

BLUE SECURITY

A MARITIME AFFAIRS SERIES

Fair Winds and Following Seas: Maritime Security & Hedging in the South China Sea

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INTRODUCTION

Sailors have an expression, “fair winds and following seas,” to describe the favourable conditions which they desire when setting out to sea.

Much like these seafarers, Southeast Asian maritime nations seek stable and peaceful waters for their security and prosperity. The South China Sea has long vexed regional policymakers and security strategists due to both the number and complexity of overlapping maritime territorial claims among regional actors, including Brunei, China, Malaysia, the Philippines, Taiwan and Vietnam. In the past two decades, China’s increasingly expansionist tendencies and willingness to use force to coerce or intimidate smaller claimants has reinforced growing threat perceptions vis-à-vis Beijing and fuelled hedging strategies. In February 2023, a Chinese Coast Guard (CCG) vessel targeted Filipino counterparts with a military-grade laser in the Spratly Islands.¹ The following month, a CCG vessel caused a dangerous encounter with Vietnamese patrol boats during a patrol of Vietnamese oil and gas fields around Vanguard Bank. Around this time, a CCG vessel was also seen operating in close proximity to Malaysia’s Kasawari gas project near Luconia Shoals, prompting the Malaysian Navy to dispatch a Keris-class littoral ship to the area.² As a result of Chinese intimidation, Southeast Asian states have begun to prioritise maritime security as a central component of national defence and security strategies.

While power asymmetry between regional states and China makes a concerted pushback against Chinese coercion unpalatable, arguably no state has mounted a consistent or coherent response to deal with this security challenge. Rather, Southeast Asian countries

have adopted an array of hedging tactics to deepen engagement with China while bolstering their own domestic defence capabilities and simultaneously expanding security cooperation with a variety of external partners, including Australia, Japan, and Korea. Hedging refers to insurance-seeking behaviour meant to signal ambiguity in a state’s alignment while cultivating fall-back options to preserve maximum autonomy.³ Few existing studies of hedging have considered the central role that maritime security plays in regional countries’ foreign policies. This paper therefore clarifies the maritime security strategies of three Southeast Asian claimant states (**Malaysia, the Philippines, and Vietnam**) to assess how such strategies map onto or deviate from existing notions of hedging. In each of the case studies below, maritime security strategy is reflective of a state’s broader hedging strategy and mirrors the same fundamental tensions: power asymmetry, geographic proximity to a security threat, lack of political consensus, and profound strategic uncertainty, namely fears of abandonment or entrapment in a great power conflict. Seen in this light, maritime security strategy is a manifestation of states’ deeply ingrained preferences for ambiguity and unwillingness to choose sides in brewing superpower competition. The paper concludes with a brief summary assessing the parallels between the three case studies and what they tell us about hedging and maritime security strategy.

HEDGING AND MARITIME SECURITY STRATEGY



At its core, hedging is a risk mitigation strategy which states deploy to signal ambiguity vis-à-vis external powers and to maximise autonomy in foreign relations.⁴ According to Cheng-Chwee Kuik, hedging entails “an insistence on not taking sides or being locked into a rigid alignment,” the adoption of “opposite or contradicting measures to offset multiple risks across domains (security, political, and economic),” as well as “an inclination to diversify and cultivate a fallback position.”⁵ Rather than pursue closer alignment with one or more great power, Southeast Asian states prefer to keep their foreign relations fluid. Therefore they frequently engage in security, economic, and diplomatic cooperation with the United States and China, as well as Australia, the European Union, India and Japan, in order to signal ambiguity concerning their alignment. The oft-heard mantra, “don’t make us choose sides,” is as much an exhortation of this preference for non-alignment as it is a warning to great powers not to attempt to pressure smaller regional states into alignment positions with which they are not comfortable.⁶

China’s actions in the South China Sea pose a clear security threat to smaller claimant states, but due to its use of grey zone tactics and the economic incentives to cooperate, Southeast Asian countries have nevertheless sought to maintain positive relations with China. In this sense, the risk of economic contraction as a result of wider conflict looms larger than the direct security threat posed to individual countries. Thus, hedging strategies aim to manage *risks or unclear threats*—as opposed to imminent *threats*—to a state’s security.⁷ In this sense, hedging may be a “place-holder” strategy in circumstances of high uncertainty when states cannot agree on a straightforward response to deal with looming risks or less-than-certain security threats.⁸ According to Kuik, “risk refers to diffuse, fluid, and myriad sources of plausible harm or probable

loss.”⁹ By contrast, “threat refers to a direct, imminent, and clear-and-present danger.” Naturally, various states and policymakers perceive risks and threats in differing ways.¹⁰ For littoral South China Sea (SCS) states, the risk of interstate conflict (with China or another claimant state) may be higher than that facing many mainland Southeast Asian states that tend to be preoccupied with internal security. Policy elites in certain SCS states may even identify China as a direct security *threat*, rather than a less clear *risk*.¹¹ In light of uncertainty regarding the regional balance of power, SCS claimant states hedge against the potential for direct conflict with China, with whom several have overlapping territorial claims, as well as the possibility of a US-China conflict resulting from maritime disputes or an unplanned encounter at sea. They do so by deepening security cooperation with a variety of external partners, including the United States and China, in order to signal ambiguity to both great powers regarding their alignment. Notably, these strategies include “binding-engagement” vis-à-vis Beijing *despite* concerns with China’s provocative behaviour which many see as a threat to territorial integrity. They do so in the hopes of blunting China’s coercion¹².

It is important to distinguish hedging from analytically related concepts such as “soft balancing.”¹³ Balancing entails a direct military response to counter a threat, usually by building up domestic deterrent capacity or partnering closely with outside powers to defend against an attack by an external foe.¹⁴ Hedging, on the other hand, hinges on ambiguity. While it may include elements of bolstering a state’s domestic military capacity and diversifying security cooperation with a range of external powers, the goal is to signal ambiguity to potential challengers rather than align with one or another against a third party threat. As a result, hedging “manifests itself in both limited deference and selective defiance.”¹⁵ Balancing and bandwagoning are



People's Liberation Army naval command centre for the South China Sea fleet, at Sanya on Hainan island

unappealing alternatives because the potential downsides for smaller powers may outweigh the benefits. For instance, bandwagoning with a great power ally might require certain concessions (often territorial or foreign policy autonomy) from the junior ally.¹⁶ Therefore, the majority of Southeast Asian countries have demonstrated a profound commitment to continue hedging despite shifting threat perceptions vis-à-vis China as well as increasing bipolar pressures to choose sides.¹⁷ According to Kuik, “this is likely to endure,” because “The widening sources and stresses of uncertainty have deepened the smaller states’ inclination to hedge, one way or another.”¹⁸

A final aspect of hedging worth taking into consideration is whether hedging amounts to a calculated strategy or is more instinctive, and therefore tactical, behaviour. Many scholars have expounded a conception of hedging as a clear strategy.¹⁹ Tessman, for instance, insists that hedging is “consciously designed, funded, implemented, and monitored at the highest levels of government.”²⁰ Jürgen Haacke likewise notes that hedging is “a purposive strategy of risk management by the leadership.”²¹ Jones and Jenne have questioned the assumption that hedging amounts to a grand strategy, observing that, “The foreign policy stances Southeast Asian states adopt seem occasionally capricious and sometimes prudent.”²² Therefore, they suggest that hedging may reflect “short-term political goals rather than a strategic calculation of risk and reward.”²³ Similarly, Kuik holds that “hedging is not necessarily a well-calculated or cogently designed ‘strategy’; rather, it is best conceived as *instinctive behaviour* that prevails under high-stakes, high-uncertainty circumstances.”²⁴ Whether hedging is a conscious strategy that is monitored and evaluated by government officials, or merely the result of bureaucratic differences resulting in “incoherent half measures,” the

impulse to hedge emerges from small states’ perception of *risk* and *uncertainty* and the desire to maintain *autonomy* and *flexibility* in the international arena.²⁵

With these essential characteristics in mind, we can begin to conceptualise maritime security strategy as it relates to hedging. Hedging in the maritime security domain retains the essential attributes outlined above: signalling ambiguity via selective defiance and limited deference to preserve autonomy in the face of regional uncertainty and in the face of less-than-clear threats. Given that all three countries in this report (Malaysia, Vietnam, and the Philippines), have maritime territorial disputes with China, the potential for armed conflict based on those overlapping claims weighs heavily on their calculations as they formulate maritime security strategies to respond to “grey zone” coercion. As each of the states considered in this paper have different perceptions of risk versus threat in the SCS, their maritime security strategies demonstrate varying levels of deference (downplaying, dampening, deflecting) versus defiance (hard balancing or multilateralising disputes). Maritime security strategies support states’ overall hedging policies but are not co-constitutive: that is, the states’ maritime security policies mirror their broader hedging strategy, but they are merely one element of comprehensive national security strategies, which include diplomatic as well as economic engagement, and even limited security cooperation, with a China. We now turn to analyses of our three case studies: Malaysia, the Philippines, and Vietnam.

MALAYSIA

The Malaysian government's approach to growing Chinese muscularity in the South China Sea has baffled many observers. At times, Putrajaya's muted response to Beijing seemingly borders on outright deference. Instead of drawing visibly closer to the United States as a countervailing power, Malaysia has publicly distanced itself from any embrace by Washington or its allies. This agnosticism belies a wariness that distinguishes Malaysia from neighbouring claimant states like Vietnam and the Philippines (Rodrigo Duterte's leadership, excepted). In fact, Malaysia has not only repeatedly demonstrated an aversion to strategic alignment but an active insistence on not taking sides.²⁶ The question is why. This paper examines the hedging behaviour apparent in Malaysia's maritime strategy, within the specific context of the South China Sea.

CONTEXTUALIZING CONTRADICTION

In Malaysia's case, it is not a question of *who* but *what* the country hedges against.²⁷ The country's first ever Defence White Paper in 2020 points out that although present-day Malaysia is "not directly threatened by any militarily stronger powers [...], its interests have continued to be affected by the actions and interactions of the big powers of the contemporary era."²⁸ Like many neighbouring countries, Malaysia's predominant security priority has been perennially internal, reflected early on in British Malaya's struggle against the communist insurgency and equally, in the continuing challenge of nation-building in contemporary times. Alongside a long-standing tradition of non-alignment and multilateralism, Malaysia's foreign policy has hinged on principle and pragmatism rather than on any specific set of states.

This domestic security outlook coupled with a desire to maintain friendly relations with all—or, put differently, an avoidance of geopolitical entrapment²⁹—explains several paradoxical phenomena at various points in the country's history. For example, in 1974, Malaysia's second prime minister, Abdul Razak Hussein, established diplomatic relations with China despite Beijing's complicity in the Malayan Communist Party's activities.³⁰ In the 1990s, Malaysia pursued a defence acquisition diversification strategy notwithstanding complications for operational coherence. In 2013, Malaysia and China advanced military ties even as Chinese maritime presence in and around Malaysia's exclusive economic zone (EEZ) grew more persistent.

Throughout, these and other similar developments have unfolded against a rich, textured backdrop of political, economic, and military relations between Malaysia and the United States. In fact, the bilateral defence relationship stretches back to the 1960s.³¹ At the multilateral level, Malaysia's participation in the Five Powers Defence Arrangement alongside the United Kingdom, Australia, New Zealand, and Singapore is now over five-decades old. The Royal Malaysian Air Force base in Butterworth, Penang on the north-west coast of peninsular Malaysia is host to the FPDA's Integrated Area Defence System and has been hosting joint operations with the Royal Australian Air Force over the South China Sea since the 1960s. Malaysia's consistency in seemingly contradictory stances has been a feature, rather than a bug, of Putrajaya's foreign and defence policies.



Merdeka celebration event at Putrajaya, August 2018

NUANCES IN RESPONSE TO MARITIME CONTESTATION

In March 2013, a People's Liberation Army Navy (PLAN) amphibious task force of four warships appeared near James Shoal, only 80 km off Malaysia's coastline.³² On the ships, officers pledged to defend the South China Sea and uphold [China's] national sovereignty. A month later, a Chinese maritime surveillance ship left behind steel markers in the area to stake China's claim.³³ In January 2014, three PLAN vessels returned to James Shoal with hundreds of officers again undertaking an oath-taking ceremony onboard. Malaysia's armed forces chief, Zulkifeli Mohd Zin, initially denied the presence of the ships but later acknowledged that they had, in fact, "strayed into our [Malaysian] waters." Dismissing reports the ships were actually patrolling the area, he said, "As long as it was an [sic] innocent passage, that is okay with us."

Under the United Nations Convention on the Law of the Sea (UNCLOS), ships maintain the right of innocent passage in territorial waters but Malaysia's declarative interpretation of the treaty requires states carrying out "military exercises or maneuvers" in another state's EEZ to obtain the consent of that coastal state.³⁴ Whether the oath-taking ceremonies constituted military activities or whether the vessels violated the right of innocent passage

had they strayed into Malaysia's territorial waters, the Malaysian government's dismissal of the incidents was a classic illustration of escalation avoidance. This restraint sharply contrasted with a very public defence of Malaysia's stake at around the same time. In a March 2014 Facebook post, minister Shahidan Kassim, uploaded aerial photos of a Chinese Coast Guard (CCG) vessel that had been anchored on and off near Luconia Shoals, 84 nautical miles off the coast of the Malaysian state of Sarawak, since 2013.³⁵ Foreign minister, Anifah Aman, also stressed that diplomatic notes had been sent almost every week and that the shoal, belonging to Malaysia, was not subject to overlapping claims.³⁶

Protestations notwithstanding, Malaysia's broader engagement with China actually advanced in the political, economic, people-to-people, and even defence realms. In October 2013, the two countries upgraded relations to a comprehensive strategic partnership and as China's Belt and Road Initiative (BRI) projects began expanding across Southeast Asia, Najib Razak's administration sought to leverage investment opportunities. Prior to the COVID-19 pandemic, both the Najib and Mahathir Mohamad governments granted visa waivers to Chinese tourists to tap into a growing travel market. Between 2014 and 2018, the Malaysian armed forces held four bilateral exercises with their Chinese counterparts and in December 2020, Malaysia received delivery of its fourth and final littoral mission ship contracted with China.³⁷ This cooperation with China was the



first of its kind for the Royal Malaysian Navy. The expansion of military ties, in particular, may seem counter-intuitive for Malaysia, a country at odds with China (and others) over fundamental notions of territorial integrity, sovereignty, and other enduring interests in the South China Sea.³⁸ Yet maintaining – even growing – defence relations with China is important for Malaysia to preserve direct, bilateral access in times of tension. It is also a calculated move reflective of Putrajaya’s broader hedging strategy amid uncertainty in the wider, geopolitical landscape.³⁹

NOT JUST A TERRITORIAL CLAIM, ANYMORE

Given the strategic importance of the South China Sea, contestation over its waters, features, and resources was never only going to be confined to claimant states. Intensifying major power rivalry over the last two decades has complicated regional dynamics so that for Malaysia’s policy-makers, the nature of the issue has evolved from “a multi-nation territorial dispute among the claimant states to an inter-big power struggle for key influence in Asia.”⁴⁰

When US and Australian warships conducted military exercises in the South China Sea near where a Chinese survey vessel, along with CCG and paramilitary ships, had been shadowing a Malaysian-contracted drill ship, Putrajaya’s response to the whole incident was tepid. Foreign minister Hishammuddin Hussein

initially dismissed there had been a standoff but later released a statement calling for matters related to the South China Sea to be resolved peacefully according to the principles of international law. Cautioning the presence of warships in the area as potentially increasing tensions and the risk of miscalculation, he added that “we have an open and continuous communication with all relevant parties, including the People’s Republic of China and the United States of America.”⁴¹

Malaysia’s Defence White Paper reflects this growing reality of the South China Sea as another arena of great power competition impacting Putrajaya’s statecraft. Scholars like Kuik Cheng-Chwee and Lai Yew Ming have posited that the country hedges lightly by maintaining a non-confrontational and low profile. In so doing, the government hopes to be able to defend its interests, including in the South China Sea, while keeping available a suite of diplomatic, economic, legal, and defence options to offset multiple risks.

For Malaysia, the ability to retain agility in policy-making is crucial as fissures deepen among the major powers. Yet domestic and regional prerogatives will, to a large extent, drive how those policy decisions are executed. Leadership personality changes in Malaysia, the actions of other claimants in the South China Sea, and of course, whether China’s belligerence increases in the disputed waters will impact the ways in which Malaysia hedges in the maritime space. This will likely remain true regardless of who occupies the highest office in Putrajaya.

VIETNAM

Vietnamese leaders have found themselves in a difficult situation. They have had to chart the narrow path of both resisting Chinese aggression in the South China Sea and maintaining a positive relationship with the People Republic of China (PRC) for political and economic benefits. This is because on the one hand, China has become increasingly assertive in pushing its claims in the South China Sea at the expense of Vietnam; on the other hand, the PRC plays an extremely important role in Vietnam's economic development and regime survival. China has been Vietnam's largest trading partner (like with most countries in Asia) since 2004 and the second largest export market (after the United States) since 2020.⁴² In addition, Vietnamese and Chinese leaders view their regimes' survival as being congruent with their national security interests and see the need to consolidate their ties. By opting for a hedging strategy Vietnam wishes to exert its security interests and territorial claims while mitigating the risks of an armed conflict with China in the South China Sea as well as the economic consequences of such a conflict.



COMPARTMENTALIZED CHINA POLICY

Hanoi has detached the South China Sea disputes from its overall relationship with Beijing. Despite various incidents in the contested water throughout 2007,⁴³ Vietnam agreed to form a comprehensive strategic cooperative partnership—the highest level of cooperation in the country’s diplomatic toolbox — with China in 2008. This compartmentalization was put into words in October 2011 when Vietnam and China signed a six-point agreement on basic principles guiding the settlement of sea-related issues, in which the two countries concurred that prioritizing the overall relationship between them was of utmost importance.⁴⁴

Hanoi’s diplomatic engagement with Beijing, especially party-to-party relations, has helped to ease tensions in the South China Sea and restore bilateral relations after incidents. For instance, after China sent an oil rig in Vietnam’s Exclusive Economic Zone in 2014 and deteriorated bilateral relations, the Vietnamese Communist Party (VCP) sent a special envoy to Beijing to help to repair ties. By taking a pragmatic approach to separate the South China Sea disputes from overall relations with China, Vietnam was able to reset its relations with China to a level on par with that before the incident.

Vietnam has also maintained robust economic ties with China to promote its own development despite escalating tensions in the South China Sea. Between 2008 and 2022, the amount of trade between the two countries increased more than eight times, from \$20.8 billion to \$177.3 billion.⁴⁵ As of the end of 2022, China became Vietnam’s sixth largest source of foreign direct investment with 3,571 projects and a total registered capital of \$23.4 billion.⁴⁶ However, Vietnam has heavily relied on China for capital and intermediate goods. If there were a conflict in the South China Sea, it would lead to disruption in the supply of goods from China which would gravely damage the Vietnamese economy.⁴⁷ More important, Vietnam’s diplomatic and economic engagement have not fundamentally changed China’s policy towards and behaviour in the South China Sea. Therefore, it has employed other tools of statecraft to better defend its interests.



RESISTING CHINA'S EXPANSIONISM

Vietnam has invested in modernizing its military, with a focus on enhancing its naval and air forces.⁴⁸ Between 2006 and 2010, the defence budget of Hanoi doubled from \$1.287 billion to \$2.672 billion (in current USD). Of particular significance, after China included a map featuring the nine-dash line in its Note Verbale to the United Nations in May 2009, Vietnam entered into a \$2 billion agreement with Russia to acquire six Kilo-class submarines and installed them with Russian anti-ship and land attack 3M-14E Klub supersonic cruise missiles, which could potentially target China. Improved armed posture would allow Vietnam to respond quickly and increase costs on its opponent in an armed conflict in the South China Sea. However, there is a huge gap between China's and Vietnam's military capabilities. The Lowy Institute's Asia Power Index indicates that China's military spending in 2022 was about \$322 billion, approximately 45 times greater than Vietnam's \$7.21 billion.⁴⁹

Therefore, Vietnam has developed closer defence relationships with major maritime powers to compensate for the power gap between itself and China. India is an essential defence partner for Vietnam. The two nations formed a strategic partnership in 2007, which was upgraded to a comprehensive strategic partnership in 2016. India's extensive experience in operating Russian Kilo-class submarines since the mid-1980s has enabled it to train hundreds of Vietnamese sailors in comprehensive underwater combat operations.⁵⁰ New Delhi has granted Hanoi a total of \$600 million in defence credit to assist the latter in upgrading its defence and security forces. This includes the 12 high-speed guard boats delivered by Defence Minister Rajnath Singh during this visit to Vietnam in June 2022.⁵¹ Furthermore, India decided to gift Vietnam an active-duty missile corvette (the first warship that New Delhi has given to any country) when Vietnamese Defence Minister Phan Van Giang visited India in June 2023.⁵²

Vietnam formed a strategic partnership with Japan in 2009, and later upgraded it to an extensive strategic partnership in 2014. As part of the partnership, Tokyo has given Hanoi seven second-hand and six new patrol vessels, as well as maritime safety equipment. In 2020, Vietnam also agreed to purchase six coast guard patrol boats from Japan at a cost of \$348.2 million to improve its maritime capacity.⁵³

In addition to Japan, Vietnam has also enhanced its defence cooperation with Australia, another ally of the United States. The two nations signed a comprehensive partnership in 2009, which was later upgraded to a strategic partnership in 2018. As part of this partnership,

they agreed to maintain their defence relations through activities such as personnel exchanges, training, and ship visits.⁵⁴ Vietnam and Australia also pledged to deepen ties based on respect for the United Nations Charter and international law.⁵⁵

As tensions increased over territorial disputes in the South China Sea, Vietnam and the United States established a comprehensive partnership in 2013. Since then, the United States has provided security assistance to Vietnam, including the delivery of 18 new Metal Shark patrol boats from 2017 to 2019. The US Coast Guard also transferred two Hamilton-class cutters to the Vietnam Coast Guard in 2017 and 2020.⁵⁶ Besides that, the U.S. government has invested in a web-based maritime situational awareness tool called SeaVision and offered free access to Vietnam.⁵⁷ As the United States and Vietnam are celebrating 10 years of their comprehensive partnership in 2023, it is likely that the two countries will elevate their ties to a strategic partnership. Some sources in Hanoi have even suggested that the two sides might bypass one level and advance directly to a comprehensive strategic partnership.

Security assistance from major partners has helped Vietnam improve its maritime law enforcement capabilities significantly and save substantial resources that it could use for economic development and other purposes. Nevertheless, without a treaty alliance and specific provisions, these countries will not come to aid Vietnam in case of armed conflict with China in the South China Sea.

Besides strengthening defence cooperation with major maritime powers, Vietnam has used multilateral institutions to balance against China. Hanoi has continued to use ASEAN as leverage in dealing with Beijing in the South China Sea disputes. Aside from ASEAN channels, Vietnam has attempted to bring the issue to other international forums like ASEAN Plus Three, the ASEAN Regional Forum, and the East Asia Summit.⁵⁸ These forums offer Hanoi significant opportunities to voice its concerns and request global backing for its position on the South China Sea disputes. Nevertheless, China has employed a range of tactics across different areas, including economics, politics, society, and culture, to enhance its sway over Southeast Asian nations. As a result, it has undermined ASEAN solidarity by taking advantage of member states' different national interests and threat perceptions.

Each element of Vietnam's hedging strategy has its own benefits and drawbacks. When combined, they maximize Vietnam's advantages and minimize its risks in its dealings with China. This allows Vietnam more leeway in pursuing its national interests, including defending its claims in the South China Sea.

THE PHILIPPINES

PHILIPPINE EXCEPTIONALISM

Of all Southeast Asian nations, the Philippines has arguably experienced the wildest swings with respect to its South China Sea strategy and broader foreign policy orientation. Over the past half-a-century, the Southeast Asian country has gone from a proactive claimant state -- building the first modern airstrip in the Spratly group of islands in the late-1970s under Ferdinand Marcos Sr. -- to a hopelessly besieged claimant state, effectively ceding administrative control over the Scarborough Shoal to China in the early-2010s following a months-long naval standoff.⁵⁹

The Philippines' responses to the maritime disputes have also radically shifted over the past decade alone. While President Benigno Aquino III (2010-2016) became the first Asian leader to take China to international court over the maritime disputes by invoking compulsory arbitration proceedings under the United Nations Convention on the Law of the Sea (UNCLOS), his immediate successor, Rodrigo Duterte (2016-2022), became the only Asian leader to openly extoll the supposed virtues of being "meek" and "humble" in exchange for the Asian superpower's "mercy". While Aquino actively welcomed the Obama administration's "Pivot to Asia" policy and encouraged Japan to take a more proactive role in regional security affairs, Duterte contemplated strategic alignment with China and Russia at the expense of traditional allies.⁶⁰

Throughout the post-Cold War period, various Philippine administration had divergent threat perceptions vis-à-vis China as well as varying degrees of confidence in the reliability of their alliance with the US. Although China steadily expanded its strategic footprint in adjacent waters, wresting control of Philippine-claimed Mischief Reef in the early-1990s, only two contemporary Filipino presidents, namely Fidel Ramos (1992-1998) and Benigno Aquino III, actively pushed back against the Asian superpower through a combination of diplomatic and military countermeasures. Meanwhile, several Filipino presidents, namely Gloria Macapagal Arroyo (2001-2010) and Rodrigo

Duterte, didn't shy away from dialling down strategic relations with the US, and questioning the viability of the alliance, when it served their domestic political agenda. In fact, both Arroyo and Duterte, two political allies over the years, actively leveraged the so-called "China card" whenever they ran into trouble with the West.⁶¹

Scholars often speak of diversity of maritime security strategy among Southeast Asian states,⁶² but in the case of the Philippines the diversity applies equally within individual administrations, which are often bedevilled by intra-elite squabbling and ad-hoc policy-making. The upshot is a high degree of unpredictability in the Philippines' diplomatic rhetoric as well as strategic orientation towards the maritime disputes. In many ways, the Philippines is the antithesis of Singapore, a classic case of an "anticipatory state."⁶³

With the notable exception of the Marcos Sr. period, which saw the Philippines actively occupying and militarizing various land features in the South China Sea, the Southeast Asian country has been largely reactive vis-à-vis the maritime disputes. Since its independence, the Southeast Asian country has largely outsourced its external security needs to the United States, thus creating a profound culture of strategic dependency. After all, the Philippines is the only regional state with a treaty alliance with the US as well as a status of (SoVFA) Visiting Forces Agreement with Australia. The Philippines is currently negotiating a VFA-style pact with Japan, underscoring the Southeast Asian nation's penchant for enmeshment in multiple, interlocking security networks to compensate for its independent defence capability deficit. Given its deep historical-institutional ties with (and strategic dependence on) Western partners, it should come as no surprise that the Philippines is also the only Southeast Asian nation to have publicly supported the Australia-UK-US (AUKUS) nuclear submarine deal, both under the Duterte and the new Ferdinand Marcos Jr. administrations. For Manila, AUKUS could help deter further Chinese adventurism in Southeast Asia, thus directly helping address its own national security needs.⁶⁴

CONTINUITY BENEATH CHAOS

Here lies the paradox in the Philippine strategic history: beneath the country's seemingly chaotic and whimsical foreign policy, one discovers the endurance of the Southeast Asian nation's alliance with the United States and, accordingly, robust security partnerships with key regional players such as Japan and Australia. Even under Duterte, who repeatedly threatened to end the country's century-old military ties with Washington, the Armed Forces of the Philippines conducted the greatest number of bilateral military exercises with the Pentagon -- as many as 300 in 2021 alone, more than any other US ally in the Indo-Pacific.⁶⁵ Notwithstanding 'Philippine exceptionalism', Manila has largely engaged in hedging since the end of Cold War, which spelled the departure of permanent US bases from Subic and Clark. In absence of permanent US bases, or a robust defensive capability, hedging comes almost viscerally to Filipino leaders, since it's "an insurance-seeking strategic behaviour," which insists on "not [overtly and irreversibly] taking sides between the contending powers."⁶⁶

In fairness, hedging doesn't preclude irrational behaviour nor capricious foreign policy posturing,⁶⁷ most especially under authoritarian (i.e., Duterte) or besieged (i.e., Arroyo) presidencies.⁶⁸ Yet, hedging tends to be the default position of post-Cold War Filipino presidents, since it allows them to "avoid committing themselves to potentially antagonistic stances toward other states most of the time."⁶⁹ Even Aquino, who launched a legal warfare against Beijing and fortified defence ties with Washington, repeatedly tried to reach out to Beijing throughout his term in office, to no avail.⁷⁰ Overall, the Philippine strategic orientation, in general, and South China Sea policy, in particular, is a reflection of three key factors: (i) the political calculus of the ruling elite, especially the incumbent president; (ii) the depth of structural ties with the West, especially between the Pentagon and the Philippine defence establishment⁷¹; and the (iii) matrix of incentives provided by major powers, especially the US and key allies such as Japan, on one hand, and China, on the other.



Subic, Philippines 2014. Philippine and US navies onboard of Philippine Fleet BRP Ramon Alcaraz during the first day of Cooperation Afloat Readiness and Training conducted in the South China Sea.



THE CURIOUS CASE OF MARCOS JR.

Having endorsed Duterte's Beijing-friendly foreign policy ahead of his presidential campaign, Marcos Jr. emphasized the need for neutrality and direct dialogue with China, even if it meant setting aside the Philippines' 2016 arbitral tribunal award victory in the South China Sea as well as dialling down defence alliance with the US. Shortly after taking over the Malacañang Palace, Marcos Jr. parroted his predecessor's "independent" foreign policy stance, vowing, during his maiden speech the United Nations General Assembly, "The Philippines shall continue to be a friend to all, and an enemy of none." He reiterated the same position during his address at the World Economic Forum in early-2023, where he rejected the "Cold War type of scenario where you have to choose one side or the other" and insisted "we are determined to stay away from that."⁷²

Yet Marcos Jr.'s first year in office saw a pronounced pivot back to traditional allies, especially the US. Not only did the Filipino president forge ahead with "fully implementing" the Enhanced Defense Cooperation Agreement (EDCA), which allows the Pentagon to rotationally deploy troops as well as preposition weapons systems in pre-designated Philippine bases, but he even expanded America's access to a whole host of prized military facilities, including those close to Taiwan's southern shores. Meanwhile, the Marcos administration actively pursued a trilateral (JAPHUS) security

framework, while welcoming expanded defence cooperation with Australia. His administration has also openly supported the AUKUS and, in stark contrast to Duterte, has emphasized the Philippines' arbitration award at the Hague, which rejected China's expansive claims across the South China Sea.⁷³

So how can one explain the 'game changer' shift under Marcos Jr.? First, the Filipino president seeks to deal with China from a position of strength, hence his decision to expand military cooperation with the US and other likeminded powers as well as continue the modernization of the Armed Forces of the Philippines (AFP).⁷⁴ Marcos Jr. also placed veteran diplomats and former generals in charge of key cabinet positions, broadly sidelining Beijing-friendly elements. The upshot is the empowerment of the Philippine defence establishment, which has historically been sceptical of China and an advocate for robust ties with traditional allies.

Second, Marcos Jr. seemingly had a change of heart following his assumption of presidency, largely thanks to the Joseph Biden administration's diplomatic charm-offensive. Facing multiple human rights violation and corruption-related cases in various US courts, the Marcoses have been generally apprehensive vis-à-vis Washington, especially under Democratic administrations. Yet President Biden was the first foreign leader to reportedly congratulate him upon his victory. Weeks later, the US Deputy Secretary of State Wendy Sherman personally met Marcos Jr to reassure him of sovereign immunity should he decide



President Biden and President Marcos, Office of the President of the United States.

to visit Washington in the near future.⁷⁵ Over the succeeding months, multiple senior US officials, including Secretary of State Antony Blinken (August) and Vice-President Kamala Harris' (November) visited Manila, while Biden personally met Marcos Jr. on the sidelines of the UN and Asia-Pacific Economic Cooperation (APEC) summits in late-2022. By all indications, the US offered strategic reassurances – namely, assisting the Philippines in an event of conflict in the South China Sea under relevant Mutual Defense Treaty provisions, aiding AFP modernization, and upgrading various military facilities under EDCA – as well as a package of trade and investment options to the Marcos Jr., who openly welcomed the Indo-Pacific Economic Framework (IPEF).⁷⁶

The final factor is the virtual absence of any major incentives offered by China, so far. Marcos Jr.'s decision to offer an expanded EDCA deal to the Pentagon came barely a month after his maiden visit to Beijing in early-January 2023, his first state visit outside Southeast Asia. Although accompanied by a large delegation, the Filipino president failed to secure any significant concessions from Beijing, whether in the South China Sea or in terms of largely unfulfilled

big-ticket infrastructure investment pledges in recent years. Nevertheless, the Philippines has yet to fully 'align' with the West against China. Unwilling to fully commit to any superpower amid an emerging "new Cold War," Marcos Jr. who has opposed any 'offensive' utilization of EDCA sites against China, will likely tweak and reconfigure the Philippine-US alliance – including the size of US troop 'rotational' presence under EDCA as well as the nature, location and frequency of joint wargames in the South China Sea or close to Taiwan – depending on the trajectory of the South China Sea disputes, strategic benefits and reassurances offered by Washington, as well as the package of threats and incentives offered by China in the coming years. Not to mention, Marcos Jr. has to also take into consideration domestic resistance by pro-Beijing elements at home, including former presidents Arroyo and Duterte.⁷⁷ As in past administrations, shifting political fortunes at home, and the trajectory of Sino-American strategic competition, will continue to inform Manila's distinct hedging strategy in the South China Sea.



CONCLUSION

This paper has advanced a conceptual framework which views maritime security strategy as a reflection of Southeast Asian states' persistent preferences for hedging in light of strategic uncertainty surrounding unresolved power contestation. As the case studies above demonstrate, South China Sea claimant states exhibit a variety of maritime security strategies to manage China's grey zone coercion and creeping expansionism within their exclusive economic zones. Malaysia has employed a combination of deference and defiance to bind Beijing to regional norms while hoping to mitigate the likelihood that the latter will use force to achieve its aims. It has consistently opposed intervention by outside powers lest the South China Sea becomes an arena for great power struggles. Therefore, rather counterintuitively, it frequently downplays Chinese coercive behaviour with the aim of blunting the latter's might and deterring others, such as the United States or Australia, from getting involved. Vietnam has utilised a combination of tactics, from appeals to international law, to internal balancing (i.e., enhancing its domestic defence capacity to deter armed aggression), to diversifying its network of security partners, to direct party-to-party ties as a means of enmeshing the Chinese Communist Party and thereby mollifying its behaviour.

By contrast, the Philippines has exhibited the greatest inconsistency in its strategy for managing the threat posed by China's maritime expansionism-cum-assertiveness. Across multiple administrations, including Gloria Arroyo (2001-2010), Benigno Aquino III (2010-2016), Rodrigo Duterte (2020-2022), as well as Ferdinand "Bongbong" Marcos Jr. (2022-), Philippine foreign policy has oscillated from bandwagoning with its traditional ally the United States to informal alignment with Beijing. The variation of maritime security strategies are indicative of the wide range of threat perceptions among SCS states. However, at their core, they are indicative of Southeast Asia's continued preference for hedging and multiple alignments despite increasing coercion from China (not limited to the maritime domain) and mounting tensions as a result of great power competition.

POLICY RECOMMENDATIONS¹

ASEAN DIALOGUE PARTNERS

1. Expand public diplomacy messaging around maritime capacity building

ASEAN dialogue partners and Quad countries should not neglect public diplomacy, particularly regarding significant support for maritime security capacity-building in Southeast Asia. Offering a consistent and transparent rationale for the need for such assistance is essential to establish trust and reduce misunderstanding, particularly in light of China's own outspoken public diplomacy. Chinese narratives questioning "external" partners' proper role in regional maritime security have been surprisingly effective in shaping public discourse among receptive audiences in Southeast Asia. Thus, it's important to question Beijing's narratives, namely that regional maritime disputes are about 'hegemonic struggles', by underscoring that what's at stake is a rules-based international order and the rule of law.

2. Full-spectrum capacity-building

While it is important to focus on enhancing the coast guard and naval capacity of ASEAN states, it is also crucial to help strategic states in protecting their critical infrastructure, including ports and civilian facilities close to naval installations, from corrosive investments by state-backed companies that may have unforeseen consequences for receiving countries' sovereignty. Like-minded countries should consider creating a special fund for maritime infrastructure development drawing on the resources of the Asian Development Bank (ADB) and multilateral lending institutions. Australia, Japan, and the United States could work together to streamline trilateral donor capacity and identify suitable projects to support by establishing inter-organisational teams within US Agency for International Development (USAID), Australia's Department of Foreign Affairs & Trade (DFAT), and Japan's International Cooperation Agency (JICA).

SOUTHEAST ASIAN GOVERNMENTS

3. Information sharing among coastal states

Satellite-based maritime domain awareness (MDA) tools, such as SeaVision can cover vast areas but are not very effective near the coastlines where views can be obstructed by natural land features. SCS claimants could incrementally share coastal radar data among themselves or with external partners to improve collective MDA.

4. Initiate and/or expand dialogues on cross-domain awareness and capacity-building

Developments in and around the South China Sea in recent years have shown that military and grey zone operations are no longer confined to just the maritime domain. Overflight manoeuvres and a decades-long trajectory of advanced persistent threat campaigns in cyberspace targeting regional countries highlight the growing importance of a cross-domain approach to managing security in the area. Information-sharing on cyber operations at the technical level that already takes place among Southeast Asian national computer emergency response teams (CERTS) could be complemented by parallel policy dialogues involving foreign and defence ministry officials. These discussions could outline scenarios of sovereignty breaches in cyberspace as well as options for state recourse under international law. Regularized dialogues at the senior officials level as well as with partner countries could also contribute towards cross-domain capacity-building and operational coordination.

¹ These policy recommendations do not reflect a consensus among all authors. Rather, they are individually tailored to reflect a diversity of views based on the range of policy preferences and country-specific circumstances across Southeast Asia.

QUAD COUNTRIES

5. Enhance Maritime Domain Awareness (MDA) using advanced technologies

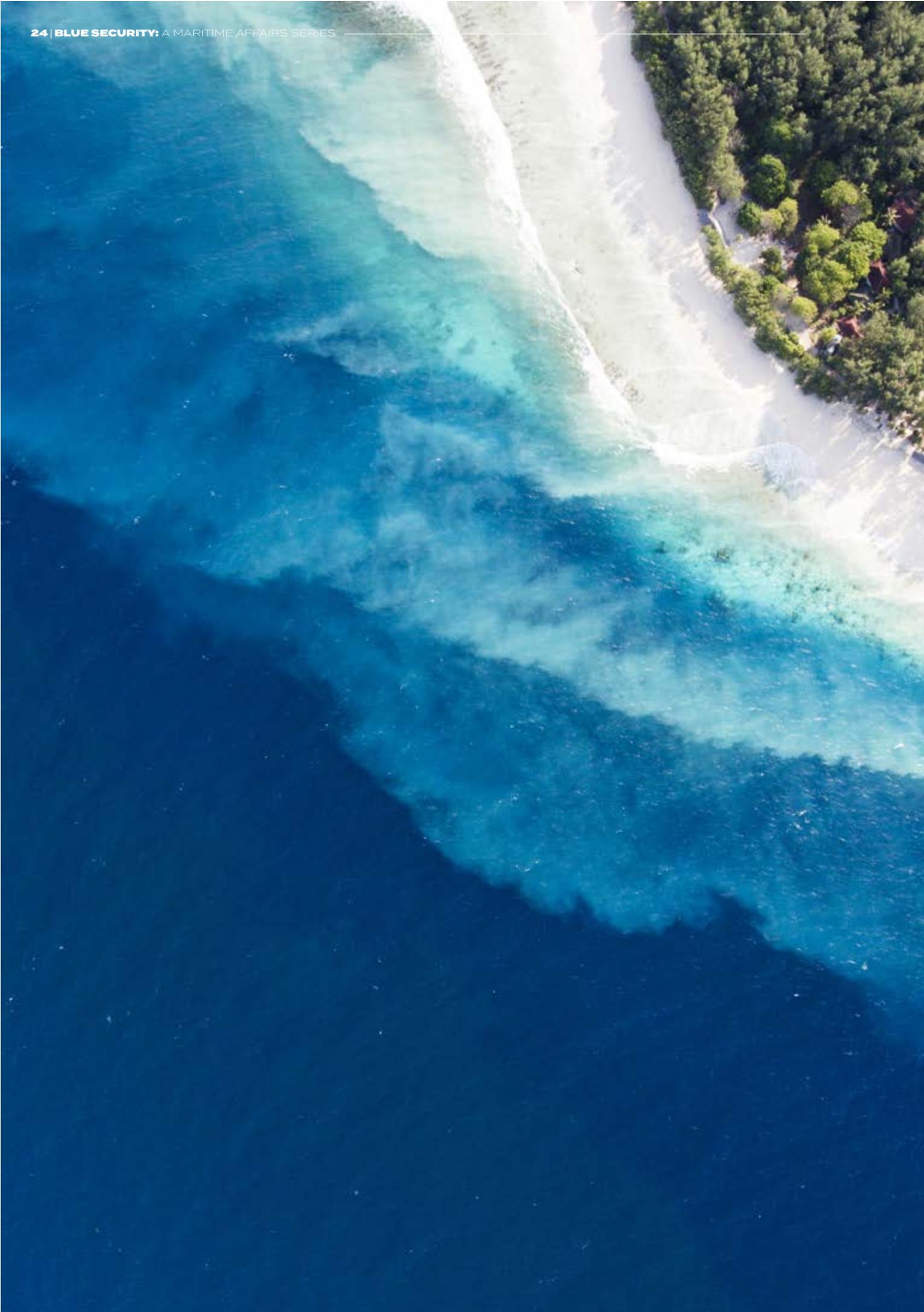
Most SEA claimants to the SCS (except Brunei) have long coastlines and vast areas of water. The transferring of law enforcement vessels by their partners are always welcome but will not be enough. QUAD members should speed up the implementation of their Indo-Pacific Partnership for MDA and expand its deliverables beyond commercial satellite radio frequency data and earth observation data. Japan, for example, could help SEA coastal states develop their quantum sensing capability upon request. Quantum sensors are much more sensitive than traditional sensors, so they can detect objects that are much smaller and further away.

6. Initiate Quad-ASEAN collaboration on climate resilient cities and infrastructure

Given the Quad's origins in humanitarian and disaster response and ASEAN's own experience managing disaster relief, both groups could leverage their natural synergies to interrogate the link between climate change and maritime security for low-tide cities and communities in Southeast Asia. Smaller issues-based working groups involving relevant countries could be created under this broader Quad-ASEAN aegis to address specific issues such as the impact of coastal flooding on ports or of ocean acidification and IUU fishing. In the longer term, this Quad-ASEAN engagement could add to regional public goods provision and reduce mistrust between the two organisations.

7. Shedding Light by Backing Critical Voices

Sunlight is the best disinfectant, even in geopolitics. Consider the creation of a Quad-ASEAN Next Generation Forum on Maritime Security to assist, engage, and amplify public education campaigns through emerging thought leaders. Young and influential scholars and future policymakers have a critical role to play in raising public awareness and informed policy debates on maritime security threats in the South China Sea and can also reinforce cooperation among like-minded powers supportive of a Free and Open Indo-Pacific. The U.S. YSEALI program is another example that partner countries can build upon to energize the next generation of thought leaders in Southeast Asia.



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