



Hedging Against China: Indonesia's Strategy Towards Arising Power

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Abstract. The rising strategic cooperation between Indonesia and China, notably during the Jokowi administration, have garnered significant scholarly interest, along with widespread analysis and critics, due to its broader political, economic and security implications. The purpose of this study is to analyze Indonesia's strategic responses to the increasing interactions with China by employing descriptive research to explain Indonesia's bilateral relations with China, focusing on tensions over territorial disputes, economic inequality, and Indonesia's hedging strategy against China's rising influence proposed by Cheng-Chwee Kuik comprising two main categories: Return-Maximizing Options (Economic-Pragmatism, Binding Engagement, and Limited-Bandwagoning) and Risk-Contingency Options (Dominance-Denial and Indirect Balancing). The results of this analysis indicate that Indonesia has successfully adopted a hedging strategy to improve domestic infrastructure and secure a favourable position by participating in China's Belt and Road Initiative (BRI), all the while maintaining a cautious approach towards China. The study concludes that while the BRI presents both challenges and prospects, Indonesia must adopt a clearer stance on China to protect national interests and advance ASEAN's regional priorities. Kuik's hedging model is therefore still valuable for comprehending and analyzing the significance and implications of the evolving Sino-Indonesian partnerships.

Keywords: Hedging, Strategic Partnerships, Belt and Road Initiative (BRI).

1 Introduction

1.1 Geopolitical Alignment and Indonesia's Strategic Partnerships

The concept of geopolitical alignment involves collaboration between countries with shared interests to achieve goals such as, regional stability, economic growth, and global influence. A notable example is the dynamic relations between China and Indonesia within the Asia-Pacific zone. However, in recent years, Indonesia has been engaged in heated discussion over its foreign policy toward China.

Historically, Indonesia's diplomatic ties with China and the United States have experienced several shifts. During Sukarno's presidency, Indonesia leaned towards China, the Soviet Union, and the Communist Party (PKI), resulting in weakening of

relations with the U.S. [1]. In contrast, Soeharto's regime restored U.S. ties by aligning with anti-communist policies, reducing Sukarno's influence, and establishing a military dictatorship [2]. Despite past tensions, Indonesia has maintained and enhanced ties with both the U.S. and China, balancing diplomacy with other major powers like Japan, Australia, and Russia [3].

1.2 Current Sino-Indonesian Relations and Challenges

Table 1. Trade Summary for Indonesia 2018: US\$ Millions

Market	Export	Market	Import
China	27,127	China	45,538
Japan	19,480	Singapore	21,440
United States	18,472	Japan	17,977
India	13,726	Thailand	10,953
Singapore	12,992	United States	10,212

Source: WITS, World Integrated Trade Solution, from <https://wits.worldbank.org/countrysnapshot/en/IDN>

The current trends in Sino-Indonesian bilateral partnerships seem to indicate that Indonesia's engagement with China reflects a mix of cooperation and hedging strategies. It is shown from *Table 1*, Indonesia is not practicing a totally cooperative policy and instead has embraced parts of a hedging strategy, although China and Indonesia are mutually interdependent. The partnerships formed by Indonesia with these giant nations were clearly regarded as indications that Indonesia's close relationships to China did not hinder it from pursuing strategic partnerships with another powerful nation in order to accomplish its own goals. The current China's Belt and Road Initiative or BRI, has sparked debates among Indonesian elites and general public due to concerns over reliance on Chinese workers despite local unemployment [4]. Trade imbalances and Chinese goods dominating Indonesian markets, especially under the ASEAN-China Free Trade Area or ACFTA, have further fueled concerns [5]. Another issue is the Natuna Sea Dispute, where China's territorial claims overlap with Indonesian waters, affecting 30% of Indonesia's maritime territory [6]. Despite anti-China sentiments rooted in events like the 1998 anti-Chinese riots, Indonesia continues cooperating with China while pursuing a hedging strategy. Indonesia also faces domestic criticism against ongoing Sino-Indonesian projects, with rising calls to re-evaluate them [7].

1.3 The Balance of Threat

The balance of threat theory by Stephen Walt (1985, 1987) [8,9], building on Waltz's earlier ideas (1979), explains that states align either by balancing against or bandwagoning with perceived threats in an anarchic international system [10]. Balancing occurs when states form alliances to protect themselves from dominant powers, either to prevent domination or to enhance their influence through partnerships with weaker states (Walt, 1987) [9]. Conversely, bandwagoning occurs when states

align with the most threatening power to reduce the threat, often leading to dependence on that power (Walt, 1985) [8].

The balance of threat theory offers insights into Indonesia's hedging strategy toward China, as Indonesia seeks to manage both opportunities and risks associated with China's rise. On one hand, Indonesia engages in balancing by formalizing strategic partnerships with global powers like the U.S., Australia, and Russia, promoting a dynamic equilibrium through ASEAN to maintain regional stability and sovereignty (Laksmana, 2011; Hadi, 2012) [11, 12]. On the other hand, bandwagoning tendencies are evident through Indonesia's economic reliance on China, particularly since President Jokowi's Global Maritime Fulcrum (GMF) initiative in 2014. This policy aims to enhance infrastructure, territorial sovereignty, and maritime prosperity, with significant financial support from China under its Belt and Road Initiative, totaling \$171 billion in loans and investments, the highest in ASEAN (Caroline, 2021; Prakoso et al., 2022) [13,14].

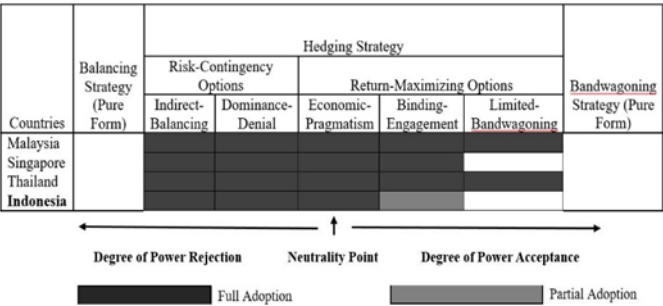
Despite tensions over the South China Sea, Indonesia persists to pursue cooperation with both China and other powers, leveraging ambiguous alignment to balance economic, political, and security interests amid rising U.S.-China rivalry [15]. Thus, the balance of threat theory remains relevant in understanding Indonesia's strategic behavior across economic and geopolitical domains.

1.4 Hedging Model

According to Cheng-Chwee (2008), in this context, "hedging" refers to a state's attempts in mitigating threats through the adoption of several policy alternatives with the expectation to generate reciprocal contradictory impacts in the face of considerable uncertainty and a great deal at stake [16]. Further, he states that hedging is a policy framework that involves a number of mutually exclusive measures with the objectives of 'avoiding risks' and 'maximizing options' [17]. Cheng-Chwee (2008) mentions that when discussing the relations between ASEAN countries and China, hedging is broken down into the following five distinct components: (1) "economic-pragmatism" aims to achieve maximum advantages from a growing power by means of direct commerce and investments interactions, regardless of issues in security and politic; (2) "binding-engagement" occurs when a middle power establishes official relations with a new power to create channels for communication and socialize the control into the prevailing system in order to influence its policy preferences; (3) "limited-bandwagoning" involves forging a political alliance with the growing power to reap either current or future advantages without sacrificing sovereignty or ruining its established relations with the other leading powers; (4) "dominance-denial" occurs when a nation attempts to halt or suppress a growing power in an area where it might threaten the current order; and (5) "indirect-balancing" that refers to the process of countering, on a military level both domestically and internationally, the unpredictable power of a growing nation without explicitly acknowledging the fact that this nation poses a military danger [16]. Therefore, Cheng-Chwee (2008) concludes that hedging involves a two-pronged approach, namely one that actively pursues "return-

maximizing" alternatives while simultaneously inhibiting "risk-contingency" options in order to achieve the desired result [16]. Although, first Kuik’s Hedging model (*Table 2*) indicates that Indonesia did not fully implement its hedging strategy towards China, however, the final analysis of this study will fill this gap and explain the most up-to-date, comprehensive strategy aligned with Kuik’s five-component model, considering the model was introduced in 2008, there must have been significant political shifts between China and Indonesia.

Table 2. Selected ASEAN States' Responses to the Re-emergence of China



Source: <https://www.researchgate.net/publication/27492891>

Given that Indonesia is perceived as a weaker nation compared to China, the alignment strategy it employs towards China and other alliances is pertinent to the Hedging concept defined by Kuik (2016) [18]. Indonesia however is one of regional superpower in the Southeast Asia, while at the same time it plays an essential role in China's foreign policy. This is particularly important as Indonesia is a crucial ally and partner of China in international affairs, supporting it move closer to its goal of becoming an integral global superpower. Hedging and its parameters are adequate to analyze the relevant endeavor that a country desires to build an alliance with other nations on the basis of national interest and international or regional dynamics. This is particularly true for Indonesia, which has been making strides towards progress while also aligning itself with and anticipating the growing dominance of China, which it hedges against.

1.5 One Belt One Road/Belt Road Initiative

The Belt and Road Initiative (BRI), also known previously as One Belt, One Road or OBOR, is a China’s significant initiative that reflects significant economic, geopolitical, and diplomatic shifts in regional power dynamics. As one of the flagship projects of President Xi Jinping, BRI seeks to lower transportation costs and reduce non-tariff barriers by developing infrastructure across six economic corridors, including the the China-Pakistan Economic Corridor and China-Indochina Peninsula Corridor [19]. From a geopolitical perspective, BRI supports China's vision of transforming into a rising leader of global capitalism, challenging the dominance of the United States by promoting a Sinocentric order beyond East Asia [55]. Under the BRI,

China has notably given priority to Southeast Asia considering its geographic proximity and strong economic links, with Xi Jinping advocating for ASEAN Nations to participate [20].

The BRI has strengthened Indonesia-China economic relations, with Indonesia leveraging the initiative to align with Global Maritime Fulcrum (GMF), launched in 2014 by President Jokowi. This program aims to boost Indonesia's maritime connectivity, productivity, and competitiveness, reaffirming the nation's identity as a leading maritime nation. Indonesia's favorable position between Indian and Pacific Oceans provides it capacity to influence regional stability amid the growing rivalry in the Indo-Pacific involving China and the United States. The BRI partnership aligns with Jokowi's vision to accelerate national development and restore Indonesia's maritime pride [21].

However, the BRI has raised concerns among Indonesian elites. Military officials, Islamic leaders, and former government figures have expressed suspicion about China's influence, fearing an influx of Chinese workers and economic domination through investments [22]. Some critics, including Malaysia's Prime Minister, have even described the BRI as a form of "new colonialism" due to its expansive reach [23]. Despite these concerns, the Indonesian government remains supportive of the BRI, as it views the initiative as essential for economic growth and regional cooperation. Thus, the BRI continues to shape Indonesia's evolving foreign policy toward China, balancing between economic opportunities and nationalist interests.

1.6 The Indonesia's Foreign Affairs Policy Towards China

Indonesia's hedging strategy towards China is significantly shaped by its foreign policy, reflecting the country's geopolitical significance in Southeast Asia. Under President Jokowi's leadership, Indonesia's diplomacy has emphasized a pro-people orientation, aiming to achieve tangible economic benefits for citizens [24]. However, this approach is rooted in the long-standing principles of *Bebas-Aktif* (Independent and Active) foreign policy, which stresses independence from external influences and active engagement in global affairs [25]. The concept emerged during the Cold War under the leadership of Hatta to safeguard national interests by avoiding alignment with either the Soviet Union or the USA, considering the vulnerabilities of Indonesia as a newly independent, impoverished, and fragmented state [26]. *Bebas-Aktif* remains a guiding principle today, as Indonesia seeks to balance relationships with major powers, particularly China, without compromising its strategic autonomy.

Jokowi's foreign policy vision continues to align with *Bebas-Aktif* principles, focusing on economic growth through foreign investment while maintaining non-alignment. He has urged diplomats to attract foreign investors, emphasizing Indonesia's economic priorities [27]. This pragmatic stance was evident in 2014, when Jokowi shifted Indonesia's preference from Japan to Beijing regarding the execution of Jakarta-Bandung high-speed train system, signaling a focus on economic pragmatism over long-standing partnerships [28]. Although China is now Indonesia's largest economic

partner, Indonesia still supports the deployment of American military forces in the region of the Asia-Pacific to maintain regional security [27].

Despite the economic tilt towards China, Jokowi's leadership has maintained Indonesia's global standing through key achievements, such as hosting the G20 Summit and securing a seat on the 2019-2020 UN Security Council as a non-permanent member [29]. These milestones reinforce that Indonesia's policy of *Bebas-Aktif* persists to enhance its political and economic role internationally. In essence, Indonesia's foreign policy serves as a foundation for understanding its hedging strategy towards China, balancing economic cooperation with geopolitical caution.

1.7 Research Focus

Considering the dynamics and concern of China-Indonesia partnership, this study aims to answer two key questions: (1) Why does Indonesia continue to collaborate with China despite challenges and public opposition? (2) How does Indonesia implement a hedging strategy amid growing pressure to reassess relations with Beijing? The research draws on Kuik's Hedging model—which offers a framework to balance cooperation and caution—and explores how Indonesia applies this model to manage its relationship with China in a shifting geopolitical landscape.

2 Research Method

This study employed descriptive research to explain Indonesia's bilateral relations with China, focusing on tensions over territorial disputes, economic inequality, and Indonesia's hedging strategy against China's rising influence. The primary methodology was a literature review, which examined historical and current developments to understand how Indonesia's strategic relationship with China has evolved. The theoretical framework drew heavily on Cheng-Chwee Kuik's Hedging Strategy model [16], offering indicators to analyze Indonesia's alignment with China and other nations in response to domestic and geopolitical shifts. Additionally, Walt's Balance of Threat Theory provides insight into Indonesia's balancing and bandwagoning behaviors across political, economic, and military domains, helping contextualize Indonesia's ambivalent alignment strategy towards China. The study also aimed to bridge existing gaps shown in the (*Table 2*) by offering a comprehensive, contemporary analysis of Indonesia's hedging strategy.

3 Results and Discussion

3.1 Indonesia's Possible Reasons for Maintaining Its Cooperation with China

Variations of Perceptions among Indonesian Elites (No Consensus)

The first important factor that considerably influences the Indonesian government's decision to maintain its partnership with China is the lack of agreement regarding policy towards China among leading parties and elite in Indonesia. According to Syailendra

(2017), the absence of consensus on the optimal approach to China is caused by the varied perceptions and interests of Indonesian domestic political players as well as their differing assessments of the threat posed by China [1]. A suspicious view is held by a prominent official in the Ministry of Industry of Indonesia who has voiced public criticism of Chinese firms' propensity to rely only on supplies and personnel brought from China [30]. Examples of this include the Nickel Smelter project in Konawe, Southeast Sulawesi Province and the Suramadu Bridge project in Surabaya, East Java. Similar to such statement, Syailendra (2017) found that 'the Marine Resources and Fisheries Ministry', "the Indonesian Navy and Army" collectively asserted that China represented a danger to Indonesia's maritime territory by violating its maritime sovereignty and interfering its internal affairs [1].

On the other hand, other top officials have a more optimistic outlook about China's growth. Some high-ranking government officials, including a National Defence Council member and a senior diplomat are among those who perceive the phenomenon is possible to strengthen Asia's negotiating position with the West and assist the region's economic growth [30]. Given the development of China, Jokowi assigned Mrs. Mariani Soemarno, a former minister of the state-owned companies, for directing foreign investment and commerce with China [31]. Jokowi also echoed this optimistic tone when he encouraged China to keep supporting Indonesia's aspirations for environmentally friendly manufacturing parks and expanded regional economic route [32]. Given the wide variety of perspectives on the nature of Sino-Indonesian cooperation, Indonesia has decided to continue with its non-balancing policy rather than adopting a stance that would require it to directly challenge China on a number of fronts.

Jokowi's Ambitions and Belt Road Initiative's Enormous Funding

President Joko Widodo's (Jokowi) ambitions play a significant role in Indonesia's continued cooperation with China. The vision he holds to establish Indonesia as a leading maritime nation through GMF, has driven efforts to secure foreign investment, with a focus on connecting Indonesia's islands, cities, and provinces through the establishment of infrastructure, and Chinese Belt and Road Initiative, aligns with his goals, offering substantial funding opportunities [33]. Following Indonesia's participation in the BRI Forum in 2017, the government, led by Luhut Pandjaitan, identified projects eligible for Chinese investment, resulting in 23 Memorandums of Understanding (MoUs) signed in 2019 [34]. Under Jokowi, 19 ports have already been constructed, with more underway, boosting Indonesia's maritime connectivity [35]. However, critics like Rizal Ramli's warning against over-reliance on China, providing the example of Hambantota Port in Sri Lanka, which was handed over to China after accumulating debt [33]. Despite these concerns, the economic benefits of enhanced infrastructure remain a key reason for Indonesia's sustained ties with China.

Indonesia's Non-alignment Policy

Bebas-Aktif (Independent and Active) as Indonesia's foreign policy principle has shaped the way it stands and reacts to international relations, emphasizing strategic

autonomy and resisting alignment with global hegemonic powers. Despite Cold War pressures to partner with either the Soviet Union or the United States, Indonesia maintained its non-alignment stance, pursuing a multidirectional diplomatic strategy that prioritizes both national and regional resilience [36,37]. This policy allows Indonesia to independently determine its path, particularly within Southeast Asia, without following the agendas of dominant powers. Economically, Indonesia has strengthened trade and investment ties with China, benefiting from key projects like International Hub Seaport of Bitung and International Hub Seaport of Kuala Tanjung, which are part of China-backed infrastructure initiatives [35]. Simultaneously, Indonesia continues to engage in military and security cooperation with partners like Australia and the USA, through AUKUS and counter-terrorism efforts, ensuring it balances global relationships [38]. Although concerns about China's economic dominance persist, these large-scale projects illustrate Indonesia's pragmatic diplomacy, reinforcing the value of continued engagement with China.

Free Sinovac Vaccines during Covid-19

The COVID-19 pandemic played a key role in strengthening Sino-Indonesian relations. In early 2020, Indonesia sought aid from China, its trusted trading partner, which responded with medical supplies, including testing kits and PPE. As an element of Beijing's vaccine diplomacy, Wang Yi, China's Foreign Minister, visited Southeast Asia in promoting vaccination support. Indonesia received its first Sinovac vaccine shipment in December 2020, a timely gesture given global competition for vaccines, and Jakarta expressed gratitude for China's assistance [39]. Despite skepticism toward Chinese products, the public display of "Sinovac" packages signaled trust in Chinese vaccines [40]. The collaborative efforts between Sinovac Biotech and Bio Farma Indonesia further boosted vaccine research, showcasing the diplomatic significance of this partnership in solidifying bilateral ties.

ASEAN-China Free Trade Area (ACFTA)

Having established on January 1, 2010, The ASEAN-China Free Trade Area or ACFTA, has significantly influenced economic development in Southeast Asia, turning China into the largest investor for ASEAN over the past decade (Asyono & Samputra, 2023) [41]. In order to strengthen relations with China, Indonesia embraces the ACFTA that serves for both economic and political purposes. Despite global disruptions during the COVID-19 pandemic, Indonesia maintained economic stability and is expected to achieve stronger growth than major economies like Japan, and the USA and the EU [42]. As the 2023 ASEAN chair, Indonesia carries a strategic responsibility to promote security, stability, and peace, particularly in the South China Sea, as emphasized during the 42nd ASEAN summit [43]. The "3.0 Upgrade of ACFTA" underlines Indonesia's need to reinforce economic and political engagement with China, not only in securing its national interests but also in maintaining regional stability as well as cooperation among ASEAN members.

3.2 Kuik's Model on Indonesia's Hedging Strategy

The progression of bilateral relationships between Indonesia and China did not take place as a result of either pure-bandwagoning or pure-balancing carried out by Indonesia. Instead, Indonesia has decided to adopt an alternative strategy that put it in the middle ground allowing it to hedge against the power of China. Yan (2023) also holds that the practise of hedging encompasses a variety of multifaceted behaviours and a wide range of policy alternatives, which include both collaborative and countering approaches with the aim of optimising advantages, taking on opportunities, and mitigating security threats [40]. Therefore, the focus of this section is to investigate the more in-depth practises of hedging that are carried out by Indonesia.

The Return Maximizing Options:

Economic Pragmatism: Business-to-Business

Indonesia's economic pragmatism toward China reflects its reliance on Chinese funding, particularly under the Belt and Road Initiative, to advance national interests, such as large-scale infrastructure projects. President Joko Widodo has prioritized economic diplomacy with China since 2014, aligning the Global Maritime Fulcrum (GMF) with BRI [44]. The most obvious instance is the Jakarta-Bandung high-speed railway (HSR), awarded to a Sino-Indonesian consortium in 2015 despite initial Japanese involvement [45]. China secured the project by revising its proposal to meet Indonesia's Business-to-Business (B2B) requirements—specifically excluding government guarantees or state budget funding—whereas Japan insisted on state guarantees and proposed a higher project cost [46]. Although Indonesia favored China for this project, Jokowi extended an invitation to Japan to invest in a future Jakarta-Surabaya railway, reflecting a hedging strategy to preserve approach with both global powers (Kyodo News, 2020) [47]. This approach demonstrates Indonesia's pragmatic use of China's financial support to enhance infrastructure development while increasing its bargaining leverage with global powers (Camba, 2020) [45].

Binding-Engagement: Bilateral and Regional Level

Indonesia's binding engagement with China operates not only on both bilateral basis, but also at the regional level, beginning with the signing of Strategic Partnership agreement in April 2005 when China's President, Hu Jintao, visited Indonesia [37]. In 2013, under former Indonesian President Yudhoyono, this partnership evolved into a Comprehensive Strategic Partnership and Chinese President Xi Jinping, broadening cooperation across politics, defense, economics, science, and cultural exchange [37]. Initiatives like economic cooperation zones and youth exchanges reflect this deepened collaboration [48]. On the regional front, China has actively engaged with ASEAN as an official dialogue partner, participating in ASEAN forums and economic frameworks such as the ASEAN Plus Three (APT) and Regional Comprehensive Economic Partnership or RCEP [37]. Indonesia further demonstrated its regional commitment by joining China-led initiatives, including the Asian Infrastructure Investment Bank or AIIB, while balancing economic nationalism with caution over China's potential

dominance [49]. These efforts illustrate Indonesia's strategy of fostering regional cooperation with China while ensuring ASEAN's role in maintaining stability.

Limited Bandwagoning: Jakarta-Surabaya Railway Project and Indo-Pacific Alliances without China

Indonesia's strategy of limited-bandwagoning with China reflects a balancing act between cooperation and autonomy, where Indonesia partners with China for political and economic advantages while avoiding excessive dependence [18]. For instance, despite China's efforts through its Belt and Road Initiative, Indonesia planned to grant Japan the contract for the project of Jakarta-Surabaya railway in 2019, demonstrating a desire to diversify partnerships and maintain policy independence [40]. The government's goal is to sustain competition between China and Japan for infrastructure investments, thereby mitigating risks of over-reliance on China while securing strategic benefits [22]. Additionally, Indonesia pursues Indo-Pacific alliances with the U.S., Australia, and Japan to counterbalance China's increasing prominence in the region [28]. It participates in frameworks like IPEF or the Indo-Pacific Economic Framework for Prosperity, launched by the U.S. in 2022, which strengthens cooperation with non-Chinese partners [50]. Indonesia emphasizes ASEAN central ity and inclusivity in its foreign policy, aiming to balance relations between major powers while advancing its regional and economic interests [51].

Risk-Contingency Options:

Dominance-Denial: Indonesia's Disapproval towards China's Nine-Dash-Line in South China Sea.

Dominance-denial is employed by Indonesia as part of its risk-contingency strategy to manage challenges posed by China, particularly given the diminishing influence of the U.S. in the Indo-Pacific zone [13]. Indonesia adopts a non-aligned foreign policy to avoid excessive reliance on any single country, diversifying both economic and military partnerships to mitigate vulnerability [37]. A prominent example of this strategy is Indonesia's firm stance in the Natuna waters dispute, where Chinese Coast Guard vessels violated the Exclusive Economic Zone or EEZ of Indonesia under the pretext of traditional fishing rights, triggering public outrage and diplomatic protests [52]. Indonesia rejected China's "nine-dash line" claim, emphasizing that the claim provides no legal foundation under the United Nations Convention on the Law of the Sea (UNCLOS) [7]. President Jokowi reaffirmed Indonesia's claim to sovereignty over the North Natuna Sea, increasing naval operations and directing the foreign ministry to protest Chinese intrusions [44]. Despite these tensions, Indonesia takes a measured approach, balancing its resistance to China's regional dominance with economic pragmatism, unlike more confrontational strategies used by the Philippines or Singapore [13]. This nuanced policy helps Indonesia protect its national interests while maintaining cooperative ties with China.

Indirect Balancing: Indonesia's Increased Military Operation in Natuna Islands

In the case of China's Nine-Dash Line territorial claim over the Natuna waters, Indonesia has employed an indirect balancing strategy to assert sovereignty while managing diplomatic ties. In 2020, President Joko Widodo emphasized Indonesia's territorial control by visiting a disputed Natuna island amid naval confrontations with Chinese vessels [39]. The Indonesian military (TNI) dispatched warships and fighter jets to patrol the North Natuna Sea, rejecting China's claim that these waters constitute a traditional fishing zone [53]. Although China emphasized the routine nature of its operations and sought bilateral resolution, Indonesia firmly dismissed the Nine-Dash Line as invalid under the 1982 UNCLOS and warned of escalating the matter to the International Court if needed [37]. To reinforce maritime sovereignty, Indonesia conducted military drills near Natuna, designated the area of its EEZ as the North Natuna Sea, and established a military base on Natuna Besar Island. Indonesia has also strengthened defense collaborations with the U.S. and Japan. In the collaborations, the U.S. conducted over 240 joint military exercises annually and Japan supplied radar and patrol technology [54]. Despite tensions, Indonesia continues to balance its security efforts with diplomatic collaboration with China, recognizing China's importance as a major investor alongside Japan in its economic development.

4 Conclusion

The conclusion emphasizes that Indonesia's hedging strategy provides a suitable framework for understanding its response to China's growing influence, especially under Jokowi's presidency, given shifting geopolitical dynamics. Using Kuik's hedging model as a guide, the study highlights Indonesia's strategic balancing between maximizing economic benefits through pragmatic engagement with China while mitigating risks through indirect balancing. Indonesia's non-aligned stance, aligned with its 'free and active' foreign policy, avoids full military alliances or bandwagoning, allowing it to benefit from China's Belt and Road Initiative (BRI) for the establishment and development of infrastructure while remaining cautious due to concerns over Chinese labor and disputes in the Natuna waters. Diplomatic and military partnerships with the U.S. and ASEAN allies help Indonesia safeguard its leadership in ASEAN's Indo-Pacific vision and enhance its maritime power. Although, Indonesia's financial relations with China have advanced through the formation of a Comprehensive Strategic Partnership; however, the overall effectiveness of regional cooperation will largely depend on China's strategic decisions. The study indicates that while the Belt and Road Initiative (BRI) presents both threats and prospects, Indonesia must articulate a more decisive policy towards China to safeguard its national interests and promote ASEAN's regional objectives. Kuik's Hedging model is strongly relevant for examining Indonesia's shifting foreign policy dynamics. Nevertheless, future research should investigate the achievements and challenges of the partnership, particularly within the context of the ongoing geopolitical rivalry between China and the United States.

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