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Commitment Issues?

*Assessing American Strategies & Indo-Pacific State Responses to Divergent
Commitments Amidst Indo-Pacific Great Power Competition*

Paul Chang



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Master of Arts Faculty Advisor: Dr. Paul Poast

Master of Arts Thesis Preceptor: Dr. Kara Hooser

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Table of Contents

Abstract.....	3
Acknowledgments.....	4
Introduction.....	5
Theory.....	10
Background.....	16
Literature Review.....	23
Methodology.....	28
Results.....	33
Analysis of Hypotheses 1a & 1b.....	34
<i>“Pushing the Envelope” Through Official U.S. Channels.....</i>	<i>34</i>
<i>“Pushing the Envelope” Through Unofficial U.S. Channels.....</i>	<i>37</i>
Analysis of Hypotheses 2a & 2b.....	41
<i>Indo-Pacific Behavior and Perceptions, as Observed Through Levels of Military Expenditures....</i>	<i>41</i>
<i>Indo-Pacific Behavior and Perceptions, as Observed Through Trade Tendencies.....</i>	<i>42</i>
Significance & Policy Implications.....	45
Conclusion & Potential Improvements.....	47
Bibliography.....	51
Appendix.....	56

Abstract

The United States has a wide range of commitment structures with states in the Indo-Pacific, ranging from formal commitments to mutual defense to comprehensive strategic partnerships and other nebulous relationships. When it comes to these regional commitments, do U.S. policymakers follow what is written in official documents? Is there a substantive, and substantial, difference in how America treats its allies or partners based on its pledges?

I argue that despite an obvious divergence in written guarantees, American policymakers view all commitments as critical to the broader American national interest, which is to respond to the primary regional challenger: China. Because of this strategic approach, American policymakers will try to make commitments as strategically similar as possible. They will incur disproportionate costs in order to engage in what I term “pushing the envelope” through official and unofficial gestures of support. These gestures include direct arms sales, military financing, and other officially – and unofficially – sanctioned actions. This is the crux of American policy “signaling” efforts to demonstrate the credibility of its commitments. I will study this recent uniformity of American strategic behavior across Indo-Pacific commitments by conducting a mixed methods analysis of U.S. policies and actions starting in 2000.

Alas, things are not so simple. While the United States tries to make different Indo-Pacific alliance structures structurally similar, those allies and partners will still behave according to the stark differences in the security granted by their respective official commitments. Hence, some states in the Indo-Pacific are more likely to exhibit “hedging” through observable military and economic behavior. I will analyze this divergence in behavior and infer state perception by analyzing states’ military expenditures and bilateral trade flows with the U.S. and China.

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Introduction

In August 2021, President Joe Biden delivered remarks that threatened to uproot stability in the Indo-Pacific (Reuters 2021). When asked about the U.S.’s hasty departure from Afghanistan and what ensuing effects it may have on Taiwanese confidence in the U.S.’s credibility of commitment, Biden proclaimed that the U.S. would unequivocally defend Taiwan if it were attacked. Specifically, he affirmed America’s steadfast commitment to Taiwan and underscored the basic fact that Afghanistan and Taiwan were incomparable scenarios: “We have made – kept every commitment... if in fact anyone were to invade or take action against our NATO allies, we would respond. Same with Japan, same with South Korea, same with – Taiwan. It's not even comparable to talk about that.”

Predictably, American officials scrambled to retract Biden’s response and mitigate potential diplomatic fallout. One official claimed that President Biden simply “misspoke” and instead offered a reaffirmation of the U.S.’s traditional “One China Policy”, which dictates that the U.S. recognizes the People’s Republic of China (PRC) as the one true China (Reuters 2021). This policy is consistent with the U.S.’s traditional policy of “strategic ambiguity”, which does not outright declare the U.S.’s response to an attack on Taiwan (The Economist 2022). Yet – almost a year to the date – President Joe Biden made another claim that threatened to further rock the boat (CBS 2022). Again, Biden asserted that U.S. forces would defend Taiwan against an invasion. This marked the fourth time in less than two years that Biden had “slipped up” and deviated from Washington’s traditional stance. Perhaps President Biden is simply prone to making rhetorical mistakes. Or perhaps, this incident tells a more intriguing tale: one where the American approach toward all commitments is rather indiscriminate, and where the impacts of American efforts to establish credibility to its commitments deserves further examination.

President Biden's repeated missteps raise a series of important questions that have yet to be fully explored in the international relations literature. What is the actual approach of American policymakers (defined as the President, Congress, and top military leaders) toward its various commitment structures, such as allies, partners, or other nebulous relationships? Is there a difference between what is said and what is done, and what helps to explain this gap? Lastly, has America been successful in establishing and maintaining relative parity in its credibility with its allies and partners? Or do those countries perceive – and thereby act – differently according to the relative strength of their official commitments?

In this paper, I argue that actual American policies are very different from what is written in alliances and partnership agreements, especially in the Indo-Pacific. This is because American policymakers see all regional commitments, regardless of type, as critical nodes for its main national security strategy in the Indo-Pacific: countering the rise of Chinese power and the accompanying threat to regional commitments. This relative parity contrasts strongly with the explicit written differences outlined in formal agreements. Such logic also helps to explain Biden's comments: if Taiwan represented similar strategic value for American regional security interests as South Korea or Japan, then it would make sense for Taiwan to be grouped with states that have a formal alliance with the United States.

With this strategy in mind, American policymakers have taken significant official and unofficial steps to make its commitment to Taiwan as strong as possible. This tendency extends to countries beyond Taiwan. Across the board, American policymakers try to bolster America's strategic position in the Indo-Pacific. They engage in what I call "pushing the envelope", wherein regional policies help to blur the lines between unofficial, and official, allies. First, policymakers do so by providing overt and official forms of support, defined as official arms

sales, article transfers, and other forms of financing, Second, policymakers engage in covert and unofficial forms of support, in which military action and inter-state collaborative efforts push the boundaries of what is officially allowed. Moreover, American policymakers will do so disproportionately for states that are not stalwart U.S. allies. I argue that this behavior is part of an American effort to signal credibility to its “weaker” commitments and generate confidence in America’s resolute determination to maintain regional security. In essence, policymakers overcompensate for weaker commitments (i.e., Taiwan), so that these states can be somewhat on par with stronger commitments (i.e., The Philippines).

Yet, as the saying goes: it takes two to tango. While Washington believes, and thus behaves, as if the actual gap in security between allies and partners is rather narrow, Indo-Pacific countries can hardly afford to be so sanguine about the equitable security of commitment structures.

There is a major disconnect between how American and Indo-Pacific states perceive – and thus behave – amidst vastly different official relationships with the United States. While the United States treats its commitments as if they possess similar strategic implications, states in the Indo-Pacific clearly delineate between commitment structures.

As a starting point, I assume the traditional realist school of thought, in which states are thought of as perceiving the world through an inherently anarchic lens and thus engage in a state of security competition (Mearsheimer 1994). In such a world, non-major powers would be naturally wary of completely entrusting America with its national survival. Anarchy also makes states acutely aware of the relative strength, or weakness, of their U.S. commitments.

Accordingly, they will act differently based on the strength of their respective U.S. commitments. Thus, I argue that states that have the weakest U.S. commitments are most likely to exhibit “hedging” behavior between the U.S. and China. Hedging describes state behavior

wherein states exhibit “mixed attitudes” and do not fully commit to the security interest of either power, given the uncertainty inherent to any defense commitment structure (Kuik 2022).

To fully parse out the U.S. and Indo-Pacific states’ strategic behavior, I will evaluate three distinct types of U.S. regional commitments. First, the U.S. and Taiwan have “no formal relationship”. Since the United States does not recognize Taiwan diplomatically, this commitment is weakest as it is neither an alliance nor a partnership. Second, Vietnam and the U.S. are “comprehensive strategic partners”. Strategic partners such as Vietnam have a stronger official U.S. commitment compared to Taiwan (The White House 2023). Yet, Vietnam still has a weaker commitment structure than The Philippines, which enjoys a formal alliance and mutual defense treaty with the U.S. This relationship guarantees defense in the event of any attack (Department of Defense 2023). To observe the degree of American support extended to each state, I will analyze official U.S. arms transfers and other Congressionally approved security funding as well as any observable but unofficial demonstrations of pushing the envelope. I will also analyze Indo-Pacific states’ perceptions of the security granted by their U.S. commitment structures. State perception will be proxied through observations of state behavior. I will assess trends in states’ trade flows and military expenditures, which will give insight into behavioral patterns exhibited by Taiwan, Vietnam, and The Philippines.

Lastly, my argument builds on a wealth of literature in the field of International Relations. My theory engages with Weinstein (1969) and his strategic distinction between situational and non-situational commitments. Weinstein contends that some states see all commitments as binding and beneficial to their national interest. I argue that the U.S. bestows relative strategic parity to some of its commitments because it sees them as non-situational or having long-lasting effects on broader American security objectives. I also engage with theoretical contributions from

Morrow (1994) on peacetime costs. My theory invokes a broader definition of alliances to argue that the U.S. actually incurs greater peacetime costs for certain commitments that are less secure, as opposed to Morrow's contention that tighter alliances incur higher costs. On the other hand, my study of Indo-Pacific state behavior builds upon Thomas Schelling's (1966) seminal work *Arms and Influence*. Schelling's arguments about the difficulty of establishing credibility with allies and partners directly inform my theories about why states will hedge based on the relative strength of American guarantees. Finally, my analysis of state behavior speaks to a broader literature on state responses to great power competition. In the following section, I will expand on my engagement with the literature on alliances and partnerships, great power competition, and the competitive relationship between the U.S. and China. Not only do I wish to further develop these aspects in the context of the Indo-Pacific, but I wish to paint a fuller picture that ties these considerations together. Thus, my analysis would be timely, comprehensive, and critical – especially given the intensifying tensions in the Indo-Pacific that stem from heightened Sino-U.S. competition.

The remainder of my paper will be organized as follows. First, I offer a thorough explanation and illustration of my core hypotheses as well as relevant connections to the broader literature. Next, I will also offer key definitions and contextual background information for the major topics discussed in this paper. Following that, I conduct a comprehensive literature review. I then compare my findings to my hypotheses and conduct additional analyses. Finally, I conclude by offering policy implications and potential improvements.

Theory

My goal is to build on existing literature to understand the dynamics between U.S. official and actual policy toward its Indo-Pacific commitments, and how these specific states perceive and act upon these dynamics. To do so successfully, I must fully explain several key contributions and the connection to my theory of state behavior and strategies in the Indo-Pacific. Before I do so, I will summarize my core hypotheses below.

***H1a:** American policymakers give Indo-Pacific commitments relatively equal strategic security value, despite the obvious differences in what is formally written in each commitment.*

***H1b:** American policymakers will try to make Indo-Pacific commitments practically similar while navigating geopolitical challenges. They will do so by “pushing the envelope” through various official or unofficial channels and will also disproportionately favor those states without mutual defense treaties.*

***H2a:** While the United States treats different alliance structures as though they are strategically similar, states in the Indo-Pacific will perceive, and thus act, as if there are vast differences in the level of security guaranteed by American forces.*

***H2b:** Indo-Pacific states with weaker U.S. commitment structures are more likely to exhibit “hedging”. Less secure states will spend more on defenses relative to their economies and are less likely to engage in decoupling from the U.S., China, or both.*

First of all, why would the U.S. try to level the playing field for its commitments by offering disproportionate support for its weaker commitments? Morrow (1994) argues that alliances serve as third-party signaling mechanisms toward a threatened state. Moreover, the credibility of signals is partly driven by “peacetime costs” that are incurred willingly by all members of an alliance. As such, “tighter” alliances are more effective at providing deterrence, but also pose higher peacetime costs for members of alliances. Similarly, my argument employs the concept of using peacetime costs to signal credibility. I define a peacetime cost as any financial cost or strategic risk incurred by the U.S. to advance its strategic goals. However, I offer a twist on Morrow’s argument by expanding the definition and spectrum of alliances to include strategic partnerships and non-official strategic allies to reflect the reality in the Indo-Pacific.

While Morrow contends that tighter alliances generally incur higher peacetime costs to signal credibility, I argue that America, in some ways, has incurred the heaviest peacetime costs with some of its “weaker” alliances, partners, and other commitments. This tendency is part of a broader American effort to “signal” to those states that the U.S. is committed to the cause by demonstrating its willingness to incur disproportionately high peacetime costs and risks.

Policymakers do so to boost credibility, and thereby deterrence, with its weaker commitments. As such, I expect the U.S. to overcompensate for its weaker relationships with Taiwan and Vietnam through greater peacetime costs. This behavior is in service of broader U.S. strategic goals: to send signals that the U.S. is highly credible and determined to its various commitments across the Indo-Pacific region, and to bolster deterrent measures, ostensibly against the PRC.

Moreover, my argument relies on the contributions of Weinstein (1969) on the distinction between situational and non-situational commitments. Weinstein argues that states may view

commitments as transient and situational, in which a commitment is “merely a statement of a country’s present view of its interests. In contrast, other states may hold a non-situational view, in which a commitment represents a “binding and permanent pledge.” (41) This binding view of commitments partially stems from the principle that a state’s national interests are best served if all commitments are kept, rather than from the “narrow pursuit of its proximate interests.” (44) Weinstein’s logic about non-situational commitments recalls the United States’ approach in the Indo-Pacific. It also explains why Taiwan and Vietnam hold such high strategic importance for the U.S. If U.S. policymakers hold a non-situational view of commitments, then all commitments are guaranteed and vital to securing the national interest.

Why does the U.S. care about these commitments so much when they are mostly in a region that is so distant from the American mainland? I argue that the U.S.’s actions are largely informed by the context of great power competition. My theory builds on a growing body of literature that suggests dominant U.S. strategies in the Indo-Pacific and beyond have been broadly shaped by growing Chinese power and influence. Though American policymakers continue to debate whether the U.S.-China great power relationship is one of competition or coexistence, it is undeniable that the U.S. has shifted its regional security framework to balance against Chinese strategic ambitions in the region. This is most evident in the U.S.’s intentional broadening of the regional framework from the “Asia-Pacific” to the “Indo-Pacific”. In making such a switch, scholars argue that U.S. policymakers aim to manage “China’s rise while also incorporating the United States into an inclusive region” (Medcalf 2017).

As American strategy continues to shape – and be shaped by – regional interactions with China, U.S. policymakers have increasingly stressed the importance of allies, partners, and like-minded states in the advancement of its strategy to maintain a “Free and Open Indo-Pacific” (The White

House 2022). The U.S. Indo-Pacific Strategy includes a deepening of “five regional treaty alliances... and strengthening relationships with leading regional partners, including India, Indonesia,... Taiwan, Vietnam”. As such, it can be inferred that the deepening of these alliances and partnerships is in direct response to “mounting challenges, particularly from the PRC” (The White House 2022). It is thus clear that leading American policymakers understand the criticality of elevating and expanding America’s regional network of commitments, to strengthen the web of countervailing regional forces against a perceived security threat posed by China.

Why, then, might Indo-Pacific states choose to hedge based on the strength of their commitments within this context of great power competition? Schelling (1966) provides a valuable conceptual framework for considering how states might respond to a security guarantee from a great power. In chapter 2 of *Arms and Influence*, Schelling discusses the art of commitment. Most notably, he doubts the ability of the U.S., or any country, to establish total extended deterrence to an ally or partner. While security commitments for a homeland are easy to credibly establish, it is much harder for a major power to make security commitments appear credible to a non-major power. This is despite efforts to raise the costs of breaking commitments. Schelling argues that it is inherently difficult to escape commitments and that this is complicated by states’ tendencies to put their diplomatic or political reputations on the line in exchange for greater credibility. He argues that even unintentional commitments “cannot be undone cheaply. The cost is the discrediting of other commitments” (66). The interdependent nature of credibility amongst commitments explains the U.S.’s overt and covert efforts. U.S. policymakers try to raise the bar for all of its commitments to signal and garner additional credibility from their counterparts. Beyond the development of credibility, the U.S. and other members of alliances are simultaneously concerned with establishing and maintaining “deterrent” or “defensive action”

toward perceived adversaries (79). I assume the twofold nature of alliances discussed by Schelling to be a given for all commitment structures discussed in this paper.

In another memorable line, Schelling notes, “No one seems to doubt that federal troops are available to defend California. I have, however, heard Frenchmen doubt whether American troops can be counted on to defend France, or American missiles to blast Russia in case France is attacked.” (35) Clearly, it is extremely difficult for any great power – not just the U.S. – to establish credibility. The reticence displayed by the French is also valuable for thinking about Indo-Pacific state behavior. If the logic described by Schelling holds, then how could Taipei, Hanoi, or even Manila rest on their laurels? It is only reasonable, therefore, to assume that the state with the fewest official commitments will be most nervous about its security arrangements or lack thereof. My theory thus contributes by engaging with Schelling’s seminal arguments through a focused, regionalized lens. In addition, I bring Schelling and other traditional viewpoints into conversation with the relatively new concept of Indo-Pacific state hedging. Finally, I offer a visualization of my predictions on the following page of my proposed spectrum of U.S. commitments from the weakest to the strongest commitment, ordered from left to right.

Fig. 1. Hypotheses about security and economic behavior across the spectrum of U.S. Commitments in the Indo-Pacific, visualized

Weakest		Strongest
No Formal Relationship <i>(Taiwan)</i>	Strategic Partnership <i>(Vietnam)</i>	Formal Alliance <i>(The Philippines)</i>
Receives Most Official Arms Sales From the U.S.	Medium	Low
Receives Most “Unofficial” Support From the U.S.	Medium	Low
Highest Military Expenditure, Gross (by \$ value)	Medium	Low
Highest Military Expenditure as a Share of Indicators (as a %)	Medium	Low
Least Amount of Trade Decoupling From the U.S. or China (by \$ value; as a %)	Medium	High
Greatest Likelihood to Hedge	Medium Likelihood	Lowest Likelihood

Background

In this section, I will first introduce and reinforce key definitions. Next, I provide a brief overview of the United States and its official commitments to the three selected cases for study: Taiwan, The Philippines, and Vietnam. I will also explain concepts invoked in my theories through relevant anecdotes.

First, an American commitment refers to any state that has been listed by the U.S. as part of its recent official White House Indo-Pacific strategy. This can be found in further detail in the Biden administration's 2022 official strategy document (The White House 2022). Official, or overt policies, are defined as actions taken by U.S. Congress or Presidents to formally approve arms sales or transfers, elevate relationships, or perform other actions to elevate commitments through written documents. By contrast, covert, or unofficial U.S. policies refer to unconfirmed and de facto actions that the U.S. deploys toward its commitments, which are not confirmed through writing but can be observed through news sources.

I will borrow from a recent interview with University of Chicago Professor Paul Poast to distinguish between American alliances and partnerships. An alliance formally refers to “a defense treaty between countries... an attack on a treaty ally can be considered an attack on one's own soil” (Poast 2023). Such instances of American formal alliances include agreements with over fifty countries, including twenty-nine NATO allies. On the other hand, partnerships can also be based on common security interests, but are different from alliances in that there is no formal commitment to mutual defense. Poast argues that these commitments are left perhaps intentionally ambiguous, and in some ways make these relationships easier to change per shifting U.S. policy interests. The U.S.-Taiwan relationship fits this exact bill and offers a

unique situation and commitment for American policymakers. However, on official terms, it falls well short of a formal partnership or even any recognizable formal relationship. As such, I will define the American commitment to Taiwan as “no formal relationship”; the American commitment to Vietnam as a “strategic partnership”, and the American commitment to The Philippines as a “formal commitment”. In the following section, I offer a brief historical overview of the selected cases for this paper.

Taiwan, formally the Republic of China (ROC), possesses the weakest formal relationship with the United States. The United States recognized the ROC government as the rightful “China” up to 1979 but then switched recognition as part of its effort to normalize relations with mainland China. As a result, the U.S. – and a majority of countries – do not consider Taiwan to be a country. Paradoxically, the United States’ arms commitment toward Taiwan has historically been stronger than U.S. commitments to other states such as Vietnam. This is partially due to historical factors like the Vietnam War. However, the traditional U.S. policy of “strategic ambiguity” has also played a key role. “Strategic ambiguity” refers to the longstanding U.S.-Taiwan policy, starting with the U.S.’s recognition of the PRC as the “One China” in 1979. Most notably, this policy does not pledge American defense in the event of an attack on the island and only seeks a peaceful cross-Strait solution. Yet, the policy also leaves the possible American response intentionally open to interpretation.

The Taiwan Relations Act (TRA) is perhaps the most notable piece of legislation concerning Taiwan. This legislation was passed through Congress in 1979 as a response to the switch in American diplomatic recognition to the PRC. In particular, Section Three of the Taiwan Relations Act provided committed the U.S. to selling defense articles and services to Taiwan “as may be necessary to enable... a sufficient self-defense capability” (U.S. Congress 1979).

This is in support of the overarching U.S. policy in Section Two of the Act, which guarantees U.S. provision of “arms of a defensive character”, and the maintenance of U.S. capacity to “resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.” While this section declares American interest in a peaceful resolution, it is intentionally vague as to what adequately maintained U.S. capacity entails. As such, the TRA is relatively weak in terms of American defense guarantees in the event of an attack by the PRC or other forces. Beyond the TRA, the U.S. is also not obliged in any other commitments to come to the defense of Taiwan. This is most likely the reason for past U.S. administrations’ reticence (other than President Biden) to expand upon what an official American response would look like, should such an attack on Taiwan occur. By popular view, this delicately crafted strategy aims to tamp down geopolitical and historical tensions by dissuading both Taiwan’s government from declaring formal independence and China from “using direct force against the island” (UK Parliament 2023).

As the security environment in the region shifted, the United States also adjusted its regional strategy to focus on expanding its alliances and partnerships. Correspondingly, the U.S.-Taiwan relationship has had its ebbs and flows, largely contingent upon the U.S.’s ambitions toward China. Despite these circumstances, the U.S. has found ways to show support even in periods of relative frostiness. While Taiwan remains outside of official U.S. major non-NATO allies (including Japan), the Bush administration chose to ratify legislation that would effectively treat Taiwan as a “non-NATO ally”. This was despite possible backlash and setbacks to the Sino-U.S. relationship, during a time in which the U.S. was anxious to improve relations with the PRC (Khan 2010). Yet, both President Bush and Congress braved possible Chinese wrath to provide Taiwan with this de facto status (U.S. Department of State 2021). Taiwanese

policymakers, however, have ample reasons to regard the relationship cautiously and to not take U.S. support or intervention for granted – especially given the stark difference in U.S. commitments compared to Japan and South Korea. Given the unofficial and ambiguous nature of American commitments to Taiwan, I expect to see the most “hedging” behavior exhibited by Taiwanese policymakers and leaders.

Vietnam, on the other hand, presents itself as somewhat of a “middle ground” for the degree of U.S. formalized commitment. After the Vietnam War ended in 1973, the U.S. imposed a trade embargo on Vietnam for violating the Paris Peace Accords, which lasted until 1994. Vietnam was also prompted by the Sino-Vietnamese War to reconsider its relationship with the Soviet Union. China’s invasion, and the Soviets’ failure to protect Vietnam, led to a more balanced and nuanced Vietnamese foreign policy. This, along with economic considerations, led to the restoration of diplomatic relations in 1995. As such, the U.S. considers Vietnam a state and has looked to Vietnam both as an economic partner and as a potentially valuable member of the “Quad Plus” Indo-Pacific strategic partnership (Air University Press 2023).

In more recent years, the U.S. has made a concerted effort to improve and elevate this relationship to a more formalized commitment. After President Obama formed the Vietnam-U.S. Comprehensive Partnership in 2013, the two nations have worked to increase “mutual understanding... mutual trust, and... cooperation across all areas”, including political, economic, and military cooperation. In March 2018, the U.S.S. Carl Vinson became the first aircraft carrier to dock in Vietnam in more than 40 years. The U.S. also funded over \$100 million under the Foreign Military Financing program and over \$80 million to support the Indo-Pacific Strategy between FY 2017 and FY 2023. These funds were primarily for improving Vietnam’s “maritime security and domain awareness capacity building efforts, and their efforts

to maintain the rights and freedoms specified under international law of the sea.” While not explicitly mentioned, increased Vietnamese focus and collaboration with the U.S. is ostensibly connected to the repetitive maritime clashes between Vietnam and China, most recently in 2019 (Council on Foreign Relations 2023). Vietnam also took part in the Rim of the Pacific military exercise for the first time in 2018 – an international maritime drill held by the U.S. and its allies and partners (U.S. State Department 2023).

Finally, in 2023, President Biden and Vietnamese General Secretary Nguyen Phu Truong formally elevated the two countries’ relationship to one of a “Comprehensive Strategic Partnership”. Among other things, this new status promised to mutually strengthen political and economic ties and to enhance cooperation in defense industry and trade. The U.S. also reaffirmed its commitment to “continuing to assist Vietnam to develop its self-reliant defense capabilities in accordance with the needs of Vietnam” (The White House 2023).

The U.S.-Vietnam relationship appears to be on the mend compared to immediate post-war relations. However, despite U.S. efforts to win hearts and minds, Vietnam has been – and continues to be – a prime case of what international relations scholars call “hedging”. Kuik (2016) defines hedging as state behavior that is “insurance-seeking” in a high-risk environment. In the context of the Indo-Pacific, this has resulted in Vietnam’s highwire “balancing act” between two main competing powers: the United States and China. While the U.S. appears eager to upgrade its security relationship with Vietnam – and though China and Vietnam continue to clash – Vietnamese policymakers may be more hesitant to fully accept the U.S.’s security guarantees if they were presented with the opportunity to do so. Without an official guarantee, I expect Vietnam to be more prone to hedging in its approach toward militarization and trade.

Lastly, the U.S.-Philippine relationship is the most robust and long-running of the three dyads selected for discussion. The U.S. first wrested control of The Philippines from Spain in the Spanish-American War of 1898, then proceeded to violently suppress the Filipino independence movement. Later, Americans and Filipinos collaborated to defeat the Japanese occupation during World War II. In 1951, the U.S. entered into a Mutual Defense Treaty with The Philippines (New York Times 2023). Article II of this Treaty mandates that both parties maintain individual and collective capacities to resist armed attack by “self-help and mutual aid”. Article III outlines the responsibilities of both parties to periodically consult together on the status of the security in the Pacific. Article IV recognizes that an armed attack in the Pacific on either party “would be dangerous to its own peace and safety” and would respond mutually to such dangers – including armed attacks on metropolitan or island territories, armed forces, vessels, or aircraft as outlined by Article V (Yale Law School 2008). A few years later, the United States, The Philippines, and five other nations also signed the Southeast Asia Treaty. This 1954 treaty recognizes that any armed attack in the Pacific on a member warrants action to “meet the common danger”. Thus, the U.S. and the Philippines are bound by not one but *two* mutual defense treaties. This makes the U.S.-Philippines relationship the strongest and most observable among the sampled Indo-Pacific states (U.S. Department of State).

In recent years, the U.S. has reaffirmed and added to its treaty with The Philippines as regional tensions increase. In May 2023, U.S. Secretary of Defense Lloyd J. Austin III, and his Filipino counterpart Carlito Galvez established “Bilateral Defense Guidelines” in a joint effort to “modernize alliance cooperation”. The U.S. not only reaffirmed its support for The Philippines in the event of any armed attack in the Pacific but expanded the traditional definitions of an attack to include the realms of space and cyberspace, as well as more modern asymmetric and irregular

warfare tactics. In particular, the guidelines were a first attempt at formulating bilateral security responses to modern challenges. These developments were partly in anticipation of regional skirmishes. One such incident took place in March 2024, when a naval ship from China and a coast guard vessel from The Philippines clashed in the South China Sea. While there were no casualties, the high-profile nature of the incident induced a strong U.S. affirmation of its obligations to The Philippines. The Department of State issued a statement reiterating its support for its ally in the face of “repeated harassment” by the PRC Navy and reaffirmed that Article IV of the Mutual Defense Treaty extends to any attacks on The Philippines, including the Filipino Coast Guard, and in any part of the South China Sea. (U.S. Department of State 2024).

These recent developments have bubbled up into broader concerns about stability in the South China Sea, which in turn invokes American concern. Perhaps spurred by tacit and explicit U.S. support, President Ferdinand Marcos Jr. shot back by signing an order to strengthen maritime security (South China Morning Post 2024). If my theory holds, then The Philippines should theoretically feel the most emboldened by American support. Therefore, they will spend the least on defenses, instead relying on the backing of U.S. forces and security provided by bases. The Philippines will also be most emboldened to engage in economic decoupling from China or the U.S., as might be observed through trends in trade flows.

Finally, I wish to offer a brief overview of some different types of official, and unofficial, security assistance provided to U.S. regional priorities. In conjunction with Congressionally approved arms sales, the United States provides a variety of aid and military assistance options to states with which it has some form of commitment. The Defense Security Cooperation Agency (DSCA) is in charge of the Foreign Military Sales program, which is the official avenue for foreign governments to purchase military articles, services, or training. This is the most common

and observable form of U.S. security interaction with other countries. The DSCA also oversees the sale of Excess Defense Articles, which are generally valuable but retired U.S. military equipment, typically in need of refurbishment and sold at a cut rate. Additionally, the State Department provides financing programs such as the Foreign Military Financing (FMF) program, which gives Congressionally approved funds for foreign governments to buy various American defense articles and services through Foreign Military Sales or Direct Commercial Sales (U.S. Army DASADDEC). Although stationed American forces are only guaranteed to certain Indo-Pacific states (Japan, South Korea, The Philippines, etc.), the U.S. also tries to consistently expand its security presence across regional commitments through other non-explicit policies and gestures. This can range from boundary-pushing words of support to the borderline expansions of defense cooperation and local U.S. military presence. I will examine these unofficial policies of support in conjunction with the official sources of funding above.

Literature Review

After establishing my theory and key background context, I will now turn to existing literature to justify my proposed research question and scope. As I have mentioned, my theory builds on several key pieces of literature. First, I build upon the work of Medcalf (2017) to expand upon the dynamics underlying the paradigmatic shift in U.S. regional strategies amidst great power competition. He echoes popular beliefs that the term “Indo-Pacific” is relatively nascent but quickly replacing “Asia-Pacific” as the Western security framework for the region. This term has won out in Washington as American policymakers race to define strategic interests in Asia. This rebranding has strategic consequences for containing Chinese power while simultaneously

situating the U.S. into the broader regional framework. There are also additional geopolitical nuances for consideration, such as the inclusion of India into the regional security framework. Essentially, this expansion serves to enhance and widen the scope of America's involvement in regional security issues, which speaks directly to my theory.

I also build on the work of Hu (2020), which focuses on the Trump administration's tough attitude toward confronting perceived challenges from China. Hu claims that American policymakers have reframed the Sino-U.S. relationship as one of competition after perceiving its failures to mold China through engagement strategies. In particular, Hu argues that the U.S. engages strategically by 1) pushing for regional military capability buildup, 2) providing a "Free and Open Indo-Pacific" strategic alternative to counter regional influence, 3) mobilizing its friends and allies to balance against China, and 4) using issues sensitive to China to challenge Chinese interests. Empirics suggest that my selected cases will map onto the four outlined strategic approaches in the Indo-Pacific. Alas, while Hu's analysis is timely, it does not consider the most recent Biden administration, nor does it look at other administrations in depth beyond the Trump administration. As such, I believe my proposed study will provide a more longitudinal perspective.

As mentioned, my theory borrows from Morrow's (1994) abstract framework and expands upon his definition of an "alliance". While Morrow's spectrum is based on the degree to which that alliance is tight-knit, I expand the spectrum to consider strategic partnerships and various forms of commitment as observed in the Indo-Pacific. In doing so, I deviate from Morrow's theory by theorizing that the more informal the U.S. commitment, the greater the degree of American peacetime costs. Fearon (1997) also builds on Morrow's work by distinguishing between distinct types of costly signaling behavior. Fearon suggests that states might incur potential

costs in two ways to credibly relay their interests to other states. They might choose to “tie hands” by creating domestic audience costs that will impose harsh reputational costs if commitments or threats are unfulfilled. On the other hand, they might “sink costs” by mobilizing troops or engaging in other forms of costly military activity. I do not aim to distinguish between the predominance or efficacy of either behavior as Fearon does. However, I do acknowledge that my selected evidence is heavily influenced by, and sourced from, American policies that “sink costs”.

Robert Jervis’ work on alliances and perceptions is also valuable to my theory. My argument that the U.S. engages in disproportionate costly signaling activity to its weakest commitments can be traced directly to Jervis (1968) and Jervis (2009). Jervis (1968) establishes the likelihood, and various ways, in which states can make misperceptions or misinterpretations of other states’ intentions. Jervis (2009) also asserts that alliances need to be viewed through the lens of domestic factors that shape national beliefs. Moreover, misunderstandings or misperceptions between allies are potentially fatal to alliances because alliances are largely contingent upon a high level of mutual trust. I believe that this fragile environment is the reason America must “tie hands” or “sink costs” in order to purchase and reinforce its credibility on the global stage. Jervis’ assertions also help elucidate my assumptions that perceptions directly inform state behavior in alliances. However, Jervis’ work is largely Western-centric, as it focuses on the “Western Alliance” and Western states’ views of alliance structures. As such, while Jervis provides a valuable framework for considering state perception, I will borrow this framework to study a relatively underdeveloped topic: the myriad of factors and perceptions that shape America’s commitments to Indo-Pacific states.

My theory of Indo-Pacific state hedging also engages with dominant theories of non-major power state behavior and alliance formation amidst great power competition. I initiate this conversation by considering the interplay between traditional and more contemporary theories of state responses in the Indo-Pacific. Stephen Walt's 1987 book *The Origin of Alliances* provides a neorealist overview of classically typified responses to alliance formation. Building on the foundational, power-focused analysis of Waltz (1979), Walt suggests that alliance formation and separation are driven by a calculated balancing act between potential threats and security guarantees. In a scenario where anarchy reigns and great power competition is underway, states may choose to "balance" and form alliances with other states and the incumbent forces to balance against an external threat. Conversely, states may also choose to "bandwagon", where a state joins forces with the perceived threat. Walt argues that states will tend to form balancing allegiances against growing, powerful threats, rather than joining in with these threats. This propensity is also driven by states' relative power and proximity to their perceived threats. Walt's analysis focuses largely on American priorities vis-à-vis the Middle East. This paper adds to this literature by assessing American priorities using a third type of lens: "hedging". This refers to a popular strategy thought to be employed primarily by East and Southeast Asian states. Instead of balancing or bandwagoning, some states respond to great power competition by trying to play both sides and avoiding any significant alignment to either major power.

To fully understand how states might respond in a third way through the concept of "hedging", I borrow from previous work by Kuik (2022). Kuik argues that weaker states see the world in "shades of grey" given the high degrees of uncertainty. As such, these states often do not see either major power as a clear threat or opportunity. Instead, Kuik suggests they perceive a

constantly changing spectrum of risks, which can be best navigated through a complicated web of mutually reinforcing and potentially mutually offsetting policies. I leverage this definition to assess the overall tendency to hedge by examining military and trade data in Taiwan, Vietnam, and The Philippines. I believe the specific tendencies of American policymaking behavior toward regional states are worth revisiting under a broader lens, as Kuik's analysis only encompasses Southeast Asia. Haacke (2019) provides valuable theoretical nuance about why states choose to hedge as opposed to employing other strategies such as balancing or bandwagoning. I build upon the argument that long-held assumptions about hedging in the Indo-Pacific require a contemporary reassessment. By examining Singapore and Malaysia, Haacke creates a conceptual framework that assesses leaders' rhetorical tendencies, states' military capabilities, and state signaling, among other factors. Haacke finds that while Malaysia behaves as if it is hedging, the behavior of Singapore is more akin to that of a balancing state. This clashes with predominant categorizations of Singapore as a hedging state. Hence, Haacke believes – and I agree – that there is a need to reexamine assumptions about Indo-Pacific state behavior. For instance, traditional conceptions of Vietnam as a hedging state may need to be reassessed in the face of recent regional developments (Nguyen 2020).

Finally, I also derive my theories and methodology from contemporary work on state behavior in the Indo-Pacific. Christie et al. (2023) explore models of Indo-Pacific demand for military expenditures and trends in interstate defense cooperation to analyze the propensity of states to balance amidst an increasingly common perception of threats from China. I build upon this approach by assessing trends in economic behavior in conjunction with states' military expenditures. I also offer a more comprehensive theory of the possibilities for interstate defense cooperation in the broader context of U.S. commitments to the entire region.

As discussed, traditional international relations viewpoints on commitment problems, perceptions, and alliances largely focus on potential flashpoints in Europe between Western allies and the Soviet Union or in the Middle East. There has yet to be a significant amount of attention on critical facets of the U.S. alliances in the Indo-Pacific, nor has there been much work on the difference between American written commitments and actual policies in the region. This points to an outdated set of empirically assessed strategic regional priorities that I intend to build upon. Furthermore, my comprehensive study of the selected states' economic and military policies is the first study I am aware that ties Indo-Pacific state behavior directly to their relationships with the U.S. Thus, I am confident that my research can leverage the wealth of previous literature and apply it to an existing gap to answer interesting questions about the value of – and state behavior in – various American commitments in the Indo-Pacific.

Methodology

There are two main components to my mixed methods approach. First, I will conduct a comparative and longitudinal analysis of the United States, and its official – and unofficial policies toward its Indo-Pacific commitments. To accomplish this, I evaluated major policy developments and arms transfer data between the U.S. and each relevant Indo-Pacific state from 2000 through the present day. I did so to maximize the scope of the project and to account for various political factors. This approach encompasses four Presidential administrations – George W. Bush, Barack Obama, Donald Trump, and Joe Biden. The data set provides appropriate variance across the political parties – two Democrats and two Republicans – as well as sufficient

variance in the composition of government in terms of having split or unified party control over the Senate and the Presidency.

I have already established that the United States makes its written guarantees starkly different between different commitment structures. As detailed in the Background section, there is a clear and unmistakable difference between the United States' guarantees to the Philippines and the language used in the Taiwan Relations Act. Next, I need to establish *Hypothesis 1a*: *American policymakers give Indo-Pacific commitments relatively equal strategic security value, despite the obvious differences in what is formally written in each commitment.* In addition, *Hypothesis 1b* states that *American policymakers will try to make Indo-Pacific commitments practically similar while navigating geopolitical challenges by “pushing the envelope” disproportionately.*

I will analyze these hypotheses through a thorough examination of American actions that push the boundaries of what is explicitly allowed in the Indo-Pacific. This is to uncover a “de facto” equality between the various commitment structures. First, to observe levels of overt, official American support for allies, I analyzed trends over the past twenty-plus years across various American arms transfer channels used to bolster allied defenses. As mentioned, the U.S. wields a toolkit of methods to arm and increase the security of its allies and customers. Through official State Department channels, the U.S. provides defense articles, military education and training, and other defense-related offerings to foreign governments by grant, loan, credit, sales, or lease. This comes either in the form of procurement programs, including Foreign Military Sales (FMS), Excess Defense Articles (EDA), and International Military Education and Training (IMET), or in financing programs, such as Foreign Military Financing (FMF) and Leases (U.S. Army DASADDEC).

Thus, I find this variety of American policy channels to be a potentially interesting topic for exploration. While all of these mechanisms are official and must be approved by Congress, perhaps the end goal – and strategic purpose – of these different programs is varied. Not only can my analysis draw out the distinctions in how U.S. policymakers treat commitments across the region, but it might also serve a purpose in determining how the United States deploys different forms of officially approved military support across commitments.

The obvious first order is to analyze levels of Foreign Military Sales, Excess Defense Articles, and Foreign Military Financing as a proxy for American support and commitment. Before an official Foreign Military Sale, the Department of State must approve the possible sale to a foreign government. Once the sale is approved, the Defense Security Cooperation Agency (DSCA), a subsidiary of the Department of State, is responsible for notifying Congress of the potential transaction. As such, I consulted data from the DCSA to observe trends in officially approved FMS, EDA, and FMF. This data will be valuable in observing Congressional policymakers' propensity and willingness to sell arms over time.

On a similar note, I also consulted trends and statistics in U.S. arms exports to the relevant states using the Stockholm International Peace Research Institute (SIPRI) Arms Transfer Database. This provides an alternative source of information – primarily military-focused periodicals, newspapers, official governmental publications, and the UN register – on U.S. arms exports that may not be captured officially by U.S. sources.

As for unofficial behavioral shifts by U.S. policymakers, I will review significant news coverage of major actions by sitting Presidents and Congress. There have been many major observable actions of support toward Taiwan, Vietnam, and The Philippines over the years that go above and beyond what is mandated by written American guarantees. I will compare what has been

“officially” mandated with what U.S. policymakers have pushed “unofficially” to uncover egalitarian tendencies that push the boundaries of commitments.

Beyond U.S. behavior and policies, I also wish to assess the selected Indo-Pacific states and how they respond to different official U.S. security guarantees. In *Hypothesis 2a*, I argue that *while the United States treats different alliance structures as though they are strategically similar, states in the Indo-Pacific will perceive, and thus act, as if there are vast differences in the level of security guaranteed by American forces.*

Moreover, *Hypothesis 2b* suggests that *Indo-Pacific states with weaker U.S. commitment structures are more likely to exhibit “hedging”*. State behavior, and in turn perception, can be inferred through states’ levels of military expenditure. As such, I will leverage the SIPRI military expenditures database to observe and compare countries’ levels of military spending. Of note, data for Vietnam was only available through 2018. As such, I will only consider trends for Vietnam up to that point. However, there is a long enough timeframe – and relatively consistent, slow growth in Vietnamese expenditures – to extrapolate and form conclusions about Vietnamese military and trade-related behavior.

Finally, I will analyze Taiwan, Vietnam, and The Philippines’ trends in bilateral trade with China and the U.S. from 2000 onwards to observe Indo-Pacific trade tendencies and infer states’ propensity to hedge. I consult the World Bank database (World Integrated Trade Solutions) as well as the International Monetary Fund Direction of Trade Statistics (DOTS) database. When applicable, these statistics will also be adjusted for inflation and will consider gross, per capita, and % of GDP. Of note, certain World Bank and International Monetary Fund import and export data was available only until 2022. Hence, the trade data for Taiwan – pulled separately from the Taiwanese government trade agency, as it is grouped in with mainland China in available

datasets – extends through 2023, while data for the other two countries is available only through 2022.

These cases are appropriate for a mixed methods study in the timeframe provided. This timeframe of over twenty years allows for sufficient temporal variation while also controlling for critical political changes and factors in the region. For instance, Taiwan was effectively a single-party state until 2000 but has since exploded into a multi-party democracy. Such drastic shifts in political systems may confound the effects I intend to observe and are thus removed from consideration in this study. I provide complete data tables in the Appendix section.

Finally, I offer a few important caveats. First, U.S.-Vietnam relations are historically unique and thus provide a confounding factor. Given this relationship, the United States lifted its decades-long arms embargo on Vietnam only recently in 2016 (Department of Defense 2016). Second, there was a similar freeze in arms sales to Taiwan. Both President Bush and President Obama imposed lengthy arms sales freezes on Taiwan. Bush froze arms sales from March 2004 through October 2005, and from November 2007 through October 2008. Obama froze sales from September 2011 through December 2015 (U.S.-Taiwan Defense 2023). Third, there are certain limitations with data availability, as DCSA records are only available starting in September 2004. Additionally, FMS data prior to 2009 is unavailable, and any data prior to the end of the U.S.-Vietnam embargo in 2016 should be regarded with proper nuance. Finally, COVID-19 may have had confounding effects on global trade and arms purchases that are difficult to extrapolate from available data. Still, my approach provides a longitudinal analysis of past U.S. policy and points to a potentially interesting strategy regarding how America uses various official, and unofficial, channels to bolster the security of allies and partners.

Results

Fig. 2: Observed Results Mapped to Hypotheses

Source: DOTS (2022), WITS World Bank (2000-2021)

	Taiwan	Vietnam	The Philippines	Does the result match my hypothesis?
Relationship with U.S.	No Formal Relationship	Strategic Partnership	Formal Alliance	
<i>Hypotheses 1a & 1b</i>				
Official: Foreign Arms Sales	High	Medium	Low	✓
Official: Excess Defense Articles	Medium	Low	High	✗
Official: Foreign Military Financing	Medium	High	High(est)	✗
Unofficial: Policies demonstrating support	High	Medium	Low	✓
<i>Hypotheses 2a & 2b</i>				
MilEx, Gross (\$)	High	Low	Low(est)	✓
MilEx as % of GDP	High	High(est)	Low	⊖
MilEx as % of Govt. Expenditure	High	Medium	Low	✓
Trade Tendencies & Behavior	Cautious decoupling from China (slowly moving away from China)	Hedging (no clear move toward, or away from, the U.S. or China)	Hedging and cautious decoupling from the U.S. (slowly moving toward China)	✗

Analysis of Hypotheses 1a & 1b: American Strategic Parity Amongst Commitments & “Pushing the Envelope” through Official Means*

**Note: Additional analyses and additional graphs can be found in the Appendix section.*

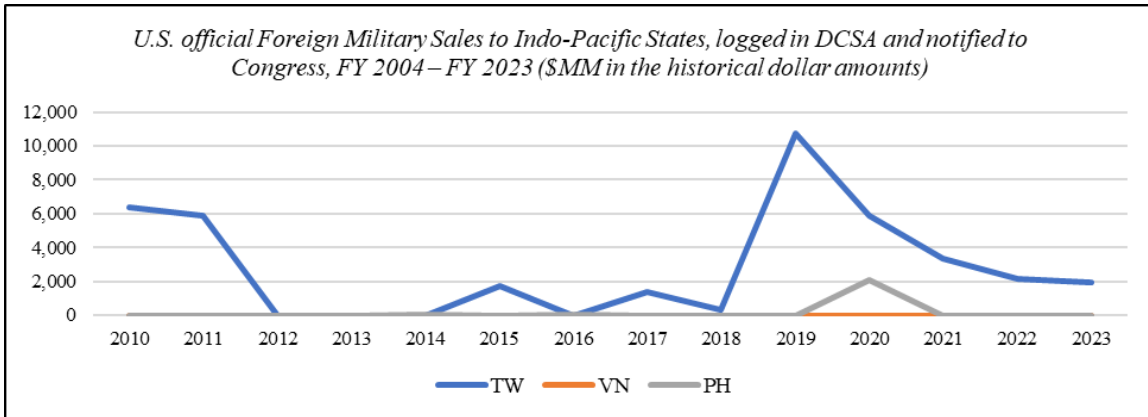
In my analysis of official U.S. arms sales data, I find partial evidence that supports my hypotheses *H1a* and *H1b*: that U.S. policymakers try to use certain official channels to promote relative parity in security amongst American commitments in the Indo-Pacific region. In particular, the U.S. favors the use of Foreign Military Sales to promote equity amongst commitments. In doing so, policymakers disproportionately risk political backlash and tensions to advance regional security interests. Such a move is highly risky and controversial. After the U.S. provided Taiwan with a major arms upgrade in 2023, China’s defense ministry fervently protested the sales and lodged formal representations with Washington. These moves are undoubtedly accompanied by staggering detrimental impacts on Sino-U.S. diplomatic and military relations (Reuters 2023).

Yet, the U.S. incurs a disproportionate amount of peacetime costs for Taiwan, a state with which it has no official relationship. Essentially, while the U.S. has incentives and obligations to sell arms to Taiwan, it seems to do so disproportionately, perhaps to compensate for the lack of an American treaty. The Philippines, on the other hand, receives much fewer major U.S. arms sales, likely due to its security umbrella. As such, they are potentially less inclined to bolster national security with weapons purchases, exhibiting what is commonly referred to as “free riding” behavior (Posen 2013). Lastly, the United States has held back on selling articles to Vietnam despite the lifting of restrictions in 2016. This is also perhaps due to the reticence of

Vietnamese policymakers, as they may hedge their bets. These findings are largely supported by my analysis of the SIPRI data. I provide a more detailed discussion in the appendix.

Fig. 3: U.S. Official Foreign Military Sales to Indo-Pacific States, logged in DCSA and notified to Congress, FY 2004-FY2023 (in \$ millions and historical value)

Source: U.S. Defense Security Cooperation Agency



This strategy only appears to apply to FMS and not to FMF or EDA assistance. The U.S. Defense Security Cooperation Agency has declared the purpose of EDA to be in service of promoting “a free and open Indo-Pacific region” (DSCA 2020). Thus, I expected to see a similar pattern of parity and perhaps overcompensating actions in the frequency of article releases across Taiwan, Vietnam, and The Philippines. I anticipated similar trends in policymakers’ use of Foreign Military Financing to support regional commitments and make them more equal. By contrast, my analysis shows that EDA sales and FMF serve a different purpose compared to FMS. EDA and FMF assistance appears to be geared toward supporting the strongest U.S. allies. As it stands, the U.S. appears much more willing to incur peacetime costs in the form of arms sales compared to other channels such as FMF or the release of EDAs.

Fig. 4: U.S. Excess Defense Article Sales to Indo-Pacific States (in \$M and historical value) (excludes entries tagged as “EDA Canceled”, “EDA Rejected”, or “LOA Offered”)

Source: U.S. Defense Security Cooperation Agency

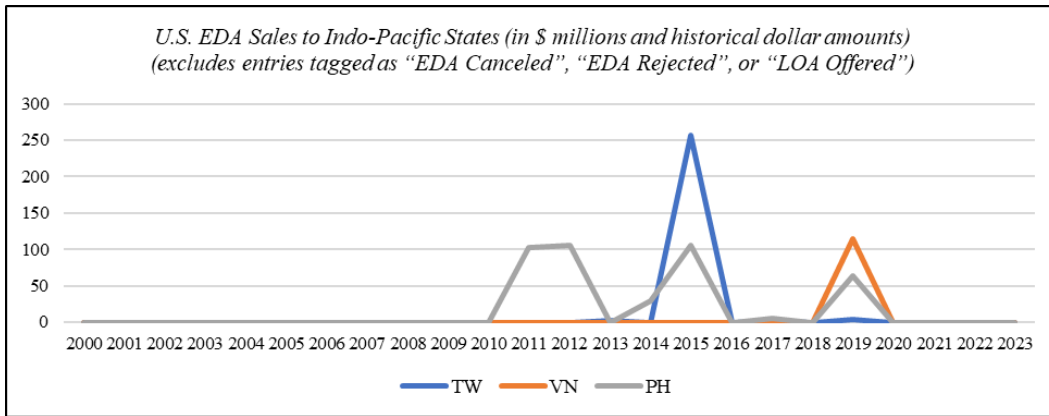
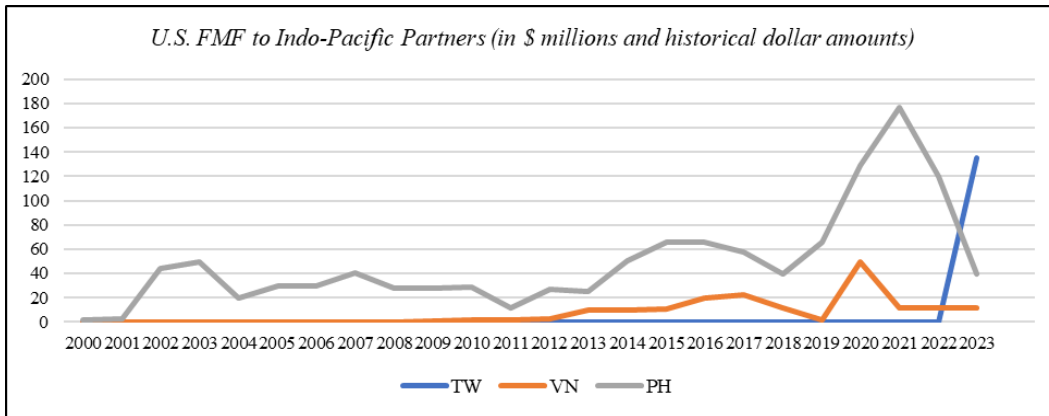


Fig. 5: U.S. Foreign Military Financing to Indo-Pacific Partners (in \$M and historical value)

Source: U.S. Department of State



On the following page, I offer an overall summary of the observed strategies for different official channels of American military support.

Fig. 6: Categorization of U.S. Military Aid Channels as part of its Indo-Pacific Strategy

	Officially Approved Foreign Arms Sales	Excess Defense Articles (EDA)	Foreign Military Financing (FMF)
Taiwan	High	Medium	Low
Vietnam	Low	Low	Medium
The Philippines	Medium	High	High
What seems to be the U.S.’s strategy for this type of arms transfer?	Arm “weakest” commitments heavily to compensate for the lack of official security guarantees	Give most EDAs to “strongest” allies	Give most FMF to “strongest” allies with which they have longstanding treaties or commitments

Analysis of Hypotheses 1a & 1b: American Strategic Parity Amongst Commitments & “Pushing the Envelope” Through Unofficial Means

As I just established, there is a disconnect between the inequality of security granted by U.S. written commitments and the relative equality of how Indo-Pacific states are treated. Despite obvious differences, U.S. policymakers still generally approve and export various forms of military assistance across different commitment structures, although there are apparent nuances in the strategic purpose of certain channels of military support. What next?

To establish that U.S. policymakers push the envelope with somewhat covert or unofficial actions, I create a comparative checklist that checks official U.S. commitments toward various Indo-Pacific states against unofficial policies and actions that toe the line or are in blatant disregard of what is explicitly allowed. Overall, I find that the U.S. incurs high costs and takes many risks in the Indo-Pacific. Moreover, it does so at a disproportionate rate for its weaker commitments, which supports my hypothesis. I also find support for the claim that official U.S. policies as written and actual U.S. regional policies are vastly different. American policies toward Taiwan and Vietnam strive to push the boundaries by elevating current commitments into a quasi-formal relationship. This pattern of U.S. “unofficial” policymaking in the Indo-Pacific is consistent – and in some ways, stronger – for non-formal allies (Taiwan, Vietnam) as they are for formal allies (The Philippines). This underscores my argument about how U.S. policymakers try to make all commitments virtually equal under tenuous geopolitical conditions. There are three key differences between the official U.S. stance on Taiwan and the unofficial, de facto U.S.-Taiwan relationship. I find strong evidence that the U.S. pushes these boundaries in Taiwan by a) consistently deploying naval warships to demonstrate support and maintain order in the Taiwan strait, b) establishing de facto diplomatic relations, and c) installing a permanent yet unofficial military presence on outlying islands. By comparison, there is only one such difference for Vietnam. Specifically, American policymakers such as high-ranking defense officials have repeatedly declared America’s desire to elevate Vietnam’s role in regional security efforts. More details can be found in the Appendix. I provide my comparative analysis in comprehensive checklist form on the following page.

Fig. 7: A comparative checklist of official and unofficial U.S. policies toward various Indo-Pacific commitments

*Orange denotes a significant difference between official and unofficial U.S. policies

	Taiwan	Vietnam	The Philippines
What is the strength, and nature, of the U.S. commitment to this state?	None; obligation to sell arms to Taiwan per the Taiwan Relations Act (Low)	Comprehensive Strategic Partnership (Medium)	Mutual Defense Treaty (High)
Are there “self-help” or “mutual help” guarantees?	Self	Self	Self & Mutual
Does the U.S. have an obligation to use military force in support of this state?	N	N	Y
<i>Does the U.S. deploy military force consistently to demonstrate support?</i>	Y <i>(using naval force)</i>	N	Y
Does the U.S. have official diplomatic relations with this state?	N	Y	Y
<i>Does the U.S. effectively have diplomatic relations?</i>	Y <i>(American Institute in Taiwan)</i>	Y	Y
Are U.S. troops officially and permanently stationed in this state?	N	N	Y
<i>Are U.S. troops unofficially, but permanently, present?</i>	Y <i>(Green Berets in Kinmen & Matsu as of Mar. 2024)</i>	N	Y
Is there an official requirement to arm them as necessary?	Y	N	Y
<i>Have American policymakers alluded to their desire to elevate the arms relationship?</i>	Y	Y <i>(Through high-level military rhetoric)</i>	Y

Analysis of *Hypotheses 2a & 2b*: Indo-Pacific Behavior and Perceptions, as Observed Through Levels of Military Expenditures

After analyzing U.S. behavior and strategies, I now turn to an analysis of Indo-Pacific behavioral responses through the lens of military expenditures. In sum, I find strong support for my hypothesis *H2b* that Indo-Pacific states with the weakest official U.S. guarantees will spend the most on their military, both in terms of dollar value and as a percentage of GDP and overall government spending. This pattern of behavior fits into the definition of military “hedging”, which aligns with my hypotheses about expected state behavior.

Fig. 8: Indo-Pacific Military Expenditures in Constant Dollars (in \$ billions)

Source: DOTS (2022), WITS World Bank (2000-2021)

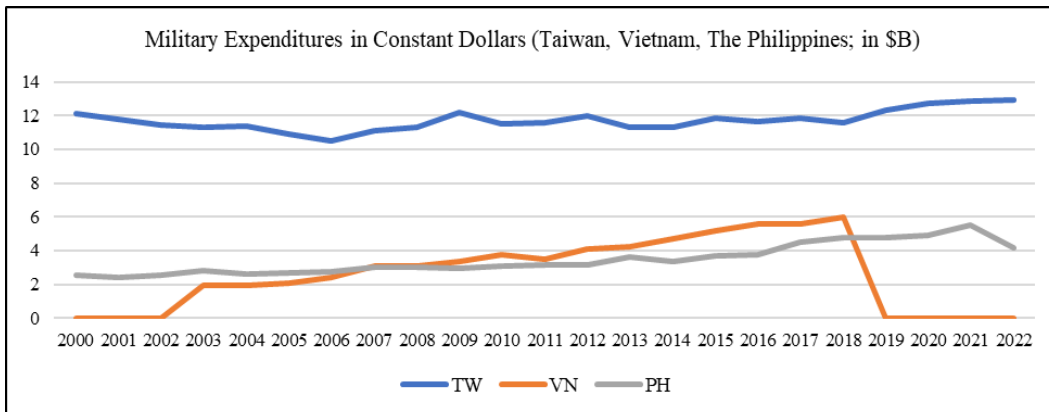
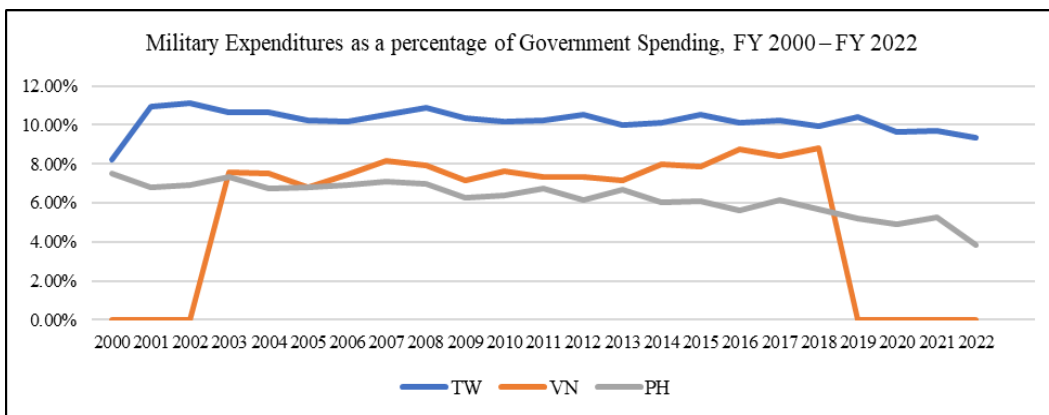


Fig. 9: Indo-Pacific Military Expenditures as a percentage of Government Spending (in \$ billions)



Analysis of Hypotheses 2a & 2b: Indo-Pacific Behavior and Perceptions, as Observed Through Trade Tendencies

In the previous section, I demonstrated that Indo-Pacific states indeed perceive commitments differently and thus act accordingly. Now, I turn my attention to Indo-Pacific states' behavior as it pertains to trade. My hypotheses lead me to believe that states with the strongest U.S. commitment structures will be most prone to engaging in decoupling from a trade partner, while states with the weakest structures will largely hedge and keep trade flows relatively stable.

If states do indeed follow hypothesis *H2b*, then Taiwan should be most prone to hedging in trade, followed by Vietnam, and finally The Philippines. Conversely, The Philippines should be the most prone – or feel most supported by the U.S. – to engage in economically risky behavior, including decoupling from one or both major trading partners. This will either be observable through a clear increase or decrease in trade with a major partner (in dollars), or in trends of imports and exports with that trading partner as a share of all global imports and exports. We should expect to see more consistent, “flatter” trade flows for Taiwan and Vietnam, and bigger fluctuations from The Philippines. Moreover, I will focus on exports to a country, as that is typically more indicative of economic reliance on a certain economy.

As it turns out, Taiwan looks to be moving slowly but steadily toward the U.S. and away from China, in what I would categorize as “cautious decoupling” from the Chinese economy. In contrast, I would categorize Vietnam's behavior as “hedging” with a side of decoupling. Finally, The Philippines has been hedging and perhaps even actively decoupling from the U.S. – all while embracing a more significant trade relationship with China.

Fig. 10: Taiwan-USA & Taiwan-PRC Trade as a Share of Global Trade

Source: DOTS (2022), WITS World Bank (2000-2021)

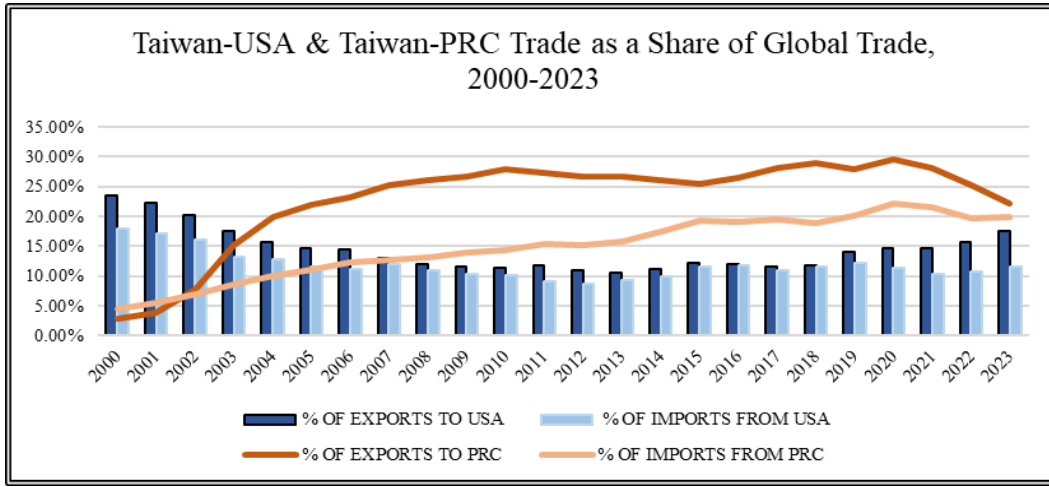


Fig. 11: Vietnam-USA & Vietnam-PRC Trade as a Share of Global Trade

Source: DOTS (2022), WITS World Bank (2000-2021)



Fig. 12: The Philippines-USA & The Philippines-PRC Trade as a Share of Global Trade

Source: DOTS (2022), WITS World Bank (2000-2021)



Lastly, I offer a few preliminary reflections. There are a few reasons that may explain why the selected states' economic behavior does not seem to fit my initial hypotheses. First, the composition of these economies (import-oriented vs. export-oriented) is likely a factor in their decision and ability to initiate decoupling policies. An export-oriented economy like Vietnam is likely to have different economic priorities compared to an import-oriented economy. Next, the developmental stage of these economies, as well as their degree of interconnectedness and dependency on the U.S. and China, likely varies across the board. For instance, Vietnam may import much more from China than it exports because it performs a lot of the “intermediary” steps in the production process before a good is finished and exported. It could also be the case that economic hedging is driven by factors distinct from those critical to military-political hedging. Perhaps states act more decisively in areas immediately affected by security concerns (i.e., defense spending) while choosing to hedge in economic scenarios.

We can also flip my initial logic to make sense of this phenomenon. As evidenced, states like The Philippines appear to “hedge” more between economies, and states like Taiwan appear to engage in more decoupling and de-risking. Perhaps it is exactly this additional security granted to The Philippines that allows it to continue to “play both sides” comfortably, knowing that continued economic reliance on China is unlikely to lead to military coercion given official U.S. guarantees. By contrast, perhaps Taiwan needs to “pick one side” and be more decisive in shaping its economic direction precisely because it cannot count on the U.S.’s support. As such, some Taiwanese policymakers may act to de-risk or de-couple from China, thus seemingly addressing fears that economic ties would lead to military pressure.

Significance & Policy Implications

Looking forward, what could we see in the near future given Indo-Pacific power dynamics and America's increased role in expanding and elevating regional partnerships? While I envision that the Indo-Pacific states will generally continue their current behavior, I anticipate a renewed vigor in American foreign military sales and increased unofficial or "covert" forms of support for weaker U.S. commitments. American policymakers currently deploy assistance in very different ways across various channels. As such, more work should be done to determine the reasons for this clear strategic difference. If the U.S. truly aims to defend Indo-Pacific commitments despite its official ambiguities, it should reassess the potential of FMF and EDA for bolstering regional security. While such a move may invite some free-riding activity from counterparts, American policymakers who believe in the non-situational value of commitments should push for higher peacetime costs across the board if possible – provided national security interests are secured.

Next, if U.S. policymakers do not do as they say, then what are the implications for their counterparts? I argue that instead of scrutinizing the text of American formal agreements, states would be better off paying attention to alternate sources to approximate America's real strategic interest in a country. "Major non-NATO ally" status, for example, could serve as a more accurate indicator of how America truly feels about a state as part of its greater strategic ambitions.

If Indo-Pacific policymakers do not view all commitments in the same way as American policymakers, there are significant ramifications for military and economic behavior. First, it is difficult not to envision the current "arms race" continuing – especially given the anarchy and turbulence inherent to the Indo-Pacific sphere. Schelling's arguments about the difficulty of credibly establishing extended deterrence further underscore the likelihood that Indo-Pacific

states will continue to arm themselves based on the relative levels of their security guarantees. However, trade and economic interchange offer a more positive outlook. There is more room for states to act independently of their security guarantees. Policymakers in The Philippines, Vietnam, and Taiwan have all shown a degree of economic self-determination and strategic management in their respective trade relationships with the U.S. and China. There seems to be more leeway for deepened, interdependent economic ties despite much popular rhetoric about decoupling and the dangers of being too reliant on one country's economy. Perhaps this can be explained by the overwhelmingly interconnected nature of the global economy. Because supply chains and other economic facets are inextricably linked across borders, states may find it much more realistic and fiscally advantageous to carefully calibrate their economies to fit contemporary risk levels and to largely maintain existing economic ties otherwise.

Finally, what is the applicability of this paper outside of the Indo-Pacific region? Do my findings, and theories, also apply? I contend that the applicability would be limited simply because the Indo-Pacific is the region closest to China. Therefore, the effects of great power strategic competition and related American policies are likely most observable in the Indo-Pacific and may be muted in other regions that are less privy to the conflict. If my study does extend to other regional studies in some way, I would be interested to see how the U.S. deploys its official and unofficial channels of security support. I would also like to explore the nuances in state behavior and differences, if any, in how Indo-Pacific and other regional states choose to "hedge" or respond to great power competition. If generalizable, I hope that this paper can inspire similar studies of American commitments to other regions of the world.

Conclusion & Potential Improvements

Overall, my set of hypotheses is partially supported by the available evidence. *Hypotheses 1a* and *1b*, are partially supported by the U.S.'s strategy of using Foreign Military Sales to level the playing field and to compensate for differences in official guarantees. However, my hypotheses are not supported by analyses of Excess Defense Articles and Foreign Military Financing, which suggests that American policymakers have clearly divergent strategic ends for various channels of official military assistance. On the other hand, evidence surrounding official U.S. assistance to commitments strongly supports my hypothesis. American policymakers have tried to push the boundaries and do so more aggressively for lesser commitments.

On *Hypotheses 2a* and *2b*, I find that states do indeed display strong tendencies to hedge according to the strength of their respective commitments with the U.S. States with paltry official guarantees will spend more on their militaries, both in terms of absolute dollar value and as a percentage of GDP and a percentage of total government expenditure – although this tendency is less clear when observing expenditure as a percentage of GDP. Finally, trade flow analysis reveals that my initial logic requires a reassessment. The Philippines appears to “hedge” more between economies. On the other hand, Taiwan appears to engage in more aggressive decoupling and de-risking from China. As I mentioned, perhaps The Philippines feels comfortable enough to establish deeper economic ties with both regional powers because it has the official backing of the U.S. As such, Filipino policymakers can increase entanglement with the Chinese economy, knowing that the U.S. has its back no matter what. By contrast, Taiwan might feel pressured to “pick one side” precisely because it cannot count on the U.S.'s support. Therefore, some Taiwanese policymakers may actively seek to de-risk or de-couple from China to avoid additional economic or diplomatic coercion.

I will also offer responses to some preliminary critiques of this research paper. First, some may contend that the U.S. is only incurring disproportionate peacetime costs in Taiwan and Vietnam because that is where the “action” is, rather than having a conscious strategy to compensate for weaker commitments. I concede that I do not have an empirical response to this argument based on the paper as it stands. I have not yet been able to delineate the relationship between the two possibilities. However, my research is still valid even if the former is true. As the U.S. incurs disproportionate costs because that is where attention is most needed, it does so consciously because it knows this is the area that poses the greatest threat to its national and regional interests. Additionally, I believe the U.S.’s behavior aligns more with Weinstein’s (1969) description of non-situational commitments. If true, this would support my logic that the U.S. incurs costs as part of a broader worldview about the importance of its commitments to national security interests, and not in the form of transactional, fleeting situational commitments to states.

Next, there is the contention that Taiwan is only important to the United States because of its importance to Japan and South Korea. I fervently disagree with this contention. Taiwan holds geostrategic importance for the United States for the same reasons that Japan and South Korea are important for American regional priorities. As part of the so-called “first island chain”, Taiwan has long been thought of as an inextricable location along with the Japanese home islands, The Philippines, and Indonesia (Asia Maritime Transparency Initiative 2018). This longstanding strategy emerged in the 1940s as part of American strategies to contain the Soviet Union and the PRC. To this day, it continues to permeate popular discourse about the region (Brookings 2023). As such, Taiwan is not only important because of its proximity to other U.S. priorities but is instead a critical node in a broader strategic network of U.S. commitments. Moreover, in its Indo-Pacific Strategy, the Biden administration listed Taiwan along with formal

allies and presumed priorities such as Japan or South Korea (The White House 2022). This designation, along with Taiwan's de facto status as a non-NATO major ally, lends credence to the ubiquity and gravity of the U.S.-Taiwan relationship.

While Japan, South Korea, and The Philippines all possess formal alliances with the U.S., The Philippines may be part of a different tier of security interest compared to Japan and South Korea. Such a hierarchy may limit the applicability of this study to the region writ large. At first glance, this claim is unsupported. As mentioned in the background, The Philippines has a bilateral mutual defense agreement *and* a multilateral defense agreement with the United States. Both agreements are well-established: the bilateral treaty was signed in 1951, and the Southeast Asia treaty was signed in 1954. Additionally, the United States has made many high-profile statements of support for The Philippines when it feels U.S.-Filipino interests are infringed upon, especially in the South China Sea. This tendency and approach is no different from similar American statements in support of Japan's conflict with North Korea or with China over various regional islands, and other statements supporting South Korea against North Korean aggression.

Some may contend that America's form of commitment to Taiwan (by way of the Taiwan Relations Act) is more "formal" than the U.S.-Vietnam relationship. I concede that this may be true and represents a divergent approach to coding these case studies. Moreover, as mentioned, the U.S.-Vietnam relationship was only just recently revived in many ways. Still, I am confident that an officially signed strategic partnership between the U.S. and Vietnam – which has been in place since the Obama administration – represents a different and more formal kind of commitment than captured by the hazy U.S.-Taiwan relationship.

Lastly, there are also additional analyses that would provide additional structure and nuance to my current paper if completed. First, while I assess the relative share of exports and imports

between selected states and the two major powers, I did not consider the rankings of China and the U.S. among all global trading partners over time. This analysis could not only further inform my hypotheses regarding hedging but would also provide context as to which countries may be newly minted beneficiaries of trade decoupling in the Indo-Pacific. Second, I have not offered a significant and adequate adjustment for the effects of COVID-19. The pandemic not only severely disrupted global supply chains and economic activity but may well have affected arms trade and sales (OECD 2022). Therefore, it is difficult to parse out the effects of COVID-19 on trade flows and arms exchanges. I fully recognize the confounding effects of COVID-19 on my observations, and I plan to adjust my approach as this research continues in its future capacity.

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Appendix

Note I: *Dollar values are for the year provided and not adjusted for inflation, unless otherwise specified*

Note II: *Grey entries denote years for which data is unavailable*

Analysis of Hypotheses 1a & 1b: “Pushing the Envelope” Through Official U.S. Means

I find partial evidence that supports my hypotheses *H1a* and *H1b*: that U.S. policymakers try to use certain official channels to promote relative parity in security amongst American commitments in the Indo-Pacific region. Several observations support this claim. First, the U.S. conducts by far the most major arms sales to Taiwan, to the tune of nearly \$40 billion over the last two decades. Of course, this is fueled by the U.S.’s binding obligation to sell adequate arms per the Taiwan Relations Act. However, the dominance of arms sales over The Philippines – a surefire U.S. ally – is quite staggering. Essentially, while the U.S. has incentives and obligations to sell arms to Taiwan, it seems to do so disproportionately, perhaps to “overcompensate” and elevate the security of those Indo-Pacific commitments where there can be no official U.S. security presence. Such a move is highly risky and controversial. After the U.S. provided Taiwan with a major arms upgrade in 2023, China’s defense ministry fervently protested the sales and lodged formal representations with Washington (Reuters 2023). Such demonstrations of support are likely accompanied by staggering detrimental impacts on Sino-U.S. diplomatic and military relations. Yet, the U.S. incurs a disproportionate amount of peacetime costs for Taiwan, a state with which it has no official relationship.

The Philippines, on the other hand, receives much fewer major U.S. arms sales. This is likely due to the existing security umbrella that the U.S. provides with its mutual defense treaty and stationed troops. As such, they are potentially less inclined to bolster national security with weapons purchases, exhibiting what is commonly referred to as “free riding” behavior (Posen 2013). Lastly, the United States has held back on selling articles to Vietnam despite the lifting of restrictions in 2016. This is also perhaps due to the reticence of Vietnamese policymakers, as they may wish to hedge their bets.

Official U.S. Support – Foreign Military Sales

Fig. 13: U.S. Official Foreign Military Sales to Indo-Pacific States, logged in DCSA and notified to Congress, FY 2004-FY2023 (in \$ millions and historical value)

Source: U.S. Defense Security Cooperation Agency

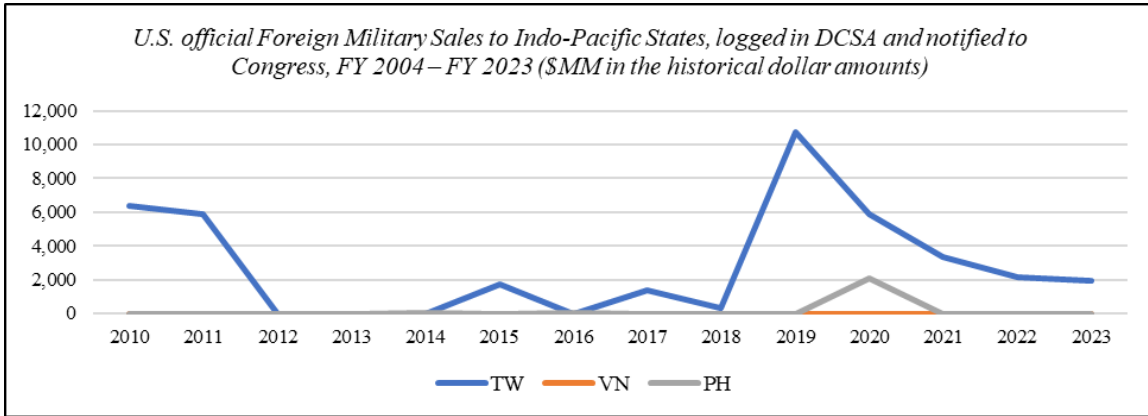


Fig. 14: U.S. Arms Exports to Indo-Pacific States (\$M; in 2024 dollars)

Source: SIPRI Arms Transfer Database

*Note: Annual average for Vietnam is calculated beginning in 2017, as the U.S. and Vietnam had an arms embargo prior to 2016.

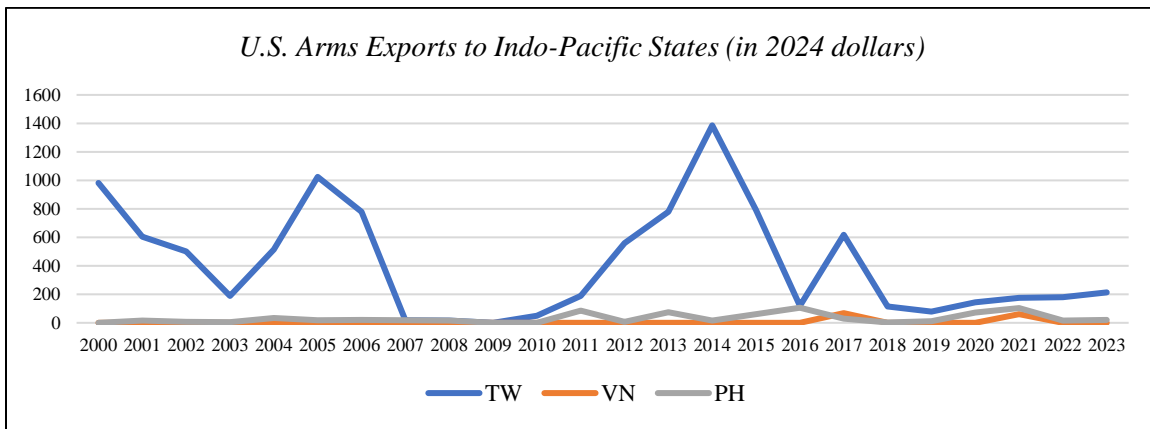
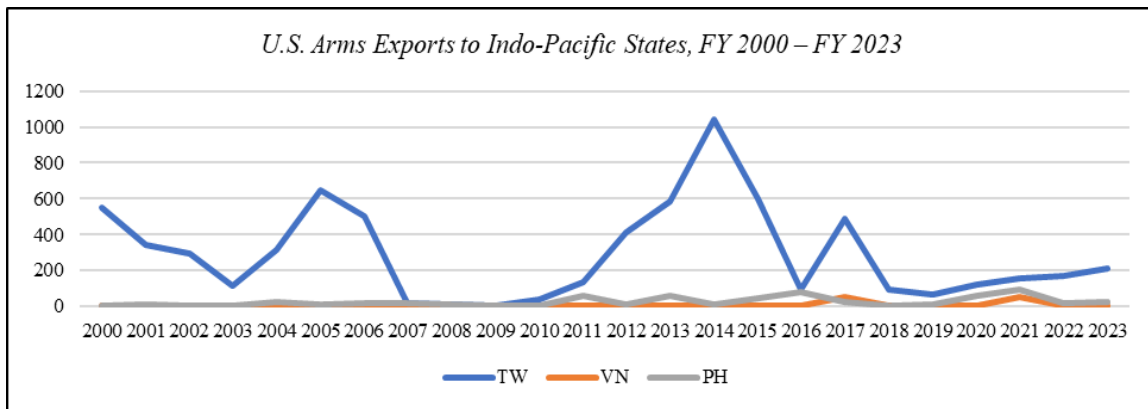


Fig. 15: U.S. Arms Exports to Indo-Pacific States (\$M; in historical value)

Source: SIPRI Arms Transfer Database

*Note: Annual average for Vietnam is calculated beginning in 2017, as the U.S. and Vietnam had an arms embargo prior to 2016.

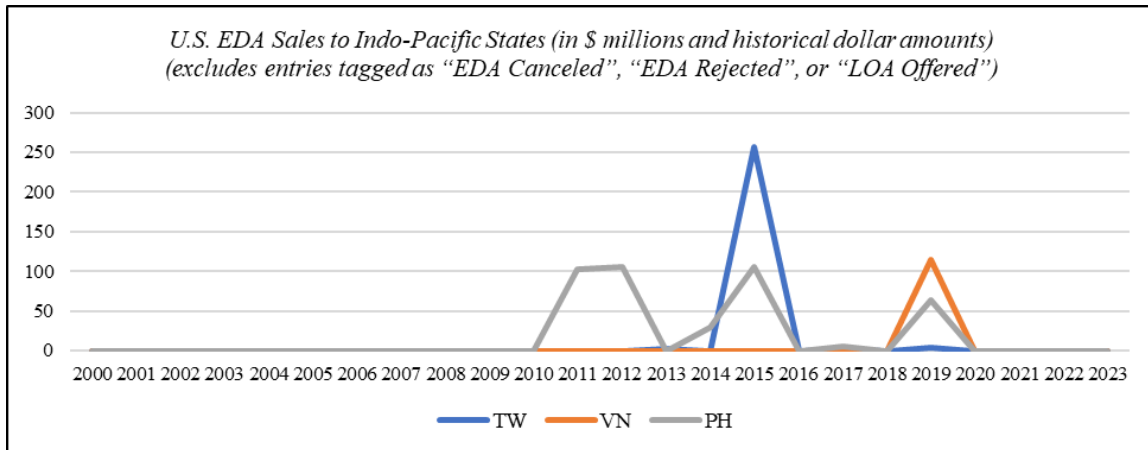


The SIPRI data appears to corroborate my initial findings from Congressional data. At first glance, the U.S. exports significantly more arms to Taiwan than to its two Indo-Pacific counterparts. Though there is not necessarily a clear, smooth trend in either direction, arms sales to Taiwan have remained relatively constant and significantly higher than its Indo-Pacific counterparts. Additionally, there is evidence of significant arms sales to Taiwan despite clear freezes on officially approved sales from 2007 through 2008 and from 2011 through 2015. This might suggest that the U.S. military-industrial complex still manages to fund and support its allies and customers in the Indo-Pacific, despite official instructions not to do so. Again, Vietnam is somewhat of an outlier in arms purchases from the U.S. given the two nations' longstanding frosty relationship. However, the U.S. is showing signs that it is gradually elevating the relationship in terms of security, with over \$100 million in funding for Vietnam since 2017. It is quite conceivable that this number might rise in the coming years, especially given the newly elevated U.S.-Vietnam strategic partnership. Lastly, though U.S. sales to The Philippines have flowed consistently over time, it has never approached the level of arms sales to Taiwan. This again suggests that official arms sales serve a distinct and important purpose: to level the playing field for important U.S. Indo-Pacific partners and unofficial allies.

Official U.S. Support –Excess Defense Articles

Fig. 16: U.S. EDA Sales to Indo-Pacific States (in \$M and historical value) (excludes entries tagged as “EDA Canceled”, “EDA Rejected”, or “LOA Offered”)

Source: U.S. Defense Security Cooperation Agency

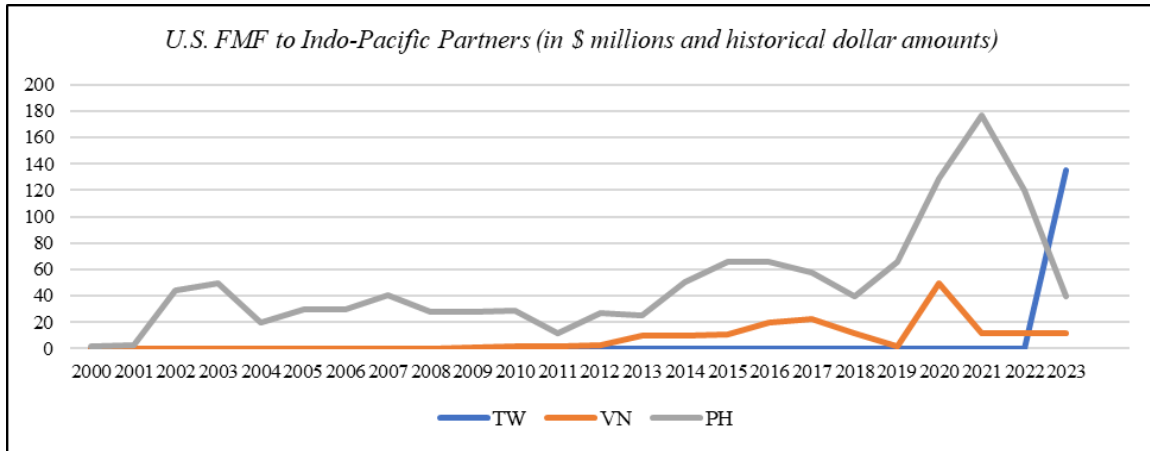


EDA sales ostensibly serve a different purpose for American policymakers compared to direct foreign arms sales. The release of EDA articles appears to be most in favor of the strongest U.S. regional commitments, as evidenced by the overwhelming amount – and frequency – of sales to The Philippines. A few notes: Vietnam should have theoretically received more EDA aid but was unable to receive EDAs before 2016. The bulk of EDA sales to Taiwan also came in 2015, in the form of an Oliver Hazard Perry class frigate. The Philippines also has the most consistent pattern of receiving EDA assistance – receiving over forty-four separate entries of EDA assistance compared to the five articles sold to Taiwan and the sole article sold to Vietnam. Despite this disparity, the U.S. still offers this assistance across different commitments. Though EDA sales are rarer overall than FMF or major arms sales and tend to focus on transfers of old naval ships and equipment, this official channel seems to be mostly in support of The Philippines and other formal allies as its first order priority. Again, this could be a “hedging” mechanism on the part of U.S. policymakers to avoid having critical but slightly outdated technology fall into the “wrong hands”, if given to states that possess weaker ties. Overall, EDAs appear to serve a separate purpose, and for a different audience, than commercial or official arms sales.

Official U.S. Support – Foreign Military Financing

Fig. 17: U.S. FMF to Indo-Pacific Partners (in \$M and historical value)

Source: U.S. Department of State



Contrary to my hypothesis, I find that FMF – like EDAs – seem to serve a different purpose than direct or commercial arms sales. Taiwan had never received FMF until 2022, when the Biden administration granted \$135 million to the Taiwanese government. This suggests that FMF has not been a priority for elevating regional commitments or partnerships over most of the period of observation. Yet, this dynamic could change if the trend in 2023 continues, as the U.S. now appears willing to deploy FMF as security assistance to an unofficial ally. Vietnam has received some FMF funding since 2009 but remained low overall compared to The Philippines despite a spike in 2020. The Philippines received by far the most FMF over time and did not display a clear trend upwards or downwards – although there seems to be increased attention since 2019. Overall, the U.S. appears open to providing for these states despite different commitment structures, although the development in policy toward Taiwan is quite novel. Perhaps official financing through FMF is meant mostly for formal allies with which the U.S. has the strongest treaties. On the other hand, U.S. stakeholders might be more incentivized to make profits off of sales to states with which they have historical obligations to sell arms (Taiwan) or states that possess an uncertain relationship with the United States (Vietnam). As it stands, the U.S. appears much more willing to incur peacetime costs in the form of arms sales compared to other channels such as FMF or the release of EDAs.

Indo-Pacific Military Expenditures

Fig. 18: Military Expenditures in Constant Dollars (in \$ billions), FY 2000 – FY2022

Source: SIPRI Military Expenditures Database (2022)

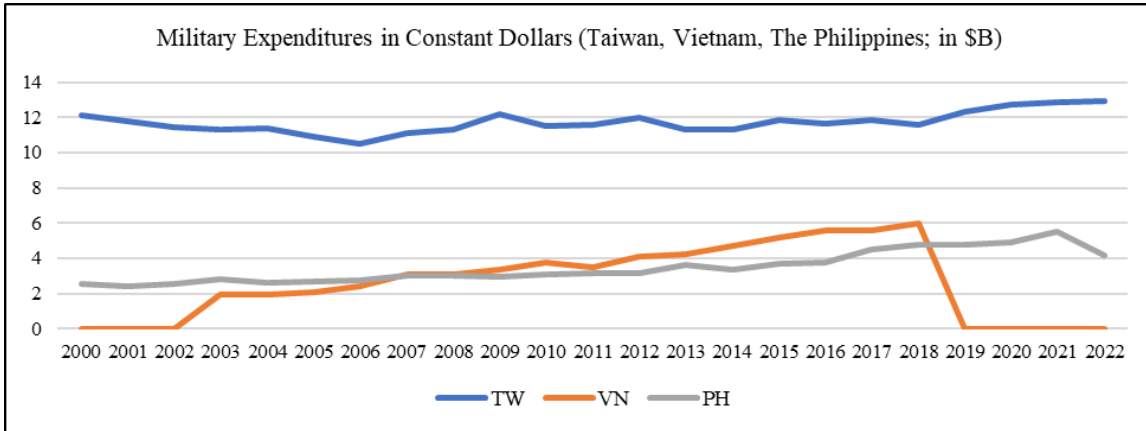
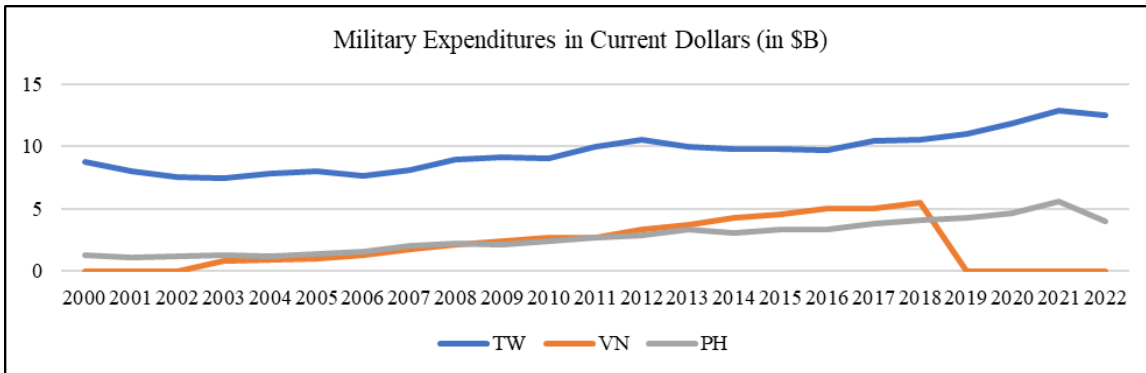


Fig. 19: Military Expenditures in Current Dollars (in \$ billions), FY 2000 – FY2022

Source: SIPRI Military Expenditures Database (2022)



Analyses of H2a and H2b: Indo-Pacific Behavior and Perceptions, as Observed Through Levels of Military Expenditures

Fig. 20: Military Expenditures as a percentage of GDP, FY 2000 – FY2023

Source: SIPRI Military Expenditures Database (2022)

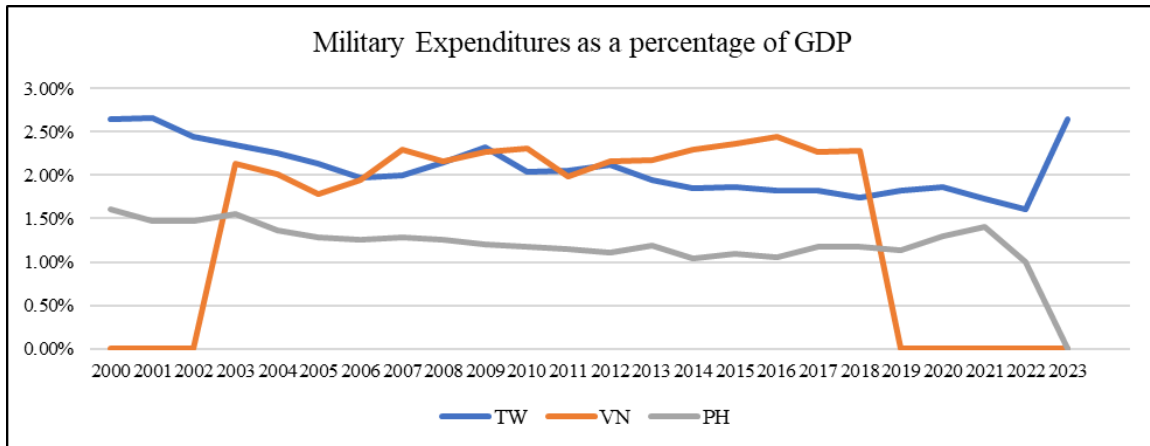
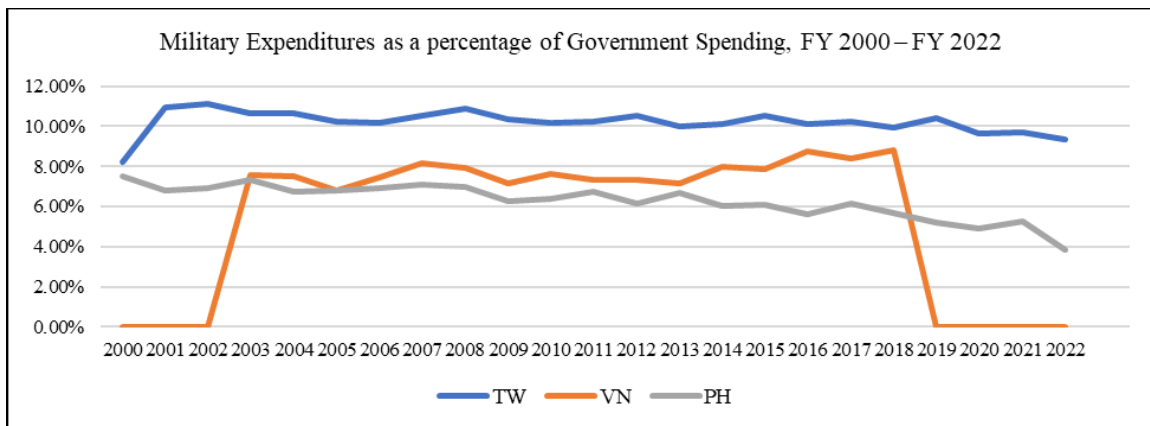


Fig. 21: Military Expenditures as a percentage of Government Spending, FY 2000 – FY2022

Source: SIPRI Military Expenditures Database (2022)



First, Taiwan spends by far the most of the three on its military, while The Philippines and Vietnam are somewhat comparable in their spending levels. This helps reinforce my point that Taiwan should be expected to spend the most, given that it has the “weakest” commitment of all three. I also expected an observable difference in terms of dollars spent across Vietnam and The Philippines, but this is not the case. However, there is a stark difference when assessing military expenditure as a percentage of GDP. Surprisingly, Vietnam has the highest military expenditure as a percentage of GDP. I expected military expenditures would be logically in line with the spectrum of U.S. commitments, with Taiwan spending the most and The Philippines spending the least. This may point to an even

greater propensity for Vietnam to hedge, despite its more formal relationship with the U.S. though the difference between Taiwan and Vietnam is quite miniscule (at 0.13%). Additionally, I would be interested in looking at Vietnam’s current military expenditures if they were available, given its newly elevated relationship with the U.S. Interestingly, while 2023 data was only available for Taiwan, the Taiwanese military budget nearly doubled as a percentage of GDP in 2023. This, along with Taiwan’s extension of its conscription from four months to one year, may point toward future increases in defense-related spending (Reuters 2024). It is also clear that The Philippines lags far behind their neighbors, presumably because of U.S. military support. Philippine military expenditures have never surpassed 1.61% of its GDP, which also happens to be the lowest point in Taiwan’s military expenditure history. As such, there appears to be a consistent tendency for Filipino policymakers to offload some defense spending burden onto the U.S. Finally, analyses of military expenditure as a percentage of government spending are mostly confirmatory of my hypotheses. Taiwan spends by far the most as a percentage of government spending, followed by Vietnam and The Philippines. This pattern again suggests that there is a tendency for states to “hedge” by accumulating military strength according to the strength of formal commitments.

Analyses of H2a and H2b: Indo-Pacific Behavior and Perceptions, as Observed Through Trade Tendencies
Indo-Pacific Trade Tendencies: Taiwan

Fig. 22: Taiwan Trade Flows with USA and PRC, 2000-2023

Source: International Trade Administration (Taiwan)

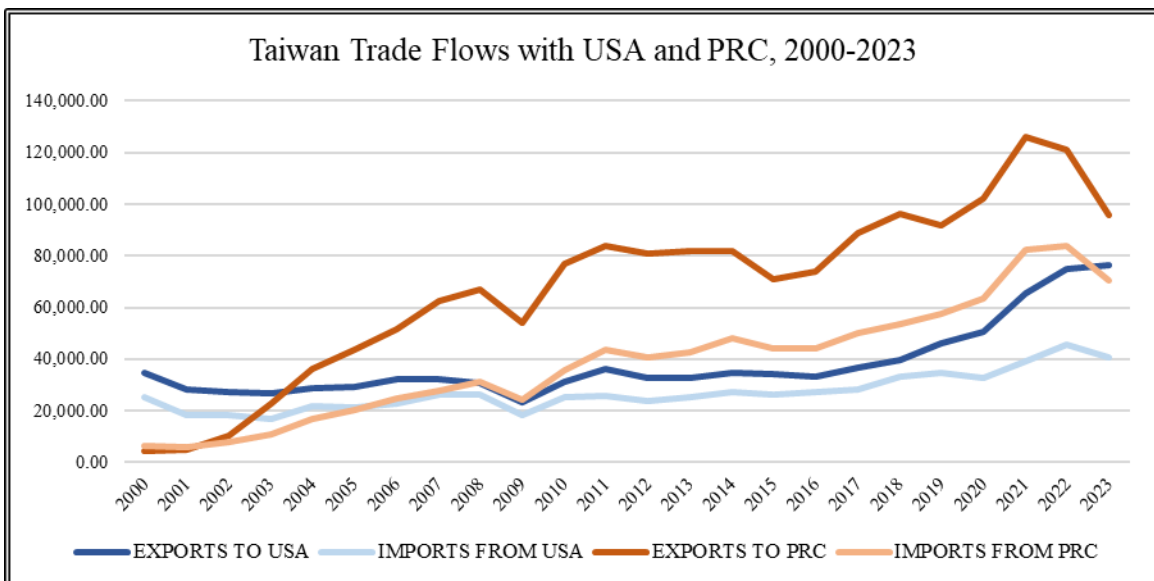
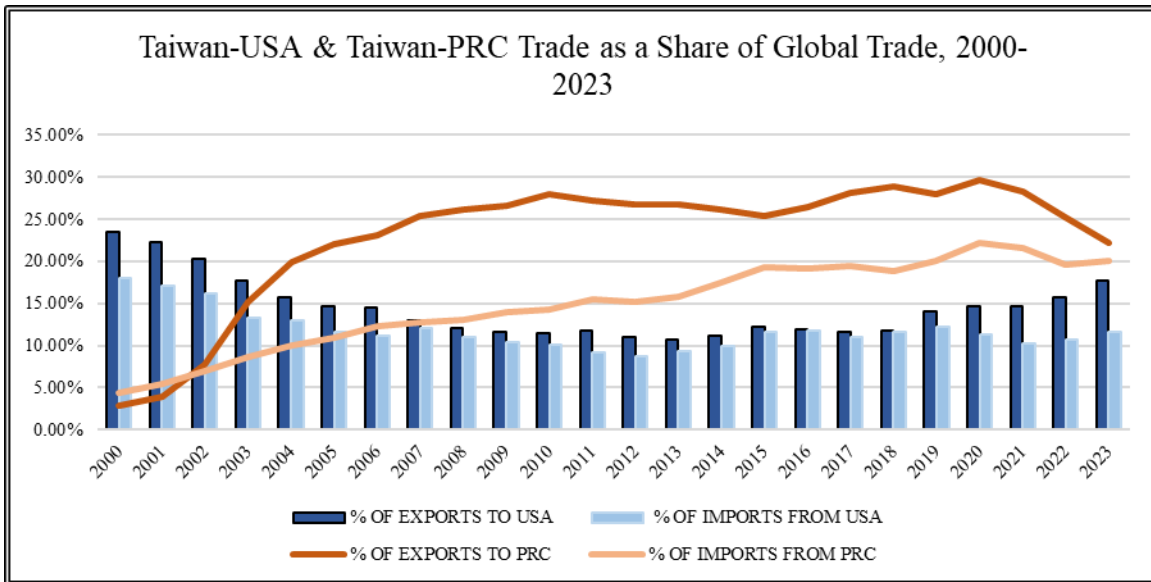


Fig. 22: Taiwan-USA & Taiwan-PRC Trade as a Share of Global Trade, 2000-2023

Source: International Trade Administration (Taiwan)



While the share of Taiwanese imports has remained relatively stable in recent years for both trading partners, these results suggest that Taiwan is not hedging strongly and instead appears to be engaging in economic decoupling. On a related note, Taiwan is strongly moving toward economic decoupling in terms of exports to China, seeking instead to trade with other major actors on the global economic stage. Historically, Taiwan pursued a slow increase in exports with both nations, sans a dip in 2008-2009, which was most likely a result of the financial crisis. As seen in the graphs, the import and export trend lines match up for trade with the U.S. and China through 2019. Of course, trade with China for all countries was low in the early 2000s, as China's economy adjusted to its inclusion in the World Trade Organization and other Western-centric foundations. However, there is a clear divergence starting around 2019. While Taiwanese imports and exports to China have dipped before and after the pandemic, Taiwanese exports to the U.S. have risen even as imports from America have dipped. This trend is even more visible in the graphs on trade as a percentage of total global commerce. While the share of Taiwanese exports to the U.S. has grown almost 6% since 2018, the share of exports to China has fallen over 6% in the same period.

Indo-Pacific Trade Tendencies: Vietnam

Fig. 23: Vietnam Trade Flows with USA and PRC, 2000-2022

Source: DOTS (2022), WITS World Bank (2000-2021)

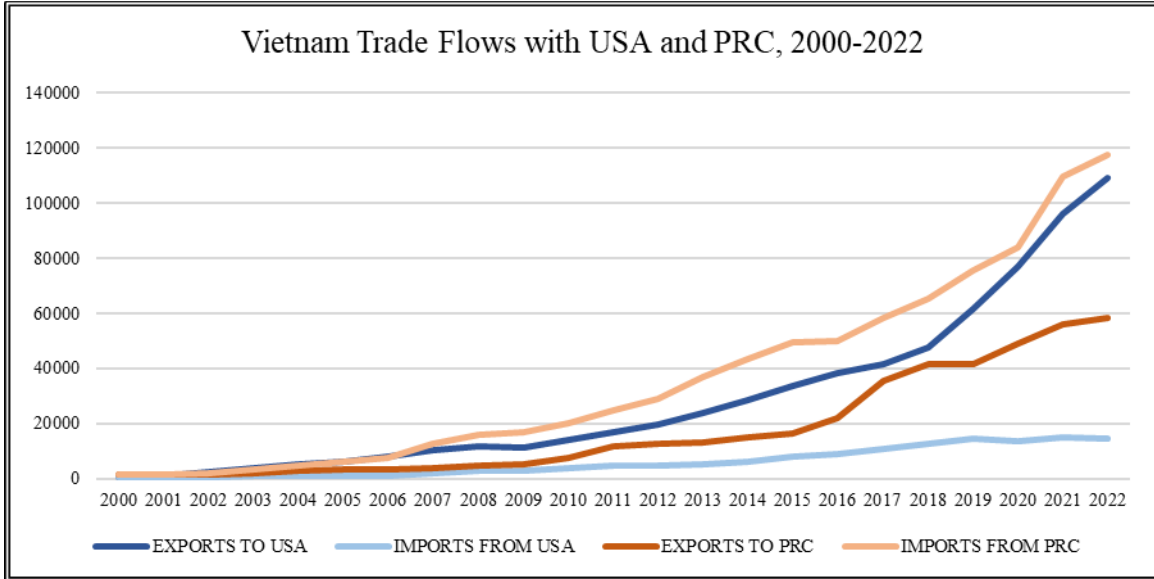


Fig. 24: Vietnam-USA & Vietnam-PRC Trade as a Share of Global Trade, 2000-2022

Source: DOTS (2022), WITS World Bank (2000-2021)



Next, Vietnam does not appear to be moving closer or further away from either major power's economy as observed through trends in bilateral trade. In general, Vietnam has not demonstrated clear decoupling tendencies since 2000, as it has not shown any major dips in the dollar value of exports or imports. Vietnam started with little international trade overall but has seen very similar, steady rises in imports and exports from the United States and China. However, two notable spikes begin around 2019. First, there is a significant increase in the dollar value of Vietnamese exports to the United States. Second, there is a significant increase in Vietnamese imports from China. Vietnam is also exporting much more to the U.S. in recent years, suggesting that Vietnam is becoming a more prolific producer of American goods. Like Taiwan, Vietnam also saw a dip in exports to (and imports from) China as a share of total trade. This dip in imports was also reflected in the Vietnam-U.S. trade balance. However, the absolute dollar value for imports from either nation remained relatively stable year-over-year, suggesting that this dip was more a result of Vietnam's growing trade with the rest of the world rather than due to hedging. Moreover, while the decrease in the share of imports from China appears drastic, it is a 21.2 percent year-over-year decrease from 2021 to 2022. By contrast, the dip in the share of imports from the U.S. dropped 29.8 percent in the same timeframe. It is also worth noting that Vietnam imports significantly more from China than it exports, while Vietnam exports much more to the U.S. than it imports. The nature of the economic relationship as well as Vietnam's position on the global value chain relative to the U.S. or China could thus be vastly different.

Indo-Pacific Trade Tendencies: The Philippines

Fig. 25: The Philippines Trade Flows with USA and PRC, 2000-2022

Source: Source: DOTS (2022), WITS World Bank (2000-2021)

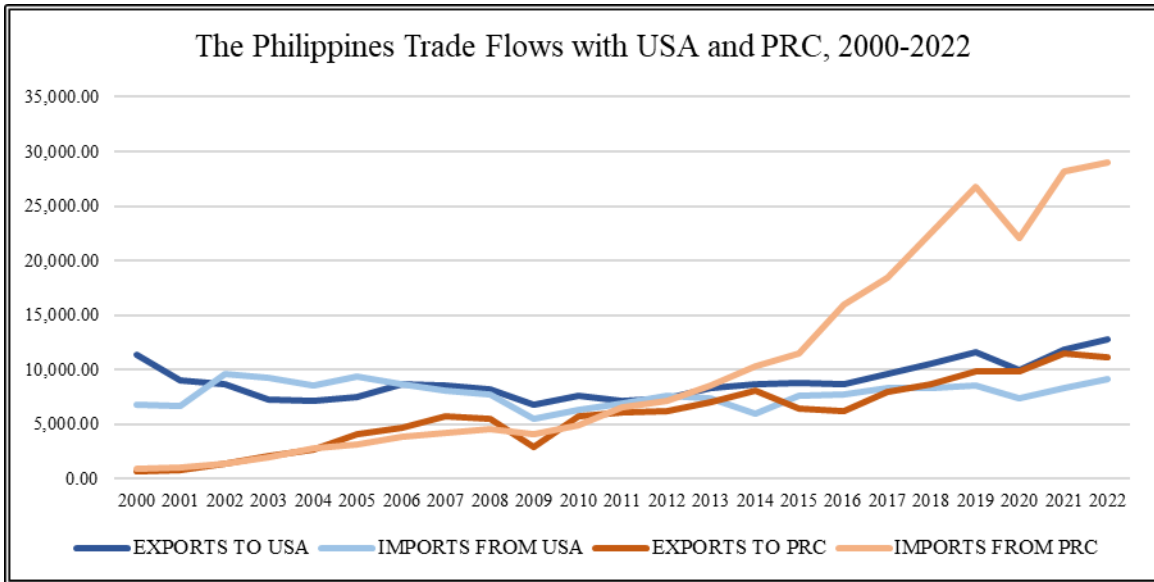
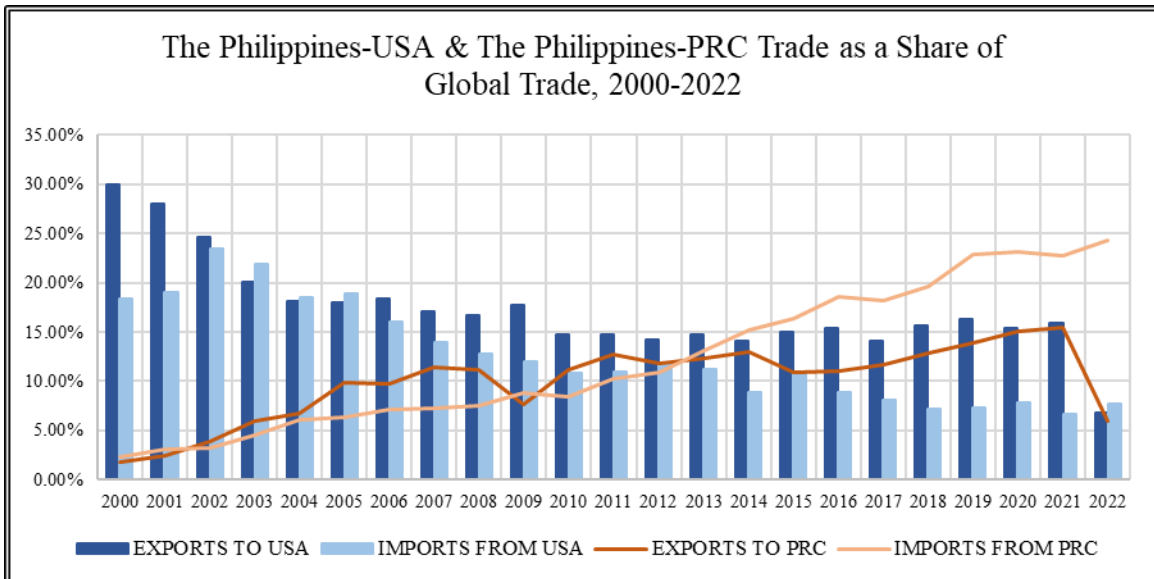


Fig. 26: The Philippines-USA & The Philippines-PRC Trade as a Share of Global Trade, 2000-2022

Source: Source: DOTS (2022), WITS World Bank (2000-2021)



Contrary to what I expected, The Philippines has experienced a relatively smooth and steady increase in both trade flow directions when paired with both the U.S. and China. Though there was a small dip in imports across both bilateral flows as well as a dip in exports to the U.S., this can presumably be explained by the dampening effects of COVID-19 on the economy. As such, there does not appear to be a clear trend toward decoupling from the U.S. and China. If anything, The Philippines appears to be the most consistent in bilateral trade flows out of the three selected nations in terms of the dollar value of goods exchanged. Further analysis of export and import share reveals that The Philippines has been increasing its economic reliance on China while simultaneously slowly decreasing its reliance on the United States. There has been a steady increase in the share of Filipino exports to and imports from China over the last twenty-plus years. By contrast, exports to and imports from the U.S. have been steadily in decline as a percentage of total exports, with a sharp decline in the percentage of global exports between 2021 and 2022. However, there is a similar decline observed in Filipino exports to China, suggesting this may be a global phenomenon. I have provided complete data tables below.

Table 1: U.S. Official Foreign Military Sales to Indo-Pacific States, logged in DSCA and notified to Congress, 2004 – 2023 (in \$ millions)

Source: U.S. Defense Security Cooperation Agency

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL	
TW	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-	6,392	5,852	-	-	-	1,718	-	1,363	330	10,724	5,861	3,342	2,137	1,934	39,654	
VN	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-	-	-	-	
PH	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-	-	-	-	-	61	-	25	-	-	-	-	2,076	-	-	-	2,162

Table 2: U.S. Arms Exports to Indo-Pacific States, 2000 – 2023 (in \$ millions)

Source: SIPRI Arms Transfer Database

*Note: Annual average for Vietnam is calculated beginning in 2017, as the U.S. and Vietnam had an arms embargo prior to 2016.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL	Annual avg.	% of total
TW	547	342	291	111	314	645	503	13	11	0	35	137	411	582	1,042	600	93	487	92	65	121	157	171	210	6,981	290.9	3.3%
VN	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	54	N/A	N/A	N/A	54	0	N/A	108	15.4*	0.1%
PH	N/A	9	5	3	20	12	13	13	10	0	N/A	60	6	55	12	46	82	23	2	10	61	92	16	20	571	23.8	0.3%

Table 3: U.S. Arms Exports to Indo-Pacific States, 2000-2023; in 2024 dollars (in \$ millions)

Source: SIPRI Arms Transfer Database, CPI Inflation Calculator

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL	Annual avg.	% of total
TW	982	605	502	188	515	1,024	779	19	16	0	50	190	559	780	1,386	792	120	617	114	79	145	176	180	214	10,032	418	3.3%
VN	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	68	N/A	N/A	N/A	60	0	N/A	128	18.28	0.1%
PH	N/A	16	8	5	33	19	20	19	15	0	N/A	86	8	74	16	61	106	29	2	12	73	103	17	20	742	33.7	0.3%

Table 4: U.S. EDA Sales to Indo-Pacific States (in \$ millions), 2000-2023

Source: U.S. Defense Security Cooperation Agency

Excludes entries tagged as “EDA Canceled”, “EDA Rejected”, or “LOA Offered”

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	# of Articles	TOTAL
TW	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-	256	-	2	-	4	-	-	-	-	5	264
VN	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	114	-	-	-	-	1	114
PH	-	-	-	-	-	-	-	-	-	-	-	102	106	-	29	105	-	5	-	64	-	-	-	-	44	411

Table 5: U.S. FMF to Indo-Pacific Partners (in \$ millions), 2000-2023

Source: U.S. Department of State

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL	
TW	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	135	135
VN	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.5	2	2	2.3	9.5	10	10.8	19.6	22.3	12	2.1	49.2	12	12	12	178	
PH	1.44	2.34	44	49.9	19.9	29.8	29.7	40.1	27.8	28	29	12	27	25.5	50	66	66	57.8	40	65.8	129.2	176.5	120	40	1178	

Table 6: Military Expenditures, adjusted for inflation (Taiwan, Vietnam, The Philippines; in \$B), 2000-2022

Source: SIPRI Military Expenditures Database (2022)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	TOTAL	Annual avg.
TW	12.10	11.80	11.44	11.33	11.35	10.92	10.48	11.09	11.29	12.16	11.49	11.60	12.01	11.34	11.28	11.88	11.68	11.83	11.58	12.35	12.71	12.89	12.94	269.51	11.72
VN	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	1.92	1.97	2.05	2.42	3.12	3.07	3.38	3.76	3.51	4.09	4.27	4.74	5.18	5.60	5.59	6.02	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	79.95	3.48
PH	2.54	2.40	2.52	2.80	2.64	2.69	2.78	3.05	3.05	2.93	3.08	3.13	3.18	3.63	3.37	3.68	3.79	4.51	4.79	4.77	4.92	5.55	4.17	60.68	3.79

Table 7: Military Expenditures in Current Dollars (in \$B), 2000-2022

Source: SIPRI Military Expenditures Database (2022)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	TOTAL	Annual avg.
TW	8.80	7.98	7.53	7.47	7.83	8.01	7.65	8.16	8.96	9.12	9.09	10.00	10.50	9.96	9.80	9.80	9.66	10.48	10.50	10.99	11.86	12.89	12.51	219.58	9.46
VN	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	0.84	0.92	1.03	1.29	1.78	2.14	2.40	2.67	2.69	3.36	3.73	4.26	4.56	5.02	5.07	5.50	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	47.25	2.95
PH	1.30	1.12	1.20	1.30	1.24	1.37	1.61	2.01	2.27	2.12	2.44	2.70	2.90	3.38	3.10	3.34	3.33	3.84	4.11	4.27	4.69	5.55	3.97	63.15	2.75

Table 8: Military Expenditures as a percentage of GDP, 2000-2023

Source: SIPRI Military Expenditures Database (2022)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Average
TW	2.65%	2.66%	2.44%	2.35%	2.25%	2.13%	1.97%	2.00%	2.15%	2.33%	2.04%	2.06%	2.12%	1.94%	1.85%	1.87%	1.82%	1.82%	1.74%	1.82%	1.87%	1.73%	1.61%	2.65%	2.05%
VN	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	2.13%	2.01%	1.78%	1.94%	2.30%	2.16%	2.27%	2.31%	1.98%	2.16%	2.18%	2.29%	2.36%	2.44%	2.27%	2.28%	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	2.18%
PH	1.61%	1.47%	1.47%	1.55%	1.36%	1.28%	1.26%	1.29%	1.25%	1.20%	1.17%	1.15%	1.11%	1.19%	1.04%	1.09%	1.05%	1.17%	1.18%	1.13%	1.30%	1.41%	1.00%	<i>N/A</i>	1.25%

Table 9: Military Expenditures as a percentage of Government Spending, 2000-2022

Source: SIPRI Military Expenditures Database (2022)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Avg.
TW	8.24%	10.96%	11.10%	10.62%	10.63%	10.23%	10.15%	10.54%	10.90%	10.35%	10.16%	10.22%	10.52%	10.02%	10.09%	10.55%	10.13%	10.23%	9.93%	10.40%	9.66%	9.68%	9.37%	10.20%
VN	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	7.55%	7.49%	6.80%	7.43%	8.14%	7.94%	7.14%	7.65%	7.33%	7.32%	7.13%	8.01%	7.89%	8.77%	8.38%	8.82%	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	7.74%
PH	7.48%	6.77%	6.92%	7.32%	6.76%	6.82%	6.89%	7.10%	6.99%	6.26%	6.38%	6.73%	6.12%	6.66%	6.03%	6.07%	5.61%	6.13%	5.68%	5.22%	4.92%	5.25%	3.86%	6.26%

Table 10: Bilateral Trade Flows Between Taiwan & the United States of America (in \$ thousands and current U.S. dollars)*Source: International Trade Administration (Taiwan)*

YEAR	TOTAL EXPORTS	EXPORTS TO USA	EXPORTS AS % OF TOTAL	TOTAL IMPORTS	IMPORTS FROM USA	IMPORTS AS % OF TOTAL
2000	148,316.28	34,814.30	23.47%	140,004.90	25,125.35	17.95%
2001	126,313.84	28,135.95	22.27%	107,965.54	18,406.87	17.05%
2002	135,312.63	27,364.88	20.22%	113,237.86	18,255.35	16.12%
2003	150,594.74	26,553.39	17.63%	128,007.46	16,995.02	13.28%
2004	182,363.73	28,750.63	15.77%	168,750.61	21,780.11	12.91%
2005	198,424.33	29,113.59	14.67%	182,610.21	21,170.60	11.59%
2006	224,012.94	32,360.39	14.45%	202,694.86	22,664.19	11.18%
2007	246,673.44	32,076.80	13.00%	219,248.35	26,507.71	12.09%
2008	255,624.85	30,790.66	12.05%	240,444.37	26,326.29	10.95%
2009	203,670.82	23,552.55	11.56%	174,367.42	18,153.64	10.41%
2010	274,596.38	31,465.69	11.46%	251,232.99	25,379.09	10.10%
2011	308,253.06	36,363.94	11.80%	281,434.21	25,758.56	9.15%
2012	301,176.78	32,975.87	10.95%	270,469.19	23,603.61	8.73%
2013	305,437.26	32,564.07	10.66%	269,893.21	25,201.02	9.34%
2014	313,691.88	34,866.20	11.11%	274,021.98	27,422.27	10.01%
2015	280,383.86	34,248.67	12.21%	228,615.50	26,409.46	11.55%
2016	279,191.04	33,397.02	11.96%	229,226.81	27,089.15	11.82%
2017	315,505.80	36,773.62	11.66%	257,230.00	28,397.84	11.04%
2018	334,026.01	39,491.21	11.82%	284,819.49	33,107.09	11.62%
2019	329,165.77	46,247.55	14.05%	285,678.52	34,851.82	12.20%
2020	345,136.33	50,550.42	14.65%	286,175.06	32,515.54	11.36%
2021	446,385.25	65,686.79	14.72%	381,984.80	39,260.69	10.28%
2022	479,424.27	75,052.59	15.65%	428,108.16	45,692.87	10.67%
2023	432,441.35	76,234.54	17.63%	351,470.50	40,619.47	11.56%

Table 11: Bilateral Trade Flows Between Taiwan & the People's Republic of China (in \$ thousands and current U.S. dollars)*Source: International Trade Administration (Taiwan)*

YEAR	TOTAL EXPORTS	EXPORTS TO PRC	EXPORTS AS % OF TOTAL	TOTAL IMPORTS	IMPORTS FROM PRC	IMPORTS AS % OF TOTAL
2000	148,316.28	4,217.43	2.84%	140,004.90	6,223.11	4.44%
2001	126,313.84	4,895.29	3.88%	107,965.54	5,902.78	5.47%
2002	135,312.63	10,526.74	7.78%	113,237.86	7,968.29	7.04%
2003	150,594.74	22,890.30	15.20%	128,007.46	11,017.48	8.61%
2004	182,363.73	36,349.02	19.93%	168,750.61	16,791.54	9.95%
2005	198,424.33	43,643.32	21.99%	182,610.21	20,093.09	11.00%
2006	224,012.94	51,808.18	23.13%	202,694.86	24,782.33	12.23%
2007	246,673.44	62,416.41	25.30%	219,248.35	28,014.12	12.78%
2008	255,624.85	66,883.03	26.16%	240,444.37	31,390.47	13.06%
2009	203,670.82	54,248.10	26.64%	174,367.42	24,422.66	14.01%
2010	274,596.38	76,934.58	28.02%	251,232.99	35,945.08	14.31%
2011	308,253.06	83,959.40	27.24%	281,434.21	43,595.78	15.49%
2012	301,176.78	80,713.76	26.80%	270,469.19	40,907.43	15.12%
2013	305,437.26	81,787.64	26.78%	269,893.21	42,588.41	15.78%
2014	313,691.88	82,119.32	26.18%	274,021.98	48,038.90	17.53%
2015	280,383.86	71,209.42	25.40%	228,615.50	44,183.01	19.33%
2016	279,191.04	73,733.60	26.41%	229,226.81	43,993.69	19.19%
2017	315,505.80	88,747.05	28.13%	257,230.00	50,040.62	19.45%
2018	334,026.01	96,499.29	28.89%	284,819.49	53,792.53	18.89%
2019	329,165.77	91,790.12	27.89%	285,678.52	57,396.46	20.09%
2020	345,136.33	102,446.98	29.68%	286,175.06	63,589.90	22.22%
2021	446,385.25	125,903.68	28.21%	381,984.80	82,487.01	21.59%
2022	479,424.27	121,093.77	25.26%	428,108.16	84,004.63	19.62%
2023	432,441.35	95,733.56	22.14%	351,470.50	70,233.23	19.98%

Table 12: Bilateral Trade Flows Between Vietnam & the United States of America (in \$ thousands and current U.S. dollars)*Source: DOTS (2022), WITS World Bank (2000-2021)*

YEAR	TOTAL EXPORTS	EXPORTS TO USA	EXPORTS AS % OF TOTAL	TOTAL IMPORTS	IMPORTS FROM USA	IMPORTS AS % OF TOTAL
2000	14,482.74	732.95	5.06%	15,636.52	363.89	2.33%
2001	15,029.19	1,065.69	7.09%	16,217.93	411.34	2.54%
2002	16,706.05	2,453.23	14.68%	19,745.55	458.64	2.32%
2003	20,149.32	3,939.56	19.55%	25,255.77	1,144.12	4.53%
2004	26,485.04	5,026.61	18.98%	31,968.82	1,137.38	3.56%
2005	32,447.13	5,927.44	18.27%	36,761.11	865.26	2.35%
2006	39,826.22	7,850.42	19.71%	44,891.11	987.79	2.20%
2007	38,561.34	10,111.43	20.82%	62,764.68	1,700.46	2.71%
2008	62,685.13	11,902.83	18.99%	80,713.82	2,652.02	3.29%
2009	57,096.28	11,415.62	19.99%	69,948.81	3,019.43	4.32%
2010	72,236.67	14,250.85	19.73%	84,838.55	3,779.84	4.46%
2011	96,905.67	16,970.42	17.51%	106,749.85	4,555.26	4.27%
2012	114,529.17	19,680.93	17.18%	113,780.43	4,841.73	4.26%
2013	132,032.85	23,869.95	18.08%	132,032.54	5,242.48	3.97%
2014	150,217.14	28,649.81	19.07%	147,839.05	6,286.32	4.25%
2015	162,016.74	33,475.03	20.66%	165,775.86	7,792.51	4.70%
2016	176,580.79	38,473.18	21.79%	174,978.35	8,712.16	4.98%
2017	215,118.61	41,549.72	19.31%	213,215.30	10,702.32	5.02%
2018	243,698.70	47,580.11	19.52%	236,868.82	12,755.72	5.39%
2019	264,610.32	61,403.97	23.21%	253,442.02	14,376.81	5.67%
2020	281,441.46	77,072.44	27.38%	261,309.45	13,753.93	5.27%
2021	335,792.60	96,327.54	28.69%	330,752.26	15,179.12	4.59%
2022	375,116.77	109,111.56	29.08%	449,417.90	14,483.83	3.22%

Table 13: Bilateral Trade Flows Between Vietnam & the People's Republic of China (in \$ thousands and current U.S. dollars)*Source: DOTS (2022), WITS World Bank (2000-2021)*

YEAR	TOTAL EXPORTS	EXPORTS TO PRC	EXPORTS AS % OF TOTAL	TOTAL IMPORTS	IMPORTS FROM PRC	IMPORTS AS % OF TOTAL
2000	14,482.74	1,536.39	10.61%	15,636.52	1,401.14	8.96%
2001	15,029.19	1,417.52	9.43%	16,217.93	1,606.22	9.90%
2002	16,706.05	1,518.33	9.09%	19,745.55	2,158.84	10.93%
2003	20,149.32	1,883.11	9.35%	25,255.77	3,138.55	12.43%
2004	26,485.04	2,899.14	10.95%	31,968.82	4,595.11	14.37%
2005	32,447.13	3,246.38	10.01%	36,761.11	5,899.67	16.05%
2006	39,826.22	3,242.84	8.14%	44,891.11	7,391.30	16.47%
2007	38,561.34	3,646.13	7.51%	62,764.68	12,709.95	20.25%
2008	62,685.13	4,850.11	7.74%	80,713.82	15,973.55	19.79%
2009	57,096.28	5,402.98	9.46%	69,948.81	16,673.28	23.84%
2010	72,236.67	7,742.95	10.72%	84,838.55	20,203.64	23.81%
2011	96,905.67	11,613.32	11.98%	106,749.85	24,866.39	23.29%
2012	114,529.17	12,835.98	11.21%	113,780.43	29,034.97	25.52%
2013	132,032.85	13,177.70	9.98%	132,032.54	36,886.48	27.94%
2014	150,217.14	14,928.32	9.94%	147,839.05	43,647.57	29.52%
2015	162,016.74	16,567.69	10.23%	165,775.86	49,441.12	29.82%
2016	176,580.79	21,950.45	12.43%	174,978.35	50,037.69	28.60%
2017	215,118.61	35,394.31	16.45%	213,215.30	58,532.57	27.45%
2018	243,698.70	41,366.46	16.97%	236,868.82	65,516.14	27.66%
2019	264,610.32	41,434.24	15.66%	253,442.02	75,586.14	29.82%
2020	281,441.46	48,879.76	17.37%	261,309.45	84,197.79	32.22%
2021	335,792.60	55,922.82	16.65%	330,752.26	109,850.67	33.21%
2022	375,116.77	58,464.69	15.59%	449,417.90	117,700.34	26.18%

Table 14: Bilateral Trade Flows Between The Philippines & the United States of America (in \$ thousands and current U.S. dollars)

Source: DOTS (2022), WITS World Bank (2000-2021)

YEAR	TOTAL EXPORTS	EXPORTS TO USA	EXPORTS AS % OF TOTAL	TOTAL IMPORTS	IMPORTS FROM USA	IMPORTS AS % OF TOTAL
2000	38,078.25	11,405.67	29.95%	37,077.40	6,820.31	18.43%
2001	32,150.2	8,993.19	27.97%	34,943.39	6,642.88	19.01%
2002	35,208.16	8,690.47	24.68%	41,091.96	9,630.54	23.44%
2003	36,231.21	7,273.43	20.07%	42,575.74	9,293.23	21.83%
2004	39,680.52	7,207.49	18.16%	46,102.14	8,547.21	18.54%
2005	41,254.68	7,444.13	18.04%	49,487.42	9,340.40	18.87%
2006	47,410.12	8,697.64	18.35%	54,077.99	8,698.68	16.09%
2007	50,465.71	8,601.40	17.04%	57,995.66	8,115.34	13.99%
2008	49,077.54	8,216.44	16.74%	60,419.67	7,738.12	12.81%
2009	38,435.80	6,797.11	17.68%	45,877.74	5,488.21	11.96%
2010	51,497.52	7,570.00	14.70%	58,467.80	6,323.53	10.82%
2011	48,042.13	7,106.74	14.79%	63,692.68	6,949.95	10.91%
2012	51,995.22	7,406.42	14.24%	65,349.78	7,590.06	11.61%
2013	56,697.80	8,337.40	14.71%	65,705.43	7,418.33	11.29%
2014	61,809.76	8,732.69	14.13%	67,718.87	5,996.96	8.86%
2015	58,648.08	8,811.25	15.02%	70,153.47	7,629.44	10.88%
2016	56,312.75	8,670.65	15.40%	85,908.57	7,680.90	8.94%
2017	68,712.61	9,666.68	14.07%	101,889.40	8,309.88	8.16%
2018	67,487.67	10,550.41	15.63%	115,038.00	8,297.04	7.21%
2019	70,926.68	11,573.87	16.32%	117,247.30	8,555.66	7.30%
2020	65,214.44	10,026.27	15.37%	95,066.80	7,404.08	7.79%
2021	74,619.53	11,858.66	15.89%	124,390.40	8,277.98	6.65%
2022	187,940.16	12,784.51	6.80%	119,848.90	9182.94	7.66%

Table 15: Bilateral Trade Flows Between The Philippines & the People's Republic of China (in \$ thousands and current U.S. dollars)*Source: DOTS (2022), WITS World Bank (2000-2021)*

YEAR	TOTAL EXPORTS	EXPORTS TO PRC	EXPORTS AS % OF TOTAL	TOTAL IMPORTS	IMPORTS FROM PRC	IMPORTS AS % OF TOTAL
2000	38,078.25	663.29	1.74%	37,077.40	875.46	2.37%
2001	32,150.20	792.76	2.47%	34,943.39	1,074.35	3.07%
2002	35,208.16	1,355.83	3.85%	41,091.96	1,351.98	3.29%
2003	36,231.21	2,144.65	5.92%	42,575.74	1,950.66	4.58%
2004	39,680.52	2,653.04	6.69%	46,102.14	2,816.82	6.11%
2005	41,254.68	4,077.00	9.88%	49,487.42	3,134.15	6.33%
2006	47,410.12	4,627.66	9.76%	54,077.99	3,869.39	7.16%
2007	50,465.71	5,749.86	11.39%	57,995.66	4,232.90	7.30%
2008	49,077.54	5,469.19	11.14%	60,419.67	4,561.09	7.55%
2009	38,435.80	2,933.92	7.63%	45,877.74	4,060.39	8.85%
2010	51,497.52	5,724.47	11.12%	58,467.80	4,954.30	8.47%
2011	48,042.13	6,102.25	12.70%	63,692.68	6,504.58	10.21%
2012	51,995.22	6,159.11	11.85%	65,349.78	7,136.41	10.92%
2013	56,697.80	7,025.22	12.39%	65,705.43	8,596.86	13.08%
2014	61,809.76	8,033.65	13.00%	67,718.87	10,283.72	15.19%
2015	58,648.08	6,393.07	10.90%	70,153.47	11,477.93	16.36%
2016	56,312.75	6,192.43	11.00%	85,908.57	15,916.07	18.53%
2017	68,712.61	8,017.05	11.67%	101,889.43	18,477.82	18.14%
2018	67,487.67	8,698.67	12.89%	115,038.02	22,579.34	19.63%
2019	70,926.68	9,814.43	13.84%	117,247.27	26,756.38	22.82%
2020	65,214.44	9,830.09	15.07%	95,066.80	22,010.08	23.15%
2021	74,619.53	11,530.84	15.45%	124,390.45	28,210.34	22.68%
2022	187,940.20	11,142.41	5.92%	119,848.86	29,046.58	24.24%