



Indonesia's Foreign Policy: Navigating Relations Between the U.S., China, and ASEAN

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Abstract

This research investigates Indonesia's foreign policy in the context of its strategic positioning between the U.S., China, and the ASEAN bloc. As one of Southeast Asia's largest and most influential countries, Indonesia faces the challenge of balancing its relations with major global powers while maintaining its leadership role within ASEAN. This study explores Indonesia's diplomatic approach, considering historical ties, economic interests, and security concerns. The purpose is to evaluate how Indonesia navigates the complex dynamics of great power competition between the U.S. and China, while also reinforcing regional unity and cooperation through ASEAN. Key findings highlight Indonesia's pragmatic stance, emphasizing a policy of neutrality, non-alignment, and multilateralism, often seeking to mediate tensions and promote regional stability. However, the research also identifies challenges, such as the growing pressure from both the U.S. and China to take sides in geopolitical disputes. The novelty of this study lies in its comprehensive analysis of Indonesia's strategic balancing act, focusing on how the country leverages its position to advance national interests and regional cohesion. Given the shifting global power landscape,



this research is particularly urgent for understanding Indonesia's role in shaping the future of ASEAN and its broader implications for international diplomacy. This study contributes to the discourse on Southeast Asian foreign policy by offering a nuanced perspective on Indonesia's navigation of complex international relations and providing recommendations for policymakers in addressing these evolving challenges.

Keywords: Indonesia, foreign policy, U.S.-China relations, ASEAN, geopolitical balancing

Introduction

Indonesia occupies a pivotal geopolitical position in Southeast Asia as the world's largest archipelagic state, strategically located between the Indian and Pacific Oceans. Its control over critical sea lanes of communication, including the Malacca, Sunda, and Lombok Straits, places it at the center of global maritime trade and security dynamics (Laksmna, 2017). This geographic positioning has historically shaped Indonesia's outward-looking foreign policy and reinforced its strategic importance in the Indo-Pacific region. As a G20 member and emerging middle power, Indonesia plays an increasingly significant role in global governance, particularly in areas of maritime security, economic cooperation, and regional stability (Sukma, 2011).

Within the Association of Southeast Asian Nations (ASEAN), Indonesia is widely regarded as a *de facto* leader due to its size, population, economic weight, and diplomatic activism. Since ASEAN's establishment in 1967, Indonesia has contributed to shaping its norms, including the principles of non-interference, consensus-building, and regional autonomy (Acharya, 2014). Scholars argue that Indonesia's leadership has been central to maintaining ASEAN cohesion and advancing the concept of "ASEAN centrality" amid evolving regional architectures (Emmers, 2018). Its diplomatic initiatives—ranging from conflict mediation to institutional reform—underscore Indonesia's aspiration to sustain regional unity while engaging external powers constructively.

However, the intensifying strategic rivalry between the United States and China has complicated Southeast Asia's geopolitical landscape. The U.S. has advanced its

Indo-Pacific strategy emphasizing a rules-based order and freedom of navigation, while China has expanded its economic and maritime influence through initiatives such as the Belt and Road Initiative (Allison, 2017; Mearsheimer, 2014). Southeast Asia has thus become a focal arena for great-power competition. For Indonesia, this rivalry presents both opportunities—such as economic partnerships and strategic engagement—and risks, particularly regarding maritime disputes in the South China Sea and pressures to align with one power over the other (Laksmana, 2020).

Indonesia faces the complex task of balancing diplomatic and economic relations with both the United States and China while maintaining its leadership credibility within ASEAN. China has emerged as one of Indonesia's largest trading partners and a key source of infrastructure investment, while the United States remains a crucial security partner and defense collaborator (Weatherbee, 2019). This dual engagement reflects Indonesia's long-standing "bebas dan aktif" (free and active) foreign policy doctrine, which emphasizes strategic autonomy and proactive international engagement (Sukma, 2011). Yet, the intensification of U.S.–China rivalry increasingly narrows the space for neutral maneuvering.

The pressure to take sides in geopolitical disputes is particularly evident in maritime security issues. Although Indonesia is not a claimant state in the South China Sea disputes, tensions around the Natuna waters—where China's nine-dash line overlaps with Indonesia's exclusive economic zone—have tested Jakarta's diplomatic balancing (Laksmana, 2020). Simultaneously, participation in joint military exercises with the United States may be perceived by Beijing as strategic alignment, complicating Indonesia's hedging strategy. As Kuik (2008) argues, middle powers often adopt hedging policies to mitigate risks, but such strategies become more difficult under escalating rivalry.

Despite a growing body of scholarship on ASEAN and U.S.–China competition, there remains limited integrative analysis of how Indonesia reconciles its bilateral engagements with its multilateral commitments to ASEAN unity. Many studies focus on either Indonesia's domestic foreign policy doctrine or ASEAN institutional dynamics, without sufficiently connecting the two (Acharya, 2014; Emmers, 2018). This research addresses this analytical gap by examining Indonesia's diplomatic strategies within the broader context of regional and global power shifts.

This study seeks to address three interrelated research questions. First, how does Indonesia balance its relations with the United States and China while preserving regional cohesion through ASEAN? This question explores Indonesia's diplomatic

behavior across economic, security, and multilateral dimensions, drawing on the concept of hedging and middle-power diplomacy (Goh, 2005; Kuik, 2008). Indonesia's simultaneous engagement with both powers suggests a calculated effort to diversify partnerships and avoid dependency.

Second, what key principles and strategies underpin Indonesia's management of these complex relationships? Indonesia's foreign policy tradition emphasizes neutrality, non-alignment, and multilateralism—principles rooted in its post-colonial history and participation in the Non-Aligned Movement (Sukma, 2011). Contemporary adaptations of these principles reflect Indonesia's desire to maintain strategic autonomy while strengthening ASEAN centrality in the Indo-Pacific order (Acharya, 2014).

Third, what challenges and opportunities emerge from shifting global power dynamics? The evolving Indo-Pacific architecture presents Indonesia with opportunities to enhance its global standing, yet also exposes it to strategic risks associated with economic dependency and security entanglement (Allison, 2017; Mearsheimer, 2014). Addressing these questions contributes to a deeper understanding of Indonesia's diplomatic positioning amid systemic transformation.

The primary objective of this study is to explore Indonesia's diplomatic approach to balancing relations with global powers while sustaining regional cooperation. By analyzing Indonesia's engagement strategies toward the United States and China, the research seeks to clarify how Jakarta operationalizes its "free and active" doctrine in contemporary geopolitical contexts (Sukma, 2011).

A second objective is to assess Indonesia's strategic role within ASEAN amidst intensifying U.S.–China tensions. Indonesia's advocacy of ASEAN centrality reflects its commitment to ensuring that regional institutions remain the primary platform for dialogue and conflict management (Acharya, 2014; Emmers, 2018). This study evaluates how Indonesia leverages ASEAN frameworks to mitigate polarization and preserve collective autonomy.

Finally, the research aims to examine the normative foundations of Indonesia's foreign policy, particularly its emphasis on neutrality, non-alignment, and multilateralism. By situating Indonesia within middle-power theory, the study contributes to broader debates about how emerging powers navigate systemic rivalry while maintaining regional stability (Kuik, 2008; Laksmana, 2017).

This study contributes to scholarly discourse on Southeast Asian foreign policy and international diplomacy by offering a focused analysis of Indonesia's balancing

strategy. As ASEAN's largest member, Indonesia's diplomatic choices significantly influence regional cohesion and institutional resilience (Acharya, 2014). Understanding its foreign policy approach provides insights into how middle powers can navigate great-power competition without formal alignment.

Moreover, the research highlights Indonesia's role in shaping ASEAN's future amid Indo-Pacific strategic contestation. By reinforcing multilateralism and consensus-building, Indonesia seeks to safeguard regional autonomy and prevent fragmentation (Emmers, 2018). This has implications not only for Southeast Asia but also for broader global stability, as ASEAN's unity affects maritime security, economic integration, and diplomatic engagement.

For policymakers, the study offers practical insights into managing complex geopolitical relationships. Indonesia's experience demonstrates the potential of strategic hedging, diplomatic activism, and multilateral engagement in preserving sovereignty while engaging major powers. As global power dynamics continue to evolve, Indonesia's foreign policy provides a compelling case study of adaptive diplomacy in a contested international system.

Historical Context of Indonesia's Foreign Policy

A. Indonesia's Non-Aligned Movement (NAM) and the Cold War Era

Indonesia's foreign policy identity was fundamentally shaped during the presidency of Sukarno, who articulated the doctrine of *bebas dan aktif* (free and active) as the cornerstone of the country's international engagement. This principle underscored Indonesia's determination to maintain strategic autonomy while actively contributing to global peace and anti-colonial solidarity (Leifer, 1983; Sukma, 1995). Emerging from centuries of colonial rule, Indonesia viewed alignment with either the Western or Eastern bloc during the Cold War as a potential threat to its newly acquired sovereignty. Sukarno therefore positioned Indonesia as an advocate of anti-imperialism and Third World solidarity, framing foreign policy as an extension of revolutionary nationalism. His worldview was influenced by the belief that newly independent states should resist domination by superpowers and instead promote an alternative international order grounded in equality and justice.

Consequently, Indonesia's early diplomatic posture combined ideological assertiveness with pragmatic maneuvering, seeking external support without formal alliance commitments. This foundational period established patterns of strategic autonomy and normative activism that continue to influence Indonesia's foreign policy orientation in the contemporary era.

A defining moment in Indonesia's Cold War diplomacy was its leadership role in the 1955 Bandung Conference, which laid the groundwork for the institutionalization of the Non-Aligned Movement (NAM). The conference symbolized collective resistance by Asian and African states to bipolar domination and articulated principles such as mutual respect for sovereignty, non-aggression, and peaceful coexistence (Acharya, 2014). Indonesia's activism within NAM reflected its aspiration to become a moral and political leader among post-colonial nations. However, non-alignment did not equate to strict neutrality. Sukarno skillfully leveraged superpower competition to secure economic and military assistance from both the United States and the Soviet Union (Leifer, 1983). This strategy illustrated what contemporary scholars might describe as early forms of hedging, albeit within a highly ideological framework. Yet, domestic political tensions and Sukarno's increasingly confrontational policies—such as the *Konfrontasi* against Malaysia—strained Indonesia's international relationships and contributed to internal instability. Thus, while NAM elevated Indonesia's global profile, it also exposed the limits of ideological diplomacy amid geopolitical rivalry.

The transition to Suharto's New Order regime in 1966 marked a significant recalibration of Indonesia's non-aligned stance. Although the *bebas dan aktif* doctrine remained officially intact, foreign policy became more pragmatic, development-oriented, and less ideologically confrontational (Weatherbee, 2019). Suharto prioritized economic stabilization and international legitimacy, fostering closer ties with Western countries and international financial institutions. Indonesia became a founding member of the Association of Southeast Asian Nations in 1967, signaling a shift toward regionalism as a mechanism for stability and economic growth. Under the New Order, non-alignment evolved into a more cautious and economically driven strategy, emphasizing regional cooperation over global ideological leadership. Despite this shift, the legacy of NAM persisted in Indonesia's insistence on sovereignty, non-interference, and independent decision-making. In contemporary foreign policy, especially amid renewed rivalry between the United States and China,

these historical principles continue to provide normative continuity and strategic flexibility (Sukma, 2011).

B. Post-Suharto Foreign Policy: Reformasi and ASEAN Leadership

The 1998 Reformasi marked a profound transformation in Indonesia's domestic political order and significantly influenced its foreign policy orientation. The collapse of Suharto's authoritarian regime initiated democratization, decentralization, and greater civil society participation, reshaping the institutional foundations of diplomacy (Anwar, 2010). Foreign policy became more transparent and accountable, reflecting democratic norms and public scrutiny. Indonesia's leaders sought to rebrand the country as a moderate Muslim democracy and a constructive regional actor, distancing it from the authoritarian image of the New Order. This domestic transformation strengthened Indonesia's soft power and enhanced its credibility in promoting democratic values and human rights within Southeast Asia. Scholars argue that democratization expanded Indonesia's diplomatic confidence, enabling it to pursue a more outward-looking and norm-driven foreign policy (Sukma, 2011). Thus, Reformasi not only altered domestic governance but also redefined Indonesia's international identity.

Under President Susilo Bambang Yudhoyono, Indonesia adopted a proactive diplomatic approach often described as "a thousand friends and zero enemies," reflecting an effort to cultivate broad partnerships without provoking confrontation (Sukma, 2011). Indonesia deepened engagement with global institutions such as the G20 while simultaneously reinforcing ASEAN centrality as the foundation of regional order. Its leadership was evident in advancing the ASEAN Political-Security Community and advocating peaceful dispute resolution mechanisms (Acharya, 2014). Indonesia also played mediating roles in regional conflicts, reinforcing its image as a responsible middle power (Emmers, 2018). This period demonstrated Indonesia's attempt to harmonize bilateral diplomacy with multilateral commitments, ensuring that ASEAN remained the primary platform for addressing security challenges. By strengthening regional institutions, Indonesia sought to prevent external powers from dominating Southeast Asian strategic affairs.

In its relations with the United States, post-Suharto Indonesia pursued gradual normalization after tensions linked to human rights issues in East Timor. Bilateral

cooperation expanded significantly in the 2000s, culminating in the U.S.–Indonesia Comprehensive Partnership in 2010 (Weatherbee, 2019). Defense collaboration, counterterrorism efforts, and trade relations deepened, reflecting shared strategic interests in regional stability. Nevertheless, Indonesia avoided formal alliances, maintaining its long-standing commitment to non-alignment and strategic autonomy. This balancing behavior aligns with middle-power theory, which suggests that states like Indonesia diversify partnerships to mitigate dependence on any single great power (Laksmana, 2017). Reformasi thus marked a shift toward democratic diplomacy, multilateral activism, and calibrated engagement with major powers.

C. The Rise of China and Indonesia's Response

China's rapid ascent as a global economic and military power has significantly reshaped Southeast Asia's strategic environment, compelling Indonesia to recalibrate its foreign policy. As China expanded its influence through trade, investment, and the Belt and Road Initiative, Indonesia emerged as both a strategic partner and cautious stakeholder (Allison, 2017). China has become one of Indonesia's largest trading partners and a major source of infrastructure financing, supporting projects aimed at accelerating national development (Weatherbee, 2019). This deepening economic interdependence underscores the pragmatic dimension of Indonesia's diplomacy, prioritizing growth and modernization. However, scholars caution that asymmetric economic dependence can create strategic vulnerabilities, particularly if political tensions escalate (Laksmana, 2020). Consequently, Indonesia has sought to diversify its economic relationships to preserve bargaining leverage.

Security dynamics further complicate Indonesia's engagement with China. Although Indonesia is not a formal claimant in the South China Sea disputes, China's nine-dash line overlaps with Indonesia's exclusive economic zone near the Natuna Islands, leading to periodic maritime incidents (Laksmana, 2020). Indonesia has responded by reinforcing maritime patrols, upgrading defense infrastructure, and affirming its sovereignty, while simultaneously avoiding overt escalation. This calibrated response illustrates a hedging strategy, combining economic cooperation with strategic caution (Kuik, 2008). By maintaining open communication channels with Beijing and strengthening defense partnerships with other actors, Indonesia aims to deter coercion without provoking confrontation.

Ultimately, Indonesia's response to China's rise reflects continuity with its historical commitment to strategic autonomy. Rather than aligning exclusively with Beijing or Washington, Indonesia emphasizes ASEAN-led dialogue and multilateral mechanisms to manage regional tensions (Acharya, 2014). This approach seeks to prevent polarization within ASEAN and safeguard regional stability. In the context of intensifying U.S.–China rivalry, Indonesia's cautious engagement with China demonstrates the enduring relevance of its non-aligned tradition, adapted to contemporary geopolitical realities (Sukma, 2011).

Indonesia's Foreign Policy Doctrine and Key Principles

A. Neutrality and Non-Alignment

Indonesia's foreign policy doctrine is anchored in the principle of *bebas dan aktif* (free and active), which has long been interpreted as a form of qualified neutrality rather than passive detachment. Neutrality in the Indonesian context does not imply indifference or isolationism; rather, it denotes strategic autonomy—the capacity to avoid formal alignment with rival power blocs while actively contributing to international peace and justice (Leifer, 1983; Sukma, 1995). Rooted in anti-colonial nationalism and solidified during the Cold War, this doctrine reflects Indonesia's historical sensitivity to external domination and its aspiration to preserve sovereign decision-making. Scholars such as Acharya (2014) argue that Indonesia's non-alignment is normative as well as strategic, embedded in broader principles of sovereign equality and non-interference. Even after the Cold War, this orientation persists as a guiding framework for navigating shifting power configurations. In theoretical terms, Indonesia's neutrality aligns with middle-power diplomacy and hedging strategies, enabling flexibility amid systemic uncertainty (Kuik, 2008; Goh, 2005). Thus, neutrality remains an adaptive doctrine rather than a rigid ideological stance.

In the contemporary era, neutrality is tested by intensifying rivalry between the United States and China. Indonesia maintains comprehensive partnerships with both powers, reflecting a calculated strategy of diversification. The United States remains a key security partner, particularly in defense cooperation, maritime security, and counterterrorism (Weatherbee, 2019; Laksmna, 2017). Simultaneously, China

has become Indonesia's largest trading partner and a major investor in infrastructure under the Belt and Road Initiative (Setiawan, 2020). Rather than perceiving these relationships as mutually exclusive, Indonesia frames them as complementary. Kuik (2008) conceptualizes this behavior as "hedging," whereby states avoid binary alignment by engaging multiple powers to maximize benefits and minimize risks. Indonesia's refusal to formally endorse either Washington's Indo-Pacific strategy or Beijing's strategic vision exemplifies this calibrated diplomacy. Such balancing behavior underscores the enduring relevance of non-alignment as a flexible instrument for safeguarding national interests in a competitive geopolitical environment.

Indonesia's neutrality also manifests in its self-perception as a mediator and bridge-builder in regional disputes. Historically, Indonesia has facilitated peace processes in Cambodia and the southern Philippines, reinforcing its identity as a constructive regional actor (Acharya, 2014). More recently, Jakarta has advocated dialogue and restraint in the South China Sea, emphasizing ASEAN-led mechanisms rather than unilateral escalation (Laksmna, 2020). Mediation aligns with Indonesia's aspiration to uphold regional stability while preventing polarization within the Association of Southeast Asian Nations. From a constructivist perspective, this mediating role reflects Indonesia's normative commitment to consensus and cooperative security (Emmers, 2018). By positioning itself as an honest broker, Indonesia enhances its diplomatic credibility and reinforces the legitimacy of its non-aligned doctrine. Neutrality, therefore, is not merely defensive but proactive—an instrument for shaping regional order while maintaining strategic independence.

B. Multilateralism and ASEAN Centrality

Multilateralism constitutes a second pillar of Indonesia's foreign policy doctrine. Since the establishment of ASEAN in 1967, Indonesia has regarded regional cooperation as essential to safeguarding autonomy and preventing great-power intervention (Leifer, 1983). Acharya (2014) describes ASEAN as a nascent security community, built upon norms of non-interference, consultation, and consensus. Indonesia has consistently championed these principles, viewing ASEAN centrality as a buffer against external dominance. Multilateral engagement enables Indonesia to amplify its diplomatic voice while embedding great-power interactions within

institutional frameworks. This strategy reflects liberal institutionalist theory, which posits that institutions mitigate anarchy by fostering predictability and cooperation (Ikenberry, 2011). Through ASEAN-led forums such as the East Asia Summit and the ASEAN Regional Forum, Indonesia promotes inclusive dialogue that incorporates both the United States and China within a rules-based regional architecture.

Strengthening ASEAN unity has become increasingly critical amid intensifying external pressures. Divergent threat perceptions and economic dependencies among ASEAN members have at times undermined collective cohesion, particularly regarding the South China Sea (Emmers, 2018). Indonesia has responded by advocating an ASEAN Outlook on the Indo-Pacific that emphasizes inclusivity, cooperation, and non-alignment (Anwar, 2020). By articulating a common regional vision, Indonesia seeks to prevent ASEAN from becoming fragmented or instrumentalized by rival powers. Scholars such as Ba (2009) highlight the importance of diplomatic culture and trust-building in sustaining ASEAN unity—areas where Indonesia's leadership has proven influential. In this sense, ASEAN centrality is not merely rhetorical but strategic, functioning as a mechanism for preserving Southeast Asia's agency within the broader Indo-Pacific order.

Beyond security, Indonesia leverages ASEAN to foster dialogue on trade, environmental governance, and sustainable development. Regional economic integration initiatives, including the ASEAN Economic Community, aim to enhance competitiveness and resilience (Nesadurai, 2003). Indonesia has also promoted cooperation on climate change and disaster management, recognizing the transnational nature of these challenges. Such initiatives demonstrate Indonesia's belief that multilateralism extends beyond geopolitics to encompass socio-economic and environmental dimensions. By embedding diverse issues within ASEAN frameworks, Indonesia reinforces institutional legitimacy and mitigates unilateral pressures from major powers. Multilateralism, therefore, complements neutrality, enabling Indonesia to balance external relationships while consolidating regional solidarity.

C. Economic Diplomacy

Economic diplomacy has become an increasingly prominent dimension of Indonesia's foreign policy, reflecting the centrality of development objectives in

national strategy. Trade relations with the United States, China, and ASEAN partners form the backbone of Indonesia's external engagement (World Bank, 2022). China's role as Indonesia's largest trading partner underscores the economic interdependence shaping bilateral ties, while the United States remains a significant export destination and investment source (Setiawan, 2020). Indonesia's participation in regional trade agreements, including the Regional Comprehensive Economic Partnership (RCEP), illustrates its commitment to open and diversified markets. According to Ravenhill (2018), such economic integration enhances resilience by distributing risk across multiple partners. Indonesia's diplomatic efforts thus prioritize market access, foreign investment, and infrastructure development as instruments of national growth.

Indonesia's strategic resources further enhance its leverage in economic diplomacy. As a major exporter of palm oil, coal, natural gas, and nickel, Indonesia occupies a critical position in global commodity chains (Aspinall & Mietzner, 2019). The government's recent policies promoting downstream processing and resource nationalism aim to increase value-added production and attract foreign investment in manufacturing sectors. These initiatives reflect developmental state logic, balancing openness with regulatory intervention to maximize national benefit (Hill, 2000). Energy security and food exports also shape Indonesia's bargaining power in bilateral negotiations. By aligning resource management with foreign policy objectives, Indonesia integrates economic and strategic considerations in pursuit of long-term resilience.

Beyond trade, Indonesia actively courts investment partnerships to accelerate infrastructure and technological modernization. Engagement with China's Belt and Road Initiative coexists with cooperation under U.S.-led Indo-Pacific economic frameworks, exemplifying Indonesia's hedging strategy in economic form (Laksmana, 2017). According to Baldwin (1985), economic statecraft can serve as both inducement and deterrent in international relations. Indonesia employs this logic by diversifying funding sources and avoiding overdependence on any single partner. Economic diplomacy thus reinforces broader foreign policy principles: neutrality through diversification, multilateralism through regional trade frameworks, and strategic autonomy through resource management. Collectively, these elements illustrate how Indonesia integrates doctrinal continuity with pragmatic adaptation in navigating contemporary global power dynamics.

U.S.–China Competition and Indonesia’s Strategic Balancing Act

A. Geopolitical Tensions Between the U.S. and China

The rivalry between the United States and China is one of the defining features of early twenty-first-century international relations, especially in the Indo-Pacific region. This competition encompasses military, economic, technological, and normative dimensions, and is driven by structural shifts in power as China’s economic and military capacity rises relative to U.S. predominance (Allison, 2017; Mearsheimer, 2014). The U.S. has articulated its strategic objectives through frameworks such as the “Free and Open Indo-Pacific,” which emphasizes freedom of navigation, democratic governance, and alliances with regional partners (U.S. Department of Defense, 2019). China’s strategy, meanwhile, centers on initiatives like the Belt and Road Initiative (BRI) and expanding defense capabilities, signaling long-term ambitions to shape regional norms and institutions (Rolland, 2019). These competing visions create structural tension that reverberates across Southeast Asia, where states must navigate the competing incentives and pressures emanating from both powers.

Key flashpoints illustrate the intensity of this rivalry. One such tension is the South China Sea dispute, where overlapping territorial claims have heightened risk of confrontation. China’s expansive “nine-dash line” assertively claims maritime rights that conflict with international law as interpreted by the Permanent Court of Arbitration in 2016 (Beckman, 2019). The United States routinely conducts Freedom of Navigation Operations (FONOPs) in contested waters, emphasizing the centrality of maritime commons to global trade and security (Thayer, 2020). Another eruptive point is Taiwan, where Chinese assertions of sovereignty clash with U.S. commitments to deterrence, creating risks of escalation beyond Southeast Asia (Swaine, 2015). Beyond hard power competition, technological competition in areas such as 5G, AI, and cybersecurity further deepens strategic rivalry (Allison, 2017).

These geopolitical tensions have profound implications for Southeast Asia, including Indonesia. Countries in the region face dilemmas about security alignments, economic dependence, and normative commitments. A direct

consequence is the “balancing-hedging” behavior observed among many ASEAN states that seek to engage both powers simultaneously without alignment (Kuik, 2008; Goh, 2005). For Indonesia, which is neither a claimant in the South China Sea disputes nor a formal treaty ally of the United States, the U.S.–China rivalry complicates foreign policy calculus on security cooperation, trade integration, and regional order. Southeast Asia’s appeal as a strategic arena reflects its economic dynamism, demographic potential, and geographic centrality—a trilateral product that binds regional stability with superpower competition (Emmers, 2018).

B. Indonesia’s Position: Maintaining Strategic Autonomy

Indonesia’s response to the escalating U.S.–China competition has been shaped by its long-standing foreign policy doctrine of *bebas dan aktif* (free and active) that predates the Cold War but remains salient today (Sukma, 2011). Rather than pursuing alignment with either superpower, Jakarta seeks strategic autonomy—engaging both powers to maximize economic and security benefits while trying to minimize dependencies. This nuanced balancing act is consistent with the literature on hedging, which posits that middle powers avoid hard alignment in order to preserve autonomy and adjust policies based on changing external incentives (Kuik, 2008; Goh, 2005). Indonesia’s behavior is therefore not mere ambiguity; it reflects a deliberate strategy to diversify partnerships and mitigate risks associated with great-power entanglement.

Economically, Indonesia has deep and mutually beneficial ties with both China and the United States. China is Indonesia’s largest trading partner and a significant source of infrastructure investment under the Belt and Road Initiative, including projects in transportation and energy sectors (Setiawan, 2020). These projects contribute to Indonesia’s development goals, but they also raise concerns regarding debt sustainability and geopolitical leverage, particularly considering China’s expanded role in the Indo-Pacific (Rolland, 2019). Conversely, the United States remains an important export market and partner in services, technology transfer, and human capital exchanges. U.S. foreign direct investment and trade agreements foster diversification of Indonesia’s economic portfolio, helping to buffer the potential overdependence on any one partner (Weatherbee, 2019).

On military and security cooperation, Indonesia avoids formal alliance commitments that could compromise its neutrality. Although Jakarta participates in defense engagements with the United States through joint exercises and dialogues, it simultaneously expands military-to-military relations with China, including naval visits and confidence-building measures (Laksmana, 2017). This dual engagement illustrates that Indonesia's neutrality is strategic rather than passive. It fosters security cooperation that enhances national defense capabilities without foreclosing independence in decision-making. Such calibrated policies embody the concept of "issue-based hedging," where states cooperate selectively across domains to optimize security while managing systemic uncertainties (Kuik, 2008).

Despite its autonomy, Indonesia faces external pressures from both powers. The United States seeks to strengthen strategic partnerships with ASEAN members to counter China's influence, while China expects reciprocal economic accommodation and regional acquiescence. Jakarta's challenge is to negotiate these expectations without undermining its own principles or jeopardizing ASEAN centrality. To manage this, Indonesia refrains from joining formal security pacts such as the U.S.-led AUKUS or Beijing's security initiatives, instead emphasizing independent and issue-specific cooperation (Acharya, 2014; Weatherbee, 2019).

C. The Role of ASEAN in U.S.–China Competition

The ASEAN framework occupies a central role in mediating U.S.–China competition in Southeast Asia, providing institutional legitimacy and normative guidance for regional cooperation. ASEAN's diplomatic architecture—including the ASEAN Regional Forum (ARF), East Asia Summit (EAS), and ASEAN Defense Ministers' Meeting Plus (ADMM+)—creates platforms where external powers engage collectively rather than bilaterally with regional states. Indonesia, as ASEAN's largest member and a founding actor, has been pivotal in sustaining ASEAN's relevance amid shifting power dynamics (Acharya, 2014; Emmers, 2018). These institutions allow Southeast Asian states to manage competing influences through consultation, consensus, and norm-building rather than coercion or confrontation. From the perspective of institutional liberalism, regional institutions reduce uncertainty and foster cooperative behavior even among rivals, thereby mitigating systemic risks (Ikenberry, 2011).

ASEAN's collective approach to U.S.–China tensions is reflected in its emphasis on centrality and inclusivity. The ASEAN Outlook on the Indo-Pacific (AOIP), adopted in 2019, articulates a vision that reconciles engagement with both powers while emphasizing non-alignment, openness, and ASEAN-led cooperation (ASEAN, 2019). Indonesia championed the AOIP, arguing that Southeast Asia should not become a battleground for great-power rivalry but rather a zone of peace, stability, and shared prosperity. This multilateral vision stands in contrast to exclusive security architectures and reinforces ASEAN as the primary platform for regional dialogue.

Indonesia's leadership within ASEAN is particularly evident in dialogues aimed at managing flashpoints such as the South China Sea. Indonesia has advocated peaceful dispute settlement, support for the Code of Conduct negotiations, and adherence to international law—including the United Nations Convention on the Law of the Sea (UNCLOS)—as principles that should guide behavior in contested waters (Laksmiana, 2020). Jakarta's diplomacy emphasizes that no external power should dominate the region, reinforcing ASEAN unity in foreign policy initiatives. Scholars note that such norms help ASEAN maintain strategic autonomy by avoiding entanglement in superpower rivalries while preserving its members' security interests (Emmers, 2018; Acharya, 2014).

However, ASEAN is not without structural challenges. Divergent threat perceptions and domestic priorities among member states sometimes weaken collective positions, particularly when it comes to contested maritime claims or economic dependencies (Ba, 2009). Indonesia's role, therefore, often shifts between normative leadership and diplomatic facilitation, seeking to harmonize disparate national interests into coherent regional strategies. This soft leadership aligns with constructivist theories, which emphasize the power of norms and identity in shaping regional order (Acharya, 2014).

Finally, ASEAN's potential to mediate between the United States and China relies on sustained commitment to institutional engagement rather than alignment with external security blocs. Indonesia's advocacy for ASEAN centrality—through frameworks that accommodate both powers equitably—demonstrates that middle powers and regional institutions can be significant architects in balancing great-power competition. This institutional balancing contributes to regional stability by reducing zero-sum pressures and reinforcing collective agency amid structural rivalry (Acharya, 2014; Emmers, 2018).

Indonesia's Diplomatic Strategies and Regional Stability

A. Indonesia's Mediation Role in Regional Conflicts

Indonesia has long positioned itself as a mediator and stabilizing force in Southeast Asia, reflecting its *bebas dan aktif* foreign policy doctrine and its aspiration to exercise responsible regional leadership (Sukma, 2011; Acharya, 2014). Historically, Indonesia played a constructive role in facilitating the Cambodian peace process in the late 1980s and early 1990s, helping convene informal meetings that paved the way for the Paris Peace Agreements (Leifer, 1983). This early diplomatic activism shaped Indonesia's identity as a "natural leader" within the Association of Southeast Asian Nations (ASEAN), reinforcing its commitment to dialogue, consultation, and non-coercive conflict resolution. Beyond diplomatic facilitation, Indonesia has also contributed to United Nations peacekeeping missions, strengthening its international profile as a contributor to global peace and security (Weatherbee, 2019). Such engagements align with middle-power theory, which suggests that states lacking overwhelming material capabilities often pursue influence through norm-building and mediation (Cooper, 1997).

In recent years, Indonesia's mediating role has been tested by intra-ASEAN crises, particularly the political crisis in Myanmar following the 2021 military coup. Indonesia has actively pushed for ASEAN consensus through the Five-Point Consensus mechanism, advocating dialogue and humanitarian assistance while resisting external military intervention (Emmers, 2018). However, divergent positions among ASEAN members have complicated collective responses, highlighting structural limitations within the consensus-based model (Ba, 2009). Indonesia's diplomacy thus involves balancing normative commitments—such as democratic governance and human rights—with ASEAN's long-standing principle of non-interference. This tension underscores the broader dilemma of reconciling regional solidarity with domestic political sensitivities.

The South China Sea dispute presents another arena where Indonesia exercises quiet diplomacy. Although Indonesia is not a formal claimant state, China's nine-dash line overlaps with Indonesia's Exclusive Economic Zone near the Natuna

Islands. Jakarta has sought to mediate tensions by promoting a Code of Conduct between ASEAN and China, emphasizing adherence to the United Nations Convention on the Law of the Sea (UNCLOS) (Laksmana, 2020; Beckman, 2019). Indonesia's approach reflects a dual strategy: safeguarding sovereignty while avoiding overt alignment against China. Such calibrated mediation enhances Indonesia's credibility but also exposes it to criticism from domestic constituencies demanding firmer stances. The challenge, therefore, lies in sustaining neutrality while exercising proactive regional leadership.

B. The Indo-Pacific Strategy and Indonesia's Position

The emergence of the Indo-Pacific as a strategic construct has redefined regional geopolitics, largely influenced by initiatives advanced by the United States and its allies. The U.S.-led "Free and Open Indo-Pacific" (FOIP) strategy emphasizes maritime security, democratic values, and rules-based order, implicitly aimed at balancing the rise of China (U.S. Department of Defense, 2019; Allison, 2017). Indonesia has engaged with this framework cautiously, supporting principles such as freedom of navigation and open trade while avoiding formal alignment. Rather than endorsing FOIP outright, Indonesia promoted the ASEAN Outlook on the Indo-Pacific (AOIP) in 2019, advocating inclusivity, dialogue, and ASEAN centrality (Anwar, 2020). This initiative reflects Indonesia's preference for multilateral rather than bloc-based regionalism.

Indonesia's Indo-Pacific engagement extends beyond relations with the United States and China. Jakarta has strengthened partnerships with Japan, Australia, India, and South Korea, diversifying its diplomatic and economic ties (Laksmana, 2017). Such diversification exemplifies hedging behavior, enabling Indonesia to benefit from multiple strategic relationships without committing exclusively to any single power (Kuik, 2008). Defense cooperation with Australia and Japan, for example, complements Indonesia's maritime modernization efforts, while economic collaboration with India enhances connectivity across the Indian Ocean. This multidirectional engagement reinforces Indonesia's identity as a pivotal maritime state bridging two oceans.

Indonesia's strategic positioning in the Indo-Pacific has broader implications for regional and global security. As the world's largest archipelagic state and a guardian

of critical sea lanes, Indonesia's policies influence maritime stability and trade flows (Hill, 2000). By advocating inclusive regionalism and resisting polarization, Indonesia contributes to mitigating zero-sum dynamics in great-power competition. However, maintaining this balance requires continuous diplomatic agility, as pressures intensify from both Washington and Beijing to secure strategic support. Indonesia's Indo-Pacific strategy thus reflects an ongoing effort to reconcile national interests with regional stability, reinforcing its role as a stabilizing middle power.

C. Strengthening ASEAN's Role in Global Diplomacy

Indonesia envisions a cohesive and resilient ASEAN capable of acting collectively in the face of external pressures and internal fragmentation. Since its founding role in ASEAN in 1967, Indonesia has consistently promoted the organization as the cornerstone of regional order (Acharya, 2014). ASEAN centrality, from Jakarta's perspective, ensures that Southeast Asian states retain agency amid great-power rivalry. Through forums such as the East Asia Summit and the ASEAN Regional Forum, ASEAN facilitates dialogue between major powers within an institutionalized framework (Emmers, 2018). Indonesia's leadership has been instrumental in reinforcing these platforms as mechanisms for preventive diplomacy and confidence-building.

Indonesia has also advocated expanding ASEAN's global diplomatic footprint, particularly in areas of economic governance and sustainable development. ASEAN's economic integration initiatives, including the ASEAN Economic Community, enhance collective bargaining power in global trade negotiations (Nesadurai, 2003). Indonesia supports deeper integration to strengthen resilience against external shocks, recognizing that economic fragmentation could undermine regional stability. Furthermore, Jakarta emphasizes ASEAN cooperation on transnational challenges such as climate change, disaster management, and public health crises. These issues underscore the interdependence of security and development in regional diplomacy.

ASEAN unity remains crucial in addressing regional conflicts and systemic challenges. Divergent national interests, especially regarding relations with China, sometimes hinder consensus (Ba, 2009). Indonesia's role, therefore, involves diplomatic bridge-building and norm entrepreneurship, encouraging adherence to principles of peaceful dispute settlement and collective decision-making.

Constructivist scholars argue that ASEAN's strength lies not in material power but in shared norms and identity (Acharya, 2014). Indonesia's commitment to these norms reinforces regional cohesion and strengthens ASEAN's legitimacy in global governance debates. Ultimately, Indonesia's diplomatic strategy rests on the belief that a united ASEAN enhances Southeast Asia's resilience and capacity to navigate global uncertainty while preserving strategic autonomy.

Challenges and Opportunities for Indonesia's Foreign Policy

A. Balancing Relations with Great Powers

Indonesia's foreign policy navigates a delicate balancing act between maintaining strong relationships with the U.S., China, and ASEAN member states. As the world's third-largest democracy and Southeast Asia's largest economy, Indonesia plays a pivotal role in regional stability. However, the competition between the U.S. and China for influence in Southeast Asia complicates Jakarta's diplomatic calculus. Indonesia has long adhered to a policy of neutrality and non-alignment, emphasizing the importance of maintaining sovereignty and autonomy amid growing great-power rivalries (Acharya, 2014). The strategic challenge for Indonesia lies in preserving this neutrality while also responding to the shifts in global power dynamics, especially in light of China's assertiveness in the South China Sea and the U.S.'s Indo-Pacific Strategy (Medeiros, 2017).

Indonesia's ability to remain neutral while cultivating strong diplomatic ties with both powers demonstrates its agile diplomatic approach. By promoting multilateralism and ASEAN centrality, Indonesia ensures its influence in shaping the region's architecture and remains a vital bridge between competing global powers (Sukma, 2011). At the same time, however, it faces pressure to take sides in certain geopolitical disputes, particularly over issues such as Taiwan, the South China Sea, and the Indo-Pacific strategy. The competition between China and the U.S. offers opportunities for Indonesia to leverage its strategic location and influence ASEAN as a collective force that dictates the terms of cooperation. For instance, Indonesia's recent promotion of the ASEAN Outlook on the Indo-Pacific (AOIP) signals its role

in crafting a balanced and inclusive approach to regional security, avoiding bloc politics (Anwar, 2020).

However, Indonesia's position also brings risks, as its neutrality may be perceived as indecisive or weak, especially if tensions escalate between the U.S. and China. Moreover, economic dependencies on China—particularly in trade and infrastructure projects—create a further challenge in maintaining neutrality, as any shift in relations could have significant economic repercussions (Hadiwinata, 2018). Thus, Indonesia's diplomatic strategy must be adaptive, balancing the demands of great power competition while fostering ASEAN unity and regional stability.

B. Domestic Pressures and National Interests

Indonesia's foreign policy is heavily influenced by its domestic political dynamics, which often intersect with national interests in trade, security, and diplomatic relations. One of the most significant challenges for Indonesia is aligning its foreign policy with domestic priorities, particularly in an increasingly polarized political environment. The shifting political landscape, including the influence of various political parties and their platforms, shapes how Indonesia responds to global and regional challenges. Domestic political considerations, such as maintaining national sovereignty, ensuring economic stability, and addressing security concerns, often drive foreign policy decisions (Baldwin, 2019).

Public opinion also plays a crucial role in shaping Indonesia's foreign policy. While Indonesia's foreign policy is traditionally defined by a broad national consensus, domestic sentiments—particularly related to economic nationalism and security concerns—often influence decisions on trade agreements, defense partnerships, and foreign aid. For instance, public unease about China's growing influence, especially regarding the Belt and Road Initiative (BRI) and the South China Sea disputes, has led to growing scrutiny of Indonesia's engagements with Beijing (Mietzner, 2018). Similarly, the U.S.-Indonesia relations, despite historical ties, are often complicated by domestic debates over military alliances, human rights, and economic fairness. The role of civil society and the media in voicing concerns regarding foreign policy has become more pronounced in recent years, offering an additional dimension to policymaking (Liddle, 2017).

In addition, economic and security concerns are central to Indonesia's foreign policy, particularly in maintaining trade relations with both the U.S. and China, Indonesia's two largest trading partners. The domestic push for economic diversification and industrialization drives Indonesia to seek favorable trade agreements and foreign investments while avoiding dependency on any single nation. Indonesia's participation in global trade organizations such as the WTO, and its efforts to expand trade relations with countries in Africa and Latin America, reflect its desire to safeguard economic independence while positioning itself as an emerging middle-power (Ragayah, 2019). Security concerns, particularly regarding terrorism and maritime security, further influence Indonesia's diplomatic priorities, as it seeks robust defense partnerships with both the U.S. and regional actors like Australia.

C. Shaping the Future of ASEAN

Indonesia's leadership in ASEAN has been central to the organization's success in promoting regional integration, economic cooperation, and political stability. However, as great-power competition intensifies, ASEAN faces increasing pressure to remain relevant and cohesive in the face of external geopolitical tensions. Indonesia's leadership role within ASEAN, therefore, carries significant responsibility in shaping the future direction of the organization, particularly in light of rising U.S.-China tensions. Indonesia has consistently championed ASEAN centrality, advocating for a collective approach that allows Southeast Asian countries to maintain agency amidst the broader global shifts (Ba, 2009). This principle is especially important as the region faces challenges such as the South China Sea disputes, where ASEAN members hold divergent positions.

One of the key opportunities for Indonesia lies in its ability to act as a mediator between ASEAN states and external powers, particularly in maintaining ASEAN unity and fostering cooperation on security, economic integration, and environmental issues. Indonesia's advocacy for ASEAN-led regional initiatives, such as the ASEAN Outlook on the Indo-Pacific, aims to position the organization as a central player in regional governance, able to manage geopolitical competition while promoting peace and stability (Anwar, 2020). Indonesia's leadership in these areas not only strengthens ASEAN's role in the international order but also enhances its

soft power and diplomatic leverage, ensuring the region's voice is heard in global decision-making forums.

In addition, Indonesia's efforts to foster ASEAN's economic integration have been crucial in enhancing the region's competitiveness in the global economy. Through initiatives like the ASEAN Economic Community (AEC), Indonesia has advocated for deeper economic ties and greater market access, which benefits not only ASEAN members but also Indonesia's national development. However, internal divisions within ASEAN, such as the differing priorities of its members, often complicate these efforts. Indonesia's role as a diplomatic bridge-builder will remain essential in overcoming these challenges and ensuring that ASEAN continues to function as a unified bloc in addressing the region's strategic and economic concerns (Nesadurai, 2003).

Conclusion

A. Summary of Key Findings

Indonesia's foreign policy has consistently focused on balancing its relationships with the U.S., China, and ASEAN. In navigating these complex relationships, Indonesia has relied on a strategic balancing act that emphasizes neutrality and non-alignment, allowing it to maintain its autonomy and sovereignty while engaging with global powers. Indonesia's foreign policy principles, notably neutrality, non-alignment, and multilateralism, have been instrumental in positioning the country as a regional leader in Southeast Asia. These principles guide Indonesia's diplomatic approach, ensuring it remains a pivotal player in ASEAN while engaging with the broader geopolitical dynamics in the Indo-Pacific region.

The growing rivalry between the U.S. and China presents both challenges and opportunities for Indonesia. On one hand, Indonesia must balance its economic and security interests with both powers, avoiding excessive dependence on either. On the other hand, this rivalry offers Indonesia an opportunity to act as a mediator and advocate for ASEAN's centrality in the face of external pressures. This balancing act is not without its challenges, as Indonesia faces both internal and external pressures to take sides in geopolitical disputes. However, it also presents the opportunity for

Indonesia to leverage its strategic location and diplomatic influence to foster regional cooperation and promote its vision for a stable and prosperous Southeast Asia.

B. Theoretical Contributions

This study contributes to the field of Southeast Asian foreign policy, particularly in the context of great power competition and the role of middle and small powers in international relations. Indonesia's ability to navigate the rivalry between the U.S. and China through a policy of neutrality and non-alignment is a significant example of how smaller states can balance geopolitical pressures without sacrificing their sovereignty. Theoretically, this aligns with the concept of “middle power diplomacy,” which emphasizes the ability of middle powers like Indonesia to exert influence in multilateral forums while avoiding direct confrontation with major powers (Shinoda, 2017).

Furthermore, this study expands on the theoretical framework of multilateralism by exploring how Indonesia's advocacy for ASEAN centrality is a crucial element in managing regional tensions and fostering cooperation in the Indo-Pacific. Indonesia's strategic approach highlights the importance of multilateral institutions as tools for managing conflicts and shaping regional and global governance (Hickey, 2015). This contribution underscores the role of ASEAN as a platform for small and medium powers to influence regional security, trade, and environmental policies in the face of global power rivalries.

C. Policy Implications

For Indonesia, maintaining its diplomatic flexibility while balancing relationships with the U.S. and China requires a carefully crafted foreign policy strategy. One key recommendation is to enhance Indonesia's diplomatic strategies by proactively engaging both the U.S. and China in dialogues that emphasize mutual benefits and regional stability. This may involve leveraging Indonesia's unique position in ASEAN to foster cooperative frameworks that address issues like trade, climate change, and regional security, ensuring that all parties—U.S., China, and ASEAN countries—remain invested in a stable Indo-Pacific region.

Additionally, strengthening ASEAN's central role in regional security and economic development is vital for Indonesia's long-term diplomatic strategy. Indonesia should continue to champion ASEAN-led initiatives that emphasize inclusivity, dialogue, and regional cooperation. This includes enhancing ASEAN's security architecture and promoting initiatives like the ASEAN Outlook on the Indo-Pacific, which provides a framework for regional cooperation amidst external geopolitical rivalries (Anwar, 2020).

Finally, practical steps for improving Indonesia's role in shaping the Indo-Pacific region include deepening partnerships with regional powers like Japan, India, and Australia while also strengthening its position within global organizations such as the United Nations. By expanding its diplomatic reach, Indonesia can ensure that it continues to play a leading role in shaping the region's future in a manner that prioritizes peace, security, and prosperity.

D. Limitations and Future Research

While this study provides valuable insights into Indonesia's foreign policy, it is limited by its focus on specific aspects of Indonesia's diplomatic strategy in relation to the U.S., China, and ASEAN. Further research is needed to explore the evolving dynamics between Indonesia and these powers, particularly in the context of shifting global power balances, regional economic cooperation, and security challenges. A deeper understanding of Indonesia's interactions with other key players in the Indo-Pacific region, such as Japan and India, could provide a more comprehensive view of Indonesia's strategic positioning.

Additionally, comparative studies between Indonesia and other ASEAN countries facing similar geopolitical challenges could offer valuable insights into regional dynamics and the differing approaches to balancing relationships with global powers. Future research could also examine the role of domestic politics in shaping Indonesia's foreign policy, particularly how public opinion, national identity, and economic interests influence diplomatic decision-making. As the global order continues to evolve, understanding Indonesia's role as a middle power in regional and global affairs will be crucial for policymakers and scholars alike.

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