



AUKUS and the Indo-Pacific: An Emerging Debate



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Cover image

MRH-90 helicopters positioned on the flight deck of HMAS Adelaide with HMAS Melbourne in company during the transit to Townsville for the commencement of the Indo-Pacific Endeavour 2018 deployment.

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Executive Summary

This report aims to understand the implications of AUKUS in the Indo-Pacific and what role, if any, Indo-Pacific states and 'hedging' will play in Australian and American foreign policy as they seek to contain growing threats to the region, including growing Chinese influence. The first section will examine the state of the Indo-Pacific and the contextual circumstances that led to the underlying reasons for AUKUS' formation. The second section will shift focus, exploring hedging as it has existed in Southeast Asia and the Pacific. This section will conclude with a series of four case studies that analyze various states, including Singapore, Vietnam, Fiji, and Solomon Islands. The third section will evaluate the Indo-Pacific from a broader perspective, discussing the potential implications of geopolitical strategic competition and AUKUS for the future of the region. Finally, this report will feature two recommendations for the Royal Australian Navy (RAN) and the Australian government on how to move forward in the aftermath of the AUKUS announcement. The first recommendation advises that the RAN, together with the Australian government, reassess the nation's maritime doctrine. The second recommendation advocates that Australia and its allies consider possible 'AUKUS+' cooperation.

Acknowledgments

I would like to thank Dr. Laurence Brown and the ANIP team for organizing my placement as well as ANU Global Programs alongside USC Overseas Studies for making my trip to Australia possible. I would also like to extend my gratitude to Dr. Elizabeth Buchanan and the entire staff of SPC-A, who without this report would not exist.

To the friends I have made at ANU, thank you for providing me with invaluable experiences that I will never forget for the rest of my life. To my mother and grandmother, thank you for your constant support and encouragement during my stay in Australia. It is truly because of you that I am where I am today. Finally, thank you to the man upstairs who has been with me every step of the way and will continue to guide me throughout my journey as I move forward.

Introduction

With geopolitical strategic competition on the rise and increasingly tense confrontations in the maritime domain, the announcement of AUKUS symbolizes the most outspoken defiance of China's aggressive expansion in the Indo-Pacific to date. As conflicting visions of a new regional order in the Indo-Pacific collide, AUKUS is creating an ideological fault line amidst a looming, all-out great power rivalry, heightening uncertainty as the security environment deteriorates and many states are progressively forced to choose which side of the line they will toe. Consequently, the enhanced trilateral security partnership may inadvertently contribute to 'hedging' behavior already present in many states throughout the region. Taking into account rising fears of declining Western influence among policymakers and security experts in Canberra and Washington, it will be essential to analyze the strategies of small states and how they will affect the way in which Australia and the United States engage in the region.

With the battle for influence between China, the United States, Australia and their Western allies showing no sign of slowing down, it is of vital importance to promote a greater understanding of hedging as it has existed in Southeast Asia and the Pacific, acknowledging the role it will play in shaping Australian and American foreign policy as nations navigate the complex landscape of geostrategic competition. This report seeks to accomplish this by addressing competing definitions of hedging in alignment discourse, proposing an improved power acceptance/rejection spectrum that synthesizes existing alignment literature into a comprehensive whole. The first section of this paper will examine AUKUS and the circumstances within the Indo-Pacific that led to its manifestation. The second section will focus on Southeast Asia and the Pacific with an introduction of the improved power

acceptance/rejection spectrum, concluding with a series of case studies that analyze various states including Singapore, Vietnam, Fiji, and Solomon Islands. The third section will observe the Indo-Pacific at the macro level, discussing the potential implications of geopolitical strategic competition and AUKUS for the future of the region. The final section of this paper closes with two policy recommendations for the RAN, advising that the RAN and the Australian government reassess the nation's maritime doctrine and consider possible 'AUKUS+' cooperation.

AUKUS and the Indo-Pacific

Key to understanding the manifestation of AUKUS in the Indo-Pacific is understanding what AUKUS is and what it is not. AUKUS is an enhanced trilateral security partnership featuring Australia, the United Kingdom, and the United States. Under its first initiative, Australia's current conventional submarine program will be phased out and replaced with a joint effort headed by the United Kingdom and the United States to aid Australia in acquiring nuclear-powered submarine technology, establishing a Nuclear-Powered Submarine Taskforce to identify optimal pathways to facilitate this technology transfer.¹

Simultaneously, the partners are also engaging in trilateral collaboration to enhance joint capabilities and interoperability through specific Advanced Capability initiatives, pursuing six

¹"Joint Media Statement: Australia to Pursue Nuclear-Powered Submarines through New Trilateral Enhanced Security Partnership | Defence Ministers," accessed October 16, 2022, <https://www.minister.defence.gov.au/statements/2021-09-16/joint-media-statement-australia-pursue-nuclear-powered-submarines-through-new-trilateral-enhanced-security-partnership>; "Nuclear Powered Submarine Taskforce | About | Defence," Website, accessed October 17, 2022, <https://www.defence.gov.au/about/taskforces/nuclear-powered-submarine-task-force>.

other lines of effort—artificial intelligence, advanced cyber, quantum computing, undersea capabilities, hypersonics and counter-hypersonics, and electronic warfare.²

With the huge human, financial, and legal demands of AUKUS, the RAN is facing a culture and identity change, the acquisition of nuclear submarines standing to permanently reshape the RAN and alter its identity as a predominantly surface fleet.³ However, it is important to remember that AUKUS is not about advancing the status quo in any way. Rather, it is about maintaining it by giving Australia the capability it needs to support maritime security and peace in the face of coercive breaches of international law at sea, the utility of nuclear submarines in Australia's maritime strategy having been a topic since the late 1950s.⁴ Although AUKUS may fit into Australia's interests, it coincides with geostrategic competition in the region. China has been one of the strongest voices against the deal, calling for the trilateral partners to abandon their 'Cold War' mentality.⁵

Nevertheless, it is important to note that the formation of AUKUS was not without reason. The past decade has been marked by expanding Chinese influence in the Indo-Pacific. Much

² "Joint Leaders Statement to Mark One Year of AUKUS | Prime Minister of Australia," accessed October 16, 2022, <https://www.pm.gov.au/media/joint-leaders-statement-mark-one-year-aukus>.

³ Richard Dunley, "Nuclear-Powered Submarines Will Change the Identity of the RAN," *The Strategist*, June 2, 2022, <https://www.aspistrategist.org.au/nuclear-powered-submarines-will-change-the-identity-of-the-ran/>; Brendan Nicholson, "Australia Considering Next-Generation US and UK Designs for Nuclear Submarines," *The Strategist*, May 9, 2022, <https://www.aspistrategist.org.au/australia-considering-next-generation-us-and-uk-designs-for-nuclear-submarines/>.

⁴ Royal Australian Navy, "Papers in Australian Maritime Affairs: Australian Maritime Issues 2008: SPC-A Annual," accessed October 17, 2022, <https://www.navy.gov.au/media-room/publications/piama-27>.

⁵ Helen Davidson and Gavin Blair, "China Warns US-UK-Australia Pact Could 'Hurt Their Own Interests,'" *The Guardian*, September 16, 2021, sec. World news, <https://www.theguardian.com/world/2021/sep/16/cold-war-mentality-china-criticises-aukus-us-uk-australia-submarine-pact>.

of the way China has been extending its operations within the realm can be explained by the legacy of Liu Huaqing, the 'father of the modern Chinese Navy.'⁶ Reminiscent of Alfred Thayer Mahan, Liu developed the idea of an 'offshore defense' strategy.⁷ As part of this 'offshore active defense,' three phases were detailed: Phase I would see the People's Liberation Army Navy (PLA Navy) establish dominance over the waters within the First Island Chain, including the Yellow Sea, the western East China Sea, including Taiwan, and the South China Sea; Phase II would extend this net to the Second Island Chain, a north-south line running from the Kuriles through Japan, the Bonins, the Marianas, and the Carolines; and a more distant phase would see the PLA Navy develop into an extensive global force capable of rivaling the U.S. Navy.⁸ Using this same island chain ideology to assess how closely China has followed this strategy, the region can be divided into two subregions—the 'Indo' and the Pacific.

Chinese expansion within the First Island Chain can be broken into three elements: increasing defense spending, naval build-up, and island militarization. Chinese defense spending has increased every year for more than two decades and has nearly doubled since 2009.⁹ As of March 2022, the Chinese government announced a yearly defense budget of RMB 1.45 trillion (\$229.6 billion), a near 7.1 percent increase from the 2021 budget of RMB 1.36 trillion (\$209.2 billion).¹⁰ Unfortunately, much of this spending has been accompanied by a lack of

⁶ Daniel Hartnett, "The Father of the Modern Chinese Navy—Liu Huaqing | Center for International Maritime Security," accessed September 21, 2022, <https://cimsec.org/father-modern-chinese-navy-liu-huaqing/>.

⁷ JAMES R. HOLMES and TOSHI YOSHIHARA, "The Influence of Mahan upon China's Maritime Strategy," *Comparative Strategy* 24, no. 1 (January 1, 2005): 23–51, <https://doi.org/10.1080/01495930590929663>.

⁸ Ibid.

⁹ Caitlin Campbell, "China's Military: The People's Liberation Army (PLA)," accessed October 16, 2022, <https://crsreports.congress.gov/product/details?prodcode=R46808>.

¹⁰ "What Does China Really Spend on Its Military?," *ChinaPower Project* (blog), December 28, 2015, <https://chinapower.csis.org/military-spending/>.

transparency and information detailing how China distributes these funds.¹¹ However, a rise in military spending as a share of overall national government spending from 5.1 percent in 2020 to 5.4 percent in 2021 and an increase in spending as a percent of the central government budget from 36.2 percent to 38.7 percent signal that military modernization is still a priority in the eyes of China's elite.¹²

Needless to say, much of these resources are being funneled into the PLA Navy. Currently, China's shipbuilding industry is engaged in the production of numerous platforms such as the Renhai class CG, the Luyang III MOD class DDG, and the Jiangdao class FFL, also making advancements on other large ships that can support force projection operations, including LHAs, LPDs, large logistic support ships, and specialized blue-water auxiliary ships.¹³ In terms of total warship tonnage launched from 2016 to 2020, the PLA Navy's 632.8 thousand tonnes substantially dwarfs the combined 489.1 thousand tonnes of other regional navies, the U.S. Pacific Fleet and the RAN accounting for more than half of that figure.¹⁴ With U.S. commitment to the region fluctuating every election cycle, the maritime balance of power is shifting in China's favor, something it has taken swift advantage of in the South China Sea.

¹¹ Ibid.

¹² Matthew P Funaiole et al., "Understanding China's 2021 Defense Budget," accessed September 21, 2022, <https://www.csis.org/analysis/understanding-chinas-2021-defense-budget>.

¹³ "DOD Releases 2020 Report on Military and Security Developments Involving the People's Republic of China," U.S. Department of Defense, accessed October 18, 2022, <https://www.defense.gov/News/Releases/Release/Article/2332126/dod-releases-2020-report-on-military-and-security-developments-involving-the-pe/>.

¹⁴ Thomas Shugart, "Australia and the Growing Reach of China's Military | Lowy Institute," accessed September 21, 2022, <https://www.lowyinstitute.org/publications/australia-and-growing-reach-china-s-military>.

Recently, China has begun militarizing many artificially built islands in the South China Sea to reinforce what it insists are its “nine-dash line” claims based on historic rights despite international criticism and legal condemnation from the Hague’s Permanent Court of Arbitration after losing a case brought forward by the Philippines in 2016.¹⁵ Australia and the U.S. have responded by increasing their engagement in the region, which has led to several tense encounters.¹⁶

On the other hand, a much more soft-handed approach has been taken toward expansion in the Second Island Chain. Since 2009, China has consistently been one of the Pacific’s largest aid lenders, with more than 80 percent of this aid in the form of concessional loans—which include long-term repayment periods and typically fund infrastructure projects built by Chinese state-owned enterprises.¹⁷ Additionally, China’s total trade with Pacific Island countries has grown exponentially, having quadrupled in the past decade and made the nation the largest trading partner of Pacific Island Forum (PIF) countries in the region.¹⁸ This has also been accompanied by a slew of diplomacy, with China engaging in many high-level visits, expanding its presence in regional organizations, utilizing its economic leverage, and

¹⁵ Karen Leigh, Peter Martin, and Adrian Leung, “Troubled Waters: Where the U.S. and China Could Clash in the South China Sea,” *Bloomberg.Com*, accessed October 18, 2022, <https://www.bloomberg.com/graphics/2020-south-china-sea-miscalculation/>.

¹⁶ “Operation Gateway - South East Asia | Sectors | Defence,” Website, accessed October 21, 2022, <https://www.defence.gov.au/operations/gateway-south-china-sea-and-indian-ocean>; Leigh, Martin, and Leung, “Troubled Waters: Where the U.S. and China Could Clash in the South China Sea.”

¹⁷ Ethan Meick, Michelle Ker, and Han May Chan, “China’s Engagement in the Pacific Islands: Implications for the United States,” n.d., 36; “PACIFIC AID | MAP,” accessed October 18, 2022, <https://pacificaidmap.lowyinstitute.org>.

¹⁸ Meick, Ker, and Chan, “China’s Engagement in the Pacific Islands: Implications for the United States.”

emphasizing state sovereignty over domestic affairs to spread its influence.¹⁹ Between 2014 and 2020, high-ranking Chinese officials made 12 visits to the region.²⁰

Examining Indo-Pacific perceptions of AUKUS, common threads link the region. Although few such as Indonesia and Kiribati have spoken out on the partnership, raising concerns of the “...continuing arms race and power projection in the region” and of having not been consulted, AUKUS has been followed by a general theme of silence in the region.²¹ Economic leverage and other coercive Chinese activities may offer deeper insight into why this is. Appendix A lists a variety of these instances.

With many countries part of China’s Belt and Road Initiative (BRI) and others economically dependent on the nation, it has become apparent that it is better to fall in line than stick out, numerous states standing as an example of what happens when you challenge the economic giant.²² Although AUKUS ‘completes the loop’ in the broader framework of partnerships in the

¹⁹ Patrick Dupont and Taryn, “Issues & Insights Vol. 21, WP 2 – The United States’ Indo-Pacific Strategy and a Revisionist China: Partnering with Small and Middle Powers in the Pacific Islands Region,” February 23, 2021, <https://pacforum.org/publication/issues-insights-vol-20-wp-2-the-united-states-indo-pacific-strategy-and-a-revisionist-china-partnering-with-small-and-middle-powers-in-the-pacific-islands-region>.

²⁰ “What Do Overseas Visits Reveal about China’s Foreign Policy Priorities?,” *ChinaPower Project* (blog), March 29, 2021, <https://chinapower.csis.org/diplomatic-visits/>.

²¹ Natalie Sambhi, “Australia’s Nuclear Submarines and AUKUS: The View from Jakarta,” *The Strategist*, September 20, 2021, <https://www.aspistrategist.org.au/australias-nuclear-submarines-and-aucus-the-view-from-jakarta/>; Hai Hong Nguyen, “Australia Can Count on Vietnam to Support AUKUS,” *The Strategist*, October 27, 2021, <https://www.aspistrategist.org.au/australia-can-count-on-vietnam-to-support-aucus/>; “Kiribati President Says AUKUS Nuclear Submarine Deal Puts Pacific at Risk,” *ABC News*, September 27, 2021, <https://www.abc.net.au/news/2021-09-28/kiribati-president-criticises-australia-defence-submarine-deal/100495894>.

²² Roland Rajah, Alexandre Dayant, and Jonathan Pryke, “Ocean of Debt? Belt and Road and Debt Diplomacy in the Pacific,” *Lowy Institute*, accessed October 13, 2022, <https://www.lowyinstitute.org/publications/ocean-debt-belt-road-debt-diplomacy-pacific>; Andrew Chatzky and James McBride, “China’s Massive Belt and Road

Indo-Pacific including ANZUS, ASEAN, Five Eyes, and the Quad, its military and technological nature fails to correspond to the character of the main threat that plagues most of the region today—China’s growing coerciveness and states’ compounding economic dependence on the nation.²³ With Australia being one of the most targeted nations of illegal Chinese trade restrictions, it comes as a surprise that AUKUS for the most part neglects the importance of *economic security*.²⁴ On top of this, it largely sidesteps central regional organizations like ASEAN and the PIF alongside other allies, pledging to “...deepen diplomatic, security, and defense cooperation in the Indo-Pacific region...” yet excluding non-Anglo-Saxon partners to a great extent.²⁵ As China continues to grow and leverage its economic success to assert its will in the international realm, the lack of an economic response from Australia and Western allies will pressure many Indo-Pacific states to acquiesce in the face of a new regional order led by China due to having no other alternative.

Initiative,” Council on Foreign Relations, accessed September 25, 2022,

<https://www.cfr.org/backgrounder/chinas-massive-belt-and-road-initiative>.

²³ Harsh V. Pant and Rahul Kamath, “AUKUS and the Indo-Pacific: Stakeholders Weigh Their Wins and Losses,” ORF, accessed October 17, 2022, <https://www.orfonline.org/research/aukus-and-the-indo-pacific/>.

²⁴ Ron Wickes, Mike Adams, and Nicolas Brown, “Economic Coercion by China: The Impact on Australia’s Merchandise Exports,” n.d., 21.

²⁵ “Joint Leaders Statement on AUKUS,” The White House, September 15, 2021,

<https://www.whitehouse.gov/briefing-room/statements-releases/2021/09/15/joint-leaders-statement-on-aukus/>; Laura Southgate, “AUKUS: The View from ASEAN,” accessed October 16, 2022,

<https://thediplomat.com/2021/09/aukus-the-view-from-asean/>; “AUKUS as a Prelude to the Expansion of the Anglo-Saxon Counteroffensive in the Indo-Pacific?,” *Warsaw Institute* (blog), May 30, 2022,

<https://warsawinstitute.org/aukus-prelude-expansion-anglo-saxon-counteroffensive-indo-pacific/>; Soli

Middleby, Anna Powles, and Joanne Wallis, “AUKUS and Australia’s Relations in the Pacific,” East Asia Forum, November 3, 2021, <https://www.eastasiaforum.org/2021/11/04/aukus-and-australias-relations-in-the-pacific/>.

'Hedging' in the Indo-Pacific States

Existing alignment literature describes hedging as an insurance-seeking behavior, in which states under circumstances of high uncertainties and high stakes employ a multi-component strategy consisting of ambiguous, mutually-counteracting policies to maximize all possible returns and offset longer-term risks should these circumstances change.²⁶ On the other hand, Lim and Cooper offer an alternative interpretation, shifting focus away from economic factors and emphasizing trade-offs as well as ambiguity in alignment signals.²⁷ Synthesizing this information, an improved power acceptance/rejection spectrum is created (see Appendix B for more details). However, much of this literature still fails to address situations in which the risk is not a traditional security threat from a larger nation but rather an economic one. This section will aim to expand on this.

Case Study One: Singapore

Singapore has long been considered a 'middle player' in the geopolitical battle between China and the United States. Currently, it exercises economic-pragmatism and diversification, dominance-denial, indirect-balancing, and binding-engagement, falling within moderately West aligned on the improved power acceptance/rejection spectrum. Having always struggled with issues of its small size, lack of resources, and inherent vulnerabilities,

²⁶ Denny Roy, "Southeast Asia and China: Balancing or Bandwagoning?," *Contemporary Southeast Asia* 27, no. 2 (2005): 305–22; Kuik Cheng-Chwee, "The Essence of Hedging: Malaysia and Singapore's Response to a Rising China," *Contemporary Southeast Asia* 30, no. 2 (2008): 159–85; Cheng-Chwee Kuik, "How Do Weaker States Hedge? Unpacking ASEAN States' Alignment Behavior towards China," *Journal of Contemporary China* 25, no. 100 (July 3, 2016): 500–514, <https://doi.org/10.1080/10670564.2015.1132714>.

²⁷ Darren J. Lim and Zack Cooper, "Reassessing Hedging: The Logic of Alignment in East Asia," *Security Studies* 24, no. 4 (October 2, 2015): 696–727, <https://doi.org/10.1080/09636412.2015.1103130>.

economic growth has always been a core tenet of Singapore's foreign policy.²⁸ Singapore's economic-pragmatism and diversification can best be seen by its active participation in APEC (Asia Pacific Economic Cooperation) as well as its existing free trade agreements with a number of countries including the United States, China, Australia, South Korea, Japan, India, and more.²⁹ Singapore's engagement policy with China can be traced back to 1975, having long exchanged visits between leaders that would eventually lead to the establishment of formal relations in 1990.³⁰ Binding has recently been implemented with the introduction of Chinese cooperation in ASEAN, a China-ASEAN free trade agreement, and China's participation in wider regional institutions such as the ARF and ASEAN+3.³¹

On the other hand, Singapore has exercised dominance-denial in its vocal support for U.S. rebalancing in the region, having been one of the most proactive states in calling for the inclusion of the U.S. in the East Asian Summit (EAS) in 2010.³² This is in addition to a strategy of indirect-balancing, Singapore allowing the U.S. to operate out of its Changi Naval Base alongside an enhanced bilateral Defense Cooperation Agreement as well as having recently agreed to host U.S. Navy P-8 Poseidon aircraft for surveillance activities over disputed areas

²⁸ Michael Leifer, *Singapore's Foreign Policy: Coping with Vulnerability* (London: Routledge, 2000), <https://doi.org/10.4324/9780203129517>.

²⁹ "Singapore - Trade Agreements," accessed October 20, 2022, <https://www.trade.gov/country-commercial-guides/singapore-trade-agreements>.

³⁰ Cheng-Chwee, "The Essence of Hedging."

³¹ Evelyn Goh, "Meeting the China Challenge: The U.S. in Southeast Asian Regional Security Strategies," East-West Center | www.eastwestcenter.org, March 24, 2005, <https://www.eastwestcenter.org/publications/meeting-china-challenge-us-southeast-asian-regional-security-strategies>.

³² Cheng-Chwee Kuik, "'Variations on a (Hedging) Theme: Comparing ASEAN Core States' Alignment Behavior,'" in Gilbert Rozman, 'Joint U.S.-Korea Academic Studies 2015', Vol. 26 (Washington, DC: Korea Economic Institute of America), Pp. 11-26., 2015, 11-26.

in the South China Sea where China operates.³³ However, Singapore also exhibited limited-bandwagoning after facing strong Chinese condemnation when Prime Minister Lee Hsien Loong visited Taiwan in 2004, Lee walking back his actions and stating Singapore's stance against Taiwanese independence at the country's National Day Rally in fear of potential disruptions to regional stability and economic development.³⁴ Although politics and domestic factors constrain further bandwagoning, China's increasing willingness to exploit its growing economic leverage, its status as Singapore's largest trading partner, and its influence in ethnic Chinese business associations within the country create acute vulnerabilities that might pressure the nation to shift to a more extreme bandwagoning approach in the future.³⁵

Case Study Two: Vietnam

Vietnam has long lived in the shadow of Chinese intimidation, sharing a land border and ongoing territorial disputes in the South China Sea with the East Asian nation.³⁶ In its approach to geopolitical competition between China and Western allies, Vietnam employs a range of policy options including economic-pragmatism and diversification, dominance-

³³ Evelyn Goh, "Southeast Asian Strategies toward the Great Powers: Still Hedging after All These Years?," *The Asan Forum* (blog), February 22, 2016, <https://theasanforum.org/southeast-asian-strategies-toward-the-great-powers-still-hedging-after-all-these-years/>; Andrew T H Tan, "The US and China in the Malay Archipelago," *Asia-Pacific Review* 17, no. 2 (November 1, 2010): 26–55, <https://doi.org/10.1080/13439006.2010.531112>.

³⁴ "PMO | National Day Rally 2004," Prime Minister's Office Singapore, August 21, 2019, <https://www.pmo.gov.sg/Newsroom/prime-minister-lee-hsien-loongs-national-day-rally-2004-english>; Goh, "Meeting the China Challenge."

³⁵ "A Preliminary Survey of CCP Influence Operations in Singapore," Jamestown, accessed October 20, 2022, <https://jamestown.org/program/a-preliminary-survey-of-ccp-influence-operations-in-singapore/>; "Singapore Trade | WITS Data," accessed October 20, 2022, <https://wits.worldbank.org/CountrySnapshot/en/SGP>; Cheng-Chwee, "The Essence of Hedging"; Tan, "The US and China in the Malay Archipelago."

³⁶ John D. Ciociari and Jessica Chen Weiss, "The Sino-Vietnamese Standoff in the South China Sea," *Georgetown Journal of International Affairs* 13, no. 1 (2012): 61–69.

denial, indirect-balancing, and binding-engagement, falling within moderately West aligned on the improved power acceptance/rejection spectrum. Despite relations being precluded by disputes in the South China Sea, Vietnam still shares favorable trade relations with the People's Republic of Beijing (PRC) and various other countries, remaining economically pragmatic and diverse through its participation in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership Agreement (RCEP).³⁷

Furthermore, Vietnam maintains intimate political and diplomatic ties to China, having enmeshed the nation through engagement in bilateral dialogues and regional forums like ASEAN, recently persuading it to sign the Declaration on the Conduct of Parties in the South China Sea (DOC).³⁸ However, this has also been accompanied by a policy of dominance-denial, with Vietnam using these same regional forums to broadcast its disputes with China in the South China Sea, inviting international partners like the U.S. to intervene.³⁹ In terms of indirect-balancing, Vietnam's shared history with the U.S. and its allies constrains potential security cooperation.⁴⁰ Nevertheless, the nation has still opted to internally balance against regional threats, spending approximately \$3 billion on six new Kilo-class submarines and four

³⁷ "Regional Comprehensive Economic Partnership Agreement (RCEP)," Australian Government Department of Foreign Affairs and Trade, accessed October 21, 2022, <https://www.dfat.gov.au/trade/agreements/in-force/rcep>; "Vietnam - Trade Agreements," accessed October 21, 2022, <https://www.trade.gov/country-commercial-guides/vietnam-trade-agreements>.

³⁸ Goh, "Southeast Asian Strategies toward the Great Powers."; Tomotaka Shoji, "Vietnam, ASEAN, and the South China Sea: Unity or Diverseness?," 2012, 20.

³⁹ Ciociari and Weiss, "The Sino-Vietnamese Standoff in the South China Sea."

⁴⁰ Goh, "Southeast Asian Strategies toward the Great Powers."

new Gephard-class frigates to help defend its waters.⁴¹ Strong nationalist sentiment limits further bandwagoning, but China's role as the country's largest trading partner, Vietnam's position in the BRI, China's 'gray zone' coercion in the South China Sea, and the crisis of having no other alternative may push the nation to further accommodate Chinese interests in the future.⁴²

Case Study Three: Fiji

Fiji offers an interesting look into what hedging appears like in the Pacific, being one of the few Pacific Island countries to possess a military.⁴³ Caught between a rising China and the West's re-engagement in the Pacific, Fiji utilizes economic-pragmatism and diversification, dominance-denial, and binding-engagement, falling within non-aligned on the improved power acceptance/rejection spectrum. Despite budding rumors that Fiji is shifting towards China, Fiji remains actively engaged with a multitude of partners in the economic realm, having various trade agreements, taking part in the BRI, and even signing onto the freshly minted Indo-Pacific Economic Framework (IPEF), the first Pacific Island country to do so.⁴⁴

⁴¹ Felix K Chang, "Game On: Southeast Asian Cooperation in the South China Sea? - FPRI," April 13, 2014, <https://www.fpri.org/2014/04/game-on-southeast-asian-cooperation-in-the-south-china-sea/>.

⁴² "Vietnam Tacks Between Cooperation and Struggle in the South China Sea," December 7, 2021, <https://www.crisisgroup.org/asia/north-east-asia/china/318-vietnam-tacks-between-cooperation-and-struggle-south-china-sea>; Le Hong Hiep, "The Belt and Road Initiative in Vietnam," n.d., 14; Goh, "Meeting the China Challenge."; Ketian Zhang, "Chinese Coercion in the South China Sea: Resolve and Costs," Belfer Center for Science and International Affairs, accessed October 21, 2022, <https://www.belfercenter.org/publication/chinese-coercion-south-china-sea-resolve-and-costs-0>.

⁴³ Kirsty Needham, "Pacific Islands Defence Ministers Meet in Tonga to Boost 'interoperability' | Reuters," accessed October 21, 2022, <https://www.reuters.com/world/asia-pacific/pacific-islands-defence-ministers-meet-tonga-boost-interoperability-2022-10-17/>.

⁴⁴ Cornelia Tremann, "Insights from Africa as China Stumbles in the Pacific | Lowy Institute," accessed October 22, 2022, <https://www.lowyinstitute.org/the-interpreter/insights-africa-china-stumbles-pacific>; Lusiana Tuimaisala, "Fiji, China MOU 'Sealed Soon,'" accessed October 22, 2022, <https://fijisun.com.fj/2018/06/11/fiji->

Like many other Pacific Island countries, Fiji also binds China by engaging with the East Asian nation via an array of dialogue mechanisms that complement the region's central organization, the Pacific Islands Forum.⁴⁵ This engagement has only been enhanced after its 2006 coup, Fiji accelerating its 'Look North' foreign policy after facing isolation from Australia and Western partners.⁴⁶ However, Fiji has also practiced dominance-denial in this same manner, involving a number of other partners through the same mechanisms it uses for China.⁴⁷ In light of Australia recently winning the bid to fund a Blackrock military base project in Nadi, a recent Australia-Fiji UN peacekeeping co-deployment, and growing defense links between the two, deepening security cooperation signifies that Fiji is potentially moving toward indirect-balancing with China.⁴⁸ In addition to this, with Fiji being significantly less

[china-mou-sealed-soon/](https://www.trade.gov/country-commercial-guides/fiji-trade-agreements); "Fiji - Trade Agreements," accessed October 22, 2022, <https://www.trade.gov/country-commercial-guides/fiji-trade-agreements>.

⁴⁵ "People's Republic of China > Forum Sec," *Forum Sec* (blog), accessed October 22, 2022, <https://www.forumsec.org/peoples-republic-china/>; "Fact Sheet: Cooperation Between China and Pacific Island Countries," accessed October 22, 2022, https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/202205/t20220524_10691917.html.

⁴⁶ Joanne Wallis, "How Should Australia Respond to China's Increased Presence in the Pacific Islands?," *Security Challenges* 16, no. 3 (2020): 47–52.

⁴⁷ "Forum Dialogue Partners > Forum Sec," *Forum Sec* (blog), accessed October 22, 2022, <https://www.forumsec.org/dialogue-partners/>.

⁴⁸ Genevieve Feely, "Stepping up to the UN: Australia's Peacekeeping Deployment with Fiji," *The Strategist*, October 18, 2019, <https://www.aspistrategist.org.au/stepping-up-to-the-un-australias-peacekeeping-deployment-with-fiji/>; Lisa Sharland, "Peacekeeping and the Evolving Australia-Fiji Relationship," accessed October 22, 2022, <http://www.aspi.org.au/opinion/peacekeeping-and-evolving-australia-fiji-relationship>; Toby Mann and Melissa Maykin, "'New Height of Security Cooperation': Fiji's Defence Minister Lauds Deepening of Ties with Australia," *ABC News*, October 20, 2022, <https://www.abc.net.au/news/2022-10-20/australia-fiji-forces-agreement-defence-security-cooperation/101558058>; "Fiji and Australia Responding Together | Defence Ministers," accessed October 22, 2022, <https://www.minister.defence.gov.au/media-releases/2021-12-22/fiji-and-australia-responding-together>; "Fiji and Australia Advancing the Defence Partnership | Defence Ministers," accessed October 22, 2022, <https://www.minister.defence.gov.au/media-releases/2020-11-24/fiji-and-australia-advancing-defence-partnership>; Christopher Mudaliar, "Australia Outbids China to Fund Fiji Military Base | Lowy Institute," accessed October 22, 2022, <https://www.loyyinstitute.org/the-interpretor/australia-outbids-china-fund-fiji-military-base>.

dependent on Chinese aid than other Pacific Island countries and having a sustainable debt situation, prospects of China using coercive economic tactics to reverse this trend are low.⁴⁹

Case Study Four: Solomon Islands

On the other hand, Solomon Islands offers an opposite view of hedging in the Pacific. Much like Fiji, Solomon Islands uses a small range of policy options including economic-pragmatism and diversification, dominance-denial, and binding-engagement, falling within non-aligned on the improved power acceptance/rejection spectrum. Its economic-pragmatism and diversification can be seen through its participation in the World Trade Organization and its assortment of regional free trade agreements with other Pacific Island countries including Australia and New Zealand.⁵⁰ In the same vein as the other Pacific Island countries, Solomon Islands both binds and engages China through regional forums and dialogue mechanisms while simultaneously exercising dominance-denial by interacting with other international partners in these same organizations.⁵¹

Although Australia and Solomon Islands maintain a bilateral security treaty, it is principally Humanitarian Assistance and Disaster Relief (HADR) in nature, as compared to a recently leaked security agreement that would leave the door open for China to “carry out ship visits to, carry out logistical replenishment in, and have stopover and transition in Solomon

⁴⁹ Rajah, Dayant, and Pryke, “Ocean of Debt? Belt and Road and Debt Diplomacy in the Pacific”; “PACIFIC AID | MAP.”

⁵⁰ “Free Trade Agreements,” Ministry of Foreign Affairs & External Trade, accessed October 22, 2022, <http://www.mfaet.gov.sb/external-trade/free-trade-agreements.html>.

⁵¹ “Fact Sheet: Cooperation Between China and Pacific Island Countries”; “Forum Dialogue Partners > Forum Sec”; “People’s Republic of China > Forum Sec.”

Islands.”⁵² In this, Beijing and Solomon Islands' vehement, seemingly coordinated defense of the deal and Solomon Islands' refusal to sign the US-Pacific Island Accord until indirect references to China were removed indicate that Solomon Islands might be making a shift toward low-level limited-bandwagoning.⁵³ This is on top of having received nearly US\$500 million in aid from China since switching its diplomatic recognition from Taipei to Beijing in 2019.⁵⁴ With Solomon Islands' growing economic dependence on China, the East Asian nation making up 46 percent of all trade and nearly 67 percent of all exports according to the latest trade data, the potential for a greater move toward China is plausible.⁵⁵

The Future of the Indo-Pacific

The security environment in the Indo-Pacific is changing as new external actors play a greater role in the region, placing the United States, Australia, and the West's influence in the region

⁵² “Bilateral Security Treaty,” Australian Government Department of Foreign Affairs and Trade, accessed October 22, 2022, <https://www.dfat.gov.au/geo/solomon-islands/bilateral-security-treaty>; “Australia ‘deeply Disappointed’ by Controversial Security Pact between China and Solomon Islands,” *ABC News*, April 19, 2022, <https://www.abc.net.au/news/2022-04-19/china-and-solomon-islands-sign-security-pact-says-chinese-foreign/101000530>.

⁵³ “Wang Yi Expounds on Three Principles of China-Solomon Islands Security Cooperation,” accessed October 22, 2022, https://www.fmprc.gov.cn/eng/zxxx_662805/202205/t20220526_10693195.html; Nick Perry, “Solomon Islands Agreed To US-Pacific Island Accord After China References Axed,” *Honolulu Civil Beat*, October 4, 2022, <https://www.civilbeat.org/2022/10/solomon-islands-agreed-to-us-pacific-island-accord-after-china-references-axed/>.

⁵⁴ Guangyi Pan, “Beijing Is Adopting a Wedge Strategy in the Pacific,” *Australian Institute of International Affairs* (blog), accessed October 22, 2022, <https://www.internationalaffairs.org.au/australianoutlook/beijing-is-adopting-a-wedge-strategy-in-the-pacific/>.

⁵⁵ “Solomon Islands Trade | WITS | Text,” accessed October 22, 2022, <https://wits.worldbank.org/CountrySnapshot/en/SLB/textview>; Matthew Dornan and Sachini Muller, “The China Shift in Pacific Trade,” *Devpolicy Blog from the Development Policy Centre* (blog), November 14, 2018, <https://devpolicy.org/china-in-the-pacific-australias-trade-challenge-20181115/>; Jonathan Pryke, “The Risks of China's Ambitions in the South Pacific,” *Brookings* (blog), July 20, 2020, <https://www.brookings.edu/articles/the-risks-of-chinas-ambitions-in-the-south-pacific/>.

at risk. The principal problem of AUKUS lies in its military and technological nature existing primarily in the traditional security realm whereas the dominant threat facing the region, outside of the South China Sea situation, exists primarily in the economic realm. Contributing to geopolitical strategic competition, AUKUS largely fails to mitigate states' increasing economic dependence on China and the nation's growing willingness to leverage this vulnerability, driving states to hedge more intensely but offering no real economic strategy for the underlying threat they face.⁵⁶ It is for this reason that AUKUS only accomplishes half of the mission.

The true potential of AUKUS, however, lies in how the RAN and its allies choose to use it. With the U.S. facing challenges in its pivot to the Indo-Pacific, Australia must rethink the way it views its allies and how the strategic burdens of these alliances are met, stepping up to fill the gaps left by their American partners.⁵⁷ Long gone are the days in which Australia must stand in the shadow of the United States. AUKUS and its nuclear-powered submarines have the power to lead a new strategy of 'integrated deterrence,' the RAN at the helm of all-important regional-led initiatives to increase integrated military capability and deepen military-to-military interoperability amidst challenges to the authority of the liberal international order in the maritime domain.⁵⁸

⁵⁶ Patrick Buchan et al., "'Powers, Norms, and Institutions: The Future of the Indo-Pacific from a Southeast Asia Perspective'." n.d., 45; Peter Harrell, Elizabeth Rosenberg, and Edoardo Saravalle, "CHINA'S USE OF COERCIVE ECONOMIC MEASURES," n.d., 62; G John Ikenberry and Darren J Lim, "China's Emerging Institutional Statecraft," n.d., 27.

⁵⁷ Joanne Wallis and Anna Powles, "Burden-Sharing: The US, Australia and New Zealand Alliances in the Pacific Islands," *International Affairs* 97, no. 4 (July 1, 2021): 1045–65, <https://doi.org/10.1093/ia/iiab081>.

⁵⁸ Jane Hardy, "Integrated Deterrence in the Indo-Pacific: Advancing the Australia-United States Alliance — United States Studies Centre," accessed October 22, 2022, <https://www.ussc.edu.au/analysis/integrated-deterrence-in-the-indo-pacific-advancing-the-australia-united-states-alliance>.

Intrinsically tied to resilience, integrated deterrence and AUKUS must be understood as something that is complementary, possessing the potential to lay the foundation for collaborative efforts to reinforce regional resilience through capacity building, economic support, development, governance assistance, and the creation of robust institutions—making gray zone and economic coercion that much more difficult to bring to bear by building cohesion among nations.⁵⁹ With rising fears of nuclear armageddon as the Russia-Ukraine war rages on in Eastern Europe and China significantly expands its nuclear arsenal, the Indo-Pacific is becoming a central battlefield for revisionist powers and the international rules-based order.⁶⁰ As the region calls for greater Western engagement, AUKUS cannot afford to be the be-all and end-all.⁶¹

Policy Recommendations

Key to Australia's prosperity is the vision of a 'Free and Open Indo-Pacific,' thus it must remain actively seized of its commitment to the international rules-based order. In doing so, it must be prepared to face the threat of a rising revisionist China on all fronts. Australia's

⁵⁹ Ashley Townshend, David Santoro, and Brendan Thomas-Noone, "Revisiting Deterrence in an Era of Strategic Competition — United States Studies Centre," accessed October 23, 2022, <https://www.usssc.edu.au/analysis/revisiting-deterrence-in-an-era-of-strategic-competition>.

⁶⁰ Shannon Bugos, "Pentagon Sees Faster Chinese Nuclear Expansion | Arms Control Association," accessed October 23, 2022, <https://www.armscontrol.org/act/2021-12/news/pentagon-sees-faster-chinese-nuclear-expansion>; Joseph S. Nye, "Is Nuclear War Inevitable?," The Strategist, September 6, 2022, <https://www.aspistrategist.org.au/is-nuclear-war-inevitable/>; "Competing Visions of International Order in the South China Sea," November 29, 2021, <https://www.crisisgroup.org/asia/north-east-asia/china/315-competing-visions-international-order-south-china-sea>.

⁶¹ Anna Powles, "The US in the Pacific: Delivering on Commitments or Déjà Vu?," The Strategist, July 15, 2022, <https://www.aspistrategist.org.au/the-us-in-the-pacific-delivering-on-commitments-or-deja-vu/>; Huong Le Thu, "Biden Must Change the Narrative of Neglect for Southeast Asia," accessed October 23, 2022, <http://www.aspi.org.au/opinion/biden-must-change-narrative-neglect-southeast-asia>.

traditional alliances must remain a foremost priority and it should seek to build upon new ones as mounting aggression from adversaries demands a greater need to pursue collective security in the Indo-Pacific through deterrence. AUKUS is a step in the right direction toward this objective. Moving forward, Australia and its allies cannot afford to ostracize Southeast Asian and Pacific partners. In time, Australia must acknowledge the growing connection between geoeconomics and traditional security, an increasingly unpredictable and dynamic world demanding that Australia adapts as it confronts evolving threats.

Reassess Australia's Maritime Doctrine

In tandem with the Australian government, the RAN should reevaluate the nation's maritime doctrine to reflect the addition of a new powerful deterrent in Australia's arsenal. Sitting at the nexus of three of the world's largest oceans, Australia's national strategy requires a principally maritime approach.⁶² With the increased capability to operate at longer ranges for greater periods of time and the ability to field Tomahawk land-attack missiles, AUKUS submarines significantly enhance the RAN's long-range strike capabilities and give Australia the capability to sustain a greater forward-deployed presence to project power. This will inevitably affect the way the RAN conducts itself at sea.⁶³

As the *2020 Defense Strategic Update* notes, "The nature of current and future threats – including coercion in the region, more capable and active regional military forces, and

⁶² "Australian Maritime Doctrine (2010)," accessed October 23, 2022, <https://www.navy.gov.au/media-room/publications/australian-maritime-doctrine-2010>.

⁶³ Peter Jennings, "AUKUS Sets a Better Direction for Australia's Defence," *The Strategist*, September 16, 2021, <https://www.aspistrategist.org.au/aucus-sets-a-better-direction-for-australias-defence/>.

expanding anti-access and area denial capabilities – requires Defense to develop a different set of capabilities,” thus this profound upgrade in power needs to be mirrored in Australia’s grand strategy going forward.⁶⁴ This would not only aid in assuaging regional concerns of Australian-operated nuclear-powered submarines in the Indo-Pacific but would also help to deepen broader awareness of what AUKUS entails for domestic Australians and RAN personnel as the navy undergoes a meaningful identity change.⁶⁵

Consider Possible ‘AUKUS+’ Cooperation

Australia and its allies should consider possible avenues in which regional partners can be incorporated into a joint AUKUS+ cooperative arrangement in the future. Although prospects for British and American nuclear-powered submarine technology disseminating to other partners outside of Australia are unlikely, AUKUS’ six other branches of effort offer a valuable opportunity for collaboration in these respective scopes:

⁶⁴ “2020 Defence Strategic Update | About | Defence,” Website, accessed October 23, 2022, <https://www.defence.gov.au/about/strategic-planning/2020-defence-strategic-update>.

⁶⁵ John Bruni and Patrick Tyrrell, “AUKUS: A Tale of Politics, Strategy, and Submarines,” *Australian Institute of International Affairs* (blog), accessed October 23, 2022, <https://www.internationalaffairs.org.au/australianoutlook/aucus-a-tale-of-politics-strategy-submarines/>; Dunley, “Nuclear-Powered Submarines Will Change the Identity of the RAN.”; Susannah Patton, “Australia Must Take Southeast Asian Reactions to AUKUS Seriously,” *The Strategist*, September 22, 2021, <https://www.aspistrategist.org.au/australia-must-take-southeast-asian-reactions-to-aucus-seriously/>; Greg Fry, “AUKUS Undermines Australia’s ‘Pacific Family,’” *Devpolicy Blog from the Development Policy Centre* (blog), November 3, 2021, <https://devpolicy.org/aucus-undermines-australias-pacific-family-20211104/>.

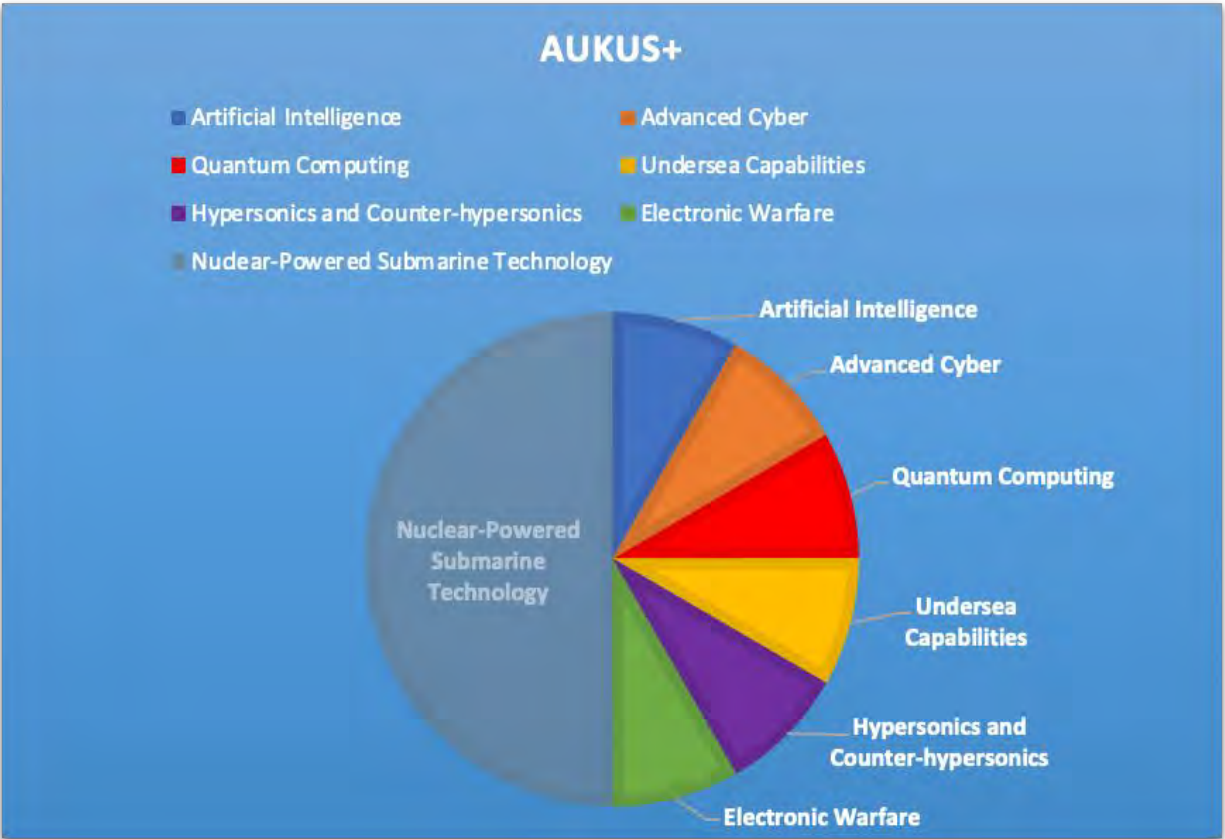


Figure 1: Possible avenues of AUKUS+ cooperation

If integrated deterrence is at the forefront of Western nations’ strategic approach to tackling China and its aggressive expansion in the Indo-Pacific, investments need to be made to boost commitments to high-end capability integration to strengthen deterrence vis-à-vis China in the short to medium term.⁶⁶ In the near term, much of this cooperation will in all likelihood include members of the QUAD grouping who are not currently participating in the AUKUS arrangement.

⁶⁶ Townshend, Santoro, and Thomas-Noone, “Revisiting Deterrence in an Era of Strategic Competition — United States Studies Centre.”

In the future, however, Western allies should contemplate extending technology and information-sharing efforts to equip Indonesia, Malaysia, Thailand, the Philippines, Vietnam, and other Southeast Asian nations with counter-A2AD capabilities in order to complicate China's risk calculus in the Southeast Asian littoral.⁶⁷ The real potential of AUKUS+ cooperation lies in its ability to blaze a trail to the formation of a coalition of like-minded countries that have been affected by Chinese economic coercion, developing collective economic security measures to push back against the nation's unchallenged coercive methods in the economic sphere.⁶⁸ This is paramount as Australia and its Western allies struggle to build regional resilience in the Indo-Pacific and offer states an alternative to China's emerging economic pre-eminence.

Conclusion

Australia is in an increasingly changing world in which the advent of globalization and technological advancements have rendered the way we traditionally view the world obsolete. In this new world, threats in the traditional sense, such as military and ideological dangers, are rivaled by other issues, such as those that are economic. As the nature of these threats evolves, Australia and its allies must evolve along with them. Although AUKUS is a step in the right direction, Australia's efforts cannot stop there. Peering into the future, peace and stability in the Indo-Pacific depend on how Australia and the United States approach the

⁶⁷ Chester Cabalza and Joshua Espeña, "Philippines' Subs: The AUKUS Inspiration | Lowy Institute," accessed October 24, 2022, <https://www.loyyinstitute.org/the-interpretor/philippines-subs-aucus-inspiration>; Townshend, Santoro, and Thomas-Noone, "Revisiting Deterrence in an Era of Strategic Competition — United States Studies Centre."

⁶⁸ Fergus Hanson Beattie Emilia Currey, Tracy, "The Chinese Communist Party's Coercive Diplomacy," accessed October 24, 2022, <http://www.aspi.org.au/report/chinese-communist-partys-coercive-diplomacy>.

region, the challenge of managing risks and balancing opportunities whilst remaining ahead of evolving threats becoming ever more important as the world moves forward.

Appendix A – Detailed information on Chinese economic and diplomatic coercion

CHINESE ECONOMIC & DIPLOMATIC COERCION			
YEAR	COUNTRY	PRECIPITATING ACTION	COERCIVE TACTIC
2010	Norway	Norwegian Nobel Committee grants Nobel Peace Prize to Chinese human rights activist Liu Xiaobo	Salmon imports from Norway blocked; Free Trade Agreement talks frozen.
2010	Japan	Japanese authorities arrest Chinese fishing trawler captain after collision with a Japanese patrol boat near the disputed Senkaku/Daiyu islands.	Rare earth exports to Japan halted.
2012	Philippines	China-Philippines confrontation at the disputed Scarborough Shoal	Tropical fruit imports from the Philippines blocked; tourism restricted.
2016	Mongolia	Ulaanbaatar hosts a visit by the Dalai Lama.	Fees levied on commodity imports from Mongolia
2016	South Korea	South Korea deploys U.S. Terminal High Altitude Area Defense (THAAD) anti-missile system.	South Korean products boycotted; tourism restricted; certification of Korean batteries for hybrid-electric vehicles rejected, blocking Korean companies from Chinese electrical vehicle (EV) markets.
2016	Taiwan	Refusal to endorse the 'One China Policy.'	Diplomatic contact suspended; tourism restricted.
2017	Palau	1999 diplomatic recognition of Taiwan; growing relations with Taipei.	Restrictions placed on tourism, pressuring the tourism-heavy Palauan economy.
2018	Australia	Huawei and ZTE banned from Australian 5G networks; Australian airlines receive Chinese backlash for listing Taiwan as a country rather than a Chinese territory.	Trade restrictions placed on Australian coal, wine, barley, copper, sugar, timber, and lobster imports.
2018	Canada	Arrest of Huawei CFO Meng Wanzhou by Canadian authorities.	Trade restrictions placed on Canadian canola seeds, oil, meal, beef, and pork; Canadian citizens Michael Kovrig and Michael Spavor illegally detained by Chinese authorities.
2019	New Zealand	Huawei-made equipment banned from its 5G mobile network.	China-NZ "Year of Tourism" postponed.
2019	Sweden	Rights Prize awarded to Swedish dissident Gui Minhai under detention in China.	Restrictions placed on economic ties and trade with Sweden; visas denied to reporters from Sweden who criticize China.
2019	Czech Republic	Prague signs sister city deal with Taipei.	Shanghai cuts ties with Prague; official contact ended.
2020	United Kingdom	UK support for pro-democracy protestors in Hong Kong.	Shanghai-London stock connect ended
2020	Australia	Australia calls for an independent inquiry into the origins of COVID-19.	Trade restrictions placed on Australian coal, barley, beef, copper, cotton, sugar, timber, wine, lobsters, sugar, wheat, wool, and beer.
2021	Sweden	Ban on Huawei 5G in the telecom market.	Ericsson's market shares in 5G radio tender reduced.
2021	Lithuania	Taipei opens "Taiwanese Representative Office" in Vilnius.	Rail freight suspended; Lithuania delisted as a country of origin, halting all trade.
2022	Taiwan	Taipei hosts a visit by a U.S. congressional delegation and U.S. House of Representatives Speaker Nancy Pelosi.	Visa bans and other sanctions placed on 7 senior Taiwanese officials; Chinese military exercises launched in the seas and skies surrounding Taiwan.

Appendix B – Improved power acceptance/rejection spectrum

HEDGING BEHAVIOR						
Risk-Contingency Options <i>("Cross bet" transactions)</i>			Returns-Maximizing Options <i>(Core transactions)</i>			
-2 Indirect-balancing <i>(To minimize security risks by forging military alignment, but without directly targeting any power, at least not explicitly)</i>	-1 Dominance-denial <i>(To minimize political risks of subservience by cultivating balance-of-political-power in the region)</i>	0 Economic-pragmatism <i>(To maximize economic benefits by pragmatically forging direct commercial links)</i> Economic diversification <i>(To minimize economic risks of dependence by diversifying economic links)</i> "Economic hedge"	+1 Binding-engagement <i>(To maximize diplomatic benefits by engaging & binding a big power bilaterally and multilaterally)</i>	+2 Limited-bandwagoning <i>(To maximize political benefits by selectively giving deference &/or selectively forging foreign policy collaboration)</i>		
Balancing Strategy <i>(Full scale)</i>	"Military hedge"	"Political hedge"			Bandwagoning Strategy <i>(Full scale)</i>	
Degree of Power Rejection			Degree of Power Acceptance			
Strongly West aligned -3	Moderately West aligned -2	Weakly West aligned -1	Non-aligned 0	Weakly China aligned 1	Moderately China aligned 2	Strongly China aligned 3