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“In the sea, we triumph”

Indonesia’s strategy to counterbalance the
United States and China in Southeast Asia



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'In the sea, we triumph'. Indonesia's strategy to counterbalance the United States and China in the Southeast Asia

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Cover: President Widodo on a ship in Natuna Islands
[Agus Soeparto/EPA—handout made available by Indonesian Presidential Palace]

EXECUTIVE SUMMARY

The purpose of this report has been to analyze the strategy Indonesia is following in order to counterbalance the United States and China in Southeast Asia and how it will evolve in the near future.

The rivalry between these two powers is most likely to stay the same, with China benefiting from regional states' economic dependency and the US establishing more military and security ties with them. The former one will probably follow the thread it actually has, being more assertive in its policies. And even if the US keeps pressuring the region with the rest of the QUAD members, it will not lead to a radical increase in their influence in the region.

At the same time, despite the similarity between the Ukrainian conflict with Russia and Beijing's attitude towards Taipei, it is not expected that China starts a war in the short or middle terms. In case the conflict escalates, while the US will most probably support Taiwan militarily and economically, the regional states will fear their economic dependency on China too much to take any action against it.

In this sense, we have provided four different scenarios driven by a series of changes among the relevant actors in the dynamics of the region. We have concluded that the one with the highest probability of happening is the continuance of the status quo, as any other path would be too radical and the expected changes are not as extreme. Nevertheless, the next most probable outcome would be the one where China becomes the hegemonic power in the region, followed by ASEAN being able to reach a high powerful position where it can counterbalance the US and China, and leaving the imposition of the FOIP by the US as the last possibility.

Furthermore, ASEAN will try to maintain the status quo of the region by balancing its interests with the limited agreements it holds with China and the United States. It will keep balancing the relationship with both powers in order to avoid any of those from controlling the region. Within the organization, Indonesia will continue to be the unique *primus inter pares* and maintain its unofficial leadership, in spite of the fact that it is currently more focused on reforming its domestic policies.

As Joko Widodo will be substituted in the next elections of 2024, there is no guarantee that the administration replacing him will keep on with his Global Maritime Fulcrum Strategy. Nevertheless, any possible strategy will be very similar to the current one, since it is in line with the Vision 2045 of Indonesia. Indeed, they have been following a similar thread for over ten years, so changing it now would be very incoherent.

Even if his administration has tried to tackle the issue regarding the lack of national cohesion, the prospects for this are not really optimistic. The situation will even slightly worsen in the near future. Moreover, some of the domestic policies the government is currently working on have a social focus, aiming to decrease Islamic fundamentalism and terrorist threats.

The reforms that Jokowi is launching in order to end corruption, which as is slowly progressing, will not see extraordinary changes in the near future. Climate change proposals will probably increase as soon as the country is able to invest more in renewable energy and take full advantage of its natural resources.

Additionally, the country's economy is expected to keep growing, since it is heavily investing in infrastructure, which will foster foreign investment. This last aspect will also be furthered through the RCEP, which will also mean a lowering of trade barriers. Moreover, Indonesia is optimistic about the Chinese BRI, since even if it needs its inversion, Indonesia is fully aware that it cannot completely depend on China. Thus, it will avoid that possible outcome.

Regarding the country's external policy, ASEAN's centrality will maintain the primary focus. Even though its presence will decrease, Indonesia will always be present in the organization's dynamics by exercising influence and putting pressure in favor of its proposed arrangements. Indeed, chairing ASEAN in 2023 will demonstrate to the other member states that Indonesia still has a say in the organization.

Finally, Indonesia becoming a middle power in the region is quite unlikely. Nevertheless, we have offered a scenario in which we analyze the possible consequences this situation would have domestically and internationally. In general, although relevant, they would not suppose any major changes.

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INTRODUCTION

This report will provide an in-depth analysis of Indonesia's role in the Asia-Pacific and its impact on the regional power balance. More importantly, it focuses on the strategy Indonesia follows to deal with the US-China confrontation in its region and maintain its non-alignment status. The formulation of numerous plausible scenarios will be assisted by an analysis of the current geopolitical situation, in order to understand the surrounding context. To achieve so, this paper analyses the presence and influence of some great powers in the Southeast Asian region, namely the United States and China. The relationship between the ASEAN member states and those external actors is explained, so the balance of power in the region is well understood.

More regional conflicts are introduced to fully comprehend each actor's influence and the different strategies that they are following when facing similar issues. The South China Sea dispute and the tensions between China and Taiwan are the main mentioned ones. Indonesia's possible role if any of these conflicts escalates is also examined, and therefore, its level of stake in the current situation. It is worth mentioning, then, the implications of the Strait of Malacca too, one of the most important shipping lanes in the world.

Moreover, there are two recent international transformations that have played a role in these dynamics too: the Covid-19 pandemic and the Russian invasion of Ukraine. Although all the consequences arising from these situations have not been witnessed yet, their implication in the region has been considered. There have even been speculations about the possible consequences both in the region and in Indonesia, which could take place in the near future.

In any case, none of this could be understood without taking into account the weight of ASEAN, the regional organization of Southeast Asian states. Its member states' relationship with China and the US is studied, and their aim of maintaining themselves non-aligned too. For that, their strategy of pivoting both powers is explained in order to get the picture of the states' stake in the region. In this sense, the role of the QUAD could not be overlooked either. Their vision and approach toward the so-called Indo-Pacific must be understood for realizing their involvement in it.

Within ASEAN, Indonesian power cannot go unnoticed. Its unofficial leadership and the promotion of the Global Maritime Fulcrum (GMF) strategy are exhaustively explained. This leads

to the total comprehension of the regional dynamics and how each of the powers previously mentioned influence it. Therefore, this first part of the paper ends with four plausible scenarios about the US-China rivalry in Southeast Asia in 2025. An understanding of the previous actors' situations is necessary in order to follow these possible future outcomes.

The second half of the paper focuses more on Indonesia itself, and on the domestic and foreign policies that president Joko Widodo is following. The Global Maritime Fulcrum Strategy acquires special importance within Indonesia's external strategy for counterbalancing China and the US in the region. Indeed, it envisions the country as a sovereign maritime state capable of providing a platform for peace-building and security both at regional and international levels. Nevertheless, the reasons behind this strategy not reaching its goal are explained.

Moreover, Indonesia's Vision 2045 is stated to understand the main domestic and foreign policies carried out by the government in the near past. And, in order to do so, the opportunities and challenges of the country's domestic strategy are named. The paper divides them into different realms in order to follow a meaningful order of the analysis of the country.

Probably the most challenging one is the situation presented by the social realm. Indeed, the archipelago is divided into a high number of islands, which has promoted the emergence and practice of different cultures, ethnic groups, and religions that have to coexist, making it up to more than a thousand ethnics. The last population census, which took place in 2020,¹ shows that about 56.11% of the country's population lives in Java. It is followed by the population living in Sumatra (21.68%), and the rest of the islands not reaching eight percent of the total population (see **Image 1**).

Nonetheless, these differences have brought one of the main internal threats that the country is facing nowadays: separatist movements among different islands. In fact, out of the 34 provinces that compound the archipelago, 5 of them have special status:² Jakarta; Yogyakarta, which counts with a king; Aceh, having a high degree of autonomy since it even follows the Sharia law; and

¹ United Nations. 2021. "The Indonesian Population Census 2020." United Nations. <https://unstats.un.org/unsd/demographic-social/meetings/2021/egm-covid19-census-20210209/docs/s03-04-IDN.pdf>.

² Wolters, Oliver. 2022. "Indonesia | History, Flag, Map, Capital, Language, Religion, & Facts | Britannica." In Encyclopædia Britannica. <https://www.britannica.com/place/Indonesia>.

West Papua and Papua, both counting with considerable autonomy when it comes to domestic affairs.

Several political measures that try to tackle these issues are explained afterwards. The current administration's struggle with other challenges are mentioned too, highlighting the corruption or the redistribution of wealth. All of them are obstacles for Indonesia to achieve its Vision 2045. Similarly, the power and energetic realm examined after those points states necessary goals that have to be achieved too. In addition, it presents the current circumstances as an optimistic one but after having faced several challenges.

The current situation of the country is stated in macroeconomic terms, comparing it with the rest of the states. And the paper makes clear Jokowi's administration's awareness of the need for economic development in different areas. For that, the three main problems in Indonesian economic policy are studied: the need for infrastructure investment, the need of improving the taxation system, and the necessity of recalibrating the business environment toward liberalizing markets.

Regarding foreign strategy, Indonesia's role within ASEAN has to be comprehended. In fact, ASEAN has always been Indonesia's foreign policy's cornerstone. Thus, the unofficial traditional leadership of Indonesia within the organization is explained, as well as the two possible opponents for this position: Vietnam and Malaysia.

Additionally, the "ASEAN Outlook on the Indo-Pacific" is studied too, as well as the consequences of this strategy for Indonesia and the rest of the powers which have a stake in the region. Furthermore, by introducing the Regional Comprehensive Economic Partnership (RCEP), the opportunities that this situation may bring to Indonesia are analyzed. Nevertheless, the risk of dependence on China is contemplated too.

These two, as well as many other factors, could help Indonesia become a regional middle power. The meaning and consequences of this possibility are explained at the end of the paper through a future wheel. The possible aftermath that this situation would create is analyzed, by dividing them into five first-grade consequences that would lead to many other second-grade outcomes.

I. US-CHINA RIVALRY IN SOUTHEAST ASIA

The Southeast Asian region has always seen itself involved in the context of some kind of rivalry; as was the Cold War during the second half of the 20th century and is the competition between the United States and the People's Republic of China today. It is worth mentioning that the intergovernmental organization called *The Association of Southeast Asian Nations* (ASEAN) has also been a major player in this regional architecture since the end of the Cold War.

During the former period, both the Soviet Union and the US had little chance of exercising any influence that was not military.³ Southeast Asia was subordinated to these external powers, such as when both blocs intervened and took sides in the Vietnam War which took place from 1955 to 1975. Once the Cold War reached an end and their influence in the region gradually decreased, these nations seemed to have recognized that such interventions and great power rivalries had led to domestic vulnerability and contributed to both internal and external conflicts.

This shift in reality created new avenues for greater powers to influence the region. 'Soft power' and economic relations came to the fore, leaving the more subversive influence behind. At the same time, China saw it as an opportunity to further its weight as a major economic player in the region and to push institutional initiatives.

After seeing the aftermath of the previous period, the Asian nations opted this time for a more neutral position. Most of them have adopted a hedging strategy in order to maneuver between both great powers by enhancing practical bilateral collaboration with each state.⁴ Their idea is to settle into limited cooperation with one or more great powers while pursuing a broad multi-directional engagement strategy, and therefore being able to simultaneously pursue engagement with the great power's rival.⁵

³ Ciorciari, John David, 2009. *The Balance of Great-Power Influence in Contemporary Southeast Asia*. <https://search.ebscohost.com/login.aspx?direct=true&AuthType=ip,cookie,uid&db=edswao&AN=edswao.40135900X&lang=es&site=eds-live&scope=site>.

⁴ Goh, Evelyn. 2016. "Southeast Asian Strategies toward the Great Powers: Still Hedging after All These Years? - the Asan Forum." The Asan Forum. February 22, 2016. <https://theasanforum.org/southeast-asian-strategies-toward-the-great-powers-still-hedging-after-all-these-years/>.

⁵ Ciorciari, John David, 2009. *The Balance of Great-Power Influence in Contemporary Southeast Asia*. <https://search.ebscohost.com/login.aspx?direct=true&AuthType=ip,cookie,uid&db=edswao&AN=edswao.40135900X&lang=es&site=eds-live&scope=site>.

This situation explains the aforementioned shift from extremely ‘hard power’ measures to non-military strategies. Alternatively, great powers are battling right now for influence through institutional and ideational media. This way, such powers will see themselves forced to invest in the region’s peace and development due to their economic and institutional links, while Southeast Asian states retain significant leverage in regional affairs.

Regarding the US-China strategic competition, it has just begun. Even if the former US President Barack Obama was much more resilient when accepting its confrontation with China⁶, the one who took his place in the 2018 elections, Donald Trump, had no problem admitting their intentions for its containment. Nevertheless, it was Obama the one who started the strategy to pivot to Asia. But even if they have kept the strategy, for current US policymakers China is not perceived anymore as the constructive partner described by the past administration.

It is, in fact, this rivalry in the region that gives Indonesia relevance, even if it does not want to be forced to choose. If such rivalry did not exist, no one would be talking about the ‘Indo-Pacific’ concept. Even if the geographical concept has existed for decades, the political and strategic concept has gradually become established in the foreign policy lexicon of some countries since 2010. Indeed, it was the Prime Minister of Japan, a strong ally of the US, who first used the concept officially in 2007. But it was born from the US-China rivalry, from the rise of the latter one questioning the previous international order, the American hegemony.

It actually indicates a potential extension of the US strategic vision from the Asia-Pacific to the Indo-Pacific.⁷ It was the US National Security Strategy (NSS), under the presidency of Donald Trump, which substituted the ‘Asia-Pacific’ notion for this one in legal texts in 2017. Additionally, the year after that, the US Pacific Command – responsible for all US military activity in the greater Pacific region – was renamed as the US Indo-Pacific Command.⁸

⁶ To check Obama’s China policy, see White House, *National Security Strategy of the United States of America* (Washington DC, 2015), p. 24. It states that the US ‘welcomes the rise of a stable, peaceful, and prosperous China. We seek to develop a constructive relationship with China that delivers benefits for our two peoples and promotes security and prosperity in Asia and around the world’. See also Wu Xinbo, ‘China in search of a liberal partnership world order’, *International Affairs* 94: 5, Sept. 2018, pp. 995–1018.

⁷ The White House, Washington. 2022. “Indo-Pacific Strategy of the United States.” <https://www.whitehouse.gov/wp-content/uploads/2022/02/U.S.-Indo-Pacific-Strategy.pdf>.

⁸ Ali, Idrees. 2018. “In Symbolic Nod to India, US Pacific Command Changes Name.” May 30, 2018 <https://www.reuters.com/article/us-usa-defense-india/in-symbolic-nod-to-india-us-pacific-command-changesname-idUSKCN1IV2Q2>.

This change may be seen as a symbolic shift done out of common sense. Nevertheless, it is not that way once the whole picture is analyzed. Indeed, even if operating in that same region, China appears hesitant to declare itself as part of the Indo-Pacific. So far, no Chinese official document has used the term, because Chinese leaders believe that it is a US-led Indo-Pacific strategy aimed to contain China's rise.

A. CHINA AND THE SOUTH CHINA SEA

The South China Sea (SCS) is a region of enormous economic and geostrategic importance that involves disputes about both island and maritime claims by several sovereign states. The source of these tensions come, principally, from the security and economic implications of the region. Indeed, it is estimated that more than USD 5 trillion in global trade flows through the region each year, while explorations have discovered abundant natural gas and hydrocarbon reserves.⁹ This immense strategic importance has drawn attention, and thus competition, from the claimant and non-claimant states alike.¹⁰

Even if there have been claims over those territories for a long period of time, it was in 1947 when the Republic of China (Taiwan) published for the first time a map of the *Nine-Dash Line*. This showed China's land and maritime claims in the region, taking most of the SCS and including adjacent waters of Indonesia, the Philippines, Brunei, Malaysia, and Vietnam. From this moment on, the PRC started using that line of demarcation for future disputes.

Several ASEAN members have been participants in those disputes too. Both symbolically and geographically, the Spratly Islands are the heart of the SCS and are claimed by China, Vietnam, the Philippines, and Malaysia. Their high relevance is due to the fact that any country controlling those can extend their EEZ to include them and would have exclusive rights to the surrounding territory. Nevertheless, as it is hard to legitimately claim over inhabited piles of sand, a few nations have built small ports and buildings on their claimed islands.¹¹

⁹ China-US Focus. 2017. Chinausfocus.com. 2017. <https://www.chinausfocus.com/south-china-sea/>.

¹⁰ Cheeppensook, Kasira. 2020. "ASEAN in the South China Sea Conflict, 2012–2018: A Lesson in Conflict Transformation from Normative Power Europe." *International Economics and Economic Policy* 17 (3): 747–64. <https://doi.org/10.1007/s10368-020-00477-z>.

¹¹ Ibid.

Each of the states uses different arguments to support their point. Vietnam, for instance, claims the Spratly and the Paracel Islands arguing their long history of maintaining activities in the area and the successor rights as a former French colony. China uses historical claims with no legal basis, since Chinese naval expeditions took place in the 15th century. Philippines bases it on the discovery by a Philippine national in 1947.¹² And both Malaysia and Brunei do it on the 1982 UN Law of the Sea Convention.¹³

ASEAN has made several attempts at a peaceful solution, beginning with the Declaration on the South China Sea of 1992. This sought to establish “a code of international conduct over the South China Sea” on the basis of “the principles contained in the Treaty of Amity and Cooperation in Southeast Asia”.¹⁴ It then issued several joint communiqués at AMMs from 1992 to 1995, which culminated in the 1995 Bangkok Summit Declaration.¹⁵ It emphasized adherence to the Treaty of Amity and Cooperation, the 1992 ASEAN Declaration on the SCS, and international law.

As tensions and conflicts were still palpable in the region, ASEAN endorsed “the idea of concluding a regional Code of Conduct in the South China Sea which will lay the foundation for long-term stability in the area and foster understanding among claimant countries”¹⁶ in another joint communiqué of 1996. ASEAN and China later exchanged draft proposals, leading to the adoption of a non-binding Declaration on the Conduct of Parties in the South China Sea in 2002.

Anyhow, even if Southeast Asian nations continued to pursue the implementation of a Code of Conduct governing China and ASEAN member states, not all of them supported this initiative. It was Thailand the state responsible for coordinating ASEAN-China relations from 2012 to 2015. Nevertheless, Indonesia took a more defensive stance, declaring that it would not recognize the

¹² Huang J, Jagtiani S. 2015. Introduction: Unknotting Tangled Lines in the South China Sea Dispute. In: Huang J, Billo A (eds) Territorial Dispute in the South China Sea: Navigating Rough Waters. Palgrave Macmillan, pp 1–14

¹³ For further information, check:

<https://www.imo.org/en/OurWork/Legal/Pages/UnitedNationsConventionOnTheLawOfTheSea.aspx#:~:text=The%20United%20Nations%20Convention%20on,the%20oceans%20and%20their%20resources.>

¹⁴ ASEAN. 1992. “1992 ASEAN Declaration on the South China Sea.” <https://cil.nus.edu.sg/wp-content/uploads/2017/07/1992-ASEAN-Declaration-on-the-South-China-Sea.pdf>.

¹⁵ Check the resolution out at: <https://asean.org/bangkok-summit-declaration-of-1995-bangkok14-15-december-1995/>

¹⁶ Association of Southeast Asian Nations [ASEAN], 1996

Nine-Dash Line.¹⁷ This declaration was done for the fear that its Natuna Islands would be included within Chinese territorial claims.

It is worth mentioning the increasing involvement of the United States too, in order to rival China. As it considers that the PRC's actions establishing expansive and unlawful SCS maritime claims jeopardize regional peace and security, it sees itself forced to act. The US is in a tricky position since it wants to use China's conflicts with Southeast Asian nations in its favor, but without risking triggering a war with China. Therefore, the US has not sought a more prominent role in the South China Sea, but it has responded to and taken advantage of China's tactical mistakes.

Regardless of past incidents among both powers in the SCS, the US has stepped up its military activity and naval presence in the region in recent years, including freedom of navigation operations (FONOPs) in January and March 2018.¹⁸ Those were conducted under the government of Donald Trump, who emphasized in a speech in 2017 the importance of ensuring free and open access to the SCS through these operations. This way, they sought to secure sea lines of communication (SLOCs), important maritime passages that facilitate trade, and the movement of naval forces but are threatened by PRC's claims.

China, at the same time, has been adamant that countries that are not direct claimants in the SCS, particularly external powers such as the United States, should stay out of the issue. The Chinese military has even accused the great power of "provocative actions" and warned of "serious consequences" on several occasions.¹⁹ However, the US keeps standing with some of its allies such as the Philippines, even declaring that an armed attack on Philippine public vessels in the SCS would invoke US mutual defense commitments under Article IV of the 1951 US Philippines Mutual Defense Treaty.²⁰

¹⁷ Daiss, Tim. 2015. "Indonesia Ups the Ante in Disputed South China Sea, Oil and Gas Lurks in the Background." *Forbes*, November 28, 2015. <https://www.forbes.com/sites/timdaiss/2015/11/12/indonesia-ups-the-ante-in-disputed-south-china-sea-oil-and-gas-lurks-in-the-background/?sh=233668f75aba>.

¹⁸ Council on Foreign Relations, US. 2022. "Territorial Disputes in the South China Sea | Global Conflict Tracker." Global Conflict Tracker. March 25, 2022. <https://www.cfr.org/global-conflict-tracker/conflict/territorial-disputes-south-china-sea>.

¹⁹ Davidson, Helen. 2022. "China Warns US after Tracking Warships in South China Sea." *The Guardian*. The Guardian. January 20, 2022. <https://www.theguardian.com/world/2022/jan/20/china-warns-of-serious-consequences-after-tracking-us-warship>.

²⁰ Council on Foreign Relations, US. 2022. "Territorial Disputes in the South China Sea | Global Conflict Tracker." Global Conflict Tracker. March 25, 2022. <https://www.cfr.org/global-conflict-tracker/conflict/territorial-disputes-south-china-sea>.

1. Effects on Indonesia's Exclusive Economic Zone: the Natuna Islands

Indonesia and China's disputes over Natuna Islands are nothing new. Already in 1993, the archipelago was accusing the great power of including parts of their territory within China's so-called *Nine-Dash Line*.²¹ The driving issue is the overlapping claims over Indonesia's Exclusive Economic Zone (EEZ) near the waters of Natuna. Indeed, although the UN Convention on the Law of the Sea (UNCLOS) establishes Indonesia's ocean territory at 12 nautical miles from the baseline of its outermost islands, none of the states is ready to accept this jurisdiction. In fact, the Ministry of Foreign Affairs of China of 1995 offered a bilateral negotiation to discuss problems regarding borders in the Natuna waters. But Jakarta, denying any direct shared sea boundaries between China and Indonesia, thought that these negotiations were not necessary.²²

Additionally, in May 2010, the government of China sent a note to the UN Secretary-General stating that China has legitimate territorial sovereignty as well as sovereign rights on the islands in the SCS and the surrounding waters.²³ This seemed to Jakarta that a stronger claim than before was about to be made by the PRC, so they responded by sending another note regarding the lack of legal basis of their statements. The following years just showed an increasingly complicated situation, with several incidents taking place from both sides.

At this stage, following Indonesian former Foreign Ministry spokesman Armanatha Nasir's statement of 2015: "The position of Indonesia is clear [...] we do not recognize the *Nine-Dash Line* because it is not in line with international law".²⁴ To this, the former Chinese Foreign Minister Hong Lei answered that they would try to resolve any issue in the region on the basis of respect for international law and historical facts. He even recognized the Natuna Islands as belonging to

²¹ Weatherbee, Donald. 2016. "Re-Assessing Indonesia's Role in the South China Sea." https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2016_18.pdf.

²² Wicaksana, Gede. 2019. "Indonesia in the South China Sea: Foreign Policy and Regional Order." ResearchGate. Universitas Airlangga. November 25, 2019. https://www.researchgate.net/publication/340485240_Indonesia_in_the_South_China_Sea_Foreign_Policy_and_Regional_Order

²³ Ibid.

²⁴ Daiss, Tim. 2015. "Indonesia Ups the Ante in Disputed South China Sea, Oil and Gas Lurks in the Background." *Forbes*, November 28, 2015. <https://www.forbes.com/sites/timdaiss/2015/11/12/indonesia-ups-the-ante-in-disputed-south-china-sea-oil-and-gas-lurks-in-the-background/?sh=233668f75aba>.

Indonesia without any objections.²⁵ Anyway, the increase of Chinese naval vessels penetrating Indonesian territorial waters did not imply the same conclusion.

In order to face this, in 2019 the Indonesian government announced plans to develop the lucrative fishing grounds near Natuna in part to assert its sovereign authority there.²⁶ This was done since, according to President Joko Widodo, the presence of those Chinese fishing vessels goes against international law. Indonesia keeps stating that it will not recognize *Nine-Dash Line* or unilateral claims made by China that do not have legal reasons recognized by international law. Meanwhile, China's claims are merely based on historical mandate.²⁷

Moreover, the current situation regarding US and China's presence in Southeast Asia has played an important role in this conflict. As explained before, the ASEAN states are pivoting both great powers to avoid full dependence on any of them. Therefore, China has reassured the ASEAN states that it will take a less assertive approach to the SCS disputes,²⁸ in order to avoid them from increasingly relying on the United States. President Jokowi could, therefore, take advantage of this situation since the confrontation with China is a challenge to his vision of Indonesia as a Global Maritime Axis.

Regardless of the divergent positions of Indonesia and China on sovereign rights, as well as sporadic incidents involving the two countries' maritime security, the issue has never resulted in a full-fledged bilateral conflict. Nevertheless, Jakarta recognizes that its interaction with Beijing in the Natuna and the SCS may become an entryway for foreign intervention in ASEAN and compromises the stability of the Southeast Asian region.²⁹

²⁵ Xi, Zhu. 2015. "China Holds No Objection to Indonesia's Sovereignty over Natuna Islands - People's Daily Online." People.cn. November 13, 2015. <http://en.people.cn/n/2015/1113/c90000-8975641.html>.

²⁶ Aditya, Arys, and Heijmans, Philip. 2020. "Indonesia Will Not Negotiate Its Sovereignty in South China Sea - BNN Bloomberg." BNN. January 7, 2020. <https://www.bnnbloomberg.ca/indonesia-will-not-negotiate-its-sovereignty-in-south-china-sea-1.1370073>.

²⁷ Daiss, Tim. 2015. "Indonesia Ups the Ante in Disputed South China Sea, Oil and Gas Lurks in the Background." *Forbes*, November 28, 2015. <https://www.forbes.com/sites/timdaiss/2015/11/12/indonesia-ups-the-ante-in-disputed-south-china-sea-oil-and-gas-lurks-in-the-background/?sh=233668f75aba>.

²⁸ Aditya, Arys, and Heijmans, Philip. 2020. "Indonesia Will Not Negotiate Its Sovereignty in South China Sea - BNN Bloomberg." BNN. January 7, 2020. <https://www.bnnbloomberg.ca/indonesia-will-not-negotiate-its-sovereignty-in-south-china-sea-1.1370073>.

²⁹ Wicaksana, Gede. 2019. "Indonesia in the South China Sea: Foreign Policy and Regional Order." ResearchGate. Universitas Airlangga. November 25, 2019. https://www.researchgate.net/publication/340485240_Indonesia_in_the_South_China_Sea_Foreign_Policy_and_Regional_Order

To address the issue, the government of the current President Joko Widodo maintains the diplomatic approach of the previous government. Although in some cases, such as in guarding the Natuna territory, the Indonesian government appears to be more proactive, the method used to approach the developing situation is still oriented toward the maintenance of rule-based interactions.³⁰

And regarding the US-China rivalry, Indonesia maintains its diplomatic efforts in order to lessen the impact of the increasingly intense show of force. Indeed, it has put forward various initiatives to resolve the disputes between claimant states, in order to prevent regional disputes from becoming arenas for contestation between Washington and Beijing which bears the risk of being destructive toward order in Southeast Asia. Nevertheless, this proposal has not yet produced any significant results.

2. Future Perspectives

Even if China's policy of subordinating Indonesia's and the other SCS bordering states' national interests to China's regional ambitions are expected to continue,³¹ there is no prospect of experiencing major changes in posture or strategy that could further confront the states. Indeed, tensions between China and both the Philippines and Vietnam have recently cooled,³² reopening the joint development way out of zero-sum sovereignty disputes. For now, at least, it seems that China has avoided a full-scale regional backlash.

However, ASEAN members' different positions on the issue about China's posture will not help them achieve their goals. More joined initiatives are needed against the common enemy of this conflict: the People's Republic of China. Indonesia has already tried to do so. Indeed, in February 2022, its Maritime Security Agency has invited counterparts from Brunei, Malaysia, the Philippines, Singapore, and Vietnam to 'share experiences and foster brotherhood' as the six

³⁰ Ibid.

³¹ Weatherbee, Donald. 2016. "Re-Assessing Indonesia's Role in the South China Sea." https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2016_18.pdf.

³² Council on Foreign Relations, US. 2022. "Territorial Disputes in the South China Sea | Global Conflict Tracker." Global Conflict Tracker. March 25, 2022. <https://www.cfr.org/global-conflict-tracker/conflict/territorial-disputes-south-china-sea>.

Southeast Asian countries most affected by China's activities in the SCS.³³ These coastal states want a CoC to constrain China's behavior, but China wants one which constrains US behavior by banning it from military exercises in the region.

Nong Hong, the Executive Director and Senior Fellow of the Institute of China-America Studies, recently declared that, in order to resolve this paradox, China and the US have no choice but to engage each other and maintain regular communication on how they can coexist and respect each other's core interests.³⁴ Consequently, the lesson for the SCS today is for the powers to moderate their rhetoric, avoid drawing red lines, and concentrate on joint exploration and bilateral dialogue. Further developments of this issue will be examined in the scenario-building at the end of the section.

B. TAIWAN'S ISSUE

Another region where the tension is focused is Taiwan, officially known as the Republic of China (ROC). This island is separated from mainland China by the Taiwan Strait, and it has been independently governed since 1949. This happened when the then-leader Chiang Kai-shek and his Kuomintang government (KMT) were beaten by Mao Zedong's Communist armies and had to escape to Taiwan. After years of ruling the island, they started to allow a process of democratization, due to a growing democracy movement.

Relations between the mainland and the island started improving in the 1980s. Then, China put forward a formula known as "one country, two systems", under which Taiwan would be given significant autonomy if it accepted Chinese reunification.³⁵ Even if the ROC rejected this offer, the PRC achieved a relaxation of rules on visits and investment in the mainland. Indeed, in the year 1991 the ROC eventually declared the end of the war against the People's Republic of China.

The relationship of both sides in the subsequent years was kind of uneven, depending on the person

³³ Hayton, Bill. 2022. "New Alignments Are Looming in the South China Sea." Chatham House – International Affairs Think Tank. January 12, 2022. <https://www.chathamhouse.org/2022/01/new-alignments-are-looming-south-china-sea>.

³⁴ China-US Focus. 2017. Chinausfocus.com. 2017. <https://www.chinausfocus.com/south-china-sea/>.

³⁵ BBC. 2021. "What's behind the China-Taiwan Divide?" BBC News. BBC News. May 26, 2021. <https://www.bbc.com/news/world-asia-34729538>.

in charge of Taiwan's presidency. But this changed in 2016, when the current president was elected: Tsai Ing-wen. She leads the Democratic Progressive Party (DPP), which leans towards eventual official independence from China.³⁶ Tensions have escalated since the elections because she has refused to accept a formula that her predecessor, Ma Ying-jeou, endorsed to allow for increased cross-strait ties.³⁷ As a consequence, Beijing has taken increasingly aggressive actions. In fact, the increase in Chinese military activity in Taiwan since 2019 by ways of conducting live-fire military exercises in the waterway that separates the island from the mainland has caused global concern.³⁸

Additionally, differences over Taiwan's status have the potential to be a flashpoint in US-China relations. Taking advantage of the situation of weakness that this created for the PRC, the US severed its diplomatic ties and abrogated its mutual defense treaty with the ROC in 1979. And even if it finally decided to maintain an unofficial relationship with Taiwan, mainland China repeatedly urged Washington to stop selling weapons and cease contact with Taipei.³⁹

However, the US has been intensifying its outreach to Taiwan and reassuring Taipei of its continued support.⁴⁰ Moreover, in September 2020 the US sent high-level state department officials to the island, a really criticized move by the PRC. Indeed, it warned the US "not to send any wrong signals to 'Taiwan independence' elements to avoid severe damage to China-US relations."⁴¹ At the same time, the United States keeps declaring that its chief goal is to maintain peace and stability in the Taiwan Strait, and it has implored both Beijing and Taipei to maintain the status quo.⁴²

³⁶ Ibid.

³⁷ Maizland, Lindsay. 2021. "Why China-Taiwan Relations Are so Tense." Council on Foreign Relations. May 10, 2021. <https://www.cfr.org/backgroundunder/china-taiwan-relations-tension-us-policy#chapter-title-0-9>.

³⁸ "What's behind the China-Taiwan Divide?" BBC News (BBC, May 26, 2021), <https://www.bbc.com/news/world-asia-34729538>.

³⁹ Maizland, Lindsay. 2021. "Why China-Taiwan Relations Are so Tense." Council on Foreign Relations. May 10, 2021. <https://www.cfr.org/backgroundunder/china-taiwan-relations-tension-us-policy#chapter-title-0-9>.

⁴⁰ BBC. 2021. "What's behind the China-Taiwan Divide?" BBC News. BBC News. May 26, 2021. <https://www.bbc.com/news/world-asia-34729538>.

⁴¹ Ibid.

⁴² US Department of State. 2018. "U.S. Relations with Taiwan - United States Department of State." United States Department of State. August 31, 2018. <https://www.state.gov/u-s-relations-with-taiwan/>.

In the meantime, even if the Chinese government sees Taiwan as a breakaway province that will be part of the country again, many Taiwanese citizens disagree.⁴³ The One-China Principle is the foundation stone for the Chinese government's policy on Taiwan, which seeks its eventual "unification" with the mainland.⁴⁴ Nevertheless, Tsai Ing-wen declared in 2020 that Taiwan could not accept reunification under its "one country, two systems" offer of autonomy.⁴⁵ Moreover, latest polls of 2021 have shown that the majority of Taiwanese do not feel as part of China.⁴⁶ In fact, the island has its own constitution, democratically-elected leaders, and about 300,000 active troops in its armed forces.

The government of the PRC hopes that the international community will follow the one-China principle and not recognize Taiwan's independence. Otherwise, it will be willing to retake the region by force. If this is the case, some analysts fear a Chinese attack on Taiwan has the potential to draw the US into a war with China.⁴⁷ Meanwhile, as the Chinese government has successively resumed the exercise of sovereignty over Hong Kong and Macao, the people of mainland China are eager to resolve the Taiwan issue as early as possible and realize the total reunification of the country.⁴⁸

1. Impact of the Russian invasion on Ukraine

New hypotheses have arisen among diverse scholars regarding Taiwan's issue after Russia's invasion of Ukraine. Some people argued that China's invasion will be the next one, Putin's moves being the precedent for Xi Jinping. Even the former president of the US, Donald Trump, warned

⁴³ BBC. 2021. "What's behind the China-Taiwan Divide?" BBC News. BBC News. May 26, 2021. <https://www.bbc.com/news/world-asia-34729538>.

⁴⁴ The Taiwan Affairs Office and The Information Office of the State Council. 2004. "White Paper--the One-China Principle and the Taiwan Issue." Fmprc.gov.cn. May 17, 2004. <https://www.fmprc.gov.cn/ce/ceno/eng/ztxw/twtt/t110655.htm>.

⁴⁵ "Indonesia's Balancing Act between China and Taiwan." 2021. Fair Observer. July 20, 2021. https://www.fairobserver.com/region/asia_pacific/m-habib-pashya-indonesia-china-taiwan-trade-relations-news-10555/.

⁴⁶ Election Study Center of National Chengchi University. 2021. "Percentage Distribution of the Questionnaire for the Survey on 'Public Views on Current Cross- Strait Issues'." <https://ws.mac.gov.tw/001/Upload/297/refile/8010/6074/46a46ca3-97ed-4224-8f3d-531125d758ac.pdf>.

⁴⁷ Maizland, Lindsay. 2021. "Why China-Taiwan Relations Are so Tense." Council on Foreign Relations. May 10, 2021. <https://www.cfr.org/backgrounder/china-taiwan-relations-tension-us-policy#chapter-title-0-9>.

⁴⁸ The Taiwan Affairs Office and The Information Office of the State Council. 2004. "White Paper--the One-China Principle and the Taiwan Issue." Fmprc.gov.cn. May 17, 2004. <https://www.fmprc.gov.cn/ce/ceno/eng/ztxw/twtt/t110655.htm>.

about a future invasion of the island arguing that Putin's invasion of Ukraine has emboldened the Chinese president.⁴⁹ Plus, many Taiwanese voiced alarm on social media too, with statements such as "Today, Ukraine; tomorrow, Taiwan!"

As the invasion keeps escalating, the US is signaling its support for democratically run Taiwan with a visit by former national security and defense officials.⁵⁰ The United States firmly believes that the PRC is closely watching the US response to the crisis as a proxy for how America would deal with more aggressive action by Beijing against Taiwan.⁵¹ Meanwhile, the conflict is being monitored from Taiwan too, in order to address its potential impact on the security of the self-governed island.

At the same time, in February 2022, Putin and Xi met in person after more than two years. The Chinese leader declared that China "treats with understanding and supports" Russia's demand for binding security guarantees from the US and NATO in the standoff over Ukraine, and backs Moscow in opposing the expansion of the Western military alliance.⁵² This was before the actual invasion took place, but Moscow and Beijing see an advantage in drawing closer together on the world stage regarding China-US frictions. Both powers declared a "new type" of relationship, superior to the military-political alliances of the Cold War era.

Nevertheless, Ukraine and Taiwan's situations differ in many aspects, and therefore, a similar outcome cannot be expected. First of all, the geography of the island does not allow such an easy incursion. Russian troops could surround the country, entering Crimea in the South and getting help from Belarus in the North. On the other hand, Taiwan and China are separated by sea, so Xi Jinping would have to mobilize a far larger force than Putin's Ukraine assault. Moreover, while

⁴⁹ Giang-Paunon, Stephanie. 2022. "As Russia-Ukraine War Rages, Trump Says 'Taiwan Is Next' for a Potential Invasion." Fox Business. Fox Business. March 2, 2022. <https://www.foxbusiness.com/politics/trump-taiwan-invasion-russia-ukraine-conflict>.

⁵⁰ "U.S. Visit Signals Support for Taiwan after Ukraine Invasion." 2022. BloombergQuint. Bloomberg Quint. March 1, 2022. <https://www.bloombergquint.com/china/u-s-delegation-shows-support-for-taiwan-after-ukraine-invasion>.

⁵¹ Martin, Peter. 2022. "U.S. Sees China Watching Ukraine Crisis as Proxy for Taiwan." Bloomberg.com. Bloomberg. February 11, 2022. <https://www.bloomberg.com/news/articles/2022-02-11/u-s-sees-china-watching-ukraine-showdown-as-a-proxy-for-taiwan>.

⁵² Arkhipov, Ilya, and Henry Meyer. 2022. "Putin and Xi Close Ranks against the West on Ukraine and Taiwan." BloombergQuint. Bloomberg Quint. February 3, 2022. <https://www.bloombergquint.com/business/putin-courts-china-s-xi-for-help-in-showdown-with-the-west>.

the terrain in Ukraine is mostly flat, Taiwan is mountainous, and the island's armed forces have been digging caves, bunkers, and tunnels to house troops and weapons for nearly seven decades.

Secondly, the Chinese president is much more cautious and calculating than Putin, and he has managed to show himself as a global statesman. Moreover, he craves stability this year ahead of a key party conference where he will seek an unprecedented third term as China's president. Besides, the Russian invasion has brought the US and its allies closer against a common enemy, something that China cannot afford. Both leaders had different domestic situations, creating a different political calculus. Indeed, Putin may have realized that his power over Ukraine is dwindling with each passing year, but the Chinese president realizes that time is in his favor as he considers reunification with Taiwan.

Another argument of comparison that is widely being used, is the idea that as the US and its allies are not militarily intervening to deter Russia, they would not make further efforts in case the PRC attacks the ROC. However, an important factor has to be taken into account: that some allies are vital to US strategic interests while others are not. It has a greater stake in Taiwan's economy than that of Ukraine, being the US' eighth-largest trade partner. Anyhow, the Biden administration has not said whether his government would defend Taiwan in the event of a mainland attack, maintaining a policy of "strategic ambiguity."

The Chinese government has declared that they reserve the right to use force to seize control of the island if they deem it necessary. However, Taiwan is well aware of the fact that, as most analysts say, if this possible but unlikely scenario happens in the next years to come, the island would not be able to stop a full-scale invasion on its own.⁵³ Thus, just in case, Taiwan is spending more on defense and strengthening military ties with allied powers. But similarly, China also lacks the necessary military capability and capacity to launch a full-scale invasion of Taiwan in the foreseeable future.

For those reasons, Taiwan dismisses concerns about the Ukraine crisis spilling over to Asia, and therefore officials see the risk of China launching an imminent attack some 160 km (100 miles)

⁵³ Ullman, Harlam. 2022. "China Will Not Invade Taiwan." Atlantic Council. February 18, 2022. <https://www.atlanticcouncil.org/content-series/reality-check/reality-check-10-china-will-not-invade-taiwan/>.

across the Taiwan Strait as low.⁵⁴ Indeed, while political progress has been slow, economic links have grown sharply, leading some analysts to believe that closer business ties make Chinese military action less likely, because of the cost to China's own economy.⁵⁵

2. Indonesia's role and the Malacca Strait

If an unexpected turn of events were to occur and, against all odds, China tried to invade Taiwan, the states of Southeast Asia would have to act. And this outcome, given the complementary relationship that the states have with the two powers at the same time, would not be entirely clear. Nevertheless, a fact that cannot be denied is the great importance that the Malacca Strait would have in the conflict, located between the Malay Peninsula and the Indonesian island of Sumatra, flowing through Singapore too.

Both China and Taiwan are heavily dependent on this Strait, since it is the main shipping channel between the Indian and Pacific oceans. While Taiwan's energy security and political survival is conditioned by the unhindered passage through the Strait, China's 60 percent of oil imports pass through it too.⁵⁶ Therefore, the PRC has offered on different occasions to assist the littoral states in ensuring safe and secure passage. This, for now, and for Taiwan's good, has been rejected by those states.

In the case of Indonesia, as tensions rise between Beijing, Taipei and Washington, it has been forced into a delicate balancing act. Despite the country's growing dependence on China, connections with Taiwan have persisted, and even grown. Indeed, in 1971, Taiwan and Indonesia agreed to mutually establish a representative office in Taipei and Jakarta, and bilateral relations have been closed in several fields since then.⁵⁷ Those ties go beyond the economic sphere, having developed their soft power, in realms such as cultural interactions or the movement of domestic

⁵⁴ Ibid.

⁵⁵ BBC. 2021. "What's behind the China-Taiwan Divide?" BBC News. BBC News. May 26, 2021. <https://www.bbc.com/news/world-asia-34729538>.

⁵⁶ The Maritime Executive. 2018. "Strait of Malacca Key Chokepoint for Oil Trade." The Maritime Executive. The Maritime Executive. August 27, 2018. <https://www.maritime-executive.com/article/strait-of-malacca-key-chokepoint-for-oil-trade>.

⁵⁷ Taipei Economic and Trade Office in Jakarta. 2015. "Taiwan-Indonesia Relations." Taipei Economic and Trade Office, Jakarta, Indonesia 2015. https://www.roc-taiwan.org/id_en/post/1199.html.

workers. Nevertheless, Indonesia will likely tread with caution in extending its cooperation into the political realm, due to its close ties with the PRC.⁵⁸

In fact, it has been stated that Jakarta has become increasingly dependent on Beijing, both economically and politically. Therefore, it should avoid any pronouncement that may upset not just the PRC, but the ROC and the US too. In fact, China is Indonesia's largest trading partner.⁵⁹ That may be the reason why, despite its close relationship with Taiwan, Indonesia does not recognize its independence, in order not to trigger a cooling of relations with the mainland.

Anyway, China does not feel so relieved and protected by this relationship, regarding the Malacca Strait. If Indonesia was to use it against China, it would be really harmful to the great power. And even if it seems unlikely due to their close relationship, China could fear that outcome because it believes the US Navy now tacitly controls the Strait. And they believe that, in case of a conflict with Taiwan, the US strategy would be to disrupt Chinese energy imports. Therefore, China's Navy is swiftly evolving from a coastal defense force to a blue-water power, and it is looking for deep-water ports that may be used as bases to maintain important sea lanes open, including the Malacca Strait.⁶⁰

In fact, in late June 2021, Jakarta and Washington started constructing a maritime training center near the southern entrance to the Malacca Straits, which is strategically important due to its closeness to trade routes connecting the South China Sea and the Strait.⁶¹ This move can be considered as an effort from Washington to reaffirm its presence both in Indonesia and in Southeast Asia, in order to counter China's growing influence in the region. Therefore, in case, as it is expected, Indonesia not officially taking any side, this possible scenario would make China think twice about the possibility of an invasion of Taiwan.

⁵⁸ Rakhmat, Muhammad, and Habib Pashya. 2021. "Indonesia's Delicate Dance between China and the US." *TheDiplomat.com*. July 20, 2021. <https://thediplomat.com/2021/07/indonesias-delicate-dance-between-china-and-the-us/>.

⁵⁹ Pashya, Habib. 2021. "Indonesia's Balancing Act between China and Taiwan." 2021. *Fair Observer*. July 20, 2021. https://www.fairobserver.com/region/asia_pacific/m-habib-pashya-indonesia-china-taiwan-trade-relations-news-10555/.

⁶⁰ "Taiwan and the Malacca Strait." 2006. *Taiwan Today*. Ministry of Foreign Affairs, Republic of China (Taiwan). July 2006. <https://taiwantoday.tw/news.php?unit=4&post=4287>.

⁶¹ Rakhmat, Muhammad, and Habib Pashya. 2021. "Indonesia's Delicate Dance between China and the US." *TheDiplomat.com*. July 20, 2021. <https://thediplomat.com/2021/07/indonesias-delicate-dance-between-china-and-the-us/>.

C. VIEWS AND RESPONSES FROM REGIONAL ACTORS

This last decade has witnessed a change in the Asian geopolitical landscape. In part, due to China's fast rise, which has caused shifts in its bilateral relations with the other main security actors in the region. But at the same time, the United States has made its presence clear in order to deter and counterbalance China's growth of influence. This new situation has led to a reinterpretation of the Asian balance of power, where every state with a stake in the region will have to consider its strategies carefully.

To begin with, the most powerful actors, Japan, India, and Australia, have come together in an informal strategic forum, the Quadrilateral Security Dialogue (QUAD), in order to give a more coordinated response to the problems arising from the region. The fourth member of this group is the United States, therefore, it is easy to intuit their position in the matter. Their main goal is to achieve the "Free and Open Indo-Pacific", and they are committed to promoting a free and open rules-based order, based on international law "to advance security and prosperity and counter threats to both in the Indo-Pacific and beyond."⁶²

In their official statement, they do not mention China anywhere; however, the idea behind the text and the rationale of forming the group was to convince Beijing that, if it was to become the global power it intends to be, it has to follow certain established rules.⁶³ The growth of China has been so big that these states alone could not make enough pressure to deliver this message; however, their economic and military strengths make the union strong enough to try it.⁶⁴ Nevertheless, even though they have a common final goal, their different individual interests have some weight on their strategies, making them prioritize their goals differently.⁶⁵

The most preoccupied country and the one that started the dialogue, as well as coined the term

⁶² "Quad Leaders' Joint Statement: 'the Spirit of the Quad,'" The White House (The United States Government, March 12, 2021), <https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/12/quad-leaders-joint-statement-the-spirit-of-the-quad/>.

⁶³ Zaheena Rasheed, "What Is the Quad and Can It Counter China's Rise?," Military News | Al Jazeera (Al Jazeera, November 25, 2020), <https://www.aljazeera.com/news/2020/11/25/what-is-the-quad-can-us-india-japan-and-australia-deter-china>.

⁶⁴ Ted Kemp, "The 'Quad' Is on the Rise in Asia-Pacific: Game Theory Has a Prediction about Its Future," CNBC (CNBC, September 24, 2021), <https://www.cnbc.com/quad-summit-and-china-game-theory-predictions-for-the-future-of-the-quad/>.

⁶⁵ Zaheena Rasheed, "What Is the Quad and Can It Counter China's Rise?," Military News | Al Jazeera (Al Jazeera, November 25, 2020), <https://www.aljazeera.com/news/2020/11/25/what-is-the-quad-can-us-india-japan-and-australia-deter-china>.

“Indo-Pacific”, is Japan.⁶⁶ This state sees strategic consultation with its QUAD partners as vital for challenging China’s growing assertive behavior in the South and East China Seas, and towards Taiwan. Secondly, Australia has focused on its military development in order to tackle Chinese growing influence. Tensions regarding the Taiwan issue, the Hong Kong protests, the assertiveness in the South China Sea, China’s growing influence in Australia's politics and economy, and the coronavirus pandemic have led Australia to release a defense strategic update and a force structure plan.⁶⁷ Furthermore, the creation of AUKUS also highlights the importance Australia gives to this issue.

Indeed, the formation of AUKUS has raised some concern among the rest of the regional actors, especially Malaysia and Indonesia, which have stressed their discontent about the entrance of nuclear armament in the region.⁶⁸ Nevertheless, other ASEAN states such as the Philippines and Singapore have positively welcomed the military partnership. This has demonstrated the lack of a common response within the organization.⁶⁹ Nonetheless, AUKUS has emphasized that the states comprising ASEAN and the QUAD should not worry, as they are considered allies and friends.⁷⁰ Therefore, although UK Prime Minister Boris Johnson stated that AUKUS’ objective was not to oppose China,⁷¹ it is clear that its aim is to counter Chinese maritime dominance in the Indo-Pacific.

Finally, India is probably less interested in the “Pacific” part of the division than on the “Indian”.⁷² In fact, India is the only member of QUAD that does not want the group to be an “anti-China”

⁶⁶ Sheila A. Smith, “The Quad in the Indo-Pacific: What to Know,” Council on Foreign Relations (Council on Foreign Relations, May 27, 2021), <https://www.cfr.org/in-brief/quad-indo-pacific-what-know>.

⁶⁷ Derek Grossman, “The Quad Is Poised to Become Openly Anti-China Soon,” RAND Corporation, July 28, 2020, <https://www.rand.org/blog/2020/07/the-quad-is-poised-to-become-openly-anti-china-soon.html>.

⁶⁸ Sebastian Strangio, “Indonesia and Malaysia Reiterate Concerns about Aukus Pact,” The Diplomat, October 19, 2021, <https://thediplomat.com/2021/10/indonesia-and-malaysia-reiterate-concerns-about-aucus-pact/>.

⁶⁹ Laura Southgate, “Aukus: The View from Asean,” The Diplomat, September 23, 2021, <https://thediplomat.com/2021/09/aucus-the-view-from-asean/>.

⁷⁰ “Address: Aukus - Canberra, ACT,” Australian Government Crest, September 16, 2021, <https://www.pm.gov.au/media/address-aucus-canberra-act>.

⁷¹ Laura Southgate, “Aukus: The View from Asean,” The Diplomat, September 23, 2021, <https://thediplomat.com/2021/09/aucus-the-view-from-asean/>.

⁷² Zaheena Rasheed, “What Is the Quad and Can It Counter China's Rise?,” Military News | Al Jazeera (Al Jazeera, November 25, 2020), <https://www.aljazeera.com/news/2020/11/25/what-is-the-quad-can-us-india-japan-and-australia-deter-china>.

dialogue.⁷³ Instead, it wants to put the focus on a capacity-building group that engages in a “positive-sum” dialogue for the maintenance of peace and prosperity in the region.⁷⁴

Regarding ASEAN’s position in the US-China rivalry, as previously mentioned, it has been quite neutral. Most of the states have bilateral complementary relationships with both blocs, in order to take advantage of their confrontation but without choosing officially any side. Indeed, they depend too much on both great powers to turn their backs on either. Nevertheless, Asian governments may need to rely less on competitive power-balancing alignments to promote regional stability.

Their strategy was considered in order to avoid dependence on those great powers and reduce the chances of antagonizing their adversaries. They feared tightening these alignments too much in case it would diminish their autonomy, making the US or China too powerful in the region. Additionally, they were concerned about the alienation of neighboring countries, rival powers, and domestic constituencies.

Most scholars agree that, even if ASEAN’s states keep maintaining close ties with both blocs, the balance of external influence in the region has shifted perceptibly toward China. Some would counter-argue this by stating that the US’ primacy is clear in the military realm. However, even if their forces are still prevalent in the maritime area, it is not that obvious on the mainland. Indeed, even if American ‘hard power’ resources in the region are arguably as dominant as they have ever been, Southeast Asia looks more like a buffer zone where both China and the US enjoy limited military influence.

Nevertheless, economy and diplomacy appear to have gained ground on military might as determinants of great-power influence. And the ASEAN countries’ economies have become much more reliant on China’s over the past decade. China is less committed to neoliberal economic ideals and is more inclined to accept a major economic role for the government. This has helped it build a degree of trust among policymakers in many Southeast Asian capitals, where residual

⁷³ Carla Freeman et al., “What the Quad Leaders’ Summit Means for the Indo-Pacific amid Rising Tensions with China,” United States Institute of Peace, November 1, 2021, <https://www.usip.org/publications/2021/09/what-quad-leaders-summit-means-indo-pacific-amid-rising-tensions-china>.

⁷⁴ Zaheena Rasheed, “What Is the Quad and Can It Counter China’s Rise?,” Military News | Al Jazeera (Al Jazeera, November 25, 2020), <https://www.aljazeera.com/news/2020/11/25/what-is-the-quad-can-us-india-japan-and-australia-deter-china>.

distrust of the US government and IMF exists.⁷⁵

Regarding diplomacy, and even ideology, most analysts agree on the fact that China has gained regional influence in recent years by emphasizing state sovereignty and non-interference. Washington, on the other hand, supports the ideas of democracy, human rights and multilateral forums, and majorities of states being able to impose discipline on recalcitrant minorities. But even if the region as a whole falls somewhere in the middle, ASEAN's overall ideational balance seems to have edged closer to the Chinese position.⁷⁶

Related to this, it is really interesting the suggestion made by the author Joshua Kurlantzick in 2006. He thought that China may achieve a decisive upper hand in the region, largely on the basis of gains in economic sway and soft power, and eventually seek to impose an equivalent of the Monroe Doctrine in the region.⁷⁷ However, even if this could be a plausible scenario in case the ASEAN strategy gets out of their hands, it is not likely. Their main goal is to avoid any great power having too much influence in the region as to fully depend on them. So apart from the fact that the US would not allow this to happen, the states of the region would seek some way to counterbalance the dependence on China.

Consequently, as for the current situation, if Southeast Asian governments are successful in their strategy, no single hegemony will be able to achieve a position of dominance. Moreover, if there is not any unexpected shift in the policies of any of those great powers, there is little reason to expect that the ASEAN strategy will change sharply in the near term.

Finally, as this paper seeks to analyze Indonesia's stance on this situation and the strategy it is taking, we will separate it from the ASEAN group and focus on its individual reactions to the regional dynamics. First and foremost, it is key to understand that Indonesia will do whatever it

⁷⁵ Ciorciari, John David, aut. 2009. *The Balance of Great-Power Influence in Contemporary Southeast Asia*. <https://search.ebscohost.com/login.aspx?direct=true&AuthType=ip,cookie,uid&db=edswao&AN=edswao.40135900X&lang=es&site=eds-live&scope=site>

⁷⁶ Ibid.

⁷⁷ Kurlantzick, Joshua. 2006. "China's Charm: Implications of Chinese Soft Power." Carnegie Endowment for International Relations. June, 2006. https://carnegieendowment.org/files/PB_47_FINAL.pdf

takes to maintain its non-alignment status.⁷⁸ As it has just been mentioned, the way Indonesia, as well as the rest of the ASEAN countries, does to maintain the balance between the US and China is to not depend completely on one or the other. While it relies economically on China, it maintains better security and military relations with the United States. Nevertheless, as other regional actors are taking more assertive actions and are positioning themselves more clearly, and the two great powers are putting more pressure, Indonesia must take action and follow a strategy that allows it to stay non-aligned.⁷⁹

This challenge was first taken by President Susilo Bambang Yudhoyono (SBY), but the strategy that is shaping Indonesian current foreign and domestic policies has been promoted by President Jokowi. This strategy is known as the transformation of Indonesia into a “Global Maritime Fulcrum” (GMF). This strategy seeks to develop Indonesia’s maritime doctrine through the expansion of its economic, defense, and political engagement in the Indo-Pacific.⁸⁰ It also fosters bilateral and multilateral approaches, the consolidation of Indonesia’s leadership in ASEAN, and the counterbalance to the US and China.

In order to reach this goal, Indonesia had to carry out several reforms in order to improve its foreign and domestic domains. Internally, Indonesia had to focus on the development of the infrastructure, an increase in Foreign Direct Investment (FDI), the reduction of bureaucracy, red tape, and corruption, and many more economic and social reforms. Internationally, Indonesia had to improve its leadership position in ASEAN and move the view the countries had of the region from Southeast Asia to the Indo-Pacific, with the objective of putting ASEAN – and specifically Indonesia – in the middle.

For doing so, Indonesia proposed a draft document entitled “Indonesia’s perspective for an ASEAN outlook on the Indo-Pacific: towards a peaceful, prosperous, and inclusive region,”

⁷⁸ Fitriani, Evi. “China’s Belt and Road Initiative (BRI): An Indonesian Perspective.” Instituto de Investigaciones Jurídicas . Universidad Nacional Autónoma de México, 2018. <https://archivos.juridicas.unam.mx/www/bjv/libros/12/5550/16.pdf>.

⁷⁹ Hamilton-Hart, Natasha, and Dave McRae. 2015. “Indonesia: Balancing the United States and China, Aiming for Independence.” Brillonline.com. Brill. 2015. https://referenceworks.brillonline.com/entries/the-shafr-guide-online/*-SIM210040027.

⁸⁰ Nabbs-Keller, Greta. 2020. “ASEAN Centrality and Indonesia Leadership in a Contested Indo-Pacific Order.” Wwww.jstor.org. 2020. <https://www.jstor.org/stable/pdf/26924335.pdf>.

promoting principles of openness, inclusiveness, transparency, respect for international laws, and ASEAN centrality.⁸¹ Finally, with some changes, the “ASEAN Outlook on the Indo-Pacific” was adopted in June 2019.

While the adoption of the term coined by the QUAD might create some confusion and lead to thinking that Indonesia is positioning ASEAN in the security umbrella of the US, it is important to note that this does not mean that ASEAN is breaking its non-alignment policy. The strategy led by the QUAD allows them to interfere in the domestic affairs of the Indo-pacific countries, in order to establish “freedom”; however, ASEAN’s one respects the national decision-making processes.⁸²

Nevertheless, the first term of Jokowi’s presidency showed the government that Indonesia was not fully prepared for its ideal international position due to the big amount of changes that were needed internally and the difficulty to bring its view and objectives to ASEAN.⁸³ Therefore, without having abandoned it completely, Indonesia is now focusing on achieving its domestic goals of improving the country’s infrastructure and getting more investment while letting ASEAN deal with the foreign domain through the “ASEAN Outlook on the Indo-Pacific”.⁸⁴ Nonetheless, these ideas and constraints will be further explained in the second part of the analysis.

D. SCENARIO-BUILDING: US-CHINA RIVALRY IN SOUTHEAST ASIA IN 2025

This last section of the first part of the paper will focus on analyzing four different future possible scenarios that might take place in the region. For doing so, the first step that has been taken is examining the relationships between the different international actors that are influencing the dynamics of the current situation. In this regard, a map of actors has been drafted. Furthermore, the different drivers of change in Southeast Asia have also been described.

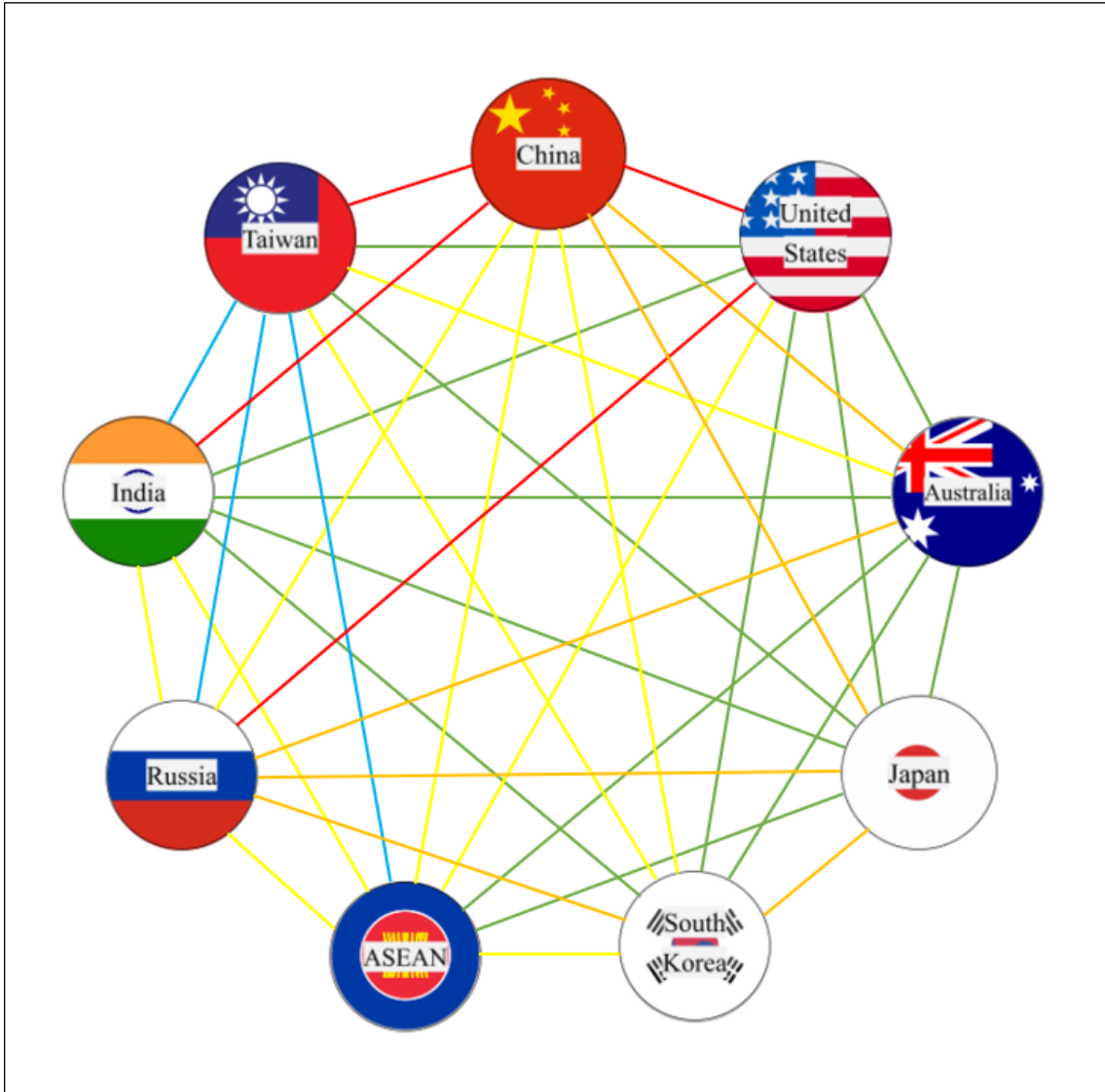
⁸¹ Anwar, Dewi. 2020. “Indonesia and the ASEAN Outlook on the Indo-Pacific.” *International Affairs* 96 (1): 111–29. <https://doi.org/10.1093/ia/iiz223>.

⁸² Thi Ha, Hoang. 2019. “ASEAN Outlook on the Indo-Pacific: Old Wine in New Bottle?” https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2019_51.pdf.

⁸³ Caroline, Edna. 2021. “Indonesia’s Global Maritime Fulcrum: From Hedging to Underbalancing,” *Journal of Asian Security and International Affairs* 8, no. 3. September 22, 2021, <https://doi.org/10.1177/23477970211041661>.

⁸⁴ Tertia, Joseph. 2021. “Indonesia’s Global Maritime Hub in the Making?” *The ASEAN Post*. January 31, 2021, <https://theaseanpost.com/article/indonesias-global-maritime-hub-making>.

MAP OF THE RELATIONS OF THE MAIN ACTORS IN SOUTHEAST ASIA



Authors' creation

LEGEND

green = cooperation; yellow = limited agreement; blue = non-relevant relations;
orange = tensions; red = conflict.

DRIVERS OF CHANGE IN SOUTHEAST ASIA

N° 1	China's stance	China's assertive behavior and policies towards the South China Sea (SCS) and Taiwan represent the biggest challenge to the pacific settlement of both issues. Moreover, the economic dependency it is creating over the states participating in the Belt and Road Initiative (BRI) provides it with a higher leverage in the region.
N° 2	United States' stance	The United States' military presence in the region and its economic and political interests make it one of the most involved countries in its dynamics. Its strategy to counter China's influence provokes tensions that affect all the regional actors.
N° 3	ASEAN's stance	ASEAN is the main regional organization in Southeast Asia, so its relationship with any state that wants to have a stake in the region is of high relevance.
N° 4	QUAD's stance	As its member states are the most middle-powerful ones in the region, their actions have a big impact on the rest of regional actors. Indeed, their alliance with the US and the "Free and Open Indo-Pacific" (FOIP) strategy makes the balance of power in the region be challenged.
N° 5	Ukraine's conflict	Russia's recent invasion of Ukraine is having consequences in other regions of the world. The prices of natural resources are rising while every country's trade with both countries is being affected. Moreover, the positions states with stake in Southeast Asia are taking gives a clue of their interests and possible reactions towards a similar situation in the region.
N° 6	Taiwan's issue	An official declaration of independence could alter the balance of the region, involving various states that would enter to support any of the parties. Moreover, a warlike scenario in the Taiwan Strait would also provoke different reactions among the involved parties.
N° 7	South China Sea	The South China Sea (SCS) is a region of high economic and geostrategic importance that involves disputes on islands and maritime claims by several sovereign states. The legitimate control of these islands would alter the power balance of the region.
N° 8	Covid-19 pandemic	The outbreak of the pandemic has forced all countries to make a sudden change in their domestic and foreign policies. Furthermore, different countries have handled more successfully the impacts of Covid-19, provoking unequal growth.
N° 9	Regional Comprehensive Economic Partnership (RCEP)	All ASEAN member states and the majority of the most powerful regional states are part of this economic agreement. The degree of compliance and application of this partnership can provoke different outcomes in economic and political terms.

Authors' creation

In order to create the scenarios, several possibilities of change have been given to each driver. Then, the different paths each driver has followed have been grouped, reaching distinct scenarios. Finally, the probability of these scenarios happening has been established, reaching the conclusion that the most likely scenario is one in which, despite some changes, the status quo is maintained. Read below to discover how each driver has behaved in order to reach the different scenarios.

MORPHOLOGICAL ANALYSIS MATRIX OF DEVELOPMENTS IN SOUTHEAST ASIA

Scenarios	A China's influence	B US' presence in the region	C ASEAN's leverage	D QUAD's involvement	E Tensions in Ukraine
1	Increase	Increase	Increase	Increase	Increase
2	Status quo	Status quo	Status quo	Status quo	Status quo
3	Decrease	Decrease	Decrease	Decrease	Decrease
4	Hegemon	Withdrawal	Middle power status	Control	Conflict

Scenarios	F Tensions in Taiwan	G Tensions in the South China Sea	H Covid-19 impacts	I States engaging in RCEP
1	Increase	Increase	Increase	Increase
2	Status quo	Status quo	Status quo	Status quo
3	Decrease	Decrease	Decrease	Decrease
4	Conflict	Conflict	None	None

Authors' creation

Scenario 1: The current status quo is maintained

(A1 → B1 → C1 → D1 → E1 → F2 → G3 → H3 → I1)

Probability: High

With Xi Jinping's reelection, China has been trying to increment its economic and political influence, and decrease its assertive approach towards its neighbor countries. This has led to a reduction of tensions in the South China Sea, and to the strengthening of China's position in the RCEP initiative. Regarding Taiwan, the status quo persists, since most of the states do not recognize its sovereignty, and therefore, China does not feel the need of changing its strategy.

Taking this situation into account, both the US and the rest of the QUAD members have tried to counterbalance the Chinese increasing influence by incrementing their military investments in the region. Nevertheless, as tensions continue in Ukraine, the United States has not been able to focus that much on the Indo-Pacific. Therefore, even if still in balance, it has been impossible for the great power to avoid China's increasing influence among the Southeast Asian nations.

Meanwhile, ASEAN keeps working on establishing a leader so it is able to respond to any regional threat in a united way. Some improvements have been made thanks to China's economic help; however, they keep working to not rely that much on Beijing. The reduction of the Covid-19 recession among the member states has facilitated this process, as well as the fact that China is still facing the virus. Despite the different changes some of the most relevant variables may suffer, this situation leaves the region in the prior status quo state of two great powers counterbalancing each other's influence while ASEAN tries to remain neutral.

Scenario 2: China achieves full control of the region becoming the hegemon

(A4 → B4 → C3 → D3 → E4 → F3 → G3 → H1 → I1)

Probability: Medium-to-low

The conflict in Ukraine has escalated in a way that NATO has been obliged to take action and get involved. In this regard, the United States, following Article 5 of NATO's Charter is also forced to send its troops, provoking a new shift in its geostrategic interests from the Indo-Pacific to Eastern Europe. However, this shift would not have been possible if China had not ceased its assertive behavior in both the Taiwan Strait and the South China Sea. It still has a strong interest

in imposing its view on the region but has decided to leave the “hard” strategy behind to only focus on economic leverage.

Thus, and taking advantage of the fact that a new outbreak of Covid-19 is hitting the world, and more concretely, the Southeast Asian region, China has launched very strong vaccine diplomacy and investment strategy to provoke a dependency relation from those countries. This Coronavirus wave has firmly hit the region, and with no presence of the US, the members of ASEAN have had no other remedy than to fall into China’s trap. Furthermore, neither Indonesia nor any other member state has been able to assert some kind of leadership in the association. Therefore, it has not been able to speak with one voice and propose a common response. In addition, without the US’ presence, the rest of QUAD’s members have been unable to coordinate their counterbalance plan against China.

This leaves China in a most-favorable scenario in which no external or internal power is able to counterbalance its influence. Therefore, if all of this were to happen, China would become the hegemonic power of the region. However, it is important to understand that the hegemonic rule that China would use is not the one we are used to. China is not interested in invading any state via military use. Instead, it prefers to be the most powerful state by establishing bilateral relations in which it ends up better off. Examples of this are the economic dependency relations it seeks with the rest of the countries of the region through the Belt and Road Initiative (BRI). In this case, China would also use the high level of engagement with the RCEP to assert its power.

Scenario 3: The “Free and Open Indo-Pacific” (FOIP) Strategy is completed

(A3 → B1 → C3 → D4 → E3 → F3 → G3 → H1 → I3)

Probability: Low

After Xi Jinping’s presidency ended in 2022, the new President’s strategy has been to soften China’s approach to regional and international dynamics, as democracy has started to be introduced into the Chinese system. Beijing has reached peaceful accords with Taiwan and the

countries involved in the South China Sea and has stopped the dependency on economic relations it was always trying to establish. ASEAN's countries, on the other side, although being relieved for not having to worry about China's frauds and unfair practices, start missing China's investments. Without China, the engagement in the RCEP has decreased, leaving the US and the rest of the QUAD members to pressure.

Moreover, Covid-19 effects have increased due to a new outbreak. Not having China, their main trade partner and investor and an involved ally in this situation, has led these countries to look for help in the West. This reality has taken place at the same time as the conflict in Ukraine has ended, with the Western bloc as the winner. Therefore, the breakdown of the balanced dynamics in the region has provoked an internal crisis within ASEAN to try to fill the gap left by China. This has led to the chaos within ASEAN, not allowing it to respond to the West with a sole voice.

In conclusion, in this scenario, the US leaves the QUAD members as the *de facto* leaders of the region, responsible for providing freedom and openness through the FOIP. Thus, the traditional neocolonial process starts again in the Indo-Pacific region, where the winning countries are establishing their view of the world, pressuring the imposition of democratic and capitalistic orders.

Scenario 4: ASEAN reaches the leverage level to completely counterbalance the US and China

(A3 → B3 → C4 → D3 → E2 → F2 → G3 → H4 → I1)

Probability: Low-to-Medium

Tired of the continued rivalry with the US and aware of the growing trajectory ASEAN's countries are living, China decides to adopt a new strategy in the region in which it focuses the majority of its forces and strength on pressuring the Strait of Taiwan while putting aside the issues of the South China Sea for a while. Furthermore, as the RCEP is being highly welcomed by every participant state, who are open to trade and improving economic relations, China's plans are to leverage the region through the economic realm via the RCEP.

On the other side, tensions in Ukraine continue. This disturbs the United States, as it cannot focus on the Indo-Pacific region as much as it desired. Moreover, the increased pressure China exercises on Taiwan has caused it to forget about ASEAN to focus all of its attention there. As a consequence, the QUAD also puts all of its assets to prevent Beijing from invading Taiwan. Taking this situation in their favor, ASEAN's states accept China's investments from the RCEP but, instead of falling into dependency, they joined together and finally reach the status in which they speak with one voice in the international arena. This is partly due to Indonesia's unofficial leadership, the promotion of the "ASEAN Outlook on the Indo-Pacific", and that they have overcome Covid-19's economic recession.

This leaves the region with a distracted US – and allies, – a weak China that has lost its major tool for inflicting pressure in the region, and a stronger-than-ever ASEAN that, under the direction of Indonesia, is able to speak with one voice and not only counterbalance the other great powers, but to reach its position in the regional level. In fact, the amount of leverage ASEAN has acquired is so high that it is considered to have reached the middle power status. This is also due to the economic and social improvement each individual member state has garnered thanks to the Chinese investment provided through the RCEP.

II. INDONESIA’S GLOBAL MARITIME FULCRUM STRATEGY

This section of the paper deals with Indonesia’s strategy, changes in policy, and plans for counterbalancing the US and China in the region, maintaining or improving its role and position among the actors involved, and keeping its non-alignment status. Here, both the main domestic and foreign policies carried out by Indonesia in the near past – especially the ones taken by the Jokowi administration – will be examined and the big picture of the current situation will be drawn.

With all the dynamics well-explained and the behaviors of the actors involved understood, a clearer future of Indonesia’s position, role and strategy can be described. Indeed, although all these points will be further discussed below more in detail, a SWOT analysis will be now provided, offering a more schematic table with the highlights of the analysis. A table with the main characteristics of the country will follow.

SWOT ANALYSIS OF THE REPUBLIC OF INDONESIA

Strengths	Weaknesses
<ul style="list-style-type: none"> - Increasing prices of commodities - Majority of population between the working age - Diversity - High GDP - Investment in renewable energy - High number of natural resources - Parliament’s majority for Jokowi - Strait of Malacca 	<ul style="list-style-type: none"> - Ethnic and religious clashes - High economic inequalities and poverty level - High reliance on FDI - Low infrastructure development - Islamist radicalization and terrorist threats - Social fracture - Inward-looking approach in politics
Opportunities	Threats
<ul style="list-style-type: none"> - China-US increasing investment to counterbalance one another - FDI increase in infrastructure + renewable energy - Increasing prices of commodities to export - High trade through the Malacca Strait - ASEAN membership → Chairmanship 2023 <ul style="list-style-type: none"> - “Outlook on the Indo-Pacific” - G-20 membership → Chairmanship 2022 - The Regional Comprehensive Economic Partnership - Indian Ocean Rim Association (IORA) membership - Chinese investments through the BRI - Sunda, Lombok and Makassar Straits 	<ul style="list-style-type: none"> - The US and China confrontation in the region - China’s menace in the South China Sea - Dependency on Chinese market and investments - Dependency on the US for security matters - Climate change - High probability of natural disasters - Australia’s growing militarization - Covid-19 new outbreak - Contest for leadership role in ASEAN - Global Supply Chain crisis - QUAD’s joint involvement in regional dynamics - Ukraine’s conflict

Authors’ creation

GENERAL INFORMATION AND DATA ABOUT THE REPUBLIC OF INDONESIA

It is located in Southeastern Asia , between the Indian Ocean and the Pacific Ocean. It is one of the countries along the Ring of Fire .	It ranks 16 th in terms of total area, counting 1,904,569 sq km .
It shares a border with three sovereign states: Malaysia 1,881 km; Papua New Guinea 824 km; Timor-Leste 253 km.	Among its natural resources , the most relevant ones are petroleum, tin, natural gas, nickel, timber, bauxite, copper, fertile soils, coal, gold, and silver.
The major concentration of population is on the island of Java, which is considered one of the most densely populated places on earth.	It is the largest archipelago of the world. The total number of islands in the archipelago is 13,466, of which 922 are permanently inhabited.
It ranks 4 th in terms of total population , with a total of 275,122,131 inhabitants. It is projected to increase to as much as 320 million by 2045.	The largest ethnic groups are the Javanese 40.1%, Sundanese 15.5%, Malay 3.7%, Batak 3.6%, Madurese 3%, Betawi 2.9%
More than 700 languages are used; however, the most used ones are the Bahasa Indonesia, English, Dutch, and some local dialects.	The religions professed in the country are Muslim 87.2%, Protestant 7%, Roman Catholic 2.9%, Hindu 1.7%, other 0.9% (includes Buddhist and Confucian), unspecified 0.4% (2010 est.)
Indonesia is a source country for labor migrants, a transit country for asylum seekers, and a destination mainly for highly skilled migrant workers.	Indonesia is the largest economy in Southeast Asia, with a GDP PPP of \$3,130.47 billion (2017 USD estimate).
Indonesia is a member of ASEAN, the G20, the Non-Aligned Movement (NAM), the Organization of Islamic Cooperation (OIC), and the APEC, among others.	Indonesia's military spending accounts for 0.8% of the total GDP.

Source: "Indonesia," Central Intelligence Agency, March 4, 2020
<https://www.cia.gov/the-world-factbook/countries/indonesia/#people-and-society>

Even though it has already been mentioned that the Global Maritime Fulcrum doctrine of Jokowi has been put aside during his second term, it is still the core of the whole current trend of Indonesia's doing. Therefore, a broader explanation than the one provided before must be given to understand the path Indonesia is following and is expected to follow in the coming years.

The GMF envisions Indonesia as a sovereign maritime state capable of providing a platform for peace-building and security both at regional and international levels,⁸⁵ while it seeks to increase Indonesia's prestige, role, and influence. However, it does not intend to push Indonesia away from

⁸⁵ Pratiwi, Fadhila Inas, Irfa Puspitasari, Indah Hikmawati, and Harvian Bagus. 2021. "Global Maritime Fulcrum: Indonesia's Middle Power Strategy between Belt and Road Initiatives (BRI) and Free-Open Indo Pacific (FOIP)." *Central European Journal of International and Security Studies* 15 (3): 30–54. <https://doi.org/10.51870/cejiss.a150302>.

the ASEAN or its objectives. In fact, it is a way of aligning the member states' views on the region and enabling them to provide a common response to the increasing tensions provoked by the US-China rivalry. Furthermore, it is set in a way that complements itself with the strategies of the two confronting states, as it shares common points with the Chinese Belt and Road Initiative (BRI) and the American "Free and Open Indo-Pacific" (FOIP).

The GMF is based on five requirements that would allow the country to reach the desired goal. These are to strengthen Indonesian maritime culture, protect and handle marine resources, pressure for the advancement of maritime infrastructure and connectivity, invite all its partners to cooperate in the maritime domain, and build maritime defense forces.⁸⁶

Nevertheless, the initiative did not reach the goal it was set for because of different issues. First of all, the Center of Strategic and International Studies (CSIS), among several similar opinions, criticizes the GMF by stating that it was never a well-developed grand strategy because it lacked research and conceptual development.⁸⁷ Moreover, the naval component never commenced because Jokowi left defense policy and civil-military relations behind while focusing on domestic affairs. Indeed, the Ocean Policy was not launched until two and a half years after Jokowi's first election.

It is easy to fall into the mistaken assumption that the Global Maritime Fulcrum is just a strategy that rules Indonesia's foreign regional and international relations. Even though it has an outward-looking approach, for the GMF to function, several domestic policies must be revised. In fact, the majority of them have to be taken in advance of the foreign ones for them to work correctly. For example, in order to become a maritime and naval power, Indonesia must develop its infrastructure. If not, it will not be able to process the trade volume it expects or to project the military naval power it desires.

Moreover, both Indonesia's domestic and foreign strategies are based on the Vision 2045, which

⁸⁶ Saragih, Hendra Maujana, Ramlan Siregar, and El Amry Bermawi Putera. 2018. "Indonesian National Power to Achieve the Global Maritime Fulcrum." *Proceedings of the 5th International Conference on Community Development (AMCA 2018)*. <https://doi.org/10.2991/amca-18.2018.14>.

⁸⁷ Laksmiana, Evan . 2019. "Indonesia as 'Global Maritime Fulcrum': A Post-Mortem Analysis." Asia Maritime Transparency Initiative. Center of Strategic and International Studies November 8, 2019 <https://amti.csis.org/indonesia-as-global-maritime-fulcrum-a-post-mortem-analysis/>.

aims to significantly transform Indonesia with the target of becoming one of the world's top five economies by the time it reaches its centenary in 2045.⁸⁸ Therefore, this section of the analysis will focus on the different most relevant policies, plans and actions carried out by Jokowi's administration. Under the big umbrella of the GMF, these are focused on improving Indonesia's role, position, and influence in the region, whose final goal is to help the country maintain its non-alignment status while counterbalancing the US and China.

A. DOMESTIC STRATEGY

1. Social realm: national cohesion

The archipelago has been facing domestic problems since long ago, mainly due to the demands for independence in several provinces and increasing attacks by Islamist armed groups. Indeed, being a multi-ethnic country formed by thousands of islands has led to little to no interaction among them, which furthers the lack of a shared feeling of national identity. Indeed, the Javanese ethnic group is dominant in number and political representation – 40.1% of the population as of 2021,⁸⁹ – which has meant that other ethnicities feel unrepresented and react to the periphery.

As a risk factor, the historical separatist sentiment of several provinces stands out. These have built their own sense of identity by considering themselves separate nation-states. Namely Aceh and Papua, where they have developed nationalist movements that seek to define their nation not as Indonesia.⁹⁰ Even though the central government has tried to rebuild its loss of legitimacy by improving the autonomy of some regions, this was not that successful in any of these two cases.

In the case of Aceh, its main argument for defending its position is the clash between religion and state, since there has always been a confrontation between the traditional elite, *Ulèëbalang*,⁹¹ and

⁸⁸ World Bank. 2021. "Indonesia Vision 2045." *Worldbank.org*, December, 2021 <https://doi.org/http://documents.worldbank.org/curated/undefined/099300112012118742/P170757-a8b2460e-ca13-40d4-bca0-0d934cd70259>.

⁸⁹ CIA. 2022. *Cia.gov*. 2022. <https://www.cia.gov/the-world-factbook/countries/indonesia/>

⁹⁰ Webster, David. 2007. "From Sabang to merauke: Nationalist secession movements in Indonesia." *Asia Pacific Viewpoint*, 48(1), 85–98. <https://doi.org/10.1111/j.1467-8373.2007.00332.x>

⁹¹ Name used to refer to the traditional elite of the region, the nobility which ruled over the regencies of the Aceh Sultanate and the colonial Aceh province prior to the regicide of 1946.

the religious leaders. Indeed, taking into account that the archipelago counts with so many different ethnic groups and cultures, it is not surprising to see different religions coexisting among the islands. Nevertheless, the predominant religion is Islam, even if it has to share space with Christian, Hindu, and Buddhist minorities, among others. As of 2021, 87.2% of the population was Muslim, while the second most followed religious group were the Protestants, accounting for 7%.⁹²

Despite the high influence of Islam in politics, the Islamist-oriented parties have lost power over the secular-nationalist ones. Even so, evidence corroborates that a more radical trend is taking place across the country, which points to a risk of the nation acquiring a more extreme versions of Islam. Violence and discrimination for religious reasons are growing, perpetrators presenting themselves as modernist Islam, as opposed to traditional Nusantara,⁹³ and are responsible for the dozens of terrorist attacks experienced throughout this century. However, there is no prospect of the country officially becoming an Islamic State ruled under Sharia Law, at least for now.

Being Indonesia the world's largest Muslim-majority nation in the world, it has been a prime recipient of the Saudi Islamist influence,⁹⁴ contributing to the radicalization of many believers. Saudi's investment in the archipelago has been a soft power mechanism that has helped to consolidate leading Islamist political parties from Indonesia and fueled some jihadists in the country.⁹⁵ Even if they have positively contributed economically to the state, their religious influence has brought a legacy of religious intolerance, not just towards other religions, but within Islam too, with the foundation of a national "anti-Shia" league.⁹⁶

Additionally, religious values play an important role in demographic development too. The government is encouraging Indonesian citizens to have fewer children in order to lower its fertility

⁹² CIA. 2022. Cia.gov. 2022. <https://www.cia.gov/the-world-factbook/countries/indonesia/>

⁹³ It is Nusantara Islam, a notion typical of the archipelago, about which the Islamic organization with the most followers, Nahdlatul Ulama (NU), defends that "it is an Islam capable of adapting to the local culture of Indonesia. When someone converts, they don't have to remove their culture like Javanese, Batak or Minang."

⁹⁴ Saudi Gazette. 2018. "Saudi - Indonesian Relations Reach New Heights." Saudigazette. October 17, 2018. <https://saudigazette.com.sa/article/545804>.

⁹⁵ Varagur, Krithika. 2020. "How Saudi Arabia's Religious Project Transformed Indonesia." The Guardian. The Guardian. April 16, 2020. <https://www.theguardian.com/news/2020/apr/16/how-saudi-arabia-religious-project-transformed-indonesia-islam>.

⁹⁶ IPAC. 2016. "Accept Terms and Conditions on JSTOR." www.jstor.org. April 27, 2016. <https://www.jstor.org/stable/pdf/resrep07785.1.pdf>.

rate to 2.1 children per woman by 2025.⁹⁷ Nevertheless, the predominantly Muslim population tends to have more extended families, since more children are considered to bring more blessings from God. But this current strategy to control the population growth will be essential for the growth model that Indonesia has on course to be one of the world's five largest economies by 2030.

Indeed, the country is facing complex challenges ranging from demography to urbanization and climate change, according to Finance Minister Sri Mulyani Indrawati. He stated that Indonesia is in a period of demographic bonus, wherein the number of citizens in the productive age group (15-65 years) constituted 70.72% of the population in 2021.⁹⁸ Anyhow, the National Population and Family Planning Agency's Head Hasto Wardoyo warned that, if not utilized, this demographic bonus can actually become a burden for development, rather than development capital.⁹⁹ Thus, even if the population keeps growing, it is doing it now at a slower path, because the fertility rate of the archipelago is already decreasing.

2. Political realm: reform policies

At the same time, the current president of Indonesia, Joko Widodo, is trying to manage the internal policy of its government in order to overcome these issues. Nevertheless, the Covid-19 outbreak has worsened the previous situation¹⁰⁰ since the political considerations about how to maintain control of the country have challenged national unity once again. This has led to local and provincial powers defying the central government's authority, undermining its control over official information, and making Jokowi fear his legitimacy.¹⁰¹

This pandemic has not just led to a health and political crisis, but an economic one too. Even if the

⁹⁷ Jiao, Claire. 2021. "While Asia Wants a Baby Boom, Indonesia Says Enough is Enough." Boomerang News. April 1, 2021. <https://www.bloomberg.com/news/articles/2021-04-01/while-asia-wants-a-baby-boom-indonesia-says-enough-is-enough>

⁹⁸ "Indonesia's Demographic Dividend Reaches Peak in 2021." Jakarta Globe. January 22, 2021. <https://jakartaglobe.id/business/indonesias-demographic-dividend-reaches-peak-in-2021/>.

⁹⁹ Jiao, Claire. 2021. "While Asia Wants a Baby Boom, Indonesia Says Enough is Enough." Boomerang News. April 1, 2021. <https://www.bloomberg.com/news/articles/2021-04-01/while-asia-wants-a-baby-boom-indonesia-says-enough-is-enough>

¹⁰⁰ Djalante, Riyanti, Jonatan Lassa, Davin Setiamarga, Aruminingsih Sudjatma, Mochamad Indrawan, Budi Haryanto, Choirul Mahfud, et al. 2020. "Review and Analysis of Current Responses to COVID-19 in Indonesia: Period of January to March 2020." Progress in Disaster Science 6: 100091. <https://doi.org/10.1016/j.pdisas.2020.100091>.

¹⁰¹ Wood, Bradley. 2020. "Indonesia: A Health and Economic Crisis Also Threatens National Unity." The Interpreter. April 8, 2020. <https://www.lowyinstitute.org/the-interpreter/indonesia-health-and-economic-crisis-also-threatens-national-unity>

economy continued to recover in 2021 despite the Delta and Omicron variants, the president will have to focus on a policy response in order to sustain economic momentum and prevent the effects of the pandemic from leaving lasting scars. Indonesia already counted on a key response in order to face poverty and economic disparities: the social protection policies (PPs).¹⁰² The nation oversaw a rapid expansion of these policies already in 2018. However, national expenditure for social protection programs is still far below the World Bank target for social spending, and as a percentage of GDP is among the lowest worldwide.¹⁰³

Related to this, economic analysts tend to affirm that the adoption of high-quality public sector accounting practices can assist in reducing corruption.¹⁰⁴ However, in the case of Indonesia, this sector is highly decentralized in order for districts to maintain a high level of authority over the delivery of most key public services.¹⁰⁵ This would be one of the reasons to explain why corruption has been a significant problem in Indonesia for decades. It is even believed to be one of the causes for the 1997-1998 huge economic crisis.

In order to tackle the issue, Indonesia committed itself to strengthen the quality of public financial management (PFM), which reached an impressive progress.¹⁰⁶ After almost one and a half decades of these reforms, the state's financial management seems to be heading in a positive direction. Nevertheless the adoption of accounting reforms cannot necessarily assist in reducing corruption in other contexts. Therefore, the Audit Board of Indonesia (ABI) is expected to strengthen its role to prevent and detect corruption and to continuously enhance its methods and capacity to improve the execution of its duties and authority.¹⁰⁷

¹⁰² Social protection encompasses all interventions from public, private, voluntary organizations and informal networks, to support communities, households and individuals in their efforts to prevent, manage and overcome a defined set of risks and vulnerabilities (Barrientos and Hulme 2008).

¹⁰³ Samboh, Esther. 2017. "High Noon for Jokowi's Social Welfare Ambitions". *Jakarta Post*, January 12, 2017. <https://www.thejakartapost.com/news/2017/01/12/commentary-high-noon-jokowi-s-social-welfare-ambitions.html>

¹⁰⁴ Jeppesen, Kim. 2019. "The role of auditing in the fight against corruption." *The British Accounting Review*, 51(5), 100798.

¹⁰⁵ Lewis, Blane D., and Adrianus Hendrawan. 2020. "The Impact of Public Sector Accounting Reform on Corruption: Causal Evidence from Subnational Indonesia." *Public Administration & Development* 40 (5): 245–54. doi:10.1002/pad.1896.

¹⁰⁶ Triwibowo, Sugeng. 2019. "Public Financial Management and Corruption in Indonesia: A Panel Cointegration and Causality Analysis." *Journal of Indonesian Economy & Business* 34 (3): 267–79. <https://ezproxy.si.unav.es:2092/login.aspx?direct=true&db=bsu&AN=143015809&lang=es&site=ehost-live&scope=site>.

¹⁰⁷ Lewis, Blane D., and Adrianus Hendrawan. 2020. "The Impact of Public Sector Accounting Reform on Corruption: Causal Evidence from Subnational Indonesia." *Public Administration & Development* 40 (5): 245–54. doi:10.1002/pad.1896.

The redistribution of wealth has also been a goal of struggle. Indeed, in order to achieve a redistribution of regional concentration and equitable wealth creation opportunities, president Jokowi announced in 2019 the shift of the capital city from Jakarta to Nusantara, located on the island of Borneo. Even if this decision has attracted a lot of criticism, mainly due to the costs, there are many more reasons that make this an urgent need, such as climate change and the increasing pollution of Jakarta. Moreover, this should be seen in the context of the GMF project proposed during Jokowi's first term, with the intention to create infrastructure in all regions.¹⁰⁸

On the other hand, regarding Islamist fundamentalism, President Widodo is still not that successful either. He has set himself the goal of combating the impositions of extremists due to a radical version of Islam gaining strength among the nation. This has been already shown through practices such as banning the most influential fundamentalist organization in the country¹⁰⁹ – the Islamic Defenders Front (FPI) – and the obligation for women to wear a hijab at school. Nevertheless, there are still measures that have not been able to be implemented because they are seen by some as an attack on freedom of expression.¹¹⁰

Indeed, even if it is a relatively new aspect, religion is now being decisive in elections and politics. All the presidents of Indonesia to date have mainly come from nationalist and secular political parties. Nonetheless, as revealed by the 2012 Jakarta gubernatorial elections, several radical Islamist groups were saying that it was *haram* – forbidden – to elect an “infidel” like Ahok, Jokowi's running mate, and they were threatening anyone who would vote him, both on social media and at mosques.¹¹¹ Even more, this Christian former Governor was then convicted of blasphemy to Islam in 2016.¹¹²

¹⁰⁸ Singh, Gurjit. 2022. “Start of a New Era: From Jakarta to Nusantara.” ORF. Observational Research Foundation. February 21, 2022. <https://www.orfonline.org/expert-speak/start-of-a-new-era-from-jakarta-to-nusantara/>.

¹⁰⁹ Sentinel, Asia. 2018. “‘Political Islam’ Threatens Indonesia’s Jokowi.” Asiasentinel.com. Asia Sentinel. April 9, 2018. <https://www.asiasentinel.com/p/political-islam-threaten-indonesia-jokowi?s=r>.

¹¹⁰ Lamb, Kate. 2019. “Indonesia’s Criminal Code: What Is It, Why Does It Matter, and Will It Be Passed?” The Guardian. The Guardian. September 26, 2019. <https://www.theguardian.com/world/2019/sep/26/indonesias-criminal-code-what-is-it-why-does-it-matter-and-will-it-be-passed>.

¹¹¹ Miichi, Ken. 2014. “The Role of Religion and Ethnicity in Jakarta’s 2012 Gubernatorial Election.” *Journal of Current Southeast Asian Affairs* 33 (1): 55–83. <https://doi.org/10.1177/186810341403300104>.

¹¹² More information about such events at: BBC News. 2017. “Jakarta Governor Ahok Found Guilty of Blasphemy.” BBC News. BBC News. May 9, 2017. <https://www.bbc.com/news/world-asia-39853280>.

Another problem that the Indonesian government should address in order to fulfill the 2045 vision is over-regulation. For doing so, in 2020, Jokowi introduced the Omnibus Law, which aimed to boost investments and create more jobs in Indonesia.¹¹³ Primarily, this law streamlines Indonesia's complex regulatory environment by amending 76 laws in order to ease restrictions in 11 critical areas. President Joko Widodo stated in 2020 that the law was about removing red tape and opening the economy to more foreign investment.¹¹⁴ However, massive protests have taken place in Indonesia stating that this law will harm workers and the environment. The protesters demanded the government revoke the bill, and international unions and human rights groups condemned it; nonetheless, it passed anyway.¹¹⁵

3. Power and energetic realm: natural resources

The power sector will also have an essential role in contributing to Indonesia's 2045 vision. Indeed, one of its targets is to cut greenhouse gas emissions and reach carbon neutrality by 2060.¹¹⁶ And with growth in demand leveling off in recent years, it has an opportunity to prioritize the reliability, efficiency, and sustainability of the sector.¹¹⁷

The World Bank stated that in order to achieve its climate ambitions, Indonesia will need a comprehensive package of reforms and investments.¹¹⁸ These would include strengthening power sector institutions, enabling private investments in renewable energies, ensuring the financial sustainability of the sector, and promoting a just transition for all. This plan needs to be developed

¹¹³ "Indonesia's Omnibus Law: A Breakthrough." 2022. Ashurst.com. November 9, 2022. <https://www.ashurst.com/en/news-and-insights/legal-updates/indonesias-omnibus-law---a-breakthrough/>.

¹¹⁴ "Indonesia: Thousands Protest against 'Omnibus Law' on Jobs." 2020. BBC News. BBC News. October 8, 2020. <https://www.bbc.com/news/world-asia-54460090>.

¹¹⁵ Ibid.

¹¹⁶ World Bank Group. 2021. "Indonesia's Economy Grew in 2021 despite COVID-19, Will Accelerate in 2022, World Bank Report Says." World Bank. World Bank Group. December 19, 2021. <https://www.worldbank.org/en/news/press-release/2021/12/16/indonesia-economy-grew-in-2021-despite-covid-19-will-accelerate-in-2022-world-bank-report-says#>.

¹¹⁷ Agarwal, Rajat, Vishal Agarwal, Thomas Hansmann, Vivek Lath, Khoon Tee Tan, Zhou Yi. 2020. "Ten ways to boost Indonesia's energy sector in a post pandemic world". *Business Source Ultimate*, December 16, 2020.

¹¹⁸ World Bank Group. 2021. "Indonesia's Economy Grew in 2021 despite COVID-19, Will Accelerate in 2022, World Bank Report Says." World Bank. World Bank Group. December 19, 2021. <https://www.worldbank.org/en/news/press-release/2021/12/16/indonesia-economy-grew-in-2021-despite-covid-19-will-accelerate-in-2022-world-bank-report-says#>.

to ensure that people and communities will benefit from the transition to a greener economy.¹¹⁹

Even though before the Covid-19 Indonesia's energy industry had already fallen on hard times, the pandemic has caused economic slowdowns that further undermined the sector.¹²⁰ Global and domestic energy companies are facing one of their biggest challenges in decades, but Indonesia's energy market has strong long-term growth fundamentals, owing to a solid long-term GDP growth projection, a young population, and a desire to reduce imports and the current account deficit.¹²¹

Renewable energy is also becoming a major source of electricity. Therefore, revitalizing its energy sector following the pandemic will require difficult decisions and significant investments. However, a successful effort could deliver substantial economic and social benefits in the long-term and create a more sustainable future. Thus, phasing down coal and scaling up renewable energy will be central to meeting Indonesia's low carbon transition targets.

At a time when nations are rebuilding their economies in a post-pandemic world, Indonesia has an opportunity to revitalize its energy sector. Continued low oil prices would make critical reforms more bearable, giving Indonesia an opportunity to reclaim global leadership. Moreover, being a major producer of coal, palm oil, and nickel, will probably benefit from the conflict between Russia and Ukraine.¹²² Indeed, the petroleum shortage has already led to a surge in the prices of Indonesia's mainstay commodities.

At the same time, it will be a challenging period too, since Indonesia has to protect its economy while addressing global warming. Indeed, the archipelago has already experienced firsthand the danger of rising water levels and extreme natural disasters, and it is well aware of the importance of fossil fuels both to its power supply and its exports.¹²³ Moreover, the Covid-19 outbreak

¹¹⁹ Ibid.

¹²⁰ "Ten Ways to Boost Indonesia's Energy Sector in a Postpandemic World." 2020. McKinsey & Company. McKinsey & Company. December 16, 2020. <https://www.mckinsey.com/industries/oil-and-gas/our-insights/ten-ways-to-boost-indonesias-energy-sector-in-a-postpandemic-world>.

¹²¹ Ibid.

¹²² Firdaus, Arie. 2022. "Analysts: Indonesia's Exports Could Profit from Russian Invasion of Ukraine." Benar News. March 10, 2022. <https://www.benarnews.org/english/news/indonesian/rising-prices-03102022152630.html>.

¹²³ Jiao, Claire; Grace Sihombing. 2021. "Indonesia Takes 'Low and Slow' Path to Carbon Tax and Trade." *Bloomberg.Com*. Nov., 2021 <https://ezproxy.si.unav.es:2092/login.aspx?direct=true&db=bsu&AN=153550319&lang=es&site=ehost-live&scope=site>.

undermined Chinese demand for commodities including palm oil, coal, paper and pulp. In fact, Indonesia is the world's biggest exporter of coal and palm oil, and China is a major customer.¹²⁴

4. Economic realm: infrastructure and investment

In macroeconomic terms, Indonesia ranks 16th by nominal GDP and 7th by PPP. Nevertheless, it falls to the 104th position by nominal GDP per capita, with USD 4,538.¹²⁵ Among its top export partners, we find China, ASEAN, the United States, and the European Union, whereas the main import partners are China, ASEAN, Japan, and the European Union.¹²⁶ The products that Indonesia exports the most are palm oil, steel, metal and machinery, and industrial equipment. Meanwhile, the ones that it imports the most are machinery and industrial equipment, steel, foodstuffs, and petroleum products.¹²⁷ In January 2022, it had a trade surplus of nearly USD 0.93 billion.¹²⁸

Nevertheless, as aforementioned, Indonesia still has a long path for improvement. Jokowi's administration is aware of the need for economic development in different areas and has focused the majority of his policies during his two terms on trying to tackle the existing problems and improving those areas in need of investment.¹²⁹ This shift towards focusing on economic development came from the situation of global economic uncertainty intensified by the US-China confrontation in the region and from the realization that, in order to comply with its objectives set in the GMF strategy, Indonesia needed to improve its economic condition first.¹³⁰

¹²⁴ Listiyorini, Eko, and Karlis Salna. 2020. "Indonesia Braces for Export Hit as Virus Saps Chinese Demand." Bloomberg.Com, February, 2020. <https://ezproxy.si.unav.es:2092/login.aspx?direct=true&db=bsu&AN=141598439&lang=es&site=ehost-live&scope=site>.

¹²⁵ "Report for Selected Countries and Subjects," IMF, October 2021, https://www.imf.org/en/Publications/WEO/weo-database/2021/October/weo-report?c=536%2C&s=NGDP_RPCH%2CNGDPD%2CNGDPDPC%2CPPPPC%2CPPPSH%2CPCPIPCH%2CGGXWDN_NGDP%2C&sy=2019&ey=2026&ssm=0&scsm=1&sc=0&ssd=1&ssc=0&sic=0&sort=country&ds=.&br=1.

¹²⁶ "Ekspor Desember 2021 Mencapai US\$22,38 Miliar Dan Impor Desember 2021 Senilai US\$21,36 Miliar," Badan Pusat Statistik, January 17, 2022, <https://www.bps.go.id/pressrelease/2022/01/17/1917/ekspor-desember-2021-mencapai-us-22-38-miliar-dan-impor-desember-2021-senilai-us-21-36-miliar.html>.

¹²⁷ Ibid.

¹²⁸ "Indonesia Balance of Trade," Trade Economics, February 2022, <https://tradingeconomics.com/indonesia/balance-of-trade>.

¹²⁹ Negara, Siwage. 2019. "The Indonesian Economy under Jokowi's Second Term." ISEAS - Yusof Ishak Institute 42. May 24, 2019. https://think-asia.org/bitstream/handle/11540/10260/ISEAS_Perspective_2019_42.pdf?sequence=1.

¹³⁰ Faisal Karim, Moch. 2020. "Making Sense of Indonesia's Economic Diplomacy." The Diplomat. June 20, 2020, <https://thediplomat.com/2020/06/making-sense-of-indonesias-economic-diplomacy/>.

The three main problems in Indonesian economic policy are that the infrastructure investment is lower than the required, that there is a need of improving the taxation system in order to increase public savings, and that the focus on cutting the red tape is not enough, but there is a necessity of recalibrating the business environment towards liberalizing markets.¹³¹ As economies and populations grow, infrastructure development must grow at an equivalent rhythm, leading to these increased projections of infrastructure investment needs.¹³² Moreover, infrastructure advances the growth of new activities that could provoke economic development.¹³³

In the case of Indonesia, this is a serious problem. Indeed, the World Bank, in 2017, estimated Indonesia's infrastructure investment gap to be USD 500 billion over five years.¹³⁴ Furthermore, although investment in Indonesia is relatively high, Foreign Direct Investment (FDI) in the country only accounts for a small share of total investment – 2% of the GDP between 2005 and 2015.¹³⁵ This leaves Indonesia in a vicious circle: good and developed infrastructure leads to investment, but it needs investment in order to improve its infrastructure. Moreover, without that infrastructure, it will be unable to keep growing and comply with the objectives set in the GMF.

To reach the target of USD 429 billion between 2020 and 2024, one of the main priorities of Jokowi has been to increase and improve the public-private partnership framework.¹³⁶ Secondly, Jokowi's regime has increased the state's involvement in economic development.¹³⁷ Nevertheless, this has

¹³¹ Eduard Lalisang, Ardhitya and Darang S. Candra. 2020. "Indonesia's Global Maritime Fulcrum & China's Belt Road Initiative: A Match Made at Sea?" Friedrich-Ebert-Stiftung in Asia. April 2020 <https://asia.fes.de/news/indonesias-global-maritime-fulcrum-chinas-belt-road-initiative-a-match-made-at-sea-1>.

¹³² Weiss, Ariadna. 2021. "Closing the Infrastructure Investment Gap in Indonesia." Washington Business Dynamics. May 25, 2021. <https://www.wbdynamics.com/closing-the-infrastructure-investment-gap-in-indonesia/>.

¹³³ Damuri, Yose Rizal et al. 2019. "Perceptions and Readiness of Indonesia towards the Belt and Road Initiative." Centre for Strategic and International Studies. 2019. https://csis.or.id/uploads/attachments/post/2019/05/23/CSIS_BRI_Indonesia_r.pdf.

¹³⁴ Yong Kim, Jim. 2017. "Indonesia's Future Depends on Its Investments Now." World Bank Group. August 29, 2017. <https://www.worldbank.org/en/news/opinion/2017/07/27/indonesia-future-depends-on-its-investments-now>.

¹³⁵ Eduard Lalisang, Ardhitya and Darang S. Candra. 2020. "Indonesia's Global Maritime Fulcrum & China's Belt Road Initiative: A Match Made at Sea?" Friedrich-Ebert-Stiftung in Asia. April 2020 <https://asia.fes.de/news/indonesias-global-maritime-fulcrum-chinas-belt-road-initiative-a-match-made-at-sea-1>.

¹³⁶ "Accelerating Infrastructure Development through Partnership Programs," Ministry of Investment - BKPM, <https://www3.bkpm.go.id/en/publication/detail/news/accelerating-infrastructure-development-through-partnership-programs>.

¹³⁷ Eduard Lalisang, Ardhitya and Darang S. Candra. 2020. "Indonesia's Global Maritime Fulcrum & China's Belt Road Initiative: A Match Made at Sea?" Friedrich-Ebert-Stiftung in Asia. April 2020 <https://asia.fes.de/news/indonesias-global-maritime-fulcrum-chinas-belt-road-initiative-a-match-made-at-sea-1>.

shown to not be enough. Therefore, new ways of looking for investment appeared, being the Regional Comprehensive Economic Partnership (RCEP) and the Chinese Belt and Road Initiative (BRI) the ones that stood up the most. While the first one will be further explained below, the second one will be analyzed now, as several concerns came from the adoption of this strategy as a key pillar in Indonesia's plan for attracting foreign investment.

Despite the fact that China is one of the biggest trade partners and investors in Indonesia, the popular view of the Chinese labor force and business-making is negative.¹³⁸ This is because of the repression the Chinese community suffered during the Suharto regime and the widespread belief that Chinese firms prefer to employ Chinese workers. Nevertheless, the answer of Indonesia has been to accept China's investments in a prudent way, because of skepticism towards China's intentions and in order to avoid a major economic dependency,¹³⁹ among other reasons.

Apart from the questions arising from the real intentions of China, the truth is that Indonesia needs investment for developing its infrastructure and China is willing to provide it. Furthermore, China's maritime Silk Road's objectives complement Indonesia's objectives in the GMF strategy.¹⁴⁰ Therefore, Indonesia is taking advantage of this opportunity and will use the BRI to keep growing. In fact, some projects have already been developed, such as the Suramadu Bridge connecting Java and Madura islands, or the Jakarta-Bandung High-Speed Railway.

B. FOREIGN STRATEGY

1. Indonesia and ASEAN

ASEAN has always been Indonesia's foreign policy's cornerstone. This trend is visible within the current strategy under the GMF doctrine. ASEAN both protects and represents the country's foreign interests in the region and abroad. Having a key position in ASEAN is essential for

¹³⁸ Ibid.

¹³⁹ Inas Pratiwi, Fadhila et al.. 2021. "Global Maritime Fulcrum: Indonesia's Middle Power Strategy between Belt and Road Initiatives (BRI) and Free-Open Indo Pacific (FOIP)." *Central European Journal of International and Security Studies* 15, no. 3: pp. 30-54. September 17, 2021. <https://doi.org/10.51870/cejiss.a150302>.

¹⁴⁰ Inas Pratiwi, Fadhila. "China Belt and Road Initiatives (BRI) in Indonesia's Socio-Economic Security Challenges: A Policy Recommendation." Centre for Strategic and International Studies, 2020, pp. 78-93, https://www.jstor.org/stable/pdf/resrep25407.9.pdf?refreqid=excelsior%3Aac1ecb933f6f7eae658896598dec82d&ab_segments=&origin=

achieving its goals and prospects. In fact, Indonesia has always been seen as the *primus inter pares* within the organization, as the unofficial leader. Nevertheless, the current regional dynamics have brought doubts about whether it is still capable of projecting such leadership. In this section the role of Indonesia within ASEAN will be analyzed by examining plans such as the “Outlook on the Indo-Pacific”, and possible substitutes will be brought up.

The influence and weight of Indonesia within ASEAN during the first decades after its foundation is something that nobody disputes.¹⁴¹ Indonesia was a key actor in this process, not only because it was one of the Founding Fathers, but especially because of President Suharto’s foreign policy.¹⁴² Its main objective was to reach regional stability and cooperation without falling into an exaggerated economic liberalization, because of the insufficient competitiveness among ASEAN partners and the inequalities that liberalization tends to bring.¹⁴³

However, this is not enough for defending the unofficial traditional leadership of Indonesia within ASEAN. As Yukl defines it, leadership within an organization is “a process where one member of a group influences other members towards attaining specific group goals.”¹⁴⁴ Moreover, it is important for the leader to maintain the benefits of regional community-building through agenda-setting and continued policy implementation.¹⁴⁵ In order to analyze Indonesia’s role, its contributions, proposals, and recommendations should be monitored.

President Megawati’s foreign policy (2001 – 2004) was focused on restoring Indonesia’s international credibility and securing support for the country’s economic recovery. Indeed, she was responsible for creating the three-legged ASEAN Community – the ASEAN Political and Security Community, the ASEAN Economic Community, and the ASEAN Socio-Cultural Community. During Yudhoyono’s presidency (2004 – 2014) Indonesia did not exercise its

¹⁴¹ Nabbs-Keller, Greta. 2020. “ASEAN Centrality and Indonesia Leadership in a Contested Indo-Pacific Order.” [www.jstor.org](https://www.jstor.org/stable/pdf/26924335.pdf). 2020. <https://www.jstor.org/stable/pdf/26924335.pdf>.

¹⁴² Artner, Annamaria. 2017. “Role of Indonesia in the Evolution of ASEAN,” *Institute for National Security Strategy* 31, no. 1 (2017): pp. 1-38.

¹⁴³ Ibid.

¹⁴⁴ Fort, Bertrand, Douglas Webber, and Shiping Tang. 2008. “Leadership in Institution Building: The Case of ASEAN+3.” *Regional Integration in East Asia and Europe: Convergence or Divergence?* London: Routledge.

¹⁴⁵ Pero, Mohamed, Siti Darwinda, and Laila Suriya Ahmad Apandi. 2018. “Malaysia’s Leadership Role in ASEAN: An Assessment.” *Journal of International Studies* 14. December 30, 2018. <https://doi.org/10.32890/jis.14.2018.7999>.

leadership in ASEAN per se but tried to take advantage of its position in order to expand its leverage to the rest of the region.¹⁴⁶ Nonetheless, Indonesia did contribute to the growth of ASEAN as a relevant regional international organization by pushing the idea of an ASEAN Charter and launching the Regional Comprehensive Economic Partnership (RCEP).

Finally, Jokowi's GMF idea led to the proposal of implementing "Indonesia's perspective for an ASEAN outlook on the Indo-Pacific: towards a peaceful, prosperous, and inclusive region".¹⁴⁷ Indonesia lobbied during those years in order to convince the rest of the member states of the importance of having that view of the region and the role that ASEAN would have in it. This view consisted of mixing the Asia-Pacific and Indian Ocean regions and making ASEAN maintain its central role and collective leadership.¹⁴⁸ It was a litmus test for assessing the weight of Indonesia in ASEAN. After 18 months of intensive lobbying, the "ASEAN Outlook on the Indo-Pacific" (AOIP) was approved. Even though several aspects of the original draft provided by Indonesia were removed, the idea proposed at the beginning was kept.¹⁴⁹

As it has already been mentioned a couple of times, after Jokowi realized that he had to focus the majority of his resources on developing the national infrastructure rather than putting all his emphasis on the foreign affairs agenda, he left Indonesia's main overseas interests in ASEAN's hands. This was done by the establishment of the AOIP which, although is not exactly the same version as the first one proposed by Indonesia, highly represents what it sought through it.¹⁵⁰

The most remarkable point of the document is that it views the convergence between the Asia-Pacific and the Indian Ocean areas as a region of dynamic economic integration and connectivity,

¹⁴⁶ Karim, Moch Faisal. "Making Sense of Indonesia's Economic Diplomacy." *The Diplomat*, June 20, 2020. <https://thediplomat.com/2020/06/making-sense-of-indonesias-economic-diplomacy/>.

¹⁴⁷ Anwar, Dewi. 2020. "Indonesia and the ASEAN Outlook on the Indo-Pacific." *International Affairs* 96 (1). <https://doi.org/10.1093/ia/iiz223>.

¹⁴⁸ "ASEAN Outlook on the Indo-Pacific," ASEAN § (2019), https://asean.org/asean2020/wp-content/uploads/2021/01/ASEAN-Outlook-on-the-Indo-Pacific_FINAL_22062019.pdf.

¹⁴⁹ Ibid.

¹⁵⁰ Oktaviano, Devindra, Jonni Mahroza, and Helda Risman. "Indonesia Defense Strategy towards Indo-Pacific (Case Study: The ASEAN Outlook on the Indo-Pacific)." *International Affairs and Global Strategy* 80 (February 29, 2020): 21–29. <https://doi.org/10.7176/iags/80-04>.

and a seamless maritime space,¹⁵¹ where Southeast Asia finds itself in the middle. Therefore, it highlights the importance of the maritime domain and of Indonesia as a leader in shaping the economic and security architecture of the region.¹⁵²

Even though the AOIP does not intend to establish a new procedure for ASEAN, it is relevant in letting the Southeast Asian regional organization set an agenda regarding Indo-Pacific cooperation.¹⁵³ Nowadays, the AOIP is more oriented towards development rather than security issues; nonetheless, the growing tensions caused by the US-China rivalry will make ASEAN start framing an agenda and taking concrete steps to implement it. In fact, this is the only current plan ASEAN counts on in order to counterbalance the leverage the United States and China are putting on its member states.

On the other hand, stable economic conditions are also a prerequisite for a sectorial leadership.¹⁵⁴ In fact, Indonesia is expected to keep growing economically in the years to come, though at a lower rate compared to some of its neighbors. Therefore, the sole fact that Indonesia has struggled in passing a proposal on the view of the region by the other members of the organization – which it ended up passing – does not necessarily mean that it has lost all its power and influence. In addition, the fact that Indonesia will chair ASEAN in 2023 is a fact that should be taken into account, as it is usual that the member states holding the Chairmanship include their domestic agendas and interests in the ones of the association.

It is true, though, that the growth of other powers within ASEAN, such as Malaysia and Vietnam, or the lack of leadership in managing collective problems, such as the Covid-19 pandemic or the Myanmar conflict, might also undermine the position of Indonesia in ASEAN and boost others'. Because of their economic growth in the past decade, the management of the global pandemic, and

¹⁵¹ Hoang Thi Ha, "ASEAN Outlook on the Indo-Pacific: Old Wine in New Bottle?," *ISEAS - Yusof Ishak Institute* 51 (June 25, 2019): pp. 1-8, https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2019_51.pdf.

¹⁵² Ardhyta Eduard Yeremia Lalisang and Darang S. Candra, "Indonesia's Global Maritime Fulcrum & China's Belt Road Initiative: A Match Made at Sea?," Friedrich-Ebert-Stiftung in Asia, April 2020, <https://asia.fes.de/news/indonesias-global-maritime-fulcrum-chinas-belt-road-initiative-a-match-made-at-sea-1>.

¹⁵³ Aristyo Rizka Darmawan, "Reformulating ASEAN's Outlook on the Indo-Pacific," East Asia Forum (University of Indonesia, September 29, 2021), <https://www.eastasiaforum.org/2021/09/29/reformulating-aseans-outlook-on-the-indo-pacific/>.

¹⁵⁴ Ralf Emmers and Huong Le Thu, "Vietnam and the Search for Security Leadership in ASEAN," *Asian Security* 17, no. 1 (June 7, 2020): pp. 64-78, <https://doi.org/10.1080/14799855.2020.1769068>.

the relevant role within ASEAN, the two countries that could run for the position of unofficial leader of the organization are Malaysia¹⁵⁵ and Vietnam.¹⁵⁶

First of all, Vietnam can take credit for the creation of the ASEAN Plus mechanisms during the 1990s, which include the ASEAN Regional Forum (ARF) and the ASEAN Defense Ministers Meeting Plus (ADMM+).¹⁵⁷ Moreover, regional security problems have pushed Vietnam to look for a more coordinated response among the affected countries, being the majority of the parties of ASEAN.¹⁵⁸ In economic terms, Vietnam has had the highest average growth rate in ASEAN since the mid-1990s.¹⁵⁹ And regarding economic growth forecast, is expected to have very positive outcomes in the following years.

In the case of Malaysia, its involvement in ASEAN since its creation is also noteworthy. The creation of the “Zone of Peace, Freedom and Neutrality” (ZOPFAN) and the leadership role it undertook in the process of inclusion of Cambodia, Lao PDR, and Myanmar in the organization¹⁶⁰ are the most remarkable achievements of Malaysia in the ASEAN. Moreover, it played a central role in promoting the creation of the East Asia Economic Group (EAEG)¹⁶¹ and in jointly tackling the Covid-19 pandemic. Regarding the economy, it is relevant to state that Malaysia has been enjoying a growing pattern since the end of the Asian financial crisis in the late 1990s¹⁶², and it is expected to keep growing in the following years.

¹⁵⁵ Siti Darwinda Mohamed Pero and Laila Suriya Ahmad Apandi, “Malaysia’s Leadership Role in ASEAN: An Assessment,” *Journal of International Studies* 14 (December 30, 2018): pp. 65-79, <https://doi.org/10.32890/jis.14.2018.7999>.

¹⁵⁶ Joshua Bernard B. Espeña and Don McLain Gill, “Indonesia and Vietnam: The Quest for ASEAN Leadership,” *Geopolitical Monitor*, June 9, 2020, <https://www.geopoliticalmonitor.com/indonesia-and-vietnam-the-quest-for-asean-leadership/>.

¹⁵⁷ Ralf Emmers and Huong Le Thu, “Vietnam and the Search for Security Leadership in ASEAN,” *Asian Security* 17, no. 1 (June 7, 2020): pp. 64-78, <https://doi.org/10.1080/14799855.2020.1769068>.

¹⁵⁸ Ibid.

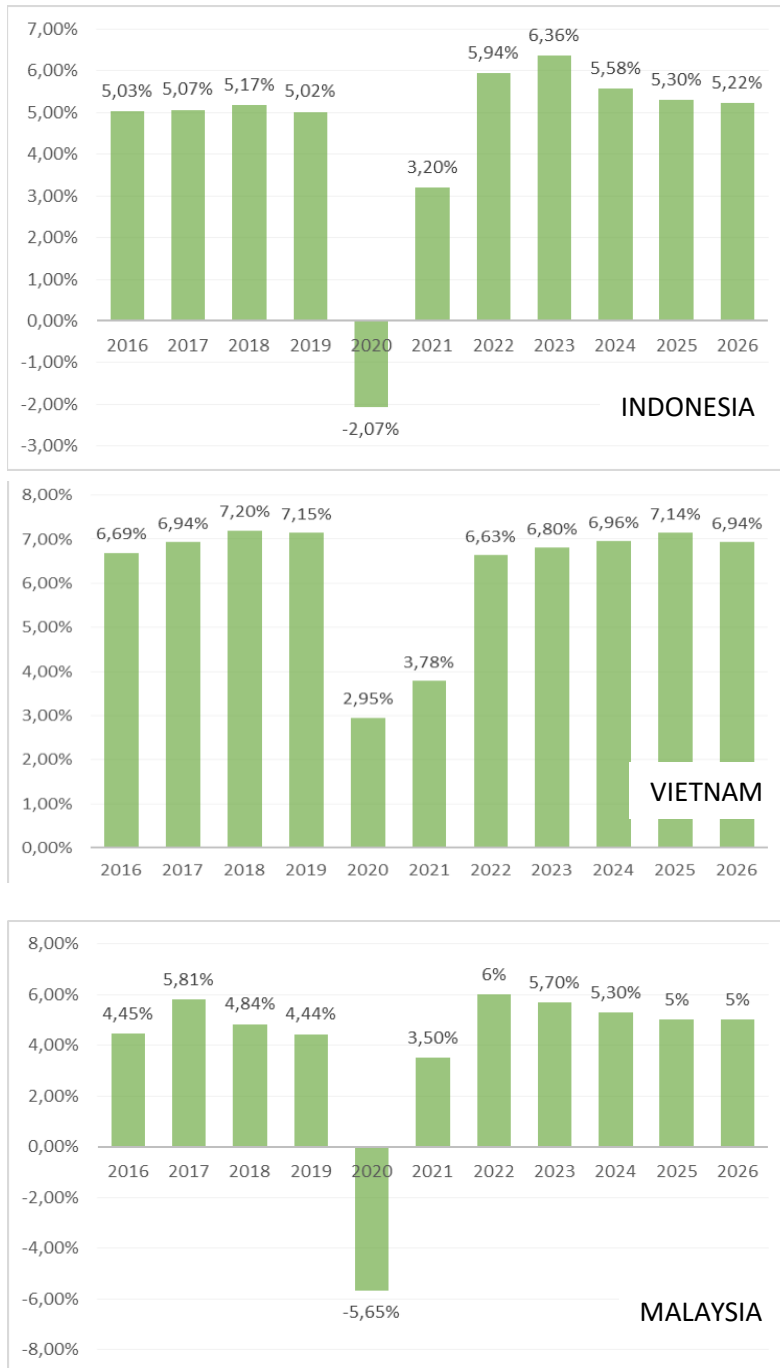
¹⁵⁹ Ponciano S. Intal, Jr. and Lurong Chen, “The ASEAN Member States and ASEAN Economic Integration,” in *ASEAN and Member States: Transformation and Integration* (Economic Research Institute for ASEAN and East Asia, 2017), pp. 62-82.

¹⁶⁰ Ibid.

¹⁶¹ Harsh Mahaseth, “The Role of Malaysia in ASEAN,” *Modern Diplomacy*, January 12, 2021, <https://modern diplomacy.eu/2020/10/28/the-role-of-malaysia-in-asean/>.

¹⁶² “Overview,” World Bank, April 6, 2021, <https://www.worldbank.org/en/country/malaysia/overview#1>.

GROWTH RATE OF THE REAL GROSS DOMESTIC PRODUCT (GDP) FROM 2016 TO 2026 (COMPARED TO THE PREVIOUS YEAR) FORECAST



Source: Statista

As a conclusion to whether it is plausible that either Malaysia or Vietnam might substitute Indonesia as the unofficial leader within ASEAN, the answer would be that the possibilities are very low. Even if Indonesia is moving away from ASEAN's interests it maintains part of its

influence in the organization, and Malaysia and Vietnam do not count with enough leverage to act as leaders of ASEAN.

2. Indonesia as a regional middle power

The second highlight of Indonesia's foreign approach is its willingness to finally be established as a middle power. Even though it was officially stated by president SBY, it is a goal that has been on the agenda of all the administrations before him and that still exists in Jokowi's plans through the GMF project. During the 2014 electoral presidential campaign, he stated that the role of Indonesia as a middle power should be achieved through selectively engaging regional and global issues while recognizing the centrality of ASEAN, and utilizing both strategic bilateral and multilateral forums.¹⁶³

Nevertheless, it is not enough for a country to become a middle power just because of its president's statement. In spite of the fact that middlepowership is recognized differently in each case, there are certain characteristics that the state must have in order to be considered so. According to the collection of criteria gathered by Inas Pratiwi et Al. (2021) from different authors, the requisites for being a middle power are "having enough resources and power to attract the attention of major powers, implementing niche diplomacy that is only focused on specific areas or issues that can bring in greater advantages regarding national interests, building a constructive role as a middle power with the responsibility of keeping the region safe and strengthening the security of the region and behaving as a good multilateralist to find an appropriate solution in order to resolve regional problems."¹⁶⁴

Through the creation of the GMF, Indonesia wants to show the world the necessity of having it as an essential Indo-Pacific actor which is improving its maritime power in Asia in order to comply with the current regional dynamics. Secondly, Indonesia's niche diplomacy can be seen in the common objectives the GMF has with the BRI, and the AOIP has with the FOIP. In addition,

¹⁶³ Nanto Sriyanto, "Global Maritime Fulcrum, Indonesia-China Growing Relations, and Indonesia's Middlepowermanship in the East Asia Region," *Jurnal Kajian Wilayah* 9, no. 1 (2018): pp. 1-19, <https://doi.org/10.14203/jkw.v9i1.784>.

¹⁶⁴ Fadhila Inas Pratiwi et al., "Global Maritime Fulcrum: Indonesia's Middle Power Strategy between Belt and Road Initiatives (BRI) and Free-Open Indo Pacific (FOIP)," *Central European Journal of International and Security Studies* 15, no. 3 (September 17, 2021): pp. 30-54, <https://doi.org/10.51870/cejiss.a150302>.

Indonesia's GMF reflects not only Indonesia's central role in the maritime and economic dynamics of the two regions composing the Indo-Pacific, but also the willingness it has for taking greater responsibility in strengthening the regional maritime domain. Finally, the fact that Indonesia's aforementioned strategy highlights the centrality of ASEAN as Indonesia's middle power diplomacy, and Indonesia's leadership in the Indian Ocean Rim Association (IORA) between 2015 and 2017 demonstrates its interest in multilateralism.¹⁶⁵

Therefore, if only these criteria were used, it was to be said that Indonesia has already achieved its desired middle power status. However, its economic situation, its defense spending, and its lacking infrastructure development state otherwise. While the economic and infrastructure scenarios have already been explained, the low defense spending section will be analyzed below.

Indonesian defense spending levels are comparatively low compared with its neighbors. This is a problem, not only because of the fact that a regional middle power is expected to spend a higher percentage of its GDP in defense but also because, in order to become the GMF it aspires to be, the promotion of its Navy is one of the pillars that needs to be addressed. Moreover, in the case of Indonesia, this issue is even worse, as its Navy is especially low developed in comparison with its Army.¹⁶⁶ It will need to improve its military capability if it wants to show strength and if it wants to be respected in its maritime conflicts, such as the boundary issues with Malaysia or the conflicts in the Natuna Islands' EEZ with China.

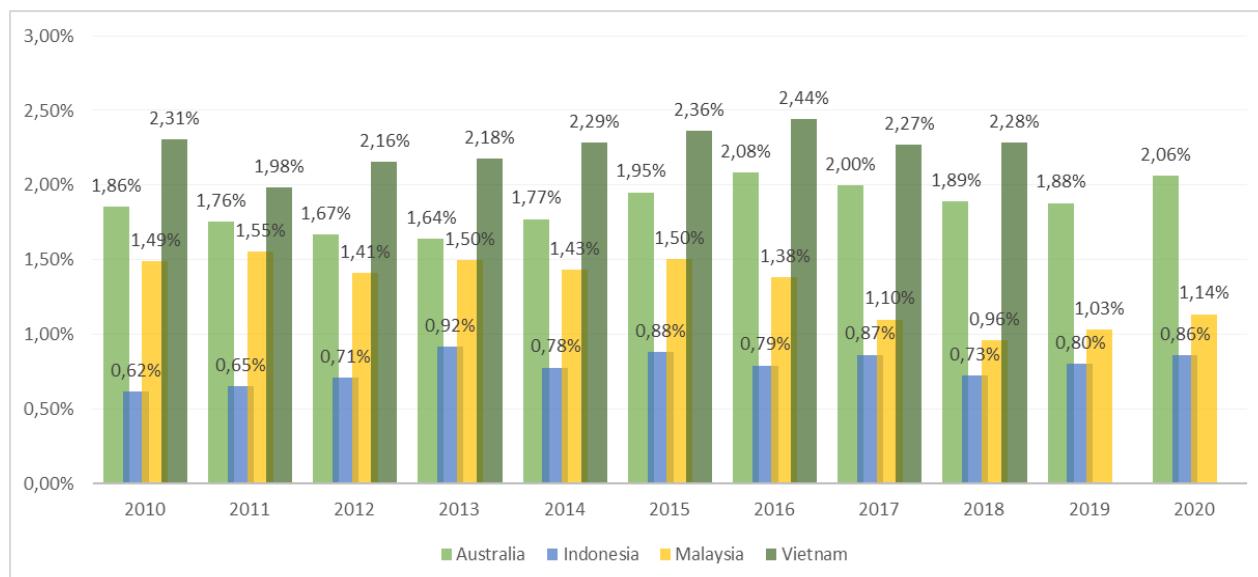
It is relevant to increase its defense spending, not only for being prepared in case of any kind of escalation in regional conflicts, but also to counterbalance Australia's new military partnership with the US and the UK. The AUKUS is the name of the military partnership among these states. AUKUS' target is not Indonesia or any other member state, but the way of counterbalancing the increase of arms possession in the region, through a realistic view, is to acquire more weapons. It is true, though, that Indonesia has publicly announced its worry about an arms race in the region.¹⁶⁷

¹⁶⁵ Ibid.

¹⁶⁶ Felix K. Chang, "At a Crossroads: Indonesia's Navy Modernization," Foreign Policy Research Institute (Asia Program, October 8, 2021), <https://www.fpri.org/article/2021/09/at-a-crossroads-indonesias-navy-modernization/>.

¹⁶⁷ Kate Lamb and Agustinus Beo Da Costa, "Indonesia Warns against Arms Race after Australian Nuclear Sub Pact," Reuters (Thomson Reuters, September 17, 2021), <https://www.reuters.com/world/asia-pacific/indonesia-warns-against-arms-race-after-australian-nuclear-sub-pact-2021-09-17/>.

MILITARY EXPENDITURE (% OF GDP): INDONESIA, AUSTRALIA, MALAYSIA, VIETNAM



Source: “Military Expenditure (% of GDP) - Indonesia, Australia, Malaysia, Vietnam,” World Bank Open Data (Stockholm International Peace Research Institute (SIPRI), 2021), <https://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS-locations=IN>.

In this sense, it is unlikely that Indonesia will increase its defense budget significantly in the near future. Indonesia's government has communicated a defense budget of IDR134.1 trillion (USD 9.3 billion) for 2022, a 2% decrease from the planned defense budget for 2021. Military spending in 2022 is expected to account for 5% of overall government spending and 0.7 percent of GDP.¹⁶⁸ Nevertheless, as it is in Indonesia's plans to become a maritime power, it is expected that it will increase this budget someday. If this was to happen, it would have an impact on the dynamics of the region, specifically in Malaysia and Australia, as they are the closest neighbors and the ones with which Indonesia has more relations, both amicable and unfriendly.

In fact, this effect can also be seen if the middle power status is achieved by Indonesia. Even though it is not a real possibility for this to happen in the near future, if the standards were achieved, several spillover effects would occur and the neighboring countries' and partners' strategies would need to adapt. This possible scenario in which Indonesia reaches its goal and becomes the desired

¹⁶⁸ Tangguh Chairil, “What Is Indonesia's US\$125 Billion Arms Procurement Budget Plan about and What Does It Need to Do?,” The Conversation (Binus University, December 20, 2021), <https://theconversation.com/what-is-indonesias-us-125-billion-arms-procurement-budget-plan-about-and-what-does-it-need-to-do-163080>.

status of middle power will be further developed and analyzed in the last scenario-building of the paper, at the end of the same.

3. Regional Comprehensive Economic Partnership (RCEP)

Finally, the last cornerstone of Indonesia's current foreign plans is its participation in the Regional Comprehensive Economic Partnership (RCEP), whose ratification is expected during the first half of 2022. Its member states represent nearly 50% of the world's population and contribute around 30% of global GDP and more than a quarter of world exports.¹⁶⁹ After having analyzed the different variables and impacts the involvement of Indonesia in this partnership can bring to its own development, the results show that there is a high probability of ending up better off. However, there are some risks that Indonesia will have to undertake if it wants to make the most out of this deal.

First of all, this project will help ASEAN increase its centrality in the region as it relates economically its member states with the rest of the powerful countries that are members of the partnership.¹⁷⁰ Moreover, it enhances regional integration because it creates some kind of interconnectedness and partnerships between neighboring countries. This situation is seen as beneficial within the ASEAN sphere because it can lead to a more secure peace and security situation in which regional conflicts are easily avoidable.¹⁷¹

Additionally, partner countries show a higher degree of willingness in investing in countries with which they share a friendly economic relationship. This, linked to the fact that this partnership will provoke economic growth among its participant countries, will lead to an increase in the investment of foreign countries in Indonesia's infrastructure.¹⁷² This way, Indonesia would enter

¹⁶⁹ Dwi F. Moenardy et al., "Indonesia's Strategy in Facing the Regional Comprehensive Economic Partnership (RCEP)," *PalArch's Journal of Archaeology of Egypt* 17, no. 10 (2020): pp. 1164-1177.

¹⁷⁰ Jusuf Wanandi, "East Asian Cooperation: Retrospect and Prospect," in *Collective Leadership, ASEAN Centrality, and Strengthening the ASEAN Institutional Ecosystem*, vol. II (Economic Research Institute for ASEAN and East Asia, 2019), pp. 49-55.

¹⁷¹ Dwi F. Moenardy et al., "Indonesia's Strategy in Facing the Regional Comprehensive Economic Partnership (RCEP)," *PalArch's Journal of Archaeology of Egypt* 17, no. 10 (2020): pp. 1164-1177.

¹⁷² Lili Yan Ing, "What Does the RCEP Mean for Indonesia?," ERIA, December 21, 2021, <https://www.eria.org/news-and-views/what-does-the-rcep-mean-for-indonesia/>.

into a virtuous circle in which investment leads to the development of the infrastructure that, at the same time, will lead to more investment. Furthermore, the catalog of countries investing will be more diverse, avoiding falling into counterproductive economic dependencies.¹⁷³

This idea, combined with the fact that trade barriers will be lower and that there will be tariff reductions, will also lead to a general increase in exports.¹⁷⁴ In this sense, Indonesia will be able to better adapt itself to the Global Supply Chain (GSC) and secure its seat in the process. In fact, if Indonesia is able to take advantage of the FTAs signed between RCEP and non-RCEP members, its exports could grow up to 7.2%.¹⁷⁵ Furthermore, all of these relationships among the states and the cooperation with each other will lead to a more transparent business environment, more attractive to foreign investment, and less possible to fall into bureaucracy and corruption.¹⁷⁶

However, as it was mentioned above, there is a risk that can bring fatal consequences to Indonesia and the rest of the members of ASEAN. This is the dependency on China's economic investments. In order to avoid this situation, the other countries should try to diversify their imports and not fall into the Chinese trap of better trade conditions.¹⁷⁷ However, this is an unlikely scenario due to the historical and current suspicious behavior of the ASEAN states towards Chinese investments and their willingness to remain non-aligned.

C. SCENARIO-BUILDING: INDONESIA AS A MIDDLE POWER

As it has been aforementioned, this last section of the paper will cover the consequences of Indonesia becoming a middle power. In order to do so, we have decided to use a future wheel. Nevertheless, we believe that it is relevant to describe the changes that must happen around

¹⁷³ Steven Raja Ingot and Dian Dwi Laksani, "Indonesia Global Value Chain Participation in Regional Comprehensive Economic Partnership (RCEP)," *Proceedings of the International Conference on Trade 2019 (ICOT 2019)* 98 (2019): pp. 159-163, <https://doi.org/10.2991/icot-19.2019.34>.

¹⁷⁴ Dwi F. Moenardy et al., "Indonesia's Strategy in Facing the Regional Comprehensive Economic Partnership (RCEP)," *PalArch's Journal of Archaeology of Egypt* 17, no. 10 (2020): pp. 1164-1177.

¹⁷⁵ Lesza Leonardo Lombok, "Preferential Trade Agreements And Its Impact To International Trade Law Policy of Indonesia: A Study Of The Regional Comprehensive Economic Partnership.," *Universitas Negeri Manado*, March 26, 2021, pp. 355-363.

¹⁷⁶ Lili Yan Ing, "What Does the RCEP Mean for Indonesia?," ERIA, December 21, 2021, <https://www.eria.org/news-and-views/what-does-the-rcep-mean-for-indonesia/>.

¹⁷⁷ Dwi F. Moenardy et al., "Indonesia's Strategy in Facing the Regional Comprehensive Economic Partnership (RCEP)," *PalArch's Journal of Archaeology of Egypt* 17, no. 10 (2020): pp. 1164-1177.

Indonesia in order to become a middle power. In this sense, we have also built an assumption box that briefly explains these changes, which go from the involvement of great powers in the region to the achievements in the domestic field. Therefore, the explanation will just focus on the first and second-grade consequences. Here follow both the assumptions box and the future wheel.

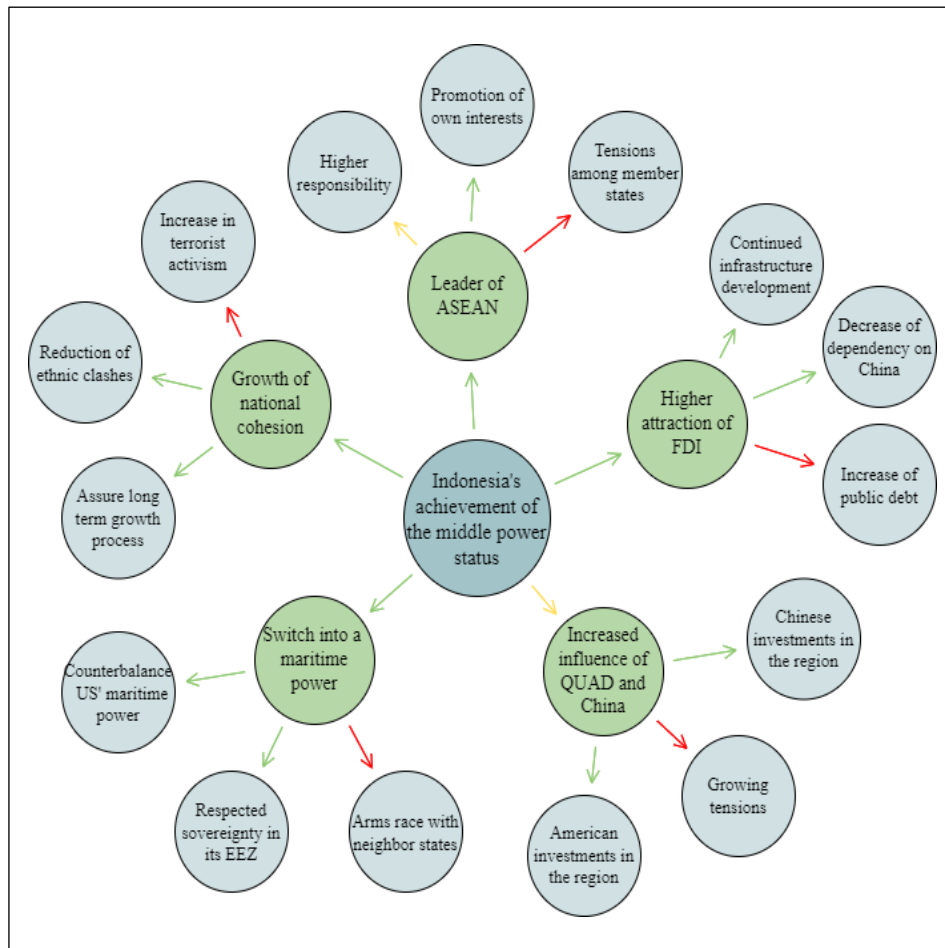
ASSUMPTIONS MADE TO REACH INDONESIA'S THE MIDDLE POWER STATUS

China, the US and QUAD reduce their military pressure over the region.	Indonesian society has reached some kind of understanding leading to better coexistence.
Investment in infrastructure has increased, provoking that this field has improved significantly. Indonesia has been able to take advantage of the RCEP.	There is an increase in the defense budget, especially in the maritime domain, where Indonesia is now a leading example.
Indonesia's government has been able to reduce bureaucracy, red tape and corruption in the country.	The Muslim people in the country has reached an understanding. The most radical communities have diminished and are not acting that much.
It has reinforced its leverage in ASEAN, demonstrating that it is the sole member that could become the unofficial leader of the organization.	The new government that has substituted Jokowi has decided to keep implementing the policies motivated by the GMF doctrine.
Tensions in current conflicts such as Taiwan, the SCS, and Ukraine have decreased, as well as the negative economic consequences provoked by the coronavirus.	Indonesia has established friendly relations with its neighbors, such as Australia and Malaysia, and China has stopped disturbing the Natuna Islands' EEZ.

Authors' creation

It is 2027 and we find ourselves in the scenario in which Indonesia, after having developed, grown, and increased its presence in the region, has officially attained the middle power status. This has provoked several changes in the prior status quo, leading to shifts in the strategies of the neighboring countries, as well as in the national dynamics of Indonesia itself. Among them, we will analyze the five most relevant ones, as are the ones with a higher impact.

FUTURE WHEEL SHOWING THE MAIN FIRST- AND SECOND-GRADE CONSEQUENCES



Authors' creation

LEGEND

The color of the arrows reflects the impact that consequences have on Indonesia, being green positive, red negative, and yellow neutral.

First of all, Indonesia has established itself as the unofficial leader of ASEAN. After several years of too much inward-looking approach by President Jokowi, the new administration has been able to convince the rest of the member states that Indonesia is the best option for occupying that post. Following the guidelines of the ASEAN Charter, there is no official document supporting this fact; nevertheless, Indonesia has proclaimed itself as such with the support of the majority of the rest of member states. This has provoked some tensions between the supporters of Indonesia as the *primus*

inter pares and the other states that were trying to achieve that goal, such as Vietnam and Malaysia. Moreover, although Indonesia sees with good eyes that the association is prioritizing its interests, it does not feel very comfortable with having to take that much amount of responsibility.

Secondly, this position has provoked an increase in the number of investments in the country, which are always welcomed by Indonesia. Reaching the middle power status is not enough for a country to stop developing its infrastructure. Therefore, the majority of these investments are focused on increasing the infrastructure level of the state. Moreover, the leverage it has attained and the different sources of investment it receives allow Indonesia to reduce its dependence on China. Finally, this growing situation has made Indonesia adopt higher financial objectives, which are partly financed by the government increasing its public debt.

Thirdly, the other powerful states, mainly the US, China, and the other members composing the QUAD, fearing that other members of ASEAN could follow Indonesia's example, have increased their influence, mostly economically. This has provoked skepticism in Indonesia because, on the one hand, investment is always welcomed, as it helps to improve the region's economic situation. On the other hand, an increase in the economic pressure on the region can lead to dependency, and therefore, to the ending of the balance of powers and to increasing tensions between the great powers for gaining leverage.

Then, Indonesia has been able to become the desired maritime power. This has helped it counterbalance the United States in the naval domain, as well as to get respect on the sovereignty issue over the Natuna Islands in the South China Sea. In other words, not only economically but also militarily, Indonesia has been able to balance both powers and maintain its non-alignment status without further problems. Nevertheless, this fact has also led to some kind of arms race with other neighbors, such as Australia, because it can undermine its already established maritime influence in the region.

Finally, in a more inward-looking approach, Indonesia's increase in power has provoked the Indonesian society to feel prouder about being nationals of that country, reducing the national cohesion disputes. This has produced a high decrease in ethnic clashes all along with the state's territory, including Aceh and Papua. Nevertheless, the small number of Islamic terrorist groups have become more aggressive, as they see that the Muslim community of Indonesia, enjoying the

benefits of being part of a middle power, is not following the Sharia Law in a fundamental way. Finally, the fact of having a more unified population that is developing a strong sense of belonging is being reflected at the beginning of long-term growth processes.

CONCLUSION

Indonesia's location in the center of the Indo-Pacific offers the country leverage in international affairs, which leads the archipelago to play a vital role in influencing the region's dynamics. Nevertheless, this situation is primarily shaped by the US-China rivalry. The former power is trying to increase its security involvement, having support from the QUAD states. Meanwhile, the latter is achieving economic partnerships in a more assertive manner, and making use of the Chinese Belt and Road Initiative (BRI).

The importance they have in the region is not just due to their relationship with the regional states, but also because of the conflicts in the area in which they take part. The main ones have been proved to be the South China Sea dispute and Taiwan's tensions with China. In both of them, the two powers have a clear stake and would confront each other in order to get the most adequate outcome for their own interests. This would affect the rest of the countries in the region, as there is a high degree of interconnectedness among them.

Taking into account these circumstances, Indonesia keeps maintaining its no-alignment policy. To achieve this, it maintains agreements on different areas with both the US and China, not depending too much on none. Therefore, Jokowi launched the Global Maritime Fulcrum (GMF) strategy, which includes domestic and foreign aspects. One of the most characteristic points is to maintain the centrality of ASEAN since he is aware of the need of relying on a supranational organization in order to have a say in the regional dynamics. Thus, they proposed the Regional Comprehensive Economic Partnership (RCEP), through which they expect to improve their relations with their neighbors, as well as reduce tensions and improve their economic situations.

Within ASEAN, Indonesia is considered the unofficial leader even if it is not currently exercising this role. Indeed, it has managed to develop the "ASEAN Outlook on the Indo-Pacific" vision of the region, locating itself in the middle of the picture. ASEAN needs a united voice for addressing regional conflicts, and Indonesia is being the one projecting the group's interests by pushing for the shift towards a maritime perspective of the region. This fact, apart from helping ASEAN gain enough leverage to counterbalance the rest of the major neighbor powers, serves as a tool for promoting its own national interests.

However, having a say in the regional context should not be taken for granted. In order to become the maritime power it aspires to be, the current administration is carrying out national reforms in different areas. It needs to develop its infrastructure in order to achieve its Vision 2045, for which a high foreign investment will be needed. There are more series of reforms regarding national policies that are addressed to tackle internal problems, such as corruption or bureaucracy, or to take advantage of opportunities, such as the investment in renewable sources. More economic and social issues are also being reformed, such as the national social fracture and the threat of terrorist attacks by fundamentalist Islamists.

Finally, there are unexpected international and domestic transformations that can shape the regional dynamics in radical ways. Namely, the Covid-19 pandemic outbreak and the invasion of Russia on Ukraine, which are influencing the states' domestic situations and therefore their stake in Southeast Asia, are examples of these drivers of change. Their consequences will vary depending on the development of those issues and the response from each of the actors involved.

In this regard, Indonesia has to face several challenges in order to maintain its non-alignment status. However, plenty of opportunities have been mentioned throughout the paper. It is up to them to properly adapt to the changing dynamics of the region while improving its domestic situation and promoting its presence and interests in the international sphere. Therefore, although no major changes are expected in the near future, Indonesia is in a very delicate position that has to be properly defended if it wants to secure its values, goals, and stakes.

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