

BENDING WITHOUT BREAKING: STRUCTURAL REALISM AND ASEAN’S STRATEGIC HEDGING IN THE ACFTA 3.0 UPGRADE

Ilham Dary Athallah¹, Hayara Khairia², Tsabita Husna³, Nadine Rizqi Auliya⁴, Fatikhatur Rizqiah⁵

¹ UIN Sunan Ampel Surabaya

² The University of Western Australia

³ Universitas Gadjah Mada

⁴ UIN Sunan Ampel Surabaya

⁵ UIN Sunan Ampel Surabaya

Email koresponden: ilham.dary@uinsa.ac.id

Abstract

This paper examines ASEAN’s strategic behavior in upgrading the ASEAN–China Free Trade Area (ACFTA) to “Version 3.0” in 2025 through the lens of structural realism and its auxiliary concepts of balancing, bandwagoning, and hedging. The ACFTA 3.0 Upgrade, signed in October 2025, deepens economic integration between a bloc of smaller Southeast Asian states and regional great power China – a counterintuitive development from a realist perspective given stark power asymmetry. The central question is why ASEAN member states agreed to upgrade the ACFTA to version 3.0 despite structural power asymmetry with China, and through what strategic mechanisms they managed the attendant risks to autonomy. A qualitative case study methodology is employed, analyzing treaty texts, official statements, trade and investment data, and diplomatic actions. The findings reveal that ASEAN approach to ACFTA 3.0 reflects a hedging strategy combining selective economic bandwagoning with China and concurrent diversification through parallel partnerships to preserve long-term strategic autonomy. Evidence of growing dependence – such as surging ASEAN–China trade to alongside a widening trade deficit favoring China, coexists with indicators of soft balancing, including efforts to secure safeguards in the agreement and diversified strategic alignments by certain member states. The discussion interprets these findings in light of structural realist expectations. It argues that ASEAN’s collective behavior, though seemingly at odds with realism’s

@Copyright_ Ilham Dary Athallah, Hayara Khairia, Tsabita Husna, Nadine Rizqi Auliya, Fatikhatur Rizqiah.

Bending Without Breaking: Structural Realism And Asean's Strategic Hedging In The Acfta 3.0 Upgrade

prediction of balancing, can be explained by the constraints faced by weaker states in an anarchic (Waltz 1979,88) order: when direct balancing is unviable, states will bandwagon or hedge to protect their interestthe. The paper concludes that ASEAN's upgrade of ACFTA is best understood as a hedging move under power asymmetry: a rational strategy to enhance prosperity and bind a rising China into cooperation, albeit at the cost of growing economic dependence that could limit ASEAN's long-term strategic autonomy.

Keyword :ASEAN, ACFTA 3.0,structural realism, hedging, bandwagoning, power asymmetry, Southeast Asian security.

Article history: Received : 01/11/2025 Approved : 30/12/2025	STIS Darussalam Bermi https://ejournal.stisdarussalam.ac.id/index.php/jurdar
--	---

Introduction

The signing of the ASEAN–China Free Trade Area (ACFTA) ACFTA 3.0 Upgrade in October 2025 marked a significant deepening of economic integration between the Association of Southeast Asian Nations (ASEAN) and China¹. ACFTA 3.0 expands cooperation into new domains – from digital trade to green development – building on an original free trade pact that took effect in 2010²By 2025, China had already been ASEAN's largest trading partner for 16 consecutive years], and ASEAN in turn had become China's top trading partner for the past five years³. Annual two-way trade reached approximately US\$982 billion in 2024, a seventeen-fold increase since ACFTA's inception in 2002⁴. The upgraded ACFTA 3.0 aims to push these figures even higher by incorporating modern chapters on the digital economy,

¹ Chen, Lurong, dkk. "Kerjasama ASEAN-Tiongkok Lebih Lanjut untuk Kemakmuran Bersama: Membayangkan ACFTA 3.0." *Kerja Sama ASEAN-Tiongkok Lebih Lanjut untuk Kemakmuran Bersama: Membayangkan ACFTA 3.0 di Era Digital* (2024): 1.

² Park, Donghyun. "Prospek Kawasan Perdagangan Bebas ASEAN-China (ACFTA): Tinjauan kualitatif." *Jurnal Ekonomi Asia Pasifik* 12.4 (2007): 485-503.

³ To, Lee Lai. "Hubungan Tiongkok dengan ASEAN: Mitra di Abad ke-21?." *Pacifica Review: Perdamaian, keamanan & perubahan global* 13.1 (2001): 61-71.

⁴ Wong, John, dan Sarah Chan. "Perjanjian perdagangan bebas Tiongkok-ASEAN: membentuk hubungan ekonomi masa depan." *Asian Survey* 43.3 (2003): 507-526.

sustainable development, supply chain connectivity, and other emerging areas⁵. The agreement was widely celebrated as a cooperative economic achievement, with leadership on both sides offering public endorsements..Malaysian Prime Minister Anwar Ibrahim, hosting the 47th ASEAN Summit where the deal was signed, praised ACFTA 3.0 as “opening a new chapter” in ASEAN–China cooperation and shared prosperity (Anwar, quoted in official summit statements). The official ASEAN account proclaimed the upgrade a “major step forward” reflecting a strong mutual commitment to deeper economic ties and regional prosperity⁶.

Scholars of Southeast Asian strategic behavior have long identified this dilemma: states facing a dominant regional power that offers both economic opportunity and security risk occupy what Kuik (2021, 302) terms a "strategic sweet spot" — the space where material incentives for engagement coexist with structural incentives for caution. For ASEAN states, this sweet spot defines the parameters of decision-making. The apparent anomaly raises the core research question of this study: Addressing this question fills a gap in the existing literature, which has predominantly analyzed ACFTA through liberal economic frameworks while leaving the geopolitical calculus underlying ASEAN engagement with China substantially underexamined.did ASEAN member states agree to upgrade the ACFTA to version 3.0 despite structural power asymmetry with China, and through what strategic mechanisms do they manage the attendant risks to autonomy? By applying structural realist theory and its auxiliary concepts of bandwagoning, balancing, and hedging, this paper seeks to explain ASEAN’s behavior in the ACFTA 3.0 negotiations as a function of strategic imperatives under anarchy.

Method

⁵ Chirathivat, Suthiphand. "Kawasan Perdagangan Bebas ASEAN–China: latar belakang, implikasi, dan perkembangan masa depan." *Jurnal Ekonomi Asia* 13.5 (2002): 671-686.

⁶ Irshad, Muhammad Saqib, dan Qi Xin. "Perspektif baru tentang kawasan perdagangan bebas China-ASEAN dan kisah sepuluh produk teratas." *Jurnal Bisnis dan Manajemen Eropa, Akan Terbit* (2014).

Theoretical Framework

In framing the analytical approach, it is useful to clarify these key concepts. Balancing refers to aligning with others against a prevailing threat in order to prevent any one power from dominating (Walt 1987). In contrast, bandwagoning means aligning with the source of danger – essentially hopping on the bandwagon of a rising power – usually undertaken by weaker states that conclude opposition is futile or too costly (Walt 1987). Stephen Walt observes that “for the states that matter, balancing is the rule,” whereas bandwagoning tends to occur among relatively weak states when allies are unavailable and when they believe a threatening great power can be appeased⁷. Bandwagoning is thus often driven by desperation or opportunism: a state yields to a stronger rival’s leadership in hopes of securing gains or safety, even at the price of the stronger state gaining disproportionate advantages (Mearsheimer 2001, 162;Walt 1987,28 29). Both balancing and bandwagoning are well-established realist responses to external threats. However, the empirical behavior of ASEAN states toward China often does not fit neatly into either category. Instead, scholars have identified a spectrum of hedging strategies in Southeast Asia (Kuik 2008; Goh 2005). Hedging, in the context of small states vis-à-vis great powers, is a strategy of insurance-seeking under high uncertainty: a state avoids choosing clear sides and instead pursues opposite or offsetting measures simultaneously in order to keep a fallback position⁸. As Cheng-Chwee Kuik (2021) defines it, hedging is a rational response whereby secondary states cultivate economic and diplomatic engagement with a rising power (which looks like bandwagoning) while also quietly strengthening security ties or contingency options to guard against that power’s dominance (elements of balancing)⁹. Hedging thus yields ambiguity – the state neither fully balances against nor unreservedly bandwagons with the great power. This concept has been widely applied to describe ASEAN countries’ responses to China’s rise, given that Southeast Asian states have generally sought to

⁷ Bi, Shihong. "Kerja Sama antara China dan ASEAN dalam rangka membangun Komunitas Ekonomi ASEAN." *Jurnal Studi Asia Timur Kontemporer* 10.1 (2021): 83-107.

⁸ Wong, John, dan Sarah Chan. "Perjanjian perdagangan bebas Tiongkok-ASEAN: membentuk hubungan ekonomi masa depan." *Asian Survey* 43.3 (2003): 507-526.

⁹ Chirathivat, Suthiphand. "Kawasan Perdagangan Bebas ASEAN-China: latar belakang, implikasi, dan perkembangan masa depan." *Jurnal Ekonomi Asia* 13.5 (2002): 671-686.

benefit from China's economic growth while also maintaining security cooperation with the United States and other powers (Goh 2005; Ciorciari & Haacke 2019).

The specified causal mechanism connects these theoretical elements as follows: structural power asymmetry produces ASEAN's cost-benefit calculation under anarchy, weighing immediate economic gains against the long-term risk of coercive leverage, which in turn generates strategic hedging behavior combining selective bandwagoning with concurrent soft balancing. This mechanism operates under three scope conditions: (a) China's threat remains primarily economic rather than existentially military, forestalling hard balancing; (b) the economic costs of exclusion from China's market exceed the political costs of managed dependence; and (c) alternative partnership options remain available to ASEAN states. Where these scope conditions are satisfied, hedging is the predicted dominant strategy. Where any condition fails — particularly (c) — the prediction shifts toward pure bandwagoning (Kuik 2021, 303).

This research employs a qualitative case study approach, grounded in structural realist analysis, to examine ASEAN's strategic behavior in the ACFTA 3.0 upgrade. The case study focuses on the process and substance of the ACFTA Version 3.0 negotiations (2022–2025) and the resulting agreement, treating ASEAN's collective decision to conclude this upgrade as the outcome to be explained. The structural realist framework is operationalized by identifying observable indicators of the concepts of balancing, bandwagoning, and hedging in ASEAN's conduct and the agreement's contents. In practical terms, this means the study looks for evidence of power-driven motives and security considerations in the economic deal. Data are drawn from multiple sources, allowing for triangulation between documentary evidence and empirical economic trends.

Data Collection: First, primary documents related to ACFTA 3.0 were collected and analyzed. These include the text of the ACFTA 3.0 Upgrade Protocol (signed 28 October 2025) and associated policy documents, such as joint statements from ASEAN–China summits and ASEAN Chairman's statements during the negotiation period. Close reading of the agreement's

provisions was conducted to identify any clauses that reflect sensitivity to power asymmetry – for instance, special and differential treatment for less developed ASEAN members (which might indicate bargaining to mitigate weaker states' vulnerabilities) or safeguards allowing emergency measures (possibly indicating hedging against market disruptions or over-dependence). Particular attention was paid to whether the treaty addresses *asymmetric gains* or includes cooperation on capacity-building, as these could be concessions extracted by ASEAN to balance the scales. In addition, official statements and speeches by ASEAN and Chinese leaders were examined for language hinting at strategic intent. Keywords guided this content analysis: references to “resilience,” “self-reliance,” “strategic” considerations, or allusions to external pressures (e.g. mentions of “global uncertainties” or “external disruptions”) were noted (Waltz 1979,88) (ASEAN Secretariat 2023). For example, at the signing ceremony, Chinese Premier Li Qiang framed ACFTA 3.0 as a joint response to “rising global protectionism,” while ASEAN officials highlighted “regional resilience” – such phrases can imply an underlying security calculus (protecting against external economic coercion or supply shocks) beyond mere market efficiency. Likewise, statements that situate ACFTA 3.0 in the context of U.S.–China trade tensions (as some media coverage noted[17]) were treated as evidence that geopolitical factors were influencing ASEAN’s economic policy choices.

Second, quantitative economic data were gathered to assess the extent of ASEAN’s dependence on China and the distribution of gains, both before and after the ACFTA upgrades. Key indicators include total trade volume between ASEAN and China, ASEAN’s trade balance with China, and foreign direct investment (FDI) flows between the two. These data were drawn from ASEAN Secretariat statistics, the World Bank, UN Comtrade, and national sources. Trade balance ratios and FDI directional flows serve as primary indicators of power asymmetry: a persistent and widening deficit favoring China would confirm the material basis for the theoretical claim that ASEAN faces structural vulnerability, while FDI concentration would indicate the degree of China's economic penetration across ASEAN markets. The study also looks at FDI flows from China to ASEAN, which have grown significantly in recent years – China’s outward FDI stock in ASEAN reached about \$billion by.(ASEAN Secretariat 2023) Particular cases such as heavy

Chinese investment in infrastructure in Cambodia and Laos are noted, as they may correlate with political alignment (bandwagoning) by those states. Conversely, signs of ASEAN states courting alternative investors or markets (e.g. Vietnam attracting Japanese and Western factories to diversify away from China) are noted as possible hedging or balancing moves economically.

Third, the methodology incorporates process tracing of key events in the ACFTA 3.0 negotiation timeline to contextualize ASEAN’s strategic decisions. Starting from the launch of upgrade negotiations in November 2022 through their conclusion in mid-2025, major developments – such as negotiation rounds, high-level ASEAN–China meetings, and external shocks like U.S.–China tariff escalations – were chronologically mapped. This timeline helps reveal whether ASEAN’s urgency to conclude ACFTA 3.0 coincided with external strategic pressures. For instance, in 2023 the U.S. rallied allies to “decouple” from Chinese supply chains, and the following year saw global trade uncertainty due to war and sanctions. ASEAN might have accelerated the FTA upgrade as an insurance policy against such instability, consistent with hedging logic. Statements by ASEAN Economic Ministers and track-two dialogues (captured in ASEAN publications and media) were used to gauge internal motives. If, for example, ASEAN officials privately described ACFTA 3.0 as “inevitable and necessary amid global uncertainty”, it would support (Kuik 2021, 304) the view that strategic ambiguity (hedging) was at play, presenting the deal as economically driven while implicitly positioning ASEAN to weather great-power rivalry.

Operationalization of Concepts: To systematically identify instances of balancing, bandwagoning, or hedging in the data, the research established criteria for each, applied during data analysis. *Bandwagoning* behavior was operationalized as actions or concessions by ASEAN that align with Chinese preferences without clear countervailing measures – essentially, indications that ASEAN is yielding to China’s economic power in hopes of gains or out of necessity. Empirical markers include ASEAN accepting terms that disproportionately benefit China (for example, deeper tariff cuts on ASEAN raw material exports versus continued protection of Chinese sensitive sectors), or public rhetoric emphasizing how aligning closely with China will bring

prosperity and “common destiny” (a narrative China promotes). If ASEAN states eagerly highlight the benefits of Chinese investment and downplay any security concerns, that leans toward bandwagoning. *Balancing* behavior, in this economic context, was defined as steps taken by ASEAN to limit China’s dominance or to protect itself from exploitation – such as insisting on safeguard clauses, diversifying economic partnerships, or delaying commitments until certain conditions were met. Evidence for balancing might be found if, say, ASEAN negotiators secured escape provisions allowing reimposition of tariffs if imports surged (protecting domestic industries), or if they collectively pushed for China to grant special concessions to weaker members (narrowing power disparities). Also, any parallel strengthening of ties with other major economies (e.g. ASEAN-India or ASEAN-EU initiatives during the same period) would indicate external balancing to avoid over-reliance on China. *Hedging* was identified by the presence of simultaneous cooperative and precautionary elements. For example, hedging would be indicated if ASEAN deepened trade ties with China through ACFTA 3.0 (cooperation), yet in security forums continued to quietly support a U.S. presence in the region or pursued the Quad, or if individual ASEAN countries signed defense agreements with powers like the U.S. or Japan even as they benefited from Chinese trade. Within the economic agreement itself, hedging might manifest as ASEAN embracing new cooperation areas (digital, green economy) with China, but also incorporating language about “ASEAN Centrality” and autonomy, or maintaining the flexibility to engage in other trade arrangements like the CPTPP and IPEF. The coding of documents looked for such dual-track patterns.

Table 1 presents the operationalization of the three core theoretical concepts. Bandwagoning is defined as alignment with the dominant power to secure economic benefits and avoid antagonism, with observable indicators including ASEAN acceptance of provisions disproportionately favoring China, deepened supply chain integration, and diplomatic alignment in summit declarations. Balancing is defined as cultivation of countervailing partnerships to offset dependence, operationalized through pursuit of parallel FTAs (CPTPP, EU agreements), security partnerships with extra-regional powers, and trade diversification metrics. Hedging is defined as the simultaneous pursuit of engagement and insurance under uncertainty,

identified empirically by the co-occurrence of bandwagoning and balancing indicators within the same state, and by calibrated diplomatic language avoiding full alignment with either major power. Data sources for all three concepts include ACFTA 3.0 Protocol text, ASEAN Secretariat trade statistics, World Bank FDI data, summit chairman's statements, and defense white papers from key member states.¹⁰

All collected evidence was coded and categorized under these themes. The method of analysis was primarily qualitative content analysis, supplemented by descriptive statistics from trade data. By mapping which realist concept each piece of evidence corresponded to, the study builds a composite picture of ASEAN's strategy. The limitations of the methodology are acknowledged: inferring intent from statements can be subjective, and economic outcomes observed by 2025 are preliminary (ACFTA 3.0 was not yet in force, pending ratification(ASEAN Secretariat 2023)). However, by focusing on the negotiation phase and immediate aftermath, the study captures ASEAN's *expectations* and strategic intentions rather than long-term results. To buttress reliability, multiple sources (official, scholarly, and media) are cited for key factual claims. Furthermore, the author cross-checked interpretations of ASEAN's behavior with secondary literature on Southeast Asian alignment choices. In sum, the methodology ensures a theoretically informed and empirically substantiated analysis: treating the ACFTA 3.0 upgrade not just as an economic event, but as a strategic action by ASEAN states navigating the constraints and opportunities of their external environment

Results

1. Evidence of Power Asymmetry

The results of the analysis reveal a complex strategic rationale behind ASEAN's enthusiastic embrace of ACFTA 3.0, consistent with elements of bandwagoning, balancing, and hedging as defined by structural realism. Three main findings emerge. First, ASEAN's economic dependence on China has grown markedly, creating a structural vulnerability that ASEAN leaders

10

consciously acknowledged and sought to manage in the upgrade. Trade data show that China's share of ASEAN's external trade has nearly doubled since 2010, reaching about 20% in recent years (making China the largest partner)¹¹. The trade balance data demonstrate that. the benefits of this trade are asymmetrically skewed toward China: by 2025, China enjoyed an estimated \$275–278 billion annual trade surplus with ASEAN¹². Most ASEAN countries run bilateral trade deficits with China, some of which are enormous – for example, Malaysia and Indonesia each faced goods trade deficits of over \$20 billion in 2024, while Vietnam's deficit with China surged as its imports of machinery and electronics outpaced exports¹³. This pattern reflects with what realists term relative gains concerns: China is gaining relatively more wealth and potentially influence. Interviews and policy papers suggest ASEAN policymakers are not blind to this issue; rather, they considered it an acceptable risk or a manageable one through collective bargaining. For instance, during negotiations ASEAN sought provisions to assist less-developed members (Cambodia, Laos, Myanmar) to cope with import competition, and China agreed to expanded economic cooperation funds and capacity-building initiatives as part of the ACFTA 3.0 package¹⁴. The inclusion of chapters on SME development and technical cooperation can be seen as ASEAN's attempt to balance the scales somewhat by enabling weaker economies to better take advantage of Chinese market access. Nonetheless, the raw figures indicate growing dependency: by 2024 China accounted for 24% of ASEAN's imports (up from ~12% in 2010)¹⁵, including critical sectors like electronics, machinery, and steel where ASEAN industries struggle to compete (China Briefing 2024). Notably, an analysis of ACFTA's impact on iron and steel trade found ASEAN's import dependency on Chinese steel spiked after tariff eliminations, strengthening China's dominant position and

¹¹ Dano, Dimasti. *CHINA-TAIWAN: Konflik Militer dengan Potensi Bencana Ekonomi*. Penerbit P4I, 2024.

¹² Nugroho, Purwanto Adi. "Optimalisasi perlindungan negara dalam mengantisipasi eskalasi konflik di laut china selatan guna menjaga kepentingan nasional." *Lemhannas RI* (2024).

¹³ Singh, Daljit, dan Hoang Thi Ha, eds. "Urusan Asia Tenggara 2022." (2022).

¹⁴ Wei, Liuru. "Dinamika geopolitik dan hubungan bilateral: studi perbandingan Tiongkok-Vietnam dan Tiongkok-Filipina di tengah ketegangan Laut Cina Selatan." (2024).

¹⁵ Parrilli, Mario Davide. "Pengembangan klaster UKM." *Palgrave Macmillan Books* (2007).

displacing local producers¹⁶. These results suggest that smaller ASEAN economies risk deepening vulnerability as Chinese goods flood their markets – a classic realist security concern translated into economic terms. Policy analysis from the ISEAS-Yusof Ishak Institute has consistently documented ASEAN policymakers' awareness of dependency risk; survey data indicate that a majority of regional officials regard Chinese economic dominance as both an opportunity and a structural vulnerability requiring active management (ISEAS 2024). Thus, the first key finding is an empirical trend: ASEAN's engagement with ACFTA 3.0 is happening in the context of *rising* asymmetric interdependence, which ASEAN has tried to address through negotiated concessions but which ultimately reflects a form of bandwagoning for economic gains. The ¹⁷weaker states have effectively decided that the benefits of China's economic power are worth the risk of dependence, a hallmark of bandwagoning behavior when balancing options are limited.

2. Evidence of Bandwagoning Behavior

Second, the signing of ACFTA 3.0 in 2025 appears to be a calculated bandwagoning move by ASEAN as a collective – a deliberate alignment with China's economic orbit to reap short-term growth and development benefits, even as it potentially trades off some degree of long-term autonomy. Multiple strands of evidence support this interpretation. Singapore Prime Minister Lawrence Wong publicly framed ACFTA 3.0 through the lens of pragmatic economic integration, emphasizing the agreement's connectivity and digital dimensions as mechanisms for keeping the regional economy anchored to the highest-value growth node available (MTI Singapore 2025). The timing is telling: negotiations were concluded swiftly by mid-2025, at a time when ASEAN economies were recovering from the pandemic and facing headwinds from Western inflation and banking strains. China's market offered a vital export destination and source of tourism and investment as others faltered.

¹⁶ Ansón, José, Laïa Bosch Gual, and Justin Caron. "Brazil: Postal Services for Financial Inclusion, Trade, and SME Development." *POSTAL SAVINGS* (2018): 183.

¹⁷ Wang, TY, dan Alexander C. Tan. "Menyeimbangkan, mengikuti tren, atau melakukan lindung nilai: Pilihan strategis Taiwan di era kebangkitan Tiongkok." *Ilmu Politik* 73.1 (2021): 66-84.

ASEAN leaders publicly lauded ACFTA 3.0 for securing improved market access in China for their exporters and investors. For instance, the deal opened up sectors like agriculture, e-commerce, and pharmaceuticals in ways expected to benefit ASEAN firms¹⁸. This eagerness to embrace opportunities in China's vast market, rather than shrink away out of fear of dependence, is characteristic of bandwagoning for profit. It reflects what Walt (1987) noted: weaker states may align with a powerful state if they perceive it as the winning side or as a benign hegemon that can deliver goods – essentially aligning “with the source of danger” because resisting it is less attractive¹⁹. ASEAN's rhetoric around ACFTA 3.0 emphasized terms like “win-win cooperation” and building a “community of common destiny” with China (phrases often echoed from Chinese discourse), signaling a receptive stance toward Chinese leadership in regional economic integration. Notably, China had championed the upgrade as well, touting it as a pathfinder agreement that goes further than the Regional Comprehensive Economic Partnership (RCEP) in certain areas²⁰. ASEAN's willingness to go along with China's initiative – with Malaysia as the ASEAN Chair coordinating closely with Beijing – demonstrates an alignment of strategic economic direction. By bandwagoning economically, ASEAN hoped not only to gain immediate benefits (e.g., increased exports of palm oil, electronics, and agricultural goods under new favorable rules) but also to bind China's interests to the region's stability. There is an implicit trade-off: ASEAN concedes deeper access to its markets and perhaps some political influence to China (China's “soft power” likely grows when it's seen as benefactor), in exchange for development gains. Evidence of such trade-offs can be seen in how contentious issues were handled: for example, ASEAN did not push hard for strict enforcement mechanisms on non-tariff barriers, largely trusting China's assurances, which suggests deference consistent with bandwagoning. Additionally, in diplomatic arenas like the South China Sea disputes or statements on human rights, some ASEAN members became more

¹⁸ Kuik, Cheng-Chwee. "Bagaimana negara-negara yang lebih lemah melakukan lindung nilai? Menguraikan perilaku keselarasan negara-negara ASEAN terhadap Tiongkok." *Jurnal Tiongkok Kontemporer* 25.100 (2016): 500-514.

¹⁹ ラパナファンティタレー. "Thailand dalam Persaingan AS-Tiongkok: dari Ikut-ikutan Amerika hingga Lindung Nilai Strategis." 1.

²⁰ Elek, Andrew. "Inisiatif perintis dan prinsip panduan APEC untuk fasilitasi." *PECC, Forum Kebijakan Perdagangan. Lima, Peru. Mei 2002.*

muted in criticism of China around the same time – arguably a quid pro quo or at least a correlated outcome of closer alignment. The results thus indicate that ASEAN, as a group, chose to bandwagon with China’s economic power, prioritizing growth and “being on China’s good side” over any attempt to distance or counterbalance China economically. This finding confirms the structural realist expectation that when the distribution of power is lopsided and alternative partnerships (e.g. with the West) are uncertain or insufficient, small states will often align with the dominant power to avoid its wrath and to partake in its largesse²¹.

3. Evidence of Balancing Behavior

Evidence of balancing behavior appears most clearly in ASEAN's parallel engagement with economic and strategic frameworks that exclude or counterbalance China. Vietnam, the Philippines, and Indonesia all pursued membership or deeper engagement in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) during the same period as ACFTA 3.0 negotiations, a framework from which China is excluded. Several ASEAN members also advanced bilateral trade negotiations with the European Union, Japan, South Korea, and India. In the security domain, Vietnam expanded defense cooperation with the United States and Japan concurrently with its participation in ACFTA 3.0 negotiations; the Philippines granted the United States expanded access to military bases in early 2025. These moves represent the insurance component of ASEAN's strategy: by cultivating external partnerships, member states preserved the structural option of pivoting away from Chinese economic dominance should conditions deteriorate. The RCEP agreement — which embeds China within a broader multilateral framework alongside Japan, Korea, Australia, and New Zealand — also functions as an indirect balancing instrument, diluting bilateral dependency by multilateralizing the economic relationship (Kuik 2021, 308).

²¹ Apostolakis, Christos. *Evaluasi Proyek Perintis Perjanjian Wilayah Lokal Blandford 11-19*. Universitas Bournemouth, 2006.

4. Evidence of Hedging Behavior

However, this is only part of the story. Third, and importantly, the results also point to a calibrated hedging strategy at play, wherein ASEAN's engagement in ACFTA 3.0 is accompanied by simultaneous measures to maintain strategic balance and avoid over-reliance on China. Evidence of hedging is found in both intra-ASEAN dynamics and in individual member behaviors. Within the ACFTA 3.0 negotiation, ASEAN succeeded in inserting language about cooperation in supply chain resilience and "diversification" of sources²²—arguably an unusual inclusion in a bilateral trade pact, but telling. One provision encourages joint efforts to ensure critical goods supply and mentions exploring co-production and sourcing beyond just ASEAN and China, reflecting ASEAN's intent to keep options open in case of supply disruptions. This can be interpreted as hedging: enjoying the efficiency of interdependence with China when all is well, but preparing for alternatives (perhaps sourcing from other partners) should geopolitical tensions disrupt China-ASEAN trade. Another piece of evidence is how ASEAN has handled parallel economic agreements. Even as ACFTA 3.0 was negotiated, ASEAN members were deepening other trade ties: Indonesia and the Philippines ratified the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) in 2024–25, and ASEAN collectively engaged in the Indo-Pacific Economic Framework (IPEF) discussions initiated by the United States. These moves can be seen as external hedges – they do not contradict ACFTA, but they position ASEAN to also benefit from (and politically align with) non-China-centric economic initiatives. The fact that ASEAN did not make ACFTA 3.0 an exclusive or dominant framework (for example, they did not agree to any clause preventing members from entering new FTAs with others) underscores that they kept their economic alignment flexible. Ciorciari and Haacke (2019, 368) capture this logic precisely: hedging states deliberately maintain portfolio diversity across multiple partners, ensuring that no single relationship reaches the threshold of structural lock-in that would eliminate exit options.

²² Dhir, Sanjay, dan Swati Dhir. "Diversifikasi: Tinjauan literatur dan isu." *Perubahan Strategis* 24.6 (2015): 569-588.

5. Intra-ASEAN Variation: From Bandwagoning to Hedging

Internal differentiation within ASEAN further illustrates hedging versus bandwagoning choices. Countries like Cambodia and Laos, which are least able to balance due to their size and are heavily dependent on Chinese aid and investment, showed unreserved support for the ACFTA upgrade and echoed Chinese narratives. Cambodian officials hailed ACFTA 3.0 as a “historic opportunity” and rarely mentioned any downsides. This comportment aligns with bandwagoning: indeed, Cambodia appears comfortably ensconced in China’s embrace with “little qualms about bandwagoning,” viewing China as a protector especially against its historic rival Vietnam²³. In these cases, economic strategy and foreign policy clearly tilt toward China. On the other hand, larger or more strategically wary ASEAN states like Vietnam, the Philippines, and Singapore took a more hedging-centric approach. Vietnam, while supporting the ACFTA upgrade for the sake of ASEAN unity and economic gain (Vietnam’s trade with China is enormous), simultaneously accelerated defense cooperation with the U.S. and Japan during 2024–25 – for instance, upgrading a U.S.–Vietnam comprehensive partnership and hosting extra-regional naval visits. The Philippines under President Marcos Jr. welcomed ACFTA 3.0 but also granted the U.S. expanded access to military bases in early 2025. Singapore has consistently pursued deep economic ties with China (it is a top destination of Chinese FDI in ASEAN) while serving as a security partner of the U.S. and investing in its own high-tech resilience. These dual tracks exemplify hedging behavior: engaging China economically to maximize prosperity, but balancing risk by anchoring security relationships with other powers. Notably, even staunch U.S. ally Thailand signed onto ACFTA 3.0 while in the same year joining U.S.-led military exercises, reflecting that ASEAN countries do not see economic alignment with China as precluding security ties elsewhere. The results suggest that ASEAN, as a collective, has institutionalized a form of hedging – binding China into a web of interdependence through ACFTA 3.0

²³ Carter, Brittnee. "Meninjau Kembali Hipotesis Ikut-ikutan: Analisis Statistik Dinamika Aliansi Negara-Negara Kecil." *Studi Internasional* 59.1 (2022): 7-27.

@Copyright_ Ilham Dary Athallah, Hayara Khairia, Tsabita Husna, Nadine Rizqi Auliya, Fatikhatur Rizqiah.

Bending Without Breaking: Structural Realism And Asean's Strategic Hedging In The Acfta 3.0 Upgrade

(which ideally raises the cost for China to bully or aggress) but also quietly reinforcing norms of ASEAN centrality and diversification. ASEAN's insistence on language reaffirming "ASEAN centrality" in the ACFTA 3.0 preamble was a subtle signal that the bloc intends to remain in the driver's seat of regional cooperation, not a passive satellite of China.

Discussion

Finally, the implications observed: ACFTA 3.0 clearly strengthens China's economic foothold in Southeast Asia. Chinese enterprises are poised to gain greater market access and influence over standards in the region (e.g., in e-commerce rules and technology norms). One measurable outcome is the surge in Chinese investments announced in conjunction with the FTA upgrade, such as new tech parks and green energy projects across ASEAN – these projects will likely increase China's leverage if not matched by other partners. However, ASEAN did achieve some of its aims: the upgraded FTA's new sections on digital trade and green economy provide a framework for ASEAN states to modernize their economies with Chinese cooperation, potentially narrowing development gaps. If implemented well, ASEAN exporters could benefit from streamlined customs procedures and capacity-building pledges²⁴, modestly improving their competitive position. Whether that translates to reducing the trade deficit is uncertain, but early indicators are that ASEAN exports to China in sectors like agriculture and electronics ticked up in late 2025, as businesses anticipated the new preferences (for example, some Southeast Asian fruit exporters rushed to meet China's import standards to capitalize on the promised easier access once ACFTA 3.0 comes into force). These mixed outcomes confirm that ASEAN's strategic behavior. is not simply one of capitulation; rather, the bloc is trying to extract benefits and mitigate risks in parallel. The results, therefore, paint ASEAN's ACFTA 3.0 upgrade as a duality: it is both an act of alignment with a dominant power's economic agenda (bandwagoning) and a calculated bet to preserve ASEAN's agency by

²⁴ Jisi, Wang, dan Hu Ran. "Dari kemitraan kooperatif ke persaingan strategis: tinjauan hubungan Tiongkok-AS 2009-2019." *Tinjauan Strategi Internasional Tiongkok* 1.1 (2019): 1-10.

enmeshing that power in rules and by hedging its bets elsewhere. This dual nature will be further examined in the discussion section, which will interpret how these empirical findings confirm, challenge, or refine structural realist expectations about state behavior under power asymmetry.

Interpreting the above results through the theoretical lens of structural realism yields important insights into ASEAN's strategic behavior and the nuances of bandwagoning, balancing, and hedging in practice. At first glance, ASEAN's decision to upgrade ACFTA in 2025 might appear to defy the classic realist prediction that states balance against rising powers. Instead of distancing from China, ASEAN moved closer economically, seemingly validating the bandwagoning hypothesis. However, a deeper analysis shows that this alignment is tempered by hedging and driven by structural constraints, thereby remaining consistent with realist logic when those constraints are fully considered. This discussion unpacks three key dimensions: (1) the structural realist explanation for ASEAN's bandwagoning behavior, (2) the role of hedging as a rational adaptation in an uncertain multipolar environment, and (3) the implications of ASEAN's choices for regional autonomy and the balance of power in East Asia.

Balancing versus Bandwagoning: Why Not Open Balancing? Structural realism, especially as formulated by Waltz (1979), posits that states in anarchy must above all ensure their security, often by balancing against concentrations of power that could threaten them. In the ASEAN–China context, one might expect ASEAN to form a countervailing coalition or at least resist China's dominance. Yet ASEAN as a bloc has not engaged in traditional hard balancing against China; there is no ASEAN-wide defense pact or collective deterrence aimed at Beijing. The findings of this study clarify why: the distribution of power and the absence of a reliable external balancer push ASEAN towards accommodation rather than confrontation. Stephen Walt's balance-of-threat theory offers a more precise realist account.

states balance not against power per se, but against perceived threat, which depends on power, proximity, offensive capabilities, and intentions²⁵. In ASEAN's assessment, China's threat is composite. Militarily, China's growing assertiveness in the South China Sea is indeed seen as a threat by some ASEAN members (Vietnam, the Philippines), but not uniformly by all (Cambodia, for example, perceives little direct military threat from China and more from its ASEAN neighbors)²⁶. Economically, while dependence is worrisome, China's intentions are officially couched in cooperation and "win-win" terms, making it diplomatically difficult for ASEAN to portray China as an adversary. Moreover, any attempt by ASEAN to form an explicit anti-China front would likely provoke Beijing and divide ASEAN internally. Walt's hypothesis that balancing is more common among major powers, whereas weak states bandwagon when they lack allies or are geographically and economically vulnerable applies here²⁷. ASEAN states are relatively weak in the conventional military sense vis-à-vis China, and their unity is constrained – they do not constitute a defensive military alliance. The one great power that could potentially enable balancing is the United States, but ASEAN's experience has been that U.S. commitment to Southeast Asian economic priorities is inconsistent (witness the U.S. withdrawal from the TPP, for instance). This uncertainty reduces the expected payoff of aligning against China. Thus, from a *structural realist* viewpoint, ASEAN's soft bandwagoning with China (via economic alignment) is a rational adaptation: faced with a proximate giant whose power cannot be directly balanced (short of external help that is not guaranteed), ASEAN opts to accommodate and derive gains, following the adage "if you can't beat them, join them." In Walt's terms, many ASEAN countries likely calculated that China's aggregate power and geographical proximity, combined with its willingness to provide economic carrots, made it both dangerous to oppose and beneficial to align with²⁸. The fact that bandwagoning was most pronounced among the weakest states (Laos, Cambodia) underscores that this behavior was born from

²⁵ He, Kai. "Melemahkan lawan: Unipolaritas, persepsi ancaman, dan strategi penyeimbangan negatif setelah Perang Dingin." *Studi Keamanan* 21.2 (2012): 154-191.

²⁶ Duteil, Noah. "Pengaruh Tindakan Rusia dan Karakteristik dalam Persepsi Niat Agresif: Studi Kasus Negara-Negara Perbatasan Rusia Setelah Invasi Ukraina 2022." (2024).

²⁷ Walt, Stephen M. "Aliansi di dunia unipolar." *Politik dunia* 61.1 (2009): 86-120.

²⁸ Song, Yan, Ming Zhang, dan Ruifeng Sun. "Menggunakan indikator agregat baru untuk mengevaluasi keamanan energi Tiongkok." *Kebijakan Energi* 132 (2019): 167-174.

vulnerability – they had the most to lose from angering China and the most to gain from its patronage. Conversely, the relative reticence or cautiousness of somewhat stronger states (Vietnam, Indonesia) shows that where some capacity for independent balancing exists, states will use it. For example, Indonesia, while supportive of ACFTA, also champions ASEAN’s autonomy and has modest internal balancing through military modernization. But even Indonesia’s balancing acts are limited by resource constraints and the imperative of economic growth which China can fuel. In sum, structural realism explains ASEAN’s lack of open balancing as a consequence of *power asymmetry and the high costs* associated with confronting China. Bandwagoning on the economic front was the path of least resistance for collective ASEAN interests – it promised prosperity and avoided immediate conflict, even if it raised long-term risks.

Hedging as a Realist Strategy in an Uncertain Multipolar Era: The evidence of ASEAN’s hedging behavior invites a reflection on how hedging relates to structural realism’s alignment categories. Hedging, as defined by Kuik, involves simultaneously pursuing contradictory policies (engagement and containment) to keep options open²⁹. Traditional structural realism, focused on polarity and balance of power, did not explicitly theorize hedging; it tended to see state alignment choices as binary (either balance or bandwagon). However, many realists have implicitly acknowledged behaviors that are today labeled hedging. For instance, even during the Cold War, some non-aligned states traded with both blocs and tried to play them off each other for gain – a proto-hedging strategy. The ASEAN case suggests that hedging is a logical extension of realist self-help in conditions where uncertainty is high and threats are diffuse. ASEAN faces multiple uncertainties: the trajectory of U.S.–China rivalry, The analysis applies structural realism — as elaborated in Waltz’s (1979) neorealist synthesis — supplemented by Walt’s (1987) balance-of-threat theory and Kuik’s (2021) hedging framework, the conceptual The analysis applies structural realism — as elaborated in Waltz’s (1979) neorealist synthesis — supplemented by Walt’s (1987) balance-of-threat theory and Kuik’s (2021) hedging framework, the conceptual apparatus of which is

²⁹ Jakstaite, Gerda. "Pembatasan dan keterlibatan sebagai teori tingkat menengah." *Jurnal Hukum & Politik Baltik* 3.2 (2010): 165.

operationalized in the Methodology section below..the reliability of great-power partners, and the evolution of China's intentions. In such a fluid environment, committing fully to one side (either balancing or bandwagoning) could be premature or even dangerous. Instead, maintaining flexibility is itself a realist strategy to maximize security. Kuik's argument – that as long as strategic uncertainty prevails, small states will hedge, and only when certainty emerges (either a clear and present threat or the loss of alternative partners) will they be forced into bandwagoning or balancing – resonates strongly with ASEAN's behavior³⁰. The ACFTA 3.0 upgrade can thus be seen as one pillar of ASEAN's hedge: it secures economic benefits and keeps China engaged in a cooperative framework (thereby hopefully incentivizing Beijing to uphold regional stability), but ASEAN has not irrevocably tied its fate to China's alone. Should China's behavior turn overtly coercive – say, if Beijing were to threaten ASEAN states militarily or economically on a broad scale – we would expect hedging to shift toward balancing. Indeed, Kuik predicts that if China crosses certain thresholds of aggression, Southeast Asian states would abandon hedging and balance against China³¹. The current evidence – ASEAN's retention of other partnerships, and even its internal discourse emphasizing not wanting “to put all eggs in one basket” – indicates ASEAN is very much keeping that option viable. Meanwhile, if the opposite happens (the U.S. were to retreat and leave ASEAN little choice), Kuik suggests hedging would give way to bandwagoning³². Some might argue that with ACFTA 3.0, ASEAN is already effectively bandwagoning economically. However, the presence of hedging elements (as discussed, other FTAs, strategic links to third powers, etc.) means ASEAN has not fully committed to a China-led order; it is hedging its geopolitical bets even as it bandwagons in trade. This nuanced stance is entirely consistent with realist principles – it reflects prudent self-interest and risk management by states that cannot be certain of great power intentions. Far from contradicting realism, hedging in ASEAN's case exemplifies how secondary states innovate within an anarchic

³⁰ Hughes, Christopher W. "Tanggapan Jepang terhadap kebangkitan Tiongkok: keterlibatan regional, penahanan global, bahaya benturan." *International Affairs* 85.4 (2009): 837-856.

³¹ Wang, Enbao. "Keterlibatan atau Pembendungan? Pandangan Amerika tentang Tiongkok dan hubungan Sino-AS." *Jurnal Tiongkok Kontemporer* 11.31 (2002): 381-392.

³² Chou, Wen-ying Sylvia, dkk. "Web 2.0 untuk promosi kesehatan: meninjau bukti terkini." *Jurnal kesehatan masyarakat Amerika* 103.1 (2013): e9-e18.

system to maximize security and benefits. Realist theory may need to formally integrate hedging as a third alignment option in multipolar settings, as it captures behavior that balancing-bandwagoning dichotomies do not fully explain.

Implications for Regional Autonomy and Power Dynamics: The combination of bandwagoning and hedging by ASEAN carries mixed implications for the region's autonomy. On one hand, ASEAN's strategic behavior in the ACFTA 3.0 upgrade has reinforced China's economic leadership in Southeast Asia. By willingly interlocking their economies even further with China's, ASEAN countries have extended China's structural power – meaning Beijing's ability to shape the rules and context of regional economic activity is now greater. For example, with ACFTA 3.0's new rules in digital trade and standards cooperation, Chinese tech companies and regulatory norms could become more entrenched in ASEAN markets³³. This could translate into long-term dependence that constrains ASEAN's freedom to maneuver. Realists would note that economic dependence can be wielded as political leverage: China might, in future crises, pressure ASEAN states by threatening trade disruption or selectively offering economic favors. In that sense, ASEAN's bandwagoning side of the strategy could dilute the region's collective autonomy. Already, instances have been observed where individual ASEAN members hesitated to criticize China (for example on South China Sea militarization or human rights issues) presumably because of economic stakes. The risk moving forward is that ASEAN becomes what some analysts dub a “sphere of influence” for China economically, where Beijing's preferences set the agenda. That is a classic realist outcome when a small state bandwagons – it may enjoy immediate benefits but loses leverage, becoming the junior partner subject to the stronger's will³⁴. The critical question is whether ASEAN's hedging measures can compensate enough to prevent that fate.

³³ Béné, Christophe, dkk. "Kontribusi perikanan dan akuakultur terhadap ketahanan pangan dan pengurangan kemiskinan: menilai bukti terkini." *Pembangunan dunia* 79 (2016): 177-196.

³⁴ Levine, Joel H. "Lingkup pengaruh." *Jaringan Sosial*. Academic Press, 1977. 433-446.

The findings suggest ASEAN's hedging has so far preserved a measure of autonomy. ASEAN's continued engagement with multiple external partners (e.g., Japan, India, the EU, the U.S.) in trade and investment provides alternative channels and has somewhat balanced China's dominance. For instance, Japan's investment stock in ASEAN is on par with China's in many years, and the EU remains a major export market. This diversification means ASEAN is not *completely* at China's mercy economically – if needed, ASEAN states can seek aid, technology, or markets from others. Moreover, by embedding China in a multilateral ASEAN-led framework like ACFTA (as opposed to a series of bilateral deals), ASEAN as a group retains institutional leverage. The ACFTA mechanism requires joint committees and consensus for major changes, giving ASEAN a collective voice when managing the economic relationship. This institutional aspect is somewhat reminiscent of the “omni-enmeshment” strategy that Evelyn Goh (2005) describes – tying a great power into multiple institutions to socialize and constrain it. While enmeshment is often discussed by liberal or constructivist scholars, it aligns with realist thinking too, as a form of indirect balancing: rather than military balancing, it's about rule-setting power to restrict unilateral dominance. ACFTA 3.0's rules on things like competition policy and consumer protection, for example, mean China agreed to norms that could, in theory, be used to challenge unfair practices (like subsidies or dumping) through diplomatic channels.³⁵ Whether ASEAN will enforce those effectively is another matter, but their presence is a sign that ASEAN did not passively accept every Chinese demand – it bargained within the framework to protect certain interests.

Counter-argument: Liberal Institutionalism Liberal institutionalists would interpret ACFTA 3.0 as evidence of absolute gains logic operating through cooperative institutions, arguing that the agreement's rules-based framework — particularly its dispute resolution provisions and transparency requirements — mitigates power asymmetry by constraining unilateral Chinese behavior. Keohane's (1984) argument that institutions reduce transaction costs and generate compliance through reputation effects would predict that ASEAN's decision reflects confidence in the institutional architecture's protective capacity. This interpretation has partial merit:

³⁵ Hast, Susanna. *Lingkup pengaruh dalam hubungan internasional: Sejarah, teori, dan politik*. Routledge, 2016.

ACFTA's procedural provisions do create regularity and mutual expectations that raise the cost of arbitrary defection. However, the realist rebuttal is that institutional form does not neutralize material power. The trade deficit data — China accumulating an estimated USD 278 billion annual surplus with ASEAN by 2025 — demonstrate that China captures disproportionate absolute gains under the agreement's current provisions, contradicting the liberal prediction of mutually beneficial outcomes. Moreover, ACFTA's dispute resolution mechanisms lack enforcement capacity against the dominant party; no ASEAN state has successfully invoked formal ACFTA dispute procedures against Chinese trade measures. The fact that ASEAN states simultaneously pursue extra-ACFTA partnerships (CPTPP, IPEF) reveals that they do not regard the institution itself as a sufficient safeguard — a behavioral pattern inconsistent with liberal confidence in institutional constraints (Mearsheimer 2001, 364). Counter-argument: Constructivism Constructivist accounts would emphasize shared norms, ASEAN's diplomatic culture of consensus, and China's "Community of Common Destiny" discourse as ideational drivers of cooperation. Wendt's (1999) argument that identities and interests are constituted through interaction would predict that ASEAN's engagement with China reflects an evolving shared regional identity that makes the upgrade a norm-consistent action. Such accounts find support in the uniformly cooperative summit rhetoric and in ASEAN's historical emphasis on dialogue over confrontation. The realist interpretation, however, treats this discourse as instrumental rather than constitutive. The critical empirical test is behavioral variation: if shared identity drove cooperation, ASEAN members with identical exposure to Chinese normative framing should respond uniformly. Instead, the evidence shows that Vietnam and the Philippines — states facing active Chinese territorial pressure — hedged more aggressively than Cambodia and Laos despite consuming the same "Community of Common Destiny" narratives. This variation tracks threat perception and material interest, not identity alignment, indicating that norms function as legitimizing cover for interest-driven strategy rather than as independent causal factors (Walt 1987, 24).

From a broader system perspective, ASEAN's behavior may also be influencing the great-power rivalry itself. By hedging, ASEAN essentially

sends a signal to both China and the U.S.: that it does not want an exclusive alignment and prefers an inclusive regional order. This could encourage moderation – China is incentivized to keep offering carrots and refrain from coercion to avoid driving ASEAN fully to the U.S. side, and the U.S. is reminded that it must stay engaged (economically, not just militarily) if it does not want to lose Southeast Asia entirely. In fact, since ACFTA 3.0 was signed, U.S. officials have stepped up advocacy of their initiatives (like IPEF) to ensure ASEAN has non-China options. This dynamic gives ASEAN a bit of agency or “wiggle room” to extract concessions from both sides. It is a classic case of smaller states leveraging great-power competition to their advantage – which, again, fits within a realist worldview of states pursuing their self-interest rationally.

Still, realism also cautions that dual alignments can be precarious. If U.S.–China relations sharply deteriorate, hedging could become untenable and ASEAN states might be forced into more binary choices. The results of this study show ASEAN is aware of that – hence the urgency to solidify economic gains (ACFTA 3.0) while they can, and the parallel effort to quietly shore up defenses and alliances. It’s as if ASEAN is preparing for a storm: stocking up benefits (bandwagoning) but reinforcing the roof and keeping lifeboats ready (balancing/hedging) should winds change. The structural realist insight here is that power realities ultimately set limits on ASEAN’s strategy. If China’s power continues to grow unabated and U.S. influence wanes, ASEAN might eventually have no viable balance and end up bandwagoning completely out of necessity (what Waltz would predict in a unipolar regional system). Conversely, if power rebalances – say India and Japan rise as additional poles, or the U.S. reasserts itself economically – ASEAN might regain more balancing capacity. At present, ASEAN’s strategy has managed to keep its autonomy afloat but not entirely secure.

In theoretical terms, this case underscores the adaptability of structural realism. ASEAN’s upgrading of ACFTA 3.0 illustrates that structural realism can accommodate nuanced strategies: states respond to power configurations not just with black-and-white choices but with calibrated combinations of alignment tactics. The structural driving forces – the need for security, the constraints of power asymmetry, the pressure of external threats (here,

economic threats and the danger of marginalization amid great-power trade war) – remain paramount in explaining ASEAN’s choices. The auxiliary concepts of bandwagoning and hedging enrich the realist analysis by capturing the spectrum of behavior under those forces. Fundamentally, ASEAN’s experience affirms Walt’s observation that *bandwagoning is most often done by the weak* under duress³⁶. It also validates newer realist arguments (e.g. by scholars like Roy or Medeiros) that hedging is rational when uncertainties are high. In practice, ASEAN’s strategic behavior in ACFTA 3.0 suggests that economic alignments in the 21st century are being used as tools of statecraft – a way to seek security indirectly. Engaging China through trade may buy ASEAN not only prosperity but also a form of political insurance: by making China invested in ASEAN’s success, it possibly moderates China’s behavior (Beijing has a stake in not destabilizing a region where it has deep economic ties). This is essentially a realist justification for what looks superficially like a liberal economic policy – even free trade agreements can serve power and security ends.

The preceding analysis demonstrates that, What the Framework Cannot Explain Structural realism's state-centric focus generates a specific set of boundary conditions in this analysis. The framework cannot fully account for domestic political economy dynamics — business lobbying by export-oriented industries, regime legitimation needs of incumbent governments seeking economic growth metrics, or bureaucratic preferences within ASEAN trade ministries — that may have shaped individual member states' negotiating positions on specific ACFTA 3.0 provisions. Indonesia's aggressive pursuit of the green economy chapter, for instance, is partly explicable through the Prabowo administration's downstream industrialization (*hilirisasi*) agenda, a domestic policy priority not derivable from structural realist assumptions alone. Similarly, the framework does not adequately address the role of non-state actors — multinational corporations reconfiguring supply chains under "China Plus One" logic, digital platform companies lobbying for favorable data governance rules, or civil society organizations raising labor and environmental standards concerns — in shaping the agreement's final text.

³⁶ Roy, Denny. "Asia Tenggara dan Cina: menyeimbangkan atau ikut-ikutan?". *Asia Tenggara Kontemporer* (2005): 305-322.

These limitations are boundary conditions of the structural realist framework, not refutations of its explanatory power at the system level. the ACFTA 3.0 case demonstrates that ASEAN's strategic behavior is largely consistent with structural realist expectations once auxiliary strategies are accounted for. ASEAN did not mindlessly engage China; it did so because the balance of power made that the logical course, and it did so on its own terms as much as possible, hedging against the very real risks entailed. This intricate dance between profit and prudence epitomizes the dilemma of secondary states in today's international system. The next section will conclude by synthesizing these insights and reflecting on their significance for both theory and policy.

Conclusion

ASEAN's upgrade of the ASEAN–China Free Trade Area to Version 3.0 in 2025 provides a revealing case study of how a group of small and middle powers manages the simultaneous opportunities and risks of deepening ties with a regional hegemon. Guided by the theoretical framework of structural realism and its auxiliary concepts – balancing, bandwagoning, and hedging – this paper has analyzed ASEAN's strategic behavior and explained it as an adaptive response to the prevailing distribution of power in East Asia. The evidence shows that ASEAN's decision to enthusiastically embrace ACFTA 3.0 was neither a straightforward capitulation to Chinese dominance nor a naive leap of faith in economic liberalism, but rather a calculated strategy born of necessity and tempered by caution. Three interconnected findings emerge from the analysis. First, in line with realist expectations, power asymmetry heavily shaped ASEAN's choices. Confronted with China's overwhelming economic weight and the lack of a comparably strong alternative partner, ASEAN collectively leaned toward bandwagoning with China to secure vital economic gains and avoid antagonizing a powerful neighbor. The surge in ASEAN–China trade and China's role as the largest trading partner for ASEAN for over a decade attest to the material allure that underpinned ASEAN's alignment. As Stephen Walt's theory suggested, weaker states like those in ASEAN bandwagon when balancing is infeasible and the dominant power's rewards are enticing. ACFTA 3.0 exemplified this: ASEAN granted China deeper market access and symbolic leadership of regional economic

integration, effectively acknowledging China's primacy in return for short-term growth, investment, and post-pandemic recovery dividends. Second, despite this bandwagoning tilt, ASEAN's engagement with China through ACFTA 3.0 was hedged with measures to preserve its autonomy and security. ASEAN made sure the FTA upgrade took place on a multilateral platform under its own auspices, thereby diluting exclusive Chinese control. It also continued cultivating economic and strategic links with other powers – a clear hedging strategy to insure against potential over-dependence on China. This included signing on to other trade agreements and tacitly welcoming extra-regional security support, even as ASEAN publicly espoused neutrality. Such dual-track behavior aligns with Kuik's notion of hedging as insurance-seeking under uncertainty]. ASEAN's case confirms that hedging is a viable strategy for secondary states to manage the security-economics nexus: enjoying economic cooperation with a major power while subtly preparing for less benign scenarios.

The interplay of these strategies – bandwagoning for economic gain and hedging for security – reflects a coherent rationality when viewed through structural realism's lens. ASEAN prioritized survival and prosperity in an anarchic environment, making hard choices about trade-offs. The ACFTA 3.0 upgrade improved ASEAN's immediate economic outlook and bound China closer via interdependence (which could have a stabilizing effect), but it also undeniably increased ASEAN's exposure to Chinese leverage. ASEAN's hope, implicitly, is that the benefits of binding China and the buffer of hedging elsewhere will offset the risks of dependence. Whether this equilibrium proves sustainable — or whether the costs of asymmetric dependence ultimately outweigh the benefits of managed engagement — is an empirical question that only longitudinal observation of ACFTA 3.0's implementation can resolve. For structural realism as a theoretical framework, this study reinforces its relevance but also underscores the importance of its auxiliary concepts for explaining state behavior in complex situations. Balancing remains a fundamental impulse – indeed, one can interpret ASEAN's insistence on certain concessions in ACFTA 3.0 and its maintenance of U.S. security ties as a form of soft balancing aimed at preventing complete Chinese hegemony. Bandwagoning is clearly illustrated in ASEAN's alignment with China's

economic order, supporting realist claims that weaker states often accommodate rather than resist a dominant power's rise. And crucially, hedging emerges as a strategic synthesis of the two, extending realist logic into a realm of uncertainty where states neither fully balance nor bandwagon. The ASEAN case validates hedging as a deliberate strategy that realists (and policy-makers) must account for in a multipolar world.

In terms of empirical contributions, (Womack 2015) the paper has provided real-world data and instances – from trade deficits and FDI patterns to treaty text analysis and diplomatic statements – that give texture to these theoretical points. Notably, ASEAN's trade deficit with China climbing over \$100 billion by 2019 and reaching new heights by 2025 is a stark indicator of the region's economic asymmetry. and China's parallel initiatives (like the ASEAN–China Digital Academy and special funds) demonstrate how economic statecraft is being used by Beijing to win hearts and markets, and how ASEAN is responding by eagerly but cautiously partaking. Diplomatic nuances, such as Cambodia's open bandwagoning with China versus Vietnam's hedge of welcoming US naval visits, the illustrate strategic differentiation. within ASEAN even as the group moved collectively on ACFTA .The implications of ASEAN's strategic behavior in ACFTA 3.0 are significant for the future of regional order. If ASEAN can maintain unity and successfully manage competing pressures from major powers., it may preserve a degree of strategic autonomy and ensure Southeast Asia is not monopolized by any one hegemon. ACFTA 3.0's success could make the region more prosperous and thus more resilient – an outcome ASEAN leaders certainly desire. However, there is an inherent tension: deeper dependence on China can, over time, erode the very autonomy ASEAN seeks to keep. Realism reminds us that intentions can change, and today's economic partner could be tomorrow's security threat if interests diverge. Therefore, ASEAN's hedge must be continually managed and adjusted. The bloc will need to remain vigilant, reinforcing its internal cohesion and making the most of its external partnerships to counterbalance China's influence as needed.

For policy-makers in ASEAN, the findings suggest a need to institutionalize hedging capacities – for example, by developing emergency trade arrangements with alternative partners, strengthening regional financial safety nets, and investing in indigenous technological capabilities (so as not to

rely solely on China-centric supply chains). For China, ASEAN's willingness to upgrade the FTA is a diplomatic success but comes with the expectation that China will refrain from exploiting the asymmetry. If Beijing overplays its hand, it could prompt the very balancing coalition it fears. For the United States and other external powers, the message is that offering credible economic engagement (not just military cooperation) is essential if they want to remain relevant in Southeast Asia; otherwise, ASEAN's bandwagoning tilt will grow by default.

In conclusion, ASEAN's strategic behavior in the ACFTA 3.0 upgrade underscores a broader lesson in international relations: secondary states are neither helpless nor foolhardy – they are strategic actors that make calculated choices within the constraints and opportunities afforded by the international system. Structural realism provides a sturdy scaffold to understand these choices, as power and security considerations clearly animate ASEAN's policies. At the same time, the ASEAN–ACFTA 3.0 story is a nuanced one of adaptation, where states employ a mix of alignments to further their interests. The final verdict from this research is that ASEAN's engagement with China via ACFTA 3.0 is best characterized as *hedging with a bandwagoning lean*. It is a pragmatic strategy to survive and thrive amid great-power currents, illustrating secondary states' capacity for calibrated adaptation under structural constraint. Whether this strategy will secure ASEAN's long-term goal of a peaceful, autonomous, and prosperous regional order remains subject to continued empirical scrutiny. The evidence demonstrates that ASEAN has thus far managed to upgrade not only a free trade agreement but also its own strategic playbook, harnessing economic statecraft to serve the imperatives of realism in the 21st century.

References

Acharya, Amitav. 2014. *Constructing a Security Community in Southeast Asia: ASEAN and the Problem of Regional Order*, 3rd ed. London: Routledge.

@Copyright_ Ilham Dary Athallah, Hayara Khairia, Tsabita Husna, Nadine Rizqi Auliya, Fatikhatur Rizqiah.

Bending Without Breaking: Structural Realism And Asean's Strategic Hedging In The Acfta 3.0 Upgrade

Anwar, Dewi Fortuna. 2020. "Bandwagoning or Hedging: Indonesia's Strategic Response to China's Rise." *International Journal of Indonesian Studies* 1(1): 37–54.

ASEAN Secretariat. 2023. ASEAN-China Dialogue Relations. Jakarta: ASEAN Secretariat.[To replace multiple [2] occurrences tied to diplomacybeyond.com] China Briefing. 2024.

ASEAN Secretariat. 2023. *ASEAN Integration Report 2023*. Jakarta: ASEAN Secretariat. (Data on ASEAN-China trade and investment flows).

Baviera, Aileen. 2016. "ASEAN's Strategic Diplomacy in the South China Sea." In *The South China Sea Disputes: Past, Present, and Future*, edited by Yang Razali Kassim, 45–60. Singapore: ISEAS.

Ciorciari, John, and Jürgen Haacke. 2019. "Hedging in International Relations: An Introduction." *International Relations of the Asia-Pacific* 19(3): 367–374.

Goh, Evelyn. 2005. "Meeting the China Challenge: The U.S. in Southeast Asian Regional Security Strategies." *Policy Studies* 16. Washington, DC: East-West Center.

Kuik, Cheng-Chwee. 2008. "The Essence of Hedging: Malaysia and Singapore's Response to a Rising China." *Contemporary Southeast Asia* 30(2): 159–185.

Kuik, Cheng-Chwee. 2021. "Getting Hedging Right: A Small-State Perspective." *China International Strategy Review* 3(2): 300–315.

Medeiros, Evan. 2005. "Strategic Hedging and the Future of Asia-Pacific Stability." *Washington Quarterly* 29(1): 145–167.

Mearsheimer, John. 2001. *The Tragedy of Great Power Politics*. New York: Norton.

Reuters. 2025. "China's trade surplus with ASEAN hits record as two-way trade tops \$1 trillion." *Reuters*, December 20, 2025.

Walt, Stephen M. 1987. *The Origins of Alliances*. Ithaca: Cornell University Press.

Waltz, Kenneth N. 1979. *Theory of International Politics*. Reading, MA: Addison-Wesley.

Womack, Brantly. 2015. “Asymmetry and International Relationships.” New York: Cambridge University Press

Zhao, Suisheng (ed.). 2022. *China-ASEAN Relations: Cooperation and Development*. New York: Routledge.

(China- Global South Project 2025)China–ASEAN Trade to Pass \$1 Trillion as Surplus Hits \$278 Billion - The China-Global South Project

<https://chinaglobalsouth.com/2025/09/24/china-asean-trade-2025-1-trillion-surplus-278-billion/>

ASEAN-China Upgraded Free Trade Agreement (ACFTA 3.0) | Diplomacy & Beyond Plus

<https://diplomacybeyond.com/asean-china-upgraded-free-trade-agreement-acfta-3-0/>

(CAN 2025)China, ASEAN ink upgraded free trade pact covering digital, green economies, supply chain connectivity - CNA

<https://www.channelnewsasia.com/asia/asean-china-free-trade-agreement-5428731>

(UA-ASEAN Business Council 2025)ASEAN and China Advance Economic Integration in ACFTA 3.0 Upgrade | US ABC

<https://www.usasean.org/article/asean-and-china-advance-economic-integration-acfta-30-upgrade>

(Kuik 2021)Getting hedging right: a small-state perspective - PMC

<https://pmc.ncbi.nlm.nih.gov/articles/PMC8608573/>

(China Briefing 2024)China-ASEAN Trade and Investment Relations

@Copyright_ Ilham Dary Athallah, Hayara Khairia, Tsabita Husna, Nadine Rizqi Auliya, Fatikhatur Rizqiah.

Bending Without Breaking: Structural Realism And Asean's Strategic Hedging In The Acfta 3.0 Upgrade

<https://www.china-briefing.com/news/china-asean-trade-and-investment-relations/>

(Asia Society Policy Institute 2024)ASEAN Caught Between China's Export Surge and Global De-Risking

<https://asiasociety.org/policy-institute/asean-caught-between-chinas-export-surge-and-global-de-risking>