

THE GREAT GAME RECAST: NAVIGATING HEDGING AND WEDGING IN THE COMPETITIVE INDO-PACIFIC

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INTRODUCTION: A REGION BETWEEN POWERS

The People's Republic of China (PRC), an emerging power seeking to establish itself as a regional hegemon, has created enormous structural uncertainty for the smaller and middle powers in its vicinity. Many states—from members of the Association of Southeast Asian Nations (ASEAN) to US treaty allies—now face a classic and acute strategic dilemma: how to preserve their sovereignty and maximise their national interests—primarily economic development and prosperity—without getting mired in a conflict not of their own making?

The intensifying US-China rivalry is constricting the strategic space of regional states which transforms traditional hedging strategies and mutually escalates great power wedging practices. The hedging strategy (reactive) and the wedging strategy (proactive) at play amid great power competition is accelerating the regional trend away from strategic ambiguity to a stratified alignment structure that is increasingly clear cut. Smaller

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states try to neutralise the two great powers by balancing their actions. In doing so, they become vulnerable. The great powers exploit this vulnerability through wedging. This interaction creates a situation in which the attempt of one great power to wedge itself in a specific state makes a hedging state rethink the specificity of its positioning in respect of

the balancing options that the diverging great powers present. If the wedge has chances of succeeding, the state may tilt its choice of alignment. If it fails or backfires, the state may be pushed to abandon hedging altogether for a hard balancing posture. As a result, the opposing great power responds with a more powerful counter-wedge, which continues to polarise the region even further.

This article will explore this in four ways. Theoretical underpinnings which define hedging as a strategy aimed at risk mitigation and compare it to wedging, a strategy aimed at coalition disruption. The analysis is followed by the study of the strategic posture of key regional actors, i.e., the ASEAN states like Singapore, Vietnam, Indonesia, and the Philippines, and US allies and partners like Australia, Japan, and India. The strategic posture of these states has been classified on the spectrum of hedging to balancing. Further, the paper analyses how China and the US seek to employ wedging strategies against these actors and to disrupt coalitions opposing them. In conclusion, these findings are synthesised to judge the long-term viability of hedging. It also discusses the implications of this interactive strategic dynamic for the regional stability and future of the Indo-Pacific order.

THE STRATEGIC LEXICON: DEFINING HEDGING AND WEDGING

The specific choices of states in the Indo-Pacific are increasingly mapped onto an elaborate lexicon that moves beyond the Cold War binaries of balancing and bandwagoning. The current environment is best described

as dominated by two concepts: hedging, which is the preferred strategy of regional middle powers, and wedging, which is the primary tool of the great powers. The strategies are interconnected, which means that one cannot work without the other. Thus, the application of one creates room for the application of the other.

The concept of hedging emerged in the international relations literature to describe state behaviour which occupies the middle ground between opposition or balancing and accommodation.

Hedging as Risk Management under Uncertainty

The concept of hedging emerged in the international relations literature to describe state behaviour which occupies the middle ground between opposition or balancing and accommodation (bandwagoning).¹ It refers primarily to a risk management strategy adopted by states that are unsure about the future distribution of power and the future intentions of the major powers.² For many Indo-Pacific states such as India, Japan and Australia, uncertainty now mainly revolves around the direction of China's rise and the staying power of America's regional commitment.³ Hedging is, therefore, a rational response to this structural uncertainty, which some critics claim caused it.

The strategy is characterised by three core attributes. To start, there should be a definite refusal to be aligned with either rival power through a formal attachment, and the country's flexibility and strategic autonomy preserved. Second, hedging involves the chasing conflicting policies that will counter

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1. Cheng-Chwee Kuik, "Getting Hedging Right: A Small-State Perspective," *China International Strategy Review*, 3 (2), 2021, pp. 300–315, <https://doi.org/10.1007/s42533-021-00089-5>.
 2. Iván Gonzalez-Pujol, "Theorising the Hedging Strategy: National Interests, Objectives, and Mixed Foreign Policy Instruments," *All Azimuth: A Journal of Foreign Policy and Peace*, 13 (2), 2024, pp. 193–214, <https://doi.org/10.20991/allazimuth.1480020>
 3. Prashanthm Parameswaran, "Southeast Asia and US-China Competition: Contours, Realities, and Implications for the Indo-Pacific," Wilson Centre Commentary, December 21, 2023. <https://www.wilsoncenter.org/article/southeast-asia-and-us-china-competition-contours-realities-and-implications-indo-pacific>

risks from all directions at the same time.⁴ This more commonly manifests itself in the now familiar paradigm of regional states relying on China for their economic prosperity but on the United States for security guarantees. Countries are seeking economic practicality and diplomatic entanglement with China while simultaneously pursuing military modernisation and security cooperation with the US and its allies. Third, the strategy necessitates the cultivation of a fallback position. A hedging state opens economic and security options to adopt should the conditions of the global environment become clear, for example, when one of the great powers retreats or becomes overtly hostile.

Hedging primarily aims to obtain the best both worlds—making the most of the economic benefits of engaging with a rising China while minimising the security dangers of that rise by keeping a good security relationship with the US. This attitude is deliberately ambiguous and often assumed without declaration in order not to offend either of the great powers. But such ambiguity creates the ideal political setting for a great power to attempt a disruptive counter-strategy.

Wedging as Proactive Coalition Disruption

Hedging can be thought of as a reactive strategy of risk management, whereas the wedging strategy is a proactive one, a targeted effort of the state, which we refer to as the “divider” to deter, divide or weaken an adversary’s coalition, and at an acceptable cost. In the Indo-Pacific, the US and China are both divisive actors that want to dismantle each other’s web of allies and partners. The divider’s strategy works by undermining the alignment beliefs of a “target” state to distance it from the “competitor”.⁵ As developed by Timothy Crawford, wedging should be seen as a key (if under-

4. Caucus on International Relations, 2023, Hedging in International Relations, EAIR Project Brief, <https://eair-caucus.org/project/hedging-in-international-relations/>

5. Timothy Crawford, “Preventing Enemy Coalitions: How Wedge Strategies Shape Power Politics,” *International Security*, 35(4), pp. 155–189, 2011, https://doi.org/10.1162/ISEC_a_00034

studied) part of balance-of-power politics. It should be taken seriously as a potential explanation of “alignment anomalies”.⁶

Wedging strategies manifest in two primary forms. The first is reward-based wedging, also known as “selective accommodation.” This method uses positive inducements—like economic deals and development or technical assistance—to lure a target state away from an opposing coalition. According to Crawford and several other analysts, reward-based ones work more often because they offer a positive reason for realignment, while dampening the chances of a “balancing blowback,” where you push the target closer to the competitor.⁷ The second type is coercive-based wedging that attacks “sticks” rather than “carrots.” For instance, to punish the target for its alignment choice and pressure it to change its alignment, threats are used, for instance, economic sanctions, subversive political interference, military intimidation, etc. This method is a risky one. More often than not, it backfires. This is because the divider’s tone reveals the hostile intention of the divider.

Any wedging strategy seeks to change the balance of power in the divider’s favour by isolating an adversary and reducing the number of states organised against the divider.⁸ A divider like China may see a hedger’s economic engagement not as neutrality but rather a possible lever to be pulled to test whether economic benefits can be worth the security cost. A wedging strategy is, thus, the primary tool great powers use to test and ultimately attempt to break a smaller state’s hedging posture, forcing the very clarification of alignment that hedging is designed to avoid.

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6. Timothy Crawford, “Wedge Strategy, Balancing, and the Deviant Case of Spain, 1940–41,” *Security Studies*, 17 (1), pp. 1–38, 2008, <https://doi.org/10.1080/09636410701846793>.
 7. Yasuhiro Izumikawa, “To Coerce or Reward? Theorizing Wedge Strategies in Alliance Politics,” *Security Studies*, 22 (3), pp. 498–531, 2013, <https://doi.org/10.1080/09636412.2013.816121>.
 8. Kim Tongfi, and Luis Simón, “Levels of Division: How Wedge Strategies Shape International and Domestic Politics,” *Contemporary Security Policy*, 46 (3), pp. 673–702, 2025, <https://doi.org/10.1080/13523260.2025.2492002>

THE COMPETITIVE LANDSCAPE: STRATEGIC POSTURES IN THE INDO-PACIFIC

The intensifying US-China rivalry has created a highly varied and fluid landscape. Due to their own threat perceptions and their unique historical experiences and economic needs, regional states fall along the spectrum from pure hedging to hard balancing. This section examines the strategic choices made by key actors, which reveal a growing split between a core group of ASEAN states that are attempting to hedge and a US-led coalition that has increasingly shifted towards balancing.

The Hedging Spectrum in ASEAN

Within ASEAN, the key strategic paradigm is hedging though this does not entail that its level of application is the same. In fact, the level of application is different for different states as it reflects differing levels of exposure to Chinese power and concern about it.

Singapore is a perfect hedger. It practises a high-intensity and sophisticated strategy to enhance its autonomy.⁹ It is closely connected to China from an economic perspective, taking part in the Belt and Road Initiative (BRI) and being an important nodal point for trade and investments from China.¹⁰ At the same time, it acts as a quasi-ally of the US, making crucial logistical contributions to the US. The Changi Naval Base houses the navy of the country, which promotes international order.¹¹ Singapore seeks to increase the coercive costs to the US and China by making itself strategically vital to both powers, thus, keeping its strategic space open.

In contrast to the rest of the region, Vietnam, in particular, pursues a security-focussed hedge that tilts heavily towards balancing.¹² Even though

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9. Jun Yan Chang, "Not Between the Devil and the Deep Blue Sea: Singapore's Hedging," *International Studies Quarterly*, 66 (3), pp. 1–14, 2022, <https://doi.org/10.1093/isq/sqac034>
 10. Ma Bo, "Managing China-Singapore Relations Amid US-China Rivalry", IEAS-Yusof Ishak Institute, 2023, https://www.iseas.edu.sg/wp-content/uploads/2024/03/TRS19_23.pdf.
 11. Wen Zha, "Leader Security and Hedging in the Era of Great Power Rivalry: Responses of the Philippines and Singapore," *China International Strategy Review*, 4 (2), pp. 305–319, 2022, <https://doi.org/10.1007/s42533-022-00111-4>.
 12. Jeff Zeberlein, "Vietnam and the Four Nos—How Chinese Actions in the South China Sea Influence Vietnam's Hedging Strategy," *Naval War College Review*, 77 (1), Article 8, 2024, <https://digital-commons.usnwc.edu/nwc-review/vol77/iss1/8>.

China is an important economic partner for Vietnam, the main factor in Vietnam's strategy is a perception of direct military threat from China in the South China Sea. Its defence policy to not form military alliances, not take sides between countries, not allow foreign military bases in its territory, and not use force or threaten to use force in international relations is its official declaration of non-alignment.¹³ However, in practice, Hanoi pursues intense hard balancing. Its military modernisation and ongoing strengthening of its security and diplomatic ties with the US, Japan, India, and Australia are clearly for countering China's assertiveness.¹⁴

Indonesia utilises a more realistic hedge inspired by its long-running "free and active" foreign policy principle. The main objective is to capitalise domestic economic gains on great power competition through extensive infrastructure enabled by financing by China's BRI.¹⁵ Jakarta committed to this economic pragmatism by seeking closer defence cooperation with the United States and holding joint military exercises. Also, its ASEAN-centric Indo-Pacific outlook aims to prevent the region from being dominated by any one power.¹⁶ Indonesia's powerful reaction to the Chinese Coast Guard and fishing fleet encroachments in and around the Natuna Islands shows how far the archipelago state is prepared to stand its ground, which gives an indication of the limits of its economic cooperation with Beijing.¹⁷

The case of the Philippines is critical to the failure of hedging. After President Rodrigo Duterte's China appeasing, America distancing

13. Xiangning Wu and Joseph Ching Velasco, "Navigating the Indo-Pacific: Vietnam's Hedging Strategies amid the Geopolitical Rivalry between China and the United States," *Asian Perspective*, 48 (1), pp. 95–118, 2024, <https://doi.org/10.1353/apr.2024.a919883>.

14. Pham Xuan Dung and Bui Thi E. Ho, "How Regime Legitimation Influences Vietnam's Strategy toward US–China Strategic Rivalry," *International Journal of Asian Studies*, 22 (1), pp. 25–44, 2025, <https://doi.org/10.1017/S1479591422000286>.

15. Rusdi Bastian Ilham, "Hedging Against China: Indonesia's Strategy Toward an Arising Power," International Relations Programme, University of Aberdeen.

16. A. Safril Mubah, "Indonesia's Double Hedging Strategy Toward the United States–China Competition: Shaping Regional Order in the Indo-Pacific?," *Issues & Studies*, 55 (4), pp. 1–37, 2019, <https://doi.org/10.1142/S1013251119400071>.

17. Yusa Adi Hartanto, "How Effective Is Indonesia's Strategic Hedging Approach?" *Issues & Studies*, 15 (1), 2025.

Compared to Southeast Asia's hedging, key US allies and partners across the broader Indo-Pacific states have gradually coalesced into a balancing coalition, concluding that the costs of China's rise outweigh the benefits arising from strategic ambiguity.

presidency, Ferdinand Marcos Jr's government made a clear shift.¹⁸ As Chinese aggression against Philippine vessels in the South China Sea escalated, Manila largely abandoned its hedging posture and shifted to a hard balancing strategy.¹⁹ This change was highlighted by a vigorous renewal of its treaty alliance with the United States, including granting expanded US military access to bases under the Enhanced Defence

Cooperation Agreement (EDCA) and undertaking joint maritime patrols with the US and other partners.²⁰ The previous hedging policy was designed to prevent this outcome; it is now a strategic choice.

The Balancing Coalition: US Allies and Partners

Compared to Southeast Asia's hedging, key US allies and partners across the broader Indo-Pacific states have gradually coalesced into a balancing coalition, concluding that the costs of China's rise outweigh the benefits arising from strategic ambiguity.

For many years, Australia tried to keep its close security relationship with the United States separate from its trade ties with China²¹. The China-Australia balancing act became untenable with China's rising assertiveness,

18. Ayman Eldessouki, and Sara Alneyadi, "From Hedging to Balancing: Restructuring the Philippines' Policy toward China," TRENDS Research & Advisory, October 23, 2024, <https://trendsresearch.org/insight/from-hedging-to-balancing-restructuring-the-philippines-policy-toward-china/>.

19. University of Maryland, Baltimore County (UMBC), "Southeast Asian Nations Look to Hedge their Way Out of Troubled Waters in the South China Sea," UMBC Stories, 2025, <https://umbc.edu/stories/southeast-asian-nations-look-to-hedge-their-way-out-of-troubled-waters-in-the-south-china-sea/>.

20. Renato Cruz de Castro, "Between the Clawing Eagle and Ascendant Dragon: The Demise of the Philippines' Policy of Hedging," Lowy Institute Snapshot, Snapshot 7, 2024, https://www.lowyinstitute.org/sites/default/files/pubfiles/3085_Snapshot7_WEB_1.pdf.

21. Eloy Martinez, "Australia's Balancing Act: Navigating China's Influence in the Indo-Pacific Region," Air University, June 27, 2024.

but especially with its direct economic coercion against Australia for disagreeing on political issues.²² This sanction had an opposite effect and made clear what Beijing intended to do. It also galvanised a domestic and political consensus in Canberra to drop its hedge for a firm balancing posture.²³ Australia's pivotal position in not one but two American minilateral security schemes, the Quadrilateral Security Dialogue (QUAD)

and the Australia, United Kingdom, United States (AUKUS) security deal with the UK and US, allowing Australia to access nuclear-powered submarine technology, embodies this strategic shift most clearly.

Japan, too, has turned decisively toward a more proactive balancing. Japan has decided that a passive approach is no longer enough to protect itself, as it is also caught between its security guarantee from the US and deep economic interdependence with China.²⁴ This revelation has caused a significant shift in its defence posture as outlined in the 2022 National Security Strategy, emphasising major increases in defence spending and acquiring counter-strike capabilities.²⁵ Also, Japan has emerged as a leading diplomatic force in the region, promoting its 'Free and Open Indo-Pacific' (FOIP) strategy as a framework to build a coalition of like-minded states to uphold the rules-based order and deter Chinese revisionism.²⁶

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22. Shuqi Wang, "Role and Threat: An Assessment of Australia's South China Sea Policy Amid Great Power Rivalry," *Asian Perspective*, 48 (42), pp. 621–646, 2024, <https://doi.org/10.1353/anp.2024.a944264>.

23. Alexander Korolev, "Between Scylla and Charybdis: Hedging and Australia's Foreign Policy Amid Intensifying US–China Rivalry," *Air University*, September 10, 2024.

24. Ryo Sahashi, "Japan's Strategy amid US–China Confrontation," *China International Strategy Review*, 2 (2), pp. 232–245, 2020, <https://doi.org/10.1007/s42533-020-00061-9>

25. "Beware the US-Japan Alliance China Gap," *Japan Centre for International Exchange*, August 2023.

26. Elli-Katharina Pohlkamp, "The New Central Front: Japan's Special Role in the West's Strategic Rivalry with China," *European Council on Foreign Relations Commentary*, June 1, 2023, <https://ecfr.eu/article/the-new-central-front-japans-special-role-in-the-wests-strategic-rivalry-with-china/>.

India's non-alignment has evolved into a doctrine of "strategic autonomy". This has become a unique form of balancing against China rather than an absence of alignment in the present-day geopolitical situation. The 2020 military confrontations in the Galwan Valley were deemed a watershed moment for India. In this case, it evolved China as the principal threat to India's security. Moreover, the sheen of China has been lost and there is no more ambiguity in New Delhi.²⁷ India has shed its historic resistance to external security arrangements and turned to be a lynchpin of the QUAD. India has also enhanced its bilateral defence, intelligence, and technology cooperation with the US, seeing the partnership as the key to building its own capabilities, and maintaining a favourable balance of power in Asia, even while preserving an independent foreign policy on issues outside the immediate region.²⁸

THE DIVIDER'S GAMBIT: GREAT POWER WEDGING STRATEGIES

As regional states make their strategic choices, the United States and China are competing with each other to influence those choices in their favour. This contest has increasingly come to be about deployment of competing wedging strategies—with each great power using its own unique strengths to undermine the coalition of its counterpart or strengthen its own coalition.

China's Wedging Playbook: Coercion and Inducement

China's strategy with its neighbouring states fuses hefty economic incentives with pointed coercion, creating circumstances that prevent neighbouring states from allying with the United States.

Beijing's key reward-based tool is its economic statecraft as shown by the BRI. China aims to build economic interdependence through massive

27. "Why Would China-India Normalization Process Endure?", China US Focus Commentary, 2023, <https://www.chinausfocus.com/foreign-policy/why-would-china-india-normalization-process-endure>.

28. Brookings Institution, "The US-India Relationship and China," Brookings Commentary, 2021, <https://www.brookings.edu/articles/the-u-s-india-relationship-and-china/>.

investments and trade opportunities in those countries²⁹. This economic influence aims to be a significant wedge, showing that the tangible benefits of cooperating with Beijing are more important than the more vague security guarantees offered to them by Washington.³⁰ China is likely to reward nations that politically align with it, or at the least, do not criticise it on sensitive issues. Some success is seen in this strategy, particularly in Indonesia and Malaysia, that implemented BRI projects for their country's development.

Beijing uses coercive wedging on states that resist close alignment with the US or the pull of Chinese power. The South China Sea is where this is being felt the most. Beijing uses "grey-zone" tactics (that is, not fully armed or lethal military attacks) to punish American allies like the Philippines and Vietnam (both low-cost attacks). China's coast guard and maritime militia routinely harass and intimidate Manila's and Hanoi's fishing vessels that are asserting their sovereign rights.³¹ In addition to the maritime domain, China has weaponised its economic relations in targeted trade measures, suspended tourism and investment freezes against countries challenging its interests. China imposed punitive tariffs and import bans on Australian barley, wine, coal, and other goods after Canberra called for an inquiry into the origins of COVID-19.³² This is a prime example of coercive diplomacy.

Most importantly, this coercive playbook of options has a bad record of succeeding and often backfires. The continuous economic restrictions against Australia did not lead to submission but rather rallied domestic consensus for a more confrontational stance on Beijing. This consolidation of policy also integrated Australia faster into anti-Beijing security

29. Zhexin Zhang, "The Belt and Road Initiative: China's New Geopolitical Strategy?" SWP Working Paper (Asia / BCAS Session, No. 2, October 2018), Stiftung Wissenschaft und Politik. https://www.swp-berlin.org/publications/products/projekt_papiere/Zhang_BCAS_2018_BRI_China_7.pdf

30. Atlantic Council, "China's Middle East Policy Shift: From Hedging to Wedging," China's Global Strategy Report, 2025, <https://www.atlanticcouncil.org/in-depth-research-reports/report/chinas-middle-east-policy-shift-from-hedging-to-wedging/>

31. "Countering Chinese and Russian Alliance Wedge Strategies," CNA Analyses, 2022, <https://www.cna.org/analyses/2022/05/countering-chinese-and-russian-alliance-wedge-strategies>

32. Stimson Centre, "Economic Coercion from the People's Republic of China," Stimson Centre Special Report, 2025, <https://www.stimson.org/2025/economic-coercion-from-the-peoples-republic-of-china/>

arrangements like AUKUS. In a similar vein, Beijing's increased aggression against the Philippines caused Manila to return to the fold of US security, thus, strengthening the very alliance Beijing wished to weaken. This pattern illustrates a serious strategic blunder in Beijing: its underestimation of the powerful nationalist and sovereignty impulses that blunt coercion tends to trigger, leading to balancing instead of submission.

America's Counter-Wedge: Reinforcing the Coalition

The US strategy for the Indo-Pacific is mainly a counter-wedge one, whereby the US seeks to stop China by doubling down on its coalition and making a case for the costs of a Sino-centric regional order. It uses American strengths in security alliances and normative values.

This strategy is built on bolstering its conventional hub-and-spoke alliance framework. The US has tried to reaffirm and modernise its iron-clad security commitments to treaty allies like Japan, Australia, the Philippines, and the Republic of Korea, as well as to upgrade partnerships with crucial actors like India and Vietnam to a "comprehensive strategic" level.³³ This helps to ensure that the partners of the US are reliable, on the one hand, and, on the other, enhances the costs for China for using aggressive action.

One important aspect of the US method is the utilisation of wedging or minilateralism. Instead of depending on bilateral ties, the US has backed flexible, issue-oriented groups like the QUAD and AUKUS.³⁴ These platforms serve multiple purposes. They help various military groups to come together and coordinate their planning. More subtly, they function as a normative wedge. Framing the competition between the "free and open" vs. the coercive, authoritarian alternative creates space for shared values. The US builds coalition of "likeminded" democracies in this way.³⁵ This viewpoint

33. RAND Corporation, US-China Competition Project, 2023, RAND Project Page. <https://www.rand.org/paf/projects/us-china-competition.html>.

34. European Parliament, "The Indo-Pacific: Overview and EU Strategy," EPRS Briefing 698917, Brussels: European Parliamentary Research Service, 2022, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/698917/EPRS_BRI\(2022\)698917_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/698917/EPRS_BRI(2022)698917_EN.pdf)

35. United States Mission to ASEAN, "Fact Sheet: Indo-Pacific Strategy of the United States," ASEAN.usmission.gov. <https://asean.usmission.gov/fact-sheet-indo-pacific-strategy-of-the-united-states/>

makes it harder for countries such as Japan, Australia, and India to adopt neutrality while, at the same time, putting pressure on hedging countries to explain their stance on the core ideas of an international order.

After withdrawing from the Trans-Pacific Partnership (TPP), the US recognised its weakness in economic statecraft. Therefore, it launched the Indo-Pacific Economic Framework (IPEF). Even though it was criticised for not having features that make free-trade pacts, IPEF is aimed as a counter wedge.³⁶ The goal is to form a group of economies that follow high standards on digital trade, labour rights, environmental protection, and supply chain resilience. The goal of the US is to provide a counter-narrative to China's state-led economic model to lessen regional dependency on China's market and build a competing economic order.

The major-contest in the Indo-Pacific may be morphing into a tussle between rival wedges. China is trying to create a China-centric order using its geoeconomic strength and the gravitational pull of its large market. The US is deploying a geostrategic and normative counter-wedge—building a coalition that would resist that pull, with security guarantees and shared democratic values. The future of the region will depend on which form of leverage of economic benefit or security and normative alignment the region's unaligned states ultimately choose.

THE INTERNAL CALCULUS: DOMESTIC POLITICS AS A DRIVER OF STRATEGIC CHOICE

The foreign policy of a state is not formulated in a vacuum. It is the external manifestation of the internal political process. The strategic choices of states in the Indo-Pacific between hedging and balancing are driven largely by domestic factors such as the needs of regime legitimacy, the effects of public opinion and nationalism, and the goals of the ruling elites.³⁷ These

36. Emily Benson, and Grant Reynolds, "The Indo-Pacific Economic Framework for Prosperity: A New Approach to Trade and Economic Engagement," IISD Policy Analysis, September 25, 2022, <https://www.iisd.org/articles/policy-analysis/indo-pacific-economic-framework>

37. CSIS ChinaPower Project. "Unpacking Southeast Asia's Policy Toward China," ChinaPower, <https://chinapower.csis.org/analysis/southeast-asias-policy-china/>

For many governments in the region, regime survival and the maintenance of political legitimacy influence the foreign policy calculus far more than balance of power dynamics.

pressures can either reinforce the logic of hedging and bring about engagement with all the major powers, or weaken the logic by forcing a major tilt in the face of threatening opportunities.³⁸ As a result, the domestic politics of every state stands out as an important arena where the pressures of US-China rivalry are filtered, interpreted, and then translated into national strategy.

Regime Legitimacy and Political Survival

For many governments in the region, regime survival and the maintenance of political legitimacy influence the foreign policy calculus far more than balance of power dynamics. In Vietnam, the ruling Communist Party (CPV) must balance competing domestic interests in a complex environment. Its legitimacy relies heavily on delivering economic growth, which requires practical cooperation with the US and other Western partners.³⁹ At the same time, the CPV shares a high degree of ideological affinity with the Chinese Communist Party, as there is much strategic communication, and continuous party-to-party elite-level exchanges on regime security. Even with leadership changes, there is a long history of a consistent foreign policy. Some analysts think it is turning to the Chinese model of political control. But the broader consensus within the CPV remains that a multi-directional foreign policy is required. Without this multi-directional foreign policy, any over-reliance on a major power would only be detrimental, as shown by the experience of the soft and hard sanctions from the West.

38. Paul Staniland, "Major Power Rivalry and Domestic Politics in South Asia," Carnegie Endowment for International Peace (Research Paper), July 14, 2025, https://carnegie-production-assets.s3.amazonaws.com/2025/07/major_power_rivalry_south_asia.pdf

39. United States Institute of Peace (USIP), "Vietnam's Paradox: Domestic Tumult, Diplomatic Consistency," USIP Publication, June 2024, <https://www.usip.org/publications/2024/06/vietnams-paradox-domestic-tumult-diplomatic-consistency>

In the Philippines, alignment on foreign policy has become highly polarised and tied to the fortunes of its leading dynasties. The domestic political usage of the China policy in the country often leads to huge and abrupt changes. The pro-China, anti-US posture of the Duterte administration represented a dramatic break from the country's traditional alignment, empowered by a personalistic leadership style, and a desire for Chinese investment⁴⁰. In contrast, President Marcos Jr.'s subsequent movement back toward a firm alliance with the United States was not only a response to increased Chinese aggression but was also an internal political realignment away from his predecessor and toward pro-US elements in Philippine society. The public security watchdog was summarily sucked into the dirty mess This shows how rivalries in the domestic political arena can directly determine a country's position on the hedging-balancing spectrum.

The regional states' choices are limited due to economic necessities and the limitations imposed by collective public opinion.

Economic Needs and Public Opinion

The regional states' choices are limited due to economic necessities and the limitations imposed by collective public opinion. Leaders in Indonesia must tread carefully between Chinese economic clout, chiefly via the BRI, and fear of a Chinese take-over.⁴¹ The domestic political tensions surrounding an influx of Chinese labour, expanding trade deficits, and threats to Indonesian sovereignty in the Natuna Sea restrain the degree of Beijing's accommodation by Jakarta. The ethnic Chinese diaspora is powerful and economically influential, so relations with China comprise a sensitive issue domestically.

40. Richard Javad Heydarian, "How the Philippines' Domestic Drama Impacts China-US Competition," *The Diplomat*, May 2025, <https://thediplomat.com/2025/05/how-the-philippines-domestic-drama-impacts-china-us-competition/>

41. E. Fitriani, "Linking the Impacts of Perception, Domestic Politics, Economic Engagements, and the International Environment on Bilateral Relations between Indonesia and China in the Onset of the 21st Century," *Journal of Contemporary East Asia Studies*, 10 (2), 2021, pp. 183–202, <https://doi.org/10.1080/24761028.2021.1955437>

Public opinion in the Philippines has always been pro-American and anti-China as the country had a dispute in the South China Sea with the latter. President Duterte shifted towards China even when other leaders were wary of any ties⁴². Due to his failure to obtain massive investments from China, and as the Chinese continued to harass Filipino fishermen, the domestic case for appeasement weakened.⁴³ The subsequent revitalisation of the US alliance by President Marcos Jr. is, therefore, more aimed at the barometer of public sentiments, and, thus provides stronger flesh to his balancing strategy.

Nationalism as a Double-Edged Sword

In the region, nationalism is a powerful force that can be mobilised by both governments and their publics, often with unforeseen consequences for foreign policy. The Vietnamese government enjoys a nationalist legitimacy rooted in its struggle against foreign intervention.⁴⁴ Fearful of dangerous nationalism, the Chinese authorities do their best to contain popular anti-China nationalism in the country. This shows an underlying tension arising from the CPV's commitment to socialist solidarity and the public's long history of distrust toward China, as shown in issues related to the South China Sea. Because of this, the government has to maintain a difficult balance.⁴⁵ However, it serves to satisfy the nationalist sentiment by maintaining close ties with China.

China has increasingly employed a form of nationalist diplomacy, drawing on an anti-colonial history as well as an idea of an "Asian family",

42. Pew Research Centre, "People in the Philippines Still Favor US Over China, but Gap is Narrowing," Pew Global Attitudes & Trends, September 21, 2017, <https://www.pewresearch.org/global/2017/09/21/people-in-the-philippines-still-favor-u-s-over-china-but-gap-is-narrowing/>

43. Richard Javad Heydarian, "The Philippines' Domestic Politics are the Wildcard in Its Trilateral Partnership with the US and Japan," Atlantic Council – New Atlanticist Blog, July 2025, <https://www.atlanticcouncil.org/blogs/new-atlanticist/the-philippines-domestic-politics-are-the-wildcard-in-its-trilateral-partnership-with-the-us-and-japan>

44. Nguyen Son, "Why Did the Vietnamese Communist Party Suppress Anti-China Nationalism?" *The Vietnamese Magazine* (Vietnam Briefing/Opinion), July 1, 2021, <https://www.thevietnamese.org/2021/07/why-did-the-vietnamese-communist-party-suppress-anti-china-nationalism/>

45. "China's New Nationalistic Diplomacy Wins over Southeast Asia," East Asia Forum, July 8, 2025, <https://eastasiaforum.org/2025/07/08/chinas-new-nationalistic-diplomacy-wins-over-southeast-asia/>

which seeks to unify consensus around regional values, excluding the US. In some situations, this narrative can work well. However, it often clashes with the national identities and historical grievances of neighbour states. Therefore, what is intended to be a tool of inducement turns out to be a source of friction.⁴⁶

In short, the internal political calculus will be a determining factor in how Indo-Pacific states manage the competition between Washington and Beijing. In order to maintain regime legitimacy, meet economic needs, manage public opinion, and direct nationalist passions, leaders are faced with constraints and incentives that pose challenges. A lot of these regional differences in strategic postures can be attributed to internal factors, as these determinants will influence the long-term viability of any hedging strategy.

CONCLUSION: THE END OF AMBIGUITY?

There is a major shift taking place in the Indo-Pacific strategic environment. The flexibility that allowed regional states to engage with both the United States and China simultaneously in a hedging strategy is now faltering rapidly. The change is not happening in a vacuum as it is actively being driven by the reciprocal and intense pressure of the US' and China's wedging strategies. As the analysis shows, states in the region are being compelled to clarify their strategic stances, giving rise to a more recognisable albeit not yet sufficiently organised bipolar alignment structure.

Increasingly, hedging as a grand strategy for long term sustainability is being questioned. Whether it will remain workable for states that are adept at negotiating great power rivalries, such as Singapore, or for those possessing enough strategic heft to maintain a degree of independence, like Indonesia, is being undercut by its very logic. The cases of the Philippines and Australia are instructive. When a state sees a great power as an imminent and direct security threat, the complex calculus of hedging collapses. The advantages of maintaining strategic ambiguity are not nearly as convincing as the more

46. Jie Chen, "Nationalism in China and Its Influence on Foreign Policy", University of Mississippi (Course lecture/paper), 2005, <https://olemiss.edu/courses/inst203/Chen2005nationalism.pdf>

concrete security offered by firm balancing alignment. As the competition between the US and China intensifies, the costs of inaction are rising, and the space for the middle path is narrowing.

Profound consequences for regional stability are in store when wedging tactics succeed. If China's economic wedges were to succeed in undermining the American alliance system, the outcome could be the slow construction of a Sino-centric regional hierarchy, which would impinge on the sovereignty and rules-based order that has made the region prosperous. On the other hand, the US' counter-wedge's alleged success could lead to the entrenchment of a Cold War-style containment dynamic against China, creating new miscalculation and conflict risks, raising misunderstandings and tensions further. Strikingly, the failure of China's coercive wedging tactics, by solidifying a balancing coalition against it, creates short-term deterrent stability but open-ended long-term competition that raises the stakes further.

For the countries of the Indo-Pacific, the first challenge is to build collective resilience to these divisive forces. Strengthening regional bodies, including ASEAN, and encouraging cooperation in the region are both important. These can act as a buffer against the coercive power of any one external actor. The United States and China can avoid conflict, but they must accept the limitations of their respective strategies. Forcing binary choices will not result in a stable regional order. The core question for the 21st century is whether the Indo-Pacific can establish and maintain a genuinely multipolar order in the midst of tremendous bipolar pressures?