics*. <https://doi.org/10.1007/s10290-022-00476-z>

diversification trend. In Indonesia's calculation, the supply chain disruption brought more risks than opportunities.

Conversely, Vietnam has been seen as a 'winner' in global value chain rearrangement<sup>146</sup>. It is among Apple's top destinations in its bid to diversify its production base away from China. Besides Apple Watch and iPad, the country is expected to start making MacBooks in mid-2023<sup>147</sup>. Other top tech firms, such as Intel, Samsung, and Xiaomi, have also set up and expanded production facilities in Vietnam<sup>148</sup>. Amid the increasingly fierce semiconductor standoff between Washington and Beijing, Vietnam has consistently signaled its readiness to join welcome chip producers<sup>149</sup>. The Ministry of Planning and Investment in Vietnam, in 2022, was assigned to draft mechanisms and policies for facilitating FDI in chip production (Phi Nhat, 2022). Previously, the government in June 2022 issued Decision 667 concerning approving the National Strategy on Foreign Investment for the 2021-2030 period, which aims at improving the business environment with more enabling policies for foreign investors and start-ups, supporting infrastructure as well as application of high technology across sectors (Nguyen, 2022). As the Strategy prioritized high-tech sectors, it shows Vietnam's unerring instinct to take advantage of the Sino-US competition in the trade domain.

Unlike Indonesia, with wariness about foreign actors in the economic domain, foreign investment, and globalization have been the Vietnamese economy's life vest since the Doi Moi policy. 'Doi Moi' (in English, 'Reform') aimed at transforming Vietnam from a

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<sup>146</sup> Leng, S. (2019, June 5). *Why Vietnam became the winner from the first year of the US-China trade war*. South China Morning Post. <https://www.scmp.com/economy/global-economy/article/3013067/vietnam-biggest-winner-first-year-us-china-trade-war-supply>

<sup>147</sup> Cheng, T.-F. (2022, December 20). Apple to start making MacBooks in Vietnam by mid-2023. *Nikkei Asia*. <https://asia.nikkei.com/Spotlight/Supply-Chain/Apple-to-start-making-MacBooks-in-Vietnam-by-mid-2023>

<sup>148</sup> Hoang, L. (2022, September 21). *Vietnam's battle to climb the global value chain*. Nikkei Asia. <https://asia.nikkei.com/Spotlight/The-Big-Story/Vietnam-s-battle-to-climb-the-global-value-chain>

<sup>149</sup> VietnamPlus. (2022, November 28). *Vietnam ready to become a semiconductor manufacturer*. VietnamPlus. <https://en.vietnamplus.vn/vietnam-ready-to-become-a-semiconductor-manufacturer/244638.vnp>

Le, P., & Nguyen, H. T. (2022, November 15). Vietnam climbs the chip value chain. East Asia Forum. <https://www.eastasiaforum.org/2022/11/15/vietnam-climbs-the-chip-value-chain/>

subsidized socialist country to a “socialist-oriented market economy.” Since its introduction in the late 1980s, the state saw an economic miracle that deeply contrasted with the stagnant growth in the subsidy period. The National Assembly in 1987 adopted the Foreign Investment Law aiming to “mobilize every means to attract foreign capital for local development” (National Assembly of Vietnam, 1987). Accordingly, Vietnam permits complete foreign ownership of domestic physical assets. The policy has paid off as Vietnam has emerged as among the most attractive destinations for FDI in the developing world (Dung, 2021). FDI inflow increased from US\$1.78 billion in 1995 to over US\$12.6 billion in 2016, making up 6.14% of the country’s GDP (Dung, 2021).

In short, the logic of risk-contingency hedging through ‘economic diversification’ encourages Vietnam to act decisively in catching the global supply chain redirection trend to mitigate dependence on China and enhance its bargaining power. Besides the perceived threat of China, the fact that Vietnam has experienced an economic breakthrough after adopting the Doi Moi policy to expose the economy to global trade and foreign investors is also a pull factor to economic diversification.

On the other hand, Jakarta’s economic hedging is driven by ‘pragmatism.’ Under this logic, when calculating risks and benefits from FDI projects, Indonesia does not find foreign investors sufficiently attractive due to their skepticism about foreign investors rooted in a series of uneasy historical events. Therefore, the archipelagic did not ‘win’ the supply chain relocation trend, while Vietnam has been commonly seen as a ‘winner’ in this regard.

### **Rise of Non-ASEAN Minilateralism: Resisting vs. Cautious Embrace**

While hedging theory can provide a fair explanation for Indonesia and Vietnam’s responses to economic challenges driven by great-power rivalry, their diverse responses to the rise of non-ASEAN minilateralism should be examined under the middle-power diplomacy approach besides hedging. Under the latter prism, the rise of Quad is seen as fitting both Vietnam’s and Indonesia’s pursuance of ‘dominance denial,’ a tactic of political hedge

against China. However, Vietnam and Indonesia do not see it the same way due to their distinctive strategic environments and perceived threats vis-à-vis China's rise.

While Indonesia is skeptical about Quad, Vietnam's attitude towards Quad is more welcoming. Indeed, according to ISEAS Yusof Ishak Institute's 2020 ASEAN Survey Report by Tang et al. (2020), as shown in Figure 4, 62.5% of Vietnamese elites being interviewed consider Quad as having "positive impacts" on Southeast Asian security, marking the highest in the region. The proportion of that in Indonesia stands at only 31.1%, the second lowest in the region, only slightly higher than that of Malaysia (at 30.7%). 3.3% of survey participants in Vietnam think Quad has "very positive" impacts, second to the region (the highest is the Philippines with 12.4%), while no Indonesian being interviewed responds to this option. Additionally, the proportion of Vietnamese respondents supporting the country's participation in security initiatives and military exercises organized under the Quad framework is 65.1%, also the highest among Southeast Asian nations. Meanwhile, Indonesia is 50.7%, higher than only Laos (47.8%) and Cambodia (38.5%), as shown in Figure 5.

Q30 The Quadrilateral Security Dialogue (Quad), comprising Australia, India, Japan, and the US met at the ministerial level for the first time in September 2019. What impact does the Quad have on Southeast Asian security?\*

Country	Very negative impact	Negative impact	No impact	Positive impact	Very positive impact
ASEAN	1.8%	14.4%	38.0%	42.8%	3.0%
Brunei	2.0%	12.4%	42.3%	43.3%	0.0%
Cambodia	7.7%	23.1%	30.8%	38.4%	0.0%
Indonesia	2.0%	17.6%	49.3%	31.1%	0.0%
Laos	4.4%	30.4%	30.4%	34.8%	0.0%
Malaysia	3.1%	19.0%	45.4%	30.7%	1.8%
Myanmar	1.2%	11.1%	40.6%	44.2%	2.9%
Philippines	1.4%	8.8%	19.0%	58.4%	12.4%
Singapore	0.4%	15.8%	41.4%	39.2%	3.2%
Thailand	2.1%	15.6%	45.8%	35.4%	1.1%
Vietnam	1.3%	11.2%	21.7%	62.5%	3.3%



Figure 4. Survey on ASEAN Members' Perception of Quad's Impacts on Southeast Asian Security (an excerpt from ISEAS-Yusof Ishak Institute ASEAN Survey Report by Tang et al., 2020)

Q31 Do you think your country should participate in security initiatives and military exercises organised under the "Quad" framework?\*

Country	No	Yes
ASEAN	38.4%	61.6%
Brunei	42.3%	57.7%
Cambodia	61.5%	38.5%
Indonesia	49.3%	50.7%
Laos	52.2%	47.8%
Malaysia	49.1%	50.9%
Myanmar	32.0%	68.0%
Philippines	15.3%	84.7%
Singapore	40.1%	59.9%
Thailand	40.6%	59.4%
Vietnam	34.9%	65.1%

Figure 5. ASEAN countries' supporting rates of participation in security initiatives and military exercises organized under the Quad framework (an excerpt from ISEAS-Yusof Ishak Institute ASEAN Survey Report by Tang et al., 2020)

**Indonesia upholds the middle-power roles of norm entrepreneurship and mediation in response to the rise of minilateralism while adhering to inward coalition building.**

Indonesia's nonchalant attitude toward Quad is rooted in two reasons. First, Indonesia's low-threat strategic environment vis-à-vis China and its benefits as a swing state in great-power races for regional supremacy demotivate its willingness to welcome any security groupings that might effectively contain China's rise. Second, as ASEAN is a cornerstone of Indonesia's foreign policy, the rise of minilateralism and its growing importance in East Asia and the wider region of the Indo-Pacific is seen as undermining ASEAN's Centrality and, thus, Indonesia's relevance in the region.

Regarding the first reason, China is crucial in helping Indonesia to realize its ambitions of being a 'big state' (negara besar). The aspiration of 'negara besar', in Jokowi's

logic, is tied more to economic development than diplomacy, military, and defense upgradation. Indeed, although Jokowi put forth the “Global Maritime Fulcrum” (GMF) concept when he came into office in 2014 as he pledged to enhance Indonesia’s position on maritime culture, resources, infrastructure, diplomacy, and defense domains (Laksmana, 2019), up to this point, only the infrastructure domain has received due attention, while “defense policy and civil-military relations on “auto-pilot” mode, and diplomacy is “lying too heavily on existing multilateral platforms like ASEAN” (Laksmana, 2019), showing little breakthroughs in realizing the GMF vision. Worse still, the GMF disappeared from Jokowi’s agenda for his second presidential term. Instead, during his inauguration speech, Jokowi shifted his focus to “human capital, infrastructure, regulatory and bureaucratic reforms, and a broader economic transformation” (Laksmana, 2019). To put it differently, economic pragmatism is the highest on the president’s agenda. In this domain, as discussed earlier, Indonesia greatly benefits from China’s rise and its race for regional influence. Therefore, it tends to avoid any acts that may trigger China that might hurt the investment. As Quad and AUKUS are seen by China as “exclusive clubs” or “Indo-Pacific version of NATO” that aims at containing China<sup>150</sup> Indonesia seeks to distance itself from the initiatives to affirm its neutrality and win both sides’ trust to continue spurring its investment.

Secondly, as the new minilateral initiatives touch upon the security domain, which has long been weak in ASEAN’s agenda. As Wilkins (2023) righteously puts it, ASEAN-led “security communities” act as confidence-building platforms between regional parties but “seldom achieve consensus on security issues given the adversarial nature of states and groups of states within their membership ambit [...], often leaving many states dissatisfied”. Echoing the viewpoint, Nagy (2023) points out that ASEAN’s institutional vulnerabilities have made the bloc “an obstructionist or a force that has at times significantly diluted results-

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<sup>150</sup> Ministry of Foreign Affairs, PRC. (2022, March 7). *State Councilor and Foreign Minister Wang Yi Meets the Press*. [https://www.fmprc.gov.cn/eng/zxxx\\_662805/202203/t20220308\\_10649559.html](https://www.fmprc.gov.cn/eng/zxxx_662805/202203/t20220308_10649559.html)

oriented policies.” Therefore, the (re)-emergence of Quad and AUKUS, as a result of disappointment about ASEAN’s lackluster performance in settling security issues is seen as a factor downplaying ASEAN’s relevance in the region. Meanwhile, ASEAN is of strategic importance in helping Indonesia uphold its strategic autonomy and sustain its regional prestige. The state’s autonomy, which keeps it insulated given the great-power rivalries in the region, is secured through ASEAN-led multilateral mechanisms. Indeed, ASEAN intertwined mechanisms reigning on different domains, including economics, politics, and defense, have formed an omni-enmeshment architecture that binds regional players in a web of interdependent interests in the region (Goh, 2007) and acted as a preventive diplomacy channel to prevent great powers to take any confrontation actions against one another.

For Indonesia and any other ASEAN states, this omni-enmeshment architecture is a buffer zone that absorbs risks from great-power rivalry by offering a preventive channel for regional powers to voice their concerns on each other and on matters of mutual attention. Meanwhile, ASEAN’s position as the center of regional architecture enables them to strengthen strategic autonomy as it protects members from “becoming a theater of great-power conflict” (Anwar, 2018b). As the bloc’s de facto leader, Indonesia especially aligns ASEAN Centrality and Unity with its foreign policy and its reputation in the region. Thus, Jakarta is cautious toward external dynamics threatening the central role of the bloc, including the rise of Quad.

To keep itself and the bloc relevant in the context of fierce competition among great powers and growing frustration about the ASEAN-led multilateralism, Indonesia has ramped up its middle-power diplomacy to affirm its critical position in East Asia and the wider region of Indo-Pacific. Accordingly, Jakarta has attempted to bolster mediation and norm entrepreneurship roles while insisting on inward coalition building within ASEAN.

First, as a traditional norm entrepreneur in East Asia, Jakarta has made several attempts to diffuse the concept of Indo-Pacific among ASEAN members and lobby regional

players to include ASEAN Centrality in their Indo-Pacific visions while promoting Indo-Pacific cooperation through ASEAN-led platforms. Indonesia was the first and foremost promoter of Indo-Pacific among ASEAN. Prior to Jokowi, Susilo Bambang Yudhoyono's foreign minister Marty Natalegawa in a keynote address to an Indonesia conference at Washington's Center for Strategic and International Studies (CSIS) in 2013, raised "An Indonesian Perspective on the Indo-Pacific." Jokowi, in 2014, introduced the concept of 'Global Maritime Fulcrum' (GMF) in his presidential campaign. Through the concept, he looks to turn Indonesia into a critical maritime power whose foreign policy evolves around navigating the Indian and Pacific Oceans. It has subsequently been consolidated in Indonesia's White Book of Defense in 2015. Jokowi started to promote the concept of GMF and Indo-Pacific as altering the current Asia-Pacific approach prevailing in ASEAN by introducing it at the ninth EAS in 2014, where Jakarta's interest in 'Pacific and Indian Oceans' or 'PACINDO.' He continued reiterating the concept of the Indo-Pacific as a "single geostrategic theatre" and the significance of prompting Indo-Pacific cooperation at the 13th EAS in 2018. and ASEAN Summit in 2018. Jokowi's efforts in promoting the Indo-Pacific concept as a norm when referring to the regional geostrategic environment were later encapsulated in its formulation of the ASEAN Outlook for Indo-Pacific (AOIP), which was adopted at the 2019 ASEAN Summit "after 18 months of intensive lobbying by Indonesia" (Anwar, 2020). As supporting the centrality of ASEAN in the Indo-Pacific region, the AOIP dictates ASEAN-led mechanisms, especially the East Asia Summit (EAS), as "platforms for dialogue and implementation of the Indo-Pacific cooperation" (ASEAN, 2019) instead of forming new platforms. Besides, the AOIP refers to the ASEAN Treaty of Amity and Cooperation (TAC) as a guiding principle for the "peaceful settlement of disputes," "renunciation of the threat or use of force," and "promotion of the rule of law" (ASEAN, 2019).

Apart from promoting the Indo-Pacific concept among the Association, Indonesia has

been lobbying key regional players to uphold ASEAN Centrality in their visions of Indo-Pacific security and cooperation. Indeed, it organized a high-level dialogue among 18 EAS members and dialogue partners to persuade them to endorse Indonesia's vision of the ASEAN Indo-Pacific Outlook (Teo, 2022). Indonesia's Foreign Minister Retno Marsudi, during CSIS Global Dialogue and the 25th Pacific Economic Cooperation Council (PECC) General Meeting, also laid out Jakarta's intention to discuss the Indo-Pacific concept at the East Asia Summit (Drajat, 2019). After the AOIP was adopted at the ASEAN Summit in Bangkok in June 2019, Jokowi communicated its adoption to East Asian counterparts and received verbal support from Australia, India, Japan, and South Korea (Drajat, 2019). In its new plan for a "Free and Open Indo-Pacific," Japan iterates its respect for ASEAN centrality and unity and vows its full support to the AOIP<sup>151</sup> (Japanese Ministry of Foreign Affairs, 2023). Also, through the new plan of FOIP, Tokyo pledges to strengthen cooperation on priority areas of the AOIP shared by FOIP, including inter alia maritime cooperation, connectivity, SDGs, supply chain, digital, and food security<sup>152</sup>. Compared to "the conspicuous absence of ASEAN in an early version of the FOIP strategy put forward, particularly by Japan" (Teo, 2022), the new plan upholding ASEAN Centrality and alignment of AOIP and FOIP by Japan can be seen as a success for ASEAN and Indonesia in their attempts to keep the ASEAN Centrality relevant in the new regional dynamics.

Another effort by Indonesia to keep its relevance in the regional security structure to balance against the emerging minilateral forums is reflected in its upholding proactive mediation roles in settling regional security issues, especially the Myanmar coup d'état. The Jokowi government responded promptly by pressing the junta to sign a Five-Point Consensus (5PC) that called for ending violence at an emergency meeting in Jakarta in April 2021, two

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<sup>151</sup> Japanese Ministry of Foreign Affairs. (2023). *New Plan for a "Free and Open Indo-Pacific"*. Japanese Ministry of Foreign Affairs. <https://www.mofa.go.jp/mofaj/files/100477660.pdf>

<sup>152</sup> Ibid.

months following the coup d'état that overthrew the democratically elected civilian government. However, the author is aware that up to the point of writing, which is two years since the 5PC, the military government has shown little moves of abiding by the document, making it a "dead document" (Bayuni, 2023). However, Indonesia has been exerting strenuous efforts to sort the crisis out. Indeed, Jokowi pledges to send a General on a Special Mission to Myanmar to accelerate the democratic transition there and vows to push the bloc to "act decisively" to the conflict in case there is no progress from the military government in implementing the 5PC, though it was not clear how he will do it (Strangio, 2023).

Apart from addressing intra-bloc issues, the country has also exerted great efforts to call for settling other regional disputes through ASEAN institutions despite no direct involvement with ASEAN member states. For example, in the AMM Retreat in February 2023, Indonesian Foreign Minister Retno Marsudi and his counterparts from ASEAN members affirmed that ASEAN stands ready for facilitating peaceful dialogues on the cross-strait issues and Korean peninsula [...] "through utilizing ASEAN-led mechanisms to de-escalate tension, to safeguard peace, security, and development in the area adjacent to our region" (ASEAN, 2023). Indeed, regarding the Korean peninsula issue, ASEAN Regional Forum has been a rare platform that engages North Korea and receives the state's welcoming signal of settling the peninsula's security issue through the association's mechanisms. As Guan (2020) cites, the DPRK's Foreign Ministry highlighted the country's willingness to work within the ARF mechanism to achieve 'peace and stability on the Korean Peninsula and in the region' while speaking highly of ASEAN's impartiality in addressing the issue concerning the country following the ARF Senior Officials Meeting (SOM) in July 2020.

Besides promoting norm entrepreneurship and a mediation role, Jakarta also looks to consolidate ASEAN unity to reclaim the bloc's centrality in the region in response to the risk of being weakened due to key regional powers favoring polarized unilateralism. It is illustrated through the theme of Indonesia's ASEAN chairmanship this year, 'ASEAN

Matters: Epicentrum of Growth.' The theme shows Jakarta's aspiration to revitalize and consolidate the ASEAN Centrality in the region. According to Haryo Limanseto, Head of Communications, Information Services, and Meetings Bureau under the Coordinating Ministry for Economic Affairs of the Republic of Indonesia, the ASEAN chairmanship in 2023 is expected to further "confirms Indonesia's position as a global middle power that can substantially influence the global agenda as well as be part of the solution to global problems."

***Vietnam continues pursuing a mixed middle-power strategy.***

While Indonesia is skeptical about minilateral initiatives led by the United States and like-minded countries in the region, Vietnam's view about them is more friendly, if not the most welcoming, in Southeast Asia (Tang et al., 2020). The reasons for this warm attitude are (1) Quad's agenda is in line with Vietnam's geo-strategic interest, (2) aligning with Quad fits Vietnam's outward coalition-building strategy to counter China's influence and (3) Vietnam has confidence in individual Quad members.

The re-emergence of Quad is a revision of Shinzo Abe's initial initiative, Quad 1.0, which aimed at bolstering ties among the four democracies and promoting shared values in Asia<sup>153</sup>. Quad's agenda now has been reinvented since 2017, with a focus on 'uphold maritime security and rules-based international order in the Indo-Pacific region.' By focusing on the maritime security domain, Quad's new agenda resonates with Vietnam's priority in its functional middle power strategy. Also, as discussed in Chapter 4, the rule-based order is deemed beneficial to Vietnam as it helps constrain the revisionist giant next door, contributing to stabilizing Vietnam's strategic environment. Therefore, Vietnam tends to be friendly toward the security-oriented minilateral initiative.

Second, Vietnam's skepticism about ASEAN's ability to defend its national security

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<sup>153</sup> Dung, H. T. (2022). *ASEAN and the 'Quad Plus': Opportunity in Turbulence?* In 'India-Japan-ASEAN Triangularity'. Routledge. Page 251

and interest against China's coercion and maritime assertiveness has driven its outward coalition-building tendency instead of relying solely on ASEAN-led multilateralism. On the other hand, through Quad Plus, Vietnam is provided with a strategic platform to hook up with the US without triggering China. As discussed in Chapter 4, Hanoi's position toward Washington and its rule-based regional order can be seen as a silent advocate. It could not afford to tilt too closely and directly due to double fears of triggering China and skepticism about the U.S. human rights agenda. Quad (Plus) fills this geo-strategic missing link between Vietnam and the United States, allowing the former to cooperate with the latter while setting aside the risks mentioned above.

Third, Vietnam has cultivated strong bilateral ties with all Quad states. Vietnam elevated its relationship with Japan to an extensive strategic partnership in 2014, with India to a Comprehensive Strategic Partnership in 2016 (making India among the only three states with such a relationship with Vietnam apart from China and Russia), with Australia to a strategic partnership in 2018, and with the United States to Comprehensive Partnership in 2013 with a greenlight to Strategic Partnership from Biden and Trong earlier this year. As now they all gather at Quad with an agenda aligning with Vietnam's functional strategy, Hanoi's confidence in the prospects of the grouping's positive contributions to the regional security architecture has been boosted. Vietnam was the only ASEAN member, alongside South Korea, New Zealand, and South Korea, joining the Quad Plus meeting in March 2020 to combat the COVID-19 pandemic that was raging around the world at that time. Still, there has not been any confirmation of Vietnam joining Quad Plus as an official dialogue partner, as Hanoi has avoided triggering China with any public security alignment. Instead, it is likely that Vietnam would join Quad-led initiatives on a sectoral basis and continue cultivating bilateral defense relations with each Quad member.

Meanwhile, Vietnam, guided by its 'self-reliance and independence' doctrine, cannot risk over-relying on Quad, despite alignment in their security agenda. Therefore, besides



embracing Quad, it continues upholding its normative agenda by supporting multilateralism and promoting its 'good international citizenship' title.

Vietnam shares with Indonesia a common perspective of upholding ASEAN-led multilateralism. Similar to Indonesia and any other Southeast Asian middle powers, it is aware that the limited resource availability makes it especially vulnerable to great-power rivalry. Therefore, joining other Southeast Asian middle powers amplifies Hanoi's regional voice. Through ASEAN, Vietnam actively projects an image of a good international citizen by advocating rule-based order and contributing initiatives to address issues of common concern in the region, such as climate change, non-traditional security threats, and, most recently, the COVID-19 pandemic. Vietnam was the first ASEAN member to include Mekong River issues, notably sustainable development, and climate change challenges, in the ASEAN agenda since its rotating presidency in 2020. Vietnam has also initiated the ASEAN Regional Reserve of Medical Supplies for Public Health Emergencies (RRMS) and actively participated in COVID-19 ASEAN Response Fund (CARF) with a US\$5 million contribution pledged to the fund<sup>154</sup>. Also, the platforms are essential as they allow Vietnam to "internationalize" issues relating to Vietnam's national interest and security. An example is Vietnam's promotion of Mekong River issues in the ASEAN agenda during its chairmanship term in 2020. As Vu (2022) says, by including the waterway in ASEAN-led mechanisms, Vietnam has transformed it "from a subregional issue to one of greater international concern" (Vu, 2022). Indeed, Hanoi's move aimed at balancing China's over-exploitation of Mekong's water. China has built 11 giant dams along Upper Mekong (Chinese Lancang River) and funded Laos and Cambodia with similar projects through BRI. Laos already has two in operation and plans to construct seven more, while Cambodia also has two in different stages

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<sup>154</sup> VnExpress (2020, November 12). Vietnam commits \$5 million to ASEAN Covid-19 response fund. *VnExpress International*. <https://e.vnexpress.net/news/news/vietnam-commits-5-million-to-asean-covid-19-response-fund-4190837.html>

of construction (Kato, 2022). These dams are believed to cause severe droughts in Southeast Asian states in the lower Mekong region, including Cambodia, Laos, Thailand, and Vietnam impacting their people's livelihood and agriculture cultivation (See, for example, Citowicki 2020; Hannah 2020<sup>155</sup>). China has also attempted to localize the Mekong issue by initiating the Lancang-Mekong Cooperation to discuss cooperation in using the river's water among countries along its bank instead of joining the Mekong River Commission created by the United Nations in 1957. By dominating the Mekong-Lancang Cooperation, China has ruled out international players in the region, leaving Mekong countries little choice but to cooperate with China. Therefore, Vietnam's attempts to bring the Mekong issues back to the ASEAN table are not only for showcasing the country's advocacy for fighting environmental problems as a "good international citizen" but also a move to check China's domination in the subregion. It is to say ASEAN is equally significant in Vietnam's foreign policy, and the country has also attempted to bolster ASEAN-led multilateralism as a median agency to invite international players to the region and balance against the dominant presence of China.

Apart from supporting regional multilateral, Vietnam has also shown dedicated support for international organizations in selected domains in line with Vietnam's national interest and security. This has been reiterated in the CPV's Political Report of the 13<sup>th</sup> National Congress<sup>156</sup> as 'proactively engage and promote Vietnam's role in multilateral mechanism, notably ASEAN, United Nations, APEC, Mekong sub-regional cooperation and other regional and international cooperation, in critical strategic issues in accordance with the country's specific requirements, needs and capabilities (Communist Party of Vietnam, 2021).

During Vietnam's non-permanent seat in the UN Security Council in 2020-2021,

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<sup>155</sup> Citowicki, P. (2020, May 8). China's Control of the Mekong. *The Diplomat*.

<https://thediplomat.com/2020/05/chinas-control-of-the-mekong/>

Hannah, B. (2020, April 13). *China Limited the Mekong's Flow. Other Countries Suffered a Drought*. *The New York Times*. <https://www.nytimes.com/2020/04/13/world/asia/china-mekong-drought.html>

<sup>156</sup> Communist Party of Vietnam. (2021). Văn kiện Đại hội đại biểu toàn quốc lần thứ XIII - Tập 1 [Political Report of the 13th National Congress Vol.1]. Page 69.

Vietnam has proactively shown its dedication to settling maritime and regional security issues. For example, in a meeting addressing maritime security held by India, Vietnam suggested essential measures to strengthen maritime security<sup>157</sup>, notably the “involvement of international organizations in regional conflict zones” (Jha, 2022). While chairing a UNSC meeting in January 2020, Vietnam, for the first time, organized a Council’s formal meeting on ASEAN-UN cooperation (Vietnam News Agency, 2020). By proactively participating in international multilateral mechanisms, Vietnam shows its dedication to internationalizing the regional security issues concerning its strategic interest and winning support from the global community.

Apart from bridging the South China Sea issue to the international community, Vietnam looks to promote its image as a good international citizen upholding international and regional peace and security through global multilateral mechanisms. During its term as the UNSC non-permanent member, the country also made significant contributions to other thematic issues to show its ‘good international citizenship posture, including, inter alia, post-war unexploded landmines and the aftermaths of explosive remnants, humanitarian action, and the protection of civilians in armed conflicts, gender equality, addressing climate change and the COVID-19 pandemic. To promote its reputation as a status quo advocate, the country has actively contributed to the UN Peacekeeping missions in South Sudan and Central Africa. The participation of Vietnam in such missions is also stressed in its 2019 White Paper of Defense as follows:

As a responsible member of the international community, Viet Nam is keen on fulfilling its duties while actively cooperating with other nations to address emerging security issues, contributing to the protection of peace and stability in the region and

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<sup>157</sup> Jha, P. (2022, January 8). Vietnam’s contributions as a non-permanent member of UNSC. Modern Diplomacy. <https://moderndiplomacy.eu/2022/01/08/vietnams-contributions-as-non-permanent-member-of-uns/>

the world. Viet Nam appreciates the role of the UN in peacekeeping operations and prevention of conflict and war. Viet Nam upholds standards and norms of international relations outlined in the Charter of the United Nations.<sup>158</sup>

In the economic domain, Vietnam continues showing enthusiasm toward multilateral trade. They have been members of several inclusive trade pacts, including CPTPP and RCEP. Given the emerging Indo-Pacific Economic Framework for Prosperity initiated by US President Joe Biden, the country was among the early negotiators, alongside six other ASEAN members and other countries in the Indo-Pacific region.

In short, while embracing minilateralism as part of its outward coalition, Vietnam has also sought to enhance multilateralism and a 'good international citizenship' posture as guided by the 'self-reliance and independence' doctrine. This is rooted in the defensive realist perspective that under pressure from China and its unequal resources compared to that of the giant neighbor, it must reach out to other regional and global players to help it defend national interest and security, a strategy phrased by Spero (2009) as "self-help through others-help." Meanwhile, it has consistently attempted to cultivate normative power, such as promoting multilateralism and building a 'good international citizenship' profile to gather global support for its functional middle-power strategy targeting countering China's growing regional influence. The integration of both functional and behavioral approaches with maritime security placed highest in the foreign policy's agenda has not changed and will not be likely to change in the context of security-oriented minilateralism reemerging despite great alignment between the initiative and Vietnam's geo-strategic interests. It shows Vietnam's consistency in its middle-power diplomacy guided by the 'self-reliance and independence doctrine.'

On the one hand, as Indonesia takes a liberal approach that anchors the East Asia

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<sup>158</sup> Vietnam's Ministry of Defense. (2019). *2019 Vietnam National Defence White Paper*. National Political Publishing House. Page 25

security framework on ASEAN-led multilateral platforms, it finds a contradiction between the realist-based Quad initiative and liberal-based ASEAN's multilateralism. Therefore, it has stepped up its mediation and norm entrepreneurship roles to affirm ASEAN-centrality's relevance in settling regional security issues to balance against Quad's growing influence in the region.

### **Chapter 7. Conclusion and Implications**

In conclusion, Indonesia's and Vietnam's historical contexts and strategic perception of China shape their hedging approaches to the US-China Competition. Based upon the pre-colonial Indonesian archipelago having no common national identity, plus the post-colonial independent government was a compromised one with a mixture of pro-revolutionary and former colonial officers, it could be concluded that nationalism was not a common concept shared by Indonesian people throughout history. With such a loose national identity, Indonesia does not correspond to colonial history with armed struggles for national sovereignty but instead economic extraction from a 'dual economy' dominated by the Dutch and Chinese Indonesians. Therefore, economic pragmatism to claim back wealth to the indigenous people prevails over its national interests and, thus, drives its foreign policy. As China's rise comes with substantial economic benefits from trading and investment, Indonesia tilts to China in the economic domain.

Meanwhile, acknowledging China's attempts to undermine ASEAN's unity and maritime infringement in the North Natuna Sea, its hedging position vis-à-vis Beijing in the security-political domain is supposed to be more toward 'power rejection.' However, as economic pragmatism tops the foreign policy agenda, Indonesia tends to tone down the security threat in exchange for material gains, making it a light hedger in US-China strategic competition. On the other hand, Indonesia's limited material capabilities and low-threat strategic environment result in its normative middle-power diplomacy agenda. On the other hand, Vietnam's strategic perception of China is more edgy due to the East Asian giant's continual attempts to invade Vietnam since the feudal era. Therefore, risk contingency prevails over return maximization in Hanoi's hedging mindset, making it a heavy hedger vis-à-vis the US-China competition. Similar to Indonesia, Vietnam has low resource availability. Yet, its strategic environment is more hostile, with China's rise being seen as a threat to both national security and regime stability as it links with the anti-China nationalist sentiment both

at home and among the diaspora community. Therefore, Vietnam's middle-power diplomacy has normative and functional elements instead of a mere behavioral strategy. Among these, the functional agenda focuses on maritime security and deterring China while normative on improving regional and international prestige to win external support for the former. Indonesia's and Vietnam's approaches to the US-China strategic competition could offer opportunities and challenges to the East Asian security order.

### **Indonesia's Linchpin on ASEAN: Challenges and Opportunities**

#### ***A Middle-power Competition that further complicates the regional security framework.***

As discussed above, Indonesia's approach to the US-China strategic competition is centered on economic pragmatism and boosting strategic autonomy through ASEAN Centrality. Its economic pragmatism discourages it from acting decisively about China's assertiveness. To put it in another way, it discourages Indonesia from embracing any regional initiative deemed as openly containing China as it might hurt the Asian giant's investment in the country.

Meanwhile, its strict adherence to strategic autonomy via ASEAN-led multilateralism raises its skepticism about regional minilateralism, which might lead to a middle-power competition for security influence rising in the region, further complicating the regional security structure. Echoing the perspective, Martinus (2023) says, "The primary concern with the Quad is the side-lining of ASEAN, which has been the linchpin in Indonesia's foreign policy."

Elaborating on Indonesia's skepticism about Quad, Laksmana (2020) raises a question of whether, given Indonesia's insistence on regional order management, it could "surrender to others (initiatives)" while being unable to develop any alternatives apart from ASEAN.

Indonesia's attempts to counter the rise of minilateralism could be seen through its aforementioned efforts of promoting ASEAN centrality, notably through the drafting and adopting AOIP as an alternative to Indo-Pacific visions by other regional vital players, such as the United States and Japan. Although insisting on "unwavering support for ASEAN unity and centrality and for the practical implementation of ASEAN Outlook on the Indo-

Pacific”<sup>159</sup> (Japanese Ministry of Foreign Affairs, 2022), Quad is moving forward to challenging China without ASEAN-led mechanisms, making it “harder to gain strategic buy-in from Southeast Asia,” (Laksmana, 2020), especially Indonesia, a critical player in the region. Quad’s ability to perform decisive acts, which is a limitation to ASEAN; it proactively reaching out to regional players through the Quad Plus platform; as well as overlapping agendas such as COVID-19 fighting, technology, climate change, and regional security has worried Indonesia that ASEAN might lose its relevance in the region. This can result in Indonesia, whose foreign policy’s linchpin is on ASEAN, seeking balance against minilateral initiatives beyond ASEAN rather than cooperation. Being skeptical about Quad might have Indonesia sideline Quad in its foreign policy, adversely affecting the initiative’s performance as it requires regional players’ support to succeed.

***Passive aggressive: Indonesia Unable to Fix ASEAN’s Institutional Vulnerabilities***

Also, sidelining extra-ASEAN minilateralism and insisting on ASEAN Centrality might be unrealistic and further complicates the regional security structure as the region is in dire need of decisive acts to resolve increasingly severe disputes in the region while ASEAN’s institutional vulnerabilities are difficult to overcome. This causes a dilemma for Indonesia. As upholding ASEAN as an anchor of regional security and prosperity, Indonesia recognizes the institutional vulnerabilities of ASEAN driven by its principle of consensus and non-interference as an internal risk to its losing relevance in the region. To cope with the challenge, it has tried to overturn ASEAN’s defects. For example, in 2012, when Cambodia blocked a joint statement on the SCS issue, Indonesia stepped in with its shuttle diplomacy to “correct the failures of the 2012 ASEAN ministers’ meeting under Cambodia’s chairmanship” (Ba, 2016) and managed to have ASEAN foreign ministers adopt the “ASEAN’s Six-Point Principles on the South China Sea.” Recently, when the Myanmar crisis

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<sup>159</sup> Japanese Ministry of Foreign Affairs. (2022). *Joint Leaders’ Statement of Quad’s Fourth Summit in Tokyo*. Japanese Ministry of Foreign Affairs. [https://www.mofa.go.jp/fp/nsp/page1e\\_000401.html](https://www.mofa.go.jp/fp/nsp/page1e_000401.html)



has been frustrating regional powers, in 2022, Indonesia, Malaysia, and Singapore managed to convince Hun Sen to disinvite the junta's representative to key regional meetings in early 2022 (Heydarian, 2022). However, the strict non-interference and consensus principles, which are the bloc's Achilles heel, cannot be overcome easily, not by Indonesia's unilateral efforts, as any changes require "ASEAN Consensus." The fact that China has managed to use its 'charm offensive' to lure some Southeast Asian countries, including Cambodia and Laos, to its orbit and undermine the bloc's unity in dealing with regional disputes has further illustrated the fact that overcoming these vulnerabilities is not in the hands of Indonesia. Some scholars refer to ASEAN Minus X, a mechanism enabling two or more ASEAN states to move on with the belief that other members will follow later in the economic domain (Emmers, 2023), as a way out to the bloc's limited power in addressing regional security issues (see, for example, Lin and Lee 2023, Ng 2021<sup>160</sup>). However, how this mechanism could be realized is unknown, plus applying it to sensitive security issues such as the SCS disputes might result in marginalizing certain member states, further demising the bloc's unity. While the US-China strategic competition has been fiercer in all domains, ASEAN, despite having performed well as a preventive diplomacy channel, has not effectively settled its own intra-bloc problems, let alone urging regional security issues involving the two powerhouses.

***Security-focused Minilateralism: A Health Supplement for ASEAN-led Multilateralism***

Therefore, the (re)emerging security-oriented minilateralism like Quad has the potential to provide patches to ASEAN's deficiencies in the security domain. According to Laksmana (2020), Quad might "provide an additional layer of cooperative engagement, from joint

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<sup>160</sup> Lin, J., & Lee, L. (2023). Minilateral Cooperation in ASEAN May Help it Overcome Challenges in Multilateralism. *ISEAS Yusof Ishak Institute Perspective*, 2023.

Ng, J. (Ed.). (2021). Extending the 'ASEAN Minus X' Formula. In *Contesting Sovereignty: Power and Practice in Africa and Southeast Asia* (pp. 224–252). Cambridge University Press.

<https://doi.org/10.1017/9781108854320.012>

exercises to training, in areas where ASEAN-related institutions [...] remain underdeveloped". On the other hand, despite Indonesia's efforts to promote ASEAN Centrality in the wider region of the Indo-Pacific, it is well noted that ASEAN is a group of limited-resource middle and small powers. The bloc's development has been tied to East Asian regionalism and unresolved problems in such a region, or says Dung (2022), "the development of ASEAN has primarily stuck to East Asia." Though embracing the Indo-Pacific concept is crucial for upholding the bloc's relevance, maintaining the status quo within East Asia might be the best possible result that can be achieved through ASEAN given its limited material capabilities as well as the unfamiliarity and hesitation of several members when it comes to the Indo-Pacific concept. Meanwhile, Quad, with members being powerhouses in the Indo-Pacific region, including the United States, Australia, Japan, and India, has greater collective power. As shown in Lowy Institute's API, apart from the US being ranked as a superpower, all Japan, India, and Australia are constantly in the top five capable middle powers in Asia (30.9 to 37.2 points), setting them apart from the group of Southeast Asian middle powers (12.8 to 25.1 points) and small powers (6.4 to 10 points). Besides, there have been more consensus regarding the Indo-Pacific region.

Japan first mentioned its "Free and Open Indo-Pacific" (FOIP) strategy in 2016, with Washington following suit in 2017 (Suzuki, 2020). In 2019, Indian Prime Minister Narendra Modi launched the Indo-Pacific Oceans Initiative (IPOI) at the East Asia Summit in Bangkok, which stresses the "freedom of navigation and overflight for all in the international seas"<sup>161</sup> (India's Ministry of External Affairs, 2020). Australia, though having not developed its own Indo-Pacific strategy, has been pioneering the understanding of the Indo-Pacific, says Medcalf (2019). As he also points out, the Indo-Pacific concept has begun to appear officially in the Labor government's "Asian Century" White Paper and then the early 2013 Defense

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<sup>161</sup> India's Ministry of External Affairs. (2020). *Indo-Pacific Division Briefs. India's Ministry of External Affairs*. [https://mea.gov.in/Portal/ForeignRelation/Indo\\_Feb\\_07\\_2020.pdf](https://mea.gov.in/Portal/ForeignRelation/Indo_Feb_07_2020.pdf)

White Paper. The 2017 White Paper of Defense also reiterates the potential to “promote an open, inclusive and rules-based region” through “smaller groupings” (Medcalf, 2019). The greater capabilities and keen understanding of Quad members about Indo-Pacific compared to ASEAN members offers Quad a firmer foundation in addressing security challenges in that wider region. Still, the Indo-Pacific region does not exclude the relevance of either ASEAN or East Asia.

On the contrary, it portrays a wider circle in a Mandala Framework that is centered on ASEAN and covered by its immediate greater region of East Asia. This Mandala Framework is introduced by Teo (2022a) as a series of concentric circles in which Jakarta places greater priority on geographical regions closest to its border. This logic could also be understood in the ASEAN context. Accordingly, with ASEAN upholding the East Asian security framework, it can contribute greatly to the stability of the wider Indo-Pacific region. Meanwhile, to effectively manage the Indo-Pacific region’s security and stability, it requires both ASEAN to overcome institutional vulnerabilities and key players with more bargaining power to join hands in dealing with security issues that are beyond the reach of ASEAN. The rise of Quad fits these new requirements as it could play a role as a “strategic filler” that supports and enhances ASEAN-led mechanisms and suggests collaborative new ones where they are unavailable (Laksmna, 2020).

As such, the complementary coexistence of Quad and ASEAN is likely to bring about the common good for regional security. In order to realize that end, it is required that Quad members build trust among ASEAN’s skeptical powers, especially Indonesia. As the archipelagic state has been a proactive norm entrepreneur in the region, once letting the guard down on Quad, it could help bridge the Quad concept to the ASEAN agenda. By doing that, such security-oriented minilateral groupings like Quad are neutralized for less sounding countering China, thus making it more acceptable to regional players. Dung (2022) suggests Quad states proactively invite ASEAN leading members into Quad Plus as “an agreeable

pathway or a buffer for ASEAN alignment with the Quad.” Meanwhile, Laksmana (2020) argues on the contrary that Quad Plus integration of ASEAN members such as Vietnam “could strengthen the critiques that the Quad undermines ASEAN Centrality.” Instead, he suggests Quad “boost ASEAN institutions rather than seeking to create new ones as alternatives” (Laksmana, 2020). These recommendations are not necessarily mutually exclusive. In fact, Quad Plus is not a fixed mechanism but rather fluid. Therefore, it should not be seen as a risk to undermine ASEAN Centrality. On the contrary, Quad Plus, coupled with bilateral diplomatic efforts by Quad members, helps build trust on the emerging minilateral platform among key regional players, especially Southeast Asian middle powers. Once the grouping manages to gain confidence among ASEAN members, they could work on a formal coordinating mechanism between the two groupings on matters of common concerns, through which the bloc’s vulnerabilities can be filled with Quad’s initiatives, thus enhancing ASEAN-led institutions.

***The dose makes the poison: When economic pragmatism kills autonomy.***

Apart from ASEAN’s vulnerabilities resulting in the ineffective resolution of regional disputes and Indonesia’s skepticism about security-oriented minilateralism, the Jokowi government has faced the challenge of diminishing its role as a regional mediator due to economic dependence on China. As it looks to enhance its mediation role in the region, it is required for Indonesia as an ASEAN leader to enhance its bargaining power. However, Indonesia’s reliance on trading with and infrastructure investment by China has constrained its bargaining capability when it comes to disputes involving the regional powerhouse. Indeed, even though Chinese Coast Guard and para militia ships have been showing up in Indonesian waters north of the Natuna Islands, the Indonesian Navy has taken “soft measures” only by monitoring the Chinese ships for less than one mile instead of confronting them (Rakhmat, 2022). Although currently enjoying the swing state position with a remarkable influx of investment from regional powerhouses, especially Japan and China, the

growing asymmetrical dependence of Indonesia's economy on China might adversely impact its strategic autonomy. When being overly dependent on China, its favorable swing state position could be turned into a proxy torn by superpower competition, which poses a threat to not only its national security but also that of East Asia as it is among key players in the region. To avoid such an unwanted situation, Indonesia needs to move to diversify investment and trade partners to exit China's periphery.

The Jokowi government has attempted to ban raw materials exports, such as nickel ore, in 2020 and bauxite (tentatively) from June 2023, along with other export bans for tin, gold, and other metals<sup>162</sup>. Given nickel derivatives and other base metal products are key export items with the highest growth to the Chinese market in recent years (increased by 14795.9 percent and 8845.1 percent year-on-year in 2021, respectively) as statistics provided by Kemlu (2022), the export bans are hailed by Sanjaya (2022) as a "step in the right direction" (Sanjaya, 2022). However, the author argues that it is, in fact, a continuation of the resource nationalism spurred by Yudhoyono's presidency. Indeed, since the Mining Law in 2009, Indonesia's resource policy has taken a nationalist turn (Warburton, 2017). Yudhoyono later, in January 2014, imposed a ban on mineral ore exports that "brought Indonesia's bauxite and nickel industries to a standstill" (Warburton, 2017). Indonesia's move, therefore, has little relevance to any bid to escape China's orbit but instead is rooted in a post-colonial discourse that foreign forces, not limited to China, draining Indonesia's national wealth drove a consequence that Indonesia became a 'nation of slaves' (Aspinall, 2016). In fact, the Yudhoyono government imposed a heavy tax on raw copper until January 2017 to pressure US mining firms, which account for 97 percent of Indonesia's copper exports, to invest in ore processing locally (Warburton, 2017). Similarly, Jokowi's banning of nickel, bauxite, and

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<sup>162</sup> Jibiki, K. (2023, March 7). Indonesia eyes extending export bans to bauxite, copper and beyond. *Nikkei Asia*. <https://asia.nikkei.com/Business/Markets/Commodities/Indonesia-eyes-extending-export-bans-to-bauxite-copper-and-beyond>

other unprocessed ore, does not reflect Indonesia's efforts to escape China's orbit but his domestic policy in line with resource nationalism. It is not to say that the Jokowi government has made no efforts to diversify investment and dilute its dependence on China's investment. The government in 2021 established a "sovereign wealth fund" (INA) to invite investors from different nationalities to projects across Indonesia. Prior to the Fund's launch, Indonesian Coordinating Minister for Maritime Affairs and Investment Luhut Pandjaitan paid a visit to Washington in late 2020 to call for the United States' investment in Indonesia through the Fund<sup>163</sup>. Following its establishment, the INA secured a \$3.75 billion toll road co-fund with Canada and the Netherlands and set up a unit of the Abu Dhabi Investment Authority through which the UAE pledged to invest \$10 billion in Indonesia (Reuters, 2022). Through the Fund, on the other hand, China's Silk Road Fund (SRF) signed an agreement on its investment of \$2.99 billion in Indonesia, a deal that might deter Western investors from the Indonesian fund as it allows "investment in all sectors open to foreigners in Indonesia, especially projects with economic connectivity between the countries" (Reuters, 2020). Therefore, Jakarta should also take careful consideration of investors while considering easing the requirement of the B2B mechanism as a prerequisite for foreign-invest infrastructure projects while enhancing transparency in conducting such projects to welcome higher-quality investment from other developed countries than China. Besides seeking to diversify investors in needy sectors of infrastructure and energy, Indonesia should take advantage of current bilateral and multilateral free trade agreements, notably RCEP, to deepen trade with developed economies, namely Japan, South Korea, Australia, and New Zealand.

On the other hand, regional key players, such as Japan and the United States, should also pay more heed to assist Indonesia in developing infrastructure and energy sectors. Given

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<sup>163</sup> Hudes, S. T. (2020, December 8). What Happened During Trump's Unannounced Meeting with Indonesian Minister? The Diplomat. <https://thediplomat.com/2020/12/what-happened-during-trumps-unannounced-meeting-with-indonesian-minister/>

the increasingly fierce competition with Beijing, Washington has joined Tokyo in this bid. The United States, Japan, and other world leaders at the G20 Summit in November 2022 announced the Just Energy Transition Partnership for Indonesia (The White House, 2022). The same year, the US approved Millennium Challenge Corporation's (MCC) Indonesia Compact worth \$698 million with \$649 million from Washington. The Compact's largest component is the \$350-million package Advancing Transport and Logistics Accessibility Services Project. Such efforts are expected to support Indonesia's bid to decrease economic dependence on China, thus boosting its bargaining capacity to deal with regional security issues as the de facto leader of ASEAN.

### **Vietnam Caught between Superpowers: Challenges and Opportunities**

Vietnam's approach to the US-China strategic competition, on the other hand, is characterized by low resource availability and a high-risk strategic environment, with countering China's influence being at the top of its agenda. Driven by the rough historical path of struggling against China's continual invasions, the anti-China nationalist sentiment has grown solid among the Vietnamese population. Therefore, although the party-to-party relationship between CPC and CPV has been healthy, Vietnamese political elites are cautious about titling toward China, as doing it might risk the population's support for the party. Additionally, the diplomatic and economic coercion, as well as its assertiveness in SCS, has grown a sense of distrust among elites about the troublesome blood comrade. In a bid to reach out for help, Vietnam, however, is restrained from leaning directly toward the United States despite it being China's main adversary. This is due to skepticism about 'peaceful evolution' driven by differences between the two regimes that might topple the party's ruling. Such a strategic environment has prompted Vietnam to further seek omnidirectional diplomacy to counter China's influence. Therefore, as Hiep (2023) says when granting an interview to the author, "Anything can help constrain China will be supported by Vietnam [...] but Vietnam [would] rather have someone to constrain China on its behalf" due to its

wary of any actions that possibly trigger China. While welcoming the United States as the regional rule-based order guardian, Vietnam avoids being seen as formally aligning with Washington. Instead, it reaches the US allies in the region and shows warm embrace toward security and economic initiatives led by the US and like-minded countries as a way to enhance its external balancing posture against China. The complicated intertwined of party and state levels in Hanoi's decision-making vis-à-vis China and the United States offer both opportunities and challenges to itself and regional order.

### ***Vietnam's Hedge against China: Desirability versus Feasibility***

To Vietnam, the great power competition for investment in East Asia and supply chain relocation away from China is convenient for it to deploy 'economic diversification' as a crucial part of its hedging strategy toward China. In fact, it has, to some extent, managed to attract a great deal of foreign investment and is considered a 'winner' in the US-China trade war. However, there still exists a remarkable gap between Hanoi's desirability and feasibility in implementing economic hedging. To fully grasp the opportunities for production chain relocation, the state must be in full control of capital goods, which are input materials for finished products. However, Vietnam has been heavily relying on Chinese capital goods. In 2014, Vietnam's capital goods imported from China totaled \$20 billion, accounting for 37% of the country's total capital goods import value. In 2020, the number hiked more than double to \$43 billion. China still accounts for 35% of Vietnam's total capital goods import that year<sup>164</sup>. Though multilateral trade deals and GVC rearrangement seem to support Vietnam's economic hedge against China, its heavy dependence on Chinese capital goods is a great obstacle for Vietnam to actualize its desire (boosting strategic autonomy through trade diversification).

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<sup>164</sup> World Bank. (n.d.). *Vietnam Capital Goods Imports by Country and Region*. WITS Data.



***Trust issue between Vietnam and the United States: Can the coalition to counter China go any further?***

The first challenge facing Vietnam was the trust issue between Vietnam and the United States. The United States looms large in Vietnam's external balancing strategy toward China. In turn, Hanoi's proximity to China and its resilience in struggling against Beijing's assertiveness is significant in Washington's strategy to contain its strategic competitor. In other words, the common concern about China's rise in the region pulls Hanoi and Washington closer in the security domain. However, they refrain from aligning with each other directly as both sides are skeptical about the other's intentions. For the Vietnam side, the CPV sees the United States' "excessive focus on press freedom, religious freedom, and human rights as an internal intrusion and potential threat to Vietnam's political security" (Huynh and Vo, 2023). Besides, the country takes note of how America treats its allies and strategic partners through the Ukraine war and the Taiwan Strait, in which Washington's allies and partners have been weaponized against its competitors, Russia and China, respectively (Huynh and Vo, 2023). Thus, Hanoi is aware of the risk of becoming a pawn in the US chessboard to check China. Vo (2023) makes a keen observation that Vietnam is well aware that "other extra-regional great powers may not protect Vietnam when Vietnam needs it, but China will certainly punish Vietnam if it believes it must." Therefore, Vietnam would rather pursue its Four No's defense policy and "diversification and multilateralization of international relations" in the diplomatic domain instead of leaning toward the United States in a bid to balance against China. Meanwhile, the United States is wary of Vietnam's vulnerability under China's coercion and the close party-to-party relations between Hanoi and Beijing impeding the former's effective balancing against the latter. Therefore, such skepticism about each other might prevent their alignment from taking any remarkable departure in countering China while the latter's assertiveness and influence have been growing fast.

***Little agency in maneuvering great-power strategic competition***

Second, Vietnam has little agency in foreign policy to directly balance against China due to its (1) far less power compared to that of China, (2) economic dependence on the regional powerhouse, and (3) geographical proximity and close comradeship between the two ruling parties. They indeed make Vietnam vulnerable to China's coercive diplomacy. Therefore, the only practical way out for Vietnam is to seek soft balancing by upholding the "multilateralism and diversification of international relations" policy to gain diplomatic and material support to deter China's coercion and assertiveness. However, as Pham (2021) rightly points out, the soft-balancing tactic as part of its hedging approach vis-à-vis China "has not been enough thus far" as it has failed to constrain China's increasing escalations in the South China Sea.

***Still a resilient fortress in countering China's assertiveness in the South China Sea***

However, Vietnam is not without significance to the East Asian security framework. First, its long-held struggle against China's influence makes it a resilient fortress in the South China Sea, an important front to constrain China's expansion in the region. Especially given the skepticism of some Southeast Asian powers over the rise of Quad, Vietnam can act as a bridge between such initiative and ASEAN. Also, the resilience of Vietnam in its struggle against China might set an example for other small states in the bloc on how to effectively respond to China's rise without compromising its national security and interests (Erskine, 2022). Second, despite the party-to-party comradeship between Hanoi and Beijing being part of the dilemma between the former and Washington, the most capable player in countering China, it also provides a "venue for communicating strategic reassurance" for Hanoi and Beijing (Thanh Hai, 2021). The inter-party relationship is crucial in Vietnam's engagement with China, besides military exchange programs and official treaties<sup>165</sup>. To put it simply, such

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<sup>165</sup> Lai, C. (2020). A Coercive Brotherhood: Sino-Vietnamese Relations from the 1990s to 2018. *Journal of Contemporary China*, 29(123), 469–486. <https://doi.org/10.1080/10670564.2019.1645484>

party-to-party comradeship could be a supplementary platform besides state and military visits and exchanges to build mutual trust between the troublesome brothers. As Thayer (2011) rightly points out, a set of joint statements, agreements, and treaties between Vietnam and China at party, state, and military levels contributed to making Chinese behavior “more predictable and less likely to harm Vietnam's national interests.” Third, despite Laos and Cambodia titling closely toward China in recent years, Vietnam has been closer (diplomatically and geographically) to the two states than any state in ASEAN. Especially, Laos is Vietnam’s “most trusted friend” and one of the two countries officially called ‘brothers’ (anh em/Vietnamese sub) by Vietnam<sup>166</sup>. Regarding Cambodia, despite their “love-hate relationship” due to historical complexities, the two countries have maintained a friendly relationship over the past four decades (Heng, 2022). Cambodia’s leader Hun Sen also has close ties with Vietnam as he fought alongside Vietnamese soldiers against the Khmer Rouge and served as the Foreign Minister of Kampuchea under the provisional government established by Vietnam after toppling the genocidal regime. Therefore, Vietnam, more than any state in the region, can play a constructive role in balancing China’s influence over Laos and Cambodia<sup>167</sup>, thus enhancing ASEAN Centrality and the bloc’s effectiveness in dealing with security issues lingering in the region.

***Hold your horses! Hanoi must not be rushed.***

“Hanoi must not be rushed” (Hà Nội không vội được đâu/Vietnamese sub) is a saying spread among Vietnamese netizens which can also be seen as a recommendation for the United States and its allies when they approach Hanoi in a bid to deter China.

Indeed, to effectively cooperate with Vietnam in countering China, the United States and its allies must be aware that Vietnam could not afford to abandon its Four No’s policy

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<sup>166</sup> Nguyen, K. G. (2021, May 12). Vietnam’s tug of war with China over Laos. *East Asia Forum*. <https://www.eastasiaforum.org/2021/05/12/vietnams-tug-of-war-with-china-over-laos/>

<sup>167</sup> Hutt, D. (2021, September 27). *Vietnam bids to woo Cambodia, Laos from China*. Asia Times. <https://asiatimes.com/2021/09/vietnam-bids-to-woo-cambodia-laos-from-china/>

and omnidirectional foreign policy. Regarding security-oriented minilateral mechanisms, notably Quad for the time being, Vietnam is believed to selectively integrate with such initiatives in thematic issues deemed not directly provoking China.

Recently, in April 2023, during his three-day visit to Vietnam, the US Secretary of State raised Washington's expectation to elevate their bilateral relations to a "strategic relationship," following a phone call between Biden and CPV leader Nguyen Phu Trong in late March. Though both sides sound upbeat about the prospect of their uplifted relationships, it is worth noting that even if the relations are upgraded, there is little possibility that Vietnam would transform its long-held 'self-reliance and independence' doctrine to a zero-sum approach to counter China due to the aforementioned concerns about both China and the United States.

Thus, instead of attempting to push Vietnam into an alignment that might trigger China, the United States and its allies should instead help Hanoi enhance its material capabilities by increasing trade and investment, providing military equipment and training while supporting it in multilateral and minilateral forums aiming at the region's common good. On the other hand, Washington and its allies should respect Vietnam's political affairs to bolster ties and build its confidence. As Tran (2021) rightly points out, Washington should differentiate revisionist states from status-quo communist regimes like Vietnam and prioritize cultivating partnerships with Vietnam to counter China's illegal claims in SCS and its coercive actions in the region. When trust is built, Washington could "convince Vietnam to improve its human rights practice" through bilateral dialogues and multilateral initiatives.

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Summary of Master's Thesis  
修士論文要旨

SOUTHEAST ASIAN MIDDLE POWERS' APPROACHES TO US-CHINA STRATEGIC  
COMPETITION AND THE IMPLICATIONS FOR THE EAST ASIAN SECURITY  
ORDER: A COMPARATIVE STUDY OF VIETNAM AND INDONESIA

米中戦略的競争において東南アジア諸国のミドルパワーのアプローチと東アジアの  
安全保障秩序への影響：  
事例としてインドネシアとヴェトナムの外交

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Since China altered its foreign policy doctrine from ‘Keeping a Low Profile’ since Deng Xiaoping to ‘Striving for Achievement’ under Xi Jinping<sup>168</sup>, and the United States’ ‘Pivot to Asia’ initiated by Barack Obama, a series of back-and-forth attempts by the two sides in multiple domains, the rivalry between the two superpowers significantly worsened when Obama’s successor, Donald Trump, waged a trade war with Beijing. The standoff between the two giants keeps deepening under the Biden administration with his (re)pivot to Asia and continued economic statecraft against China. Amid the increasingly fierce great-power competition, East Asia has become a dangerous geopolitical fault line, struggling with supply chain disruption, the politicization of trade and investment, and the rise of security-focused minilateralism aiming at deterring China. Within the region, Southeast Asian middle powers, on the one hand, are prone to these dynamics, yet on the other hand, are a critical part of the solution thanks to their geographical significance and proactive responses to the US-China competition. Indonesia and Vietnam are two notable examples of such resilient Southeast Asian middle powers. Both pursue a foreign policy that is centered on strategic autonomy and non-alignments. This notion has been generalized as a standard approach within ASEAN<sup>169</sup>. However, the author is convinced that the bloc is not homogeneous enough to be discussed as a whole. On the contrary, its significant heterogeneity pushes them in different directions in surviving and navigating the great-power rivalry, thus, divergent translation and practice of strategic autonomy. To fill the gap, this paper looks to discover the independent variables impacting these Southeast Asian states’ foreign policy practices, as well as the challenges and opportunities facing them and the East Asian security framework. Through careful examination of relevant scholarly, media, and government sources, the author is convinced that historical context, strategic environment, and resource availability

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<sup>168</sup> Yan, X. (2014). From Keeping a Low Profile to Striving for Achievement. *The Chinese Journal of International Politics*, 7(2), 153–184.

<sup>169</sup> Zhang, J. (2023). Rebuilding strategic autonomy: ASEAN’s response to US–China strategic competition. *China International Strategy Review*.

are the three most critical driving factors. Also, to provide a comprehensive explanation of the states' approaches to US-China rivalry, this paper frames Indonesia's and Vietnam's foreign policies vis-à-vis the US-China competition under the theories of hedging and middle-power diplomacy.

Findings suggest that security is the highest agenda in Vietnam's foreign policy due to a long history of struggles for national independence and sovereignty against foreign forces that include the various Chinese dynasties, France and the U.S., while that of Indonesia is centered on economic pragmatism as a result of colonial history and lack of a firm and unified national identity. On the other hand, the historical context suggests why Jakarta and Hanoi strictly adhere to strategic autonomy instead of cultivating a close alignment with either side to advance their security or economic agenda. Specifically, both sides learned the hard way when choosing a side during the Cold War and suffered devastating consequences. Besides, the contemporary strategic environment facing Vietnam is a hazardous one, with China's assertiveness and coercion being seen as a threat to national security, compared to an amicable one perceived by Indonesia with a more friendly view toward the East Asian giant, which has vastly invested in Indonesia's needy sectors of infrastructure and energy. The respective strategic environments consolidate the determination of Vietnam in deterring China and boost Indonesia's confidence in cultivating good relationships with great powers for economic benefits. Still, Indonesia is aware of China's assertiveness that might disrupt the regional status quo and ASEAN Centrality, its foreign policy's *raison d'être*. Vietnam, on the other hand, finds it deeply dependent on China in the economic domain. Therefore, instead of employing a 'black or white' approach to the US-China competition, both sides choose to hedge against it, but with a different tendency: Vietnam is a 'heavy' hedger while Indonesia is a 'light' one. Lastly, as both Southeast Asian states have limited material resources, they must delicately balance their resources for foreign policy. With security prevailing in their foreign relations, Vietnam tends to pursue a mixed middle-power strategy with a high priority

in the functional agenda of maritime security. At the same time, the normative agenda plays a role as a complementary layer to win international support for its security objective. Unlike Hanoi's realist approach, Jakarta, without an imminent risk to national security, approaches the great-power rivalry under a liberal view and adopts a normative agenda. Accordingly, it forges multilateralism and iterates its role as a regional mediator and norm entrepreneur to sustain the congenial strategic environment to continue reaping benefits from the great-power race for regional influence while keeping it under the boiling point.

The different prioritized foreign policy agendas explain how they approach new dynamics of the Sino-US strategic competitions, including supply chain disruption and relocation, economic decoupling and politicization of trade and investment, and the rise of security-led minilateralism (notably the re-emergence of Quad).

For Indonesia, with a foreign policy driven by 'economic pragmatism,' the economic coupling facilitates an investment 'beauty contest' during which great powers double down efforts to offer attractive packages to the archipelagic state in infrastructure, energy, and telecom sectors that are necessary for its development. In other words, it enjoys the position of a 'swing state' amid the great-power race for regional influence. However, also under 'economic pragmatism,' it finds integrating with global value chains (GVCs) not necessarily in line with the country's development cause; therefore, unlike Vietnam and some other Southeast Asian countries, it missed the opportunity for supply chain diversification away from China. In the political-security domain, Jakarta, with a linchpin on ASEAN, sees Quad as a challenge to the bloc's centrality and possibly altering its peaceful strategic environment. Therefore, it seeks to balance against Quad by consolidating its normative middle-power agenda.

Meanwhile, with a security-driven foreign policy, Vietnam sees supply chain relocation and economic decoupling as a golden opportunity to advance 'economic diversification' as a dominant part of its economic hedging tactic against China. Therefore, it

has not hesitated to take these opportunities to escape China's orbit. In the political-security domain, the rise of Quad is in line with Vietnam's functional agenda. Therefore, it has a more welcoming posture toward the grouping. Still, even though the new dynamics seem to align with Vietnam's desirability, its significantly less power compared to China, asymmetrical dependence on China's economy, and geographical proximity to China make it exceptionally vulnerable to China's coercion, thus constraining the feasibility and effectiveness of Vietnam's policy toward China. Therefore, despite supporting Quad, it is also prudent to openly welcome the initiative but continues to persist with multilateralism and good international citizenship posture as part of its political hedge against the US-China competition.