



ASSERTIVELY HEDGING? INDONESIA'S MOTIVES AND PRACTICES IN THE SOUTH CHINA SEA

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Abstrak

Tulisan ini mengulas motif dan praktik hedging. Dengan menggunakan data statistik dan Indonesia sebagai studi kasusnya, kami menyanggah sejumlah perspektif tradisional mengenai: (1) hedging yang dianggap lebih sesuai untuk dipraktikkan dalam sistem internasional yang bipolar dengan distribusi power yang terdekonsentrasi; (2) hedging yang dianggap sebagai perilaku yang ambigu. Indonesia jelas dan sudah lama mempraktikkan hedging. Kami sepakat dengan pandangan bahwa dengan hedging, Indonesia sangat dekat dengan Cina secara ekonomi, dan makin dekat dengan Amerika Serikat dan sekutu-sekutunya secara militer. Namun, kami juga menemukan bahwa Indonesia mengirimkan sinyal kepada Great Powers selain Cina dan Amerika Serikat untuk memperhatikan kawasan Asia Tenggara, utamanya Laut Cina Selatan. Lebih lanjut, kami dapat menyimpulkan bahwa tujuan Indonesia melakukan hedging adalah menjaga status quo Laut Cina Selatan, lalu secara tidak langsung, Indonesia ikut berkontribusi meningkatkan eskalasi dilema keamanan di tengah karakter interdependensi ekonomi di kawasan. Tulisan ini menggunakan metode deskriptif dengan desain studi kasus (small-N). Pengumpulan data dilakukan dengan studi literatur dan dokumentasi media massa nasional dan internasional.

Kata Kunci: Amerika Serikat; Cina; Hedging; Indonesia; Kompetisi Great Powers; Laut Cina Selatan

Abstract

The article discusses motives of hedging, and hedging in practices. Using statistics and Indonesia as the case study, we challenge a number of traditional perspectives that: (1) assert hedging is more suitable in a bipolar and power-deconcentrated system; (2) portrays hedging as ambiguous behavior. For sure and long, Indonesia has been practicing hedging. We agree that by hedging, Indonesia is closest to China economically, and getting closer to United States and his allies militarily. However, we also learn that Indonesia has been inviting other Great Powers to pay attention to the region, in particular the South China Sea. By hedging, Indonesia aims to maintain status quo in the South China Sea, and contributes indirectly to escalate security dilemma condition within economic interdependence characteristics in the region. The article use descriptive methods with case studies design. Data is collected by employing literature study and documentation from news website and official reports.

Keywords: China; great power competition; hedging; Indonesia; South China Sea; United States

Introduction

The South China Sea (SCS) may place the future of international conflict. The critical of SCS in Indo-Pacific geopolitics and geoeconomics due to its significance as the strategic arena of global economy, and combined with the complex of multilateral claims among state-actors and competition between two Great Powers, the current one – the United States, and arguably the rising one -China. Notable scholars such as Huntington (2011) considered the SCS as “one of the possible triggers” of conflict between China and the United States. Similar to Huntington, Kaplan (2014) asserted “the truth of containment” where China’s geographical dilemma would lead them to be hedged against the United States and his allies naturally. Another scholar, Allison (2015; 2017) warned us about the famous “Thucydides Trap” when there is a rapid shift in the relative power of a rising nation that threatens to displace a ruling state, there is also a higher possibility of war. In the SCS context, the shift may represent in the declining United States in Asia-Pacific region. Fears that someday, they will negotiate in weakness position with the rising China, rather than balancing or buck-passing, their options may be limited to the war. Lastly, Nye (2017) reminded us about “Kindleberger Trap”. First introduced by economist Charles Kindleberger, the thesis is not completely different from “Thucydides Trap”. When an existing hegemon -the ruling and declining United States, act too weak, while a rising Great Power -China, keep insist to challenge, the world will enter an economic disaster, like happened in the 1930s. The SCS somehow, can be possessed as the start that disaster, considering its geopolitics and geoeconomic values.

This article shares the same concern on China, specifically her threatening present in the SCS. Chinese’s strategic behavior has been somehow assertive recently. For instance, Beijing labelled SCS as their core interest (Yoshihara & Holmes, 2011); (Swaine & Fravel, 2011), submitted the controversial nine-dash line to United Nations in 2009 (Gao & Jia, 2013) -and rejected tribunal’s decision regarding the lines seven years later. They confronted other state’s vessels in that international waters, and built military installations on artificial islands (AMTI & CSIS, 2022). They even violated other states borderline -including Indonesia’s North Natuna, and actively engaged within the lines by sending coast guard, or even People’s Liberation Army Navy (PLAN) vessels.

For Indonesia, analyzing the SCS is still important for some reasons: (1) While the Hague Tribunal has ruled that Chinese's unilateral maritime claims -the nine-dash lines, were not in line with UNCLOS -international regime of the sea. China has been destabilized the international security by threatening "Freedom of the Seas" which is recognized by international law and practice. In short, China has violated one of Indonesia's national interest -maintained international order and security; (2) In practical, the SCS is place to the global's shipping lanes. The global trade among regions transit through the water. Under re-routing scenario -like bypassing Malacca Strait via Indonesia's sea lines (Sunda, Lombok and Makassar) or Australia, would demand higher cost and time. In late publication, CSIS (2017) estimated that rerouting all Malacca to Sunda, Lombok and Australia, would result in USD\$ 9 mio, USD\$ 17 mio and USD\$ 93 mio additional cost respectively;

(3) The SCS issue has all potential to boost populism politics domestically (Stangel, MacDonald & Haber, 2019), as it has symbolic meaning for all the claimants (Hayton, 2014). Considering Donald Trump and Xi Jinping's foreign policies in recent years, populism politics indeed degrade regional security in Indo-Pacific. Again, it violated one of Indonesia's national interests; (4) All participants -claimant states and non-claimant, in the SCS should consider "tit-for-tat" strategic interaction between Great Powers, either they do balancing, bandwagoning, buck-passing. The critical question is how Indonesia will respond it; (5) From strategic perspectives, security dilemma condition in the SCS is inevitable, and using structural realist's view - offensive or defensive, war is either possible or even avoidable; (6) Given the strategic, political, and economic importance of the SCS, China and United States pursued influence by employing their own bilateral and multilateral strategies to engage with Southeast Asia countries. Hence, they have been forced, either to support China's revisionist claims or U.S.'s status quo stance; Lastly (7) Even Indonesia does not directly involve to Thucydides or Kindleberger Trap -as explained before, its impact does. The critical SCS require stability to ensure sustained economic development Indonesia aims to achieve.

Based on these background, this article aims to understand why -the motives, Indonesia does hedging both to China and the United States, and how -the practices, does in the SCS context. The questions related to the fact that Indonesia is not possess

as the claimant, yet China has been violating Indonesia's territorial consistently. Nor Indonesia made military alliance, United States military presence encircled around Indonesia. Then, of all possible motives, this article provides descriptive analysis on the recent condition of international security that arguably influence Indonesia to hedging assertively. Including her economic and security interests in the SCS. Further, in explaining the practices of hedging, this article will examine specific cases of recent Indonesia-China economic cooperation and Indonesia-United States and allies military cooperation.

Literature Review/Analytical Framework

The concept of hedging may have its origins in Kang's (2003) articles, where the author argued that European-derived theories in general, and realist theories in particular cannot explain Asian international relations precisely. Also, when studying Asia, there is an issue of empirical testing of the theory. Empirically, the argument was valid, it also amplified in early hedging literatures. For instance, Chung (2004), argued that ASEAN countries's hedging behavior is principally motivated by the need to optimize economic benefits and minimize security risks in an uncertainty environment. Scholars such as Roy (2005) and Goh (2007) supported the argument by found that Southeast Asia countries neither balancing China together with United States, nor did they bandwagoning with China or United States. For long, they engaged with China economically and maintained security cooperation with United States. Even Chung (2009) who successfully constructed bandwagoning-balancing spectrum in mapping East Asia countries behavior, struggling to found "pure" bandwagoning and balancing, instead a combination of both -which is hedging.

Hedging is arguably a unique concept. Early contributors such as Cheng-Chwee (2008) defined it as a strategy to enable states dealing with uncertainty, by relying on broad policy tools, which are extending from pure bandwagoning to pure balancing spectrum. Tessman (2011; 2012) portrayed it as state strategy to cope with uncertainty under specific conditions: declining unipolar and deconcentrating power system. Recent scholars like Jackson (2014) also emphasized it as ways of coping with uncertainty -of international system and structure. Lim & Cooper (2015) defined it as signaling activities that generates ambiguity over the extent of secondary state's shared security interests with Great Powers. Similar to early contributors, Koga (2018), using Japan as

case study, asserted hedging as strategic choice between balancing-bandwagoning spectrum. Wu (2019) referred hedging to the state's alignment choices that attempt to maintain strategic ambiguity to manage the risk and uncertainty of negative consequence produced by balancing or bandwagoning alone. Based on these explanations, this article see hedging simply as rational-pragmatic policy tools to manage uncertainty of dynamic international system and structure. Rational means the state calculate what policy and condition serve their interest at best. Pragmatic refers to the broad options that the state have in order to mitigate national security threats and to exploit all the opportunities provided of international system and structure in transition.

This article also provides critics and / or further explanation to the gap -theoretical or empirical, of literatures above. For instance, Tessman (2011; 2012), rather than follow the author's claim where hedging is the prevalent strategy in an unipolar and power-deconcentrating system. This article see hedging also suits in an multipolar and power-deconcentrating system -a condition in current Southeast Asia. Empirically, our argument is supported by recent Gerstl (2022) article, where the author asserted that hedging is popular among Southeast Asia states. There is also Lim & Cooper (2015), instead using treaty alliances to illustrate "bandwagoning" aspect of hedging, like the author did, this article on the contrary, using military cooperation as example. Furthermore, balancing depicts in economic cooperation.

While this article agrees with Wu (2019), whereas majority of East Asia states look to exploit "prosperity" optimally with China, and also seek "security" from United States as reinforcement to counter Beijing's influence in the region. This article rejects that United States military power as the "major" consideration to adopt hedging. In this regards, China's recent assertive military power should be taken into serious consideration. Including Indonesia's aspiration to maintain status quo in the region. The last, on the characteristics of Indonesia's hedging, we acknowledged Gagliano (2019) article, which explained Jakarta has maintained distance from Washington, yet the relationship between two countries has potential to form a patron-client pair. Indonesia's tendency to seek a security patron is hampered by its resistance to Great Power politics (Free and Active principles) and lack of alliance experience. On the other hand, the United States interest towards Indonesia is impeded by cultural and historical factors, internal security policymaking and political stability concerns.

Methodology

This article is descriptive, with small-N case studies design. The case studies are includes: Belt and Road Initiative which represent Indonesia-China relations, and Garuda Shield which represent Indonesia-United States (and his allies) relations. In its limitation, this article is not intends to prove or to verify hedging quantitatively, or deeply explore the uniqueness of Indonesia's hedging. Instead, it aims to describe the hedging as contemporary phenomena in international relations by presenting empirical statistics which are derived from national and international sources, and using Indonesian elite's perspectives and statements. To support the thesis, this article utilized materials like: (1) Trade Statistics of United Nations Comtrade Database; (2) Indonesian, American and Chinese Government's official statement and publications; (3) international and national journal articles; (4) news agencies articles such as Reuters, Associated Press, Agence French-Presse, Al-Jazeera, CNN, BBC, DW, Kompas, Tempo, Media Indonesia etc.

Analysis

Motives: Strategic Environment (The Uncertainty)

Hedging is about coping with uncertainty in a dynamic international system and structure -where power and perception of threat are always shifting. These recent trends are considered influencing Indonesia's preference in hedging: The AUKUS establishment in 2021; The NATO calculation in 2022 and China-Taiwan escalated tension in 2022.

In general, the AUKUS pact was announced in September 2021. Within the pact, Washington, London and Canberra agreed to provide Australia conventionally-armed and nuclear-powered submarine capability back in September 2021. These countries also had agreement on several aspects which is considered as "essentials" to compete with China in Indo-Pacific. From undersea capabilities, quantum technologies, artificial intelligence, advanced cyber, hypersonic and counter-hypersonic capabilities, electronic warfare, dual-use innovation to information sharing. This article see AUKUS's establishment as one of driving factors that influence Indonesia does hedging assertively. After the establishment, Ministry of Foreign Affairs (2021) release statement on AUKUS, it consist 3 points where Indonesia: (1) regret Canberra decision

to acquire nuclear-powered submarines; (2) deeply concerned over security dilemma condition in Asia-Pacific; (3) asked Australia to maintain commitment towards regional peace, stability and security in accordance with international laws.

In addition to AUKUS establishment. This article also consider North Atlantic Treaty Organization (NATO) decision that just listed China as one of its strategic priorities in the new blueprint. Clearly quoted from one of the pages that:

“The People’s Republic of China’s (PRC) stated ambitions and coercive policies challenge our interests, security and values... The PRC’s malicious hybrid and cyber operations and its confrontational rhetoric and disinformation target allies and harm alliance security. It seeks to control key technological and industrial sectors, critical infrastructure, and strategic materials and supply chains. It uses its economic leverage to create strategic dependencies and enhance its influence. It strives to subvert the rules-based international order, including in the space, cyber and maritime domains”(NATO, 2022:5)

Furthermore, the importance of NATO summit in 2022 is proven by leaders of Japan, South Korea, Australia and New Zealand who attended the meeting. Those statement and attendance mark a new circumstance of the United States and his allies intervention in Indo-Pacific region, particularly in the SCS dispute. Even though these United States’s traditional allies do not represent the rest of Asia-Pacific. Instead of India and Indonesia, two largest Asia-Pacific states other than China, have remained non-aligned and more representatives of the region. The security dilemma condition will be probably escalated in the region, and Indonesia should be prepared for the worst case scenario -which is limited conflict.

Lastly, as the SCS, Tibet and Taiwan are considered as Beijing’s “core” interest. This article share the same concern on potential spillover of Taiwan crisis to the ECS dispute -over Senkaku island, and the SCS dispute -over Spratly and Paracel islands. Not long after a diplomatic visit by U.S. House of Representative -Nancy Pelosi, in August 2022, China held his largest-ever military force and exercises near Taiwan. It included offensive military drills in specific areas that includes Taiwan’s busiest sealines and airlines. Beijing has released an official statement as the drills started in response to Pelosi’s visit.

Theoretically, the SCS conflict is one of potential spillover of Taiwan crisis. The importance of Taiwan issue is highlighted in a recent study by Central for Strategic and International Studies (CSIS). To summarize, all survey participants -consist of leading

experts on China, Taiwan and cross-strait relations issues, believed that Beijing expects Washington to deploy forces in order to defend Taiwan. They concur whether China has prepared for the “worst scenario”, in case limited war will be taken place. Furthermore, there were 77 percent of participants thought that if Taiwan declare independence, China will invade the island immediately. The most concern thing is that 63 percent of the participants believed that China’s invasion of Taiwan was “possible” within the next 10 years (Lin, et al. 2022).

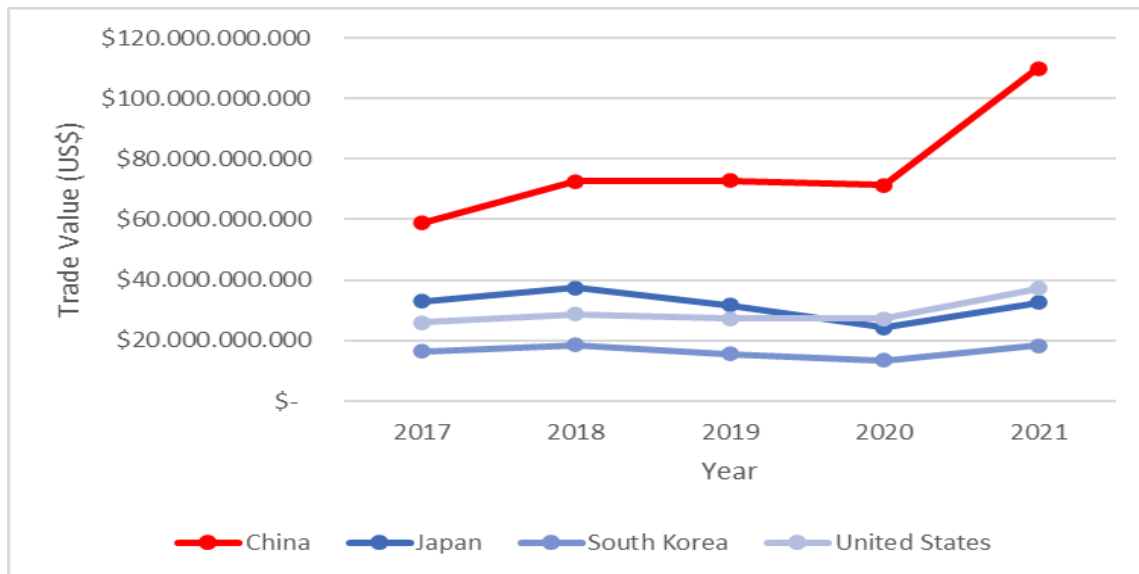
For sure, Indonesia does hedging to deal with these recent uncertainty -and potentially more. However, her assertiveness rising to satisfy economic and security interest related to the SCS, and the status quo of the SCS is crucial.

Motives: Economic & Security Interests and Status Quo of the South China Sea

Economic Interest

Facing current situation, this article argues that Indonesia biggest challenge is maintaining status quo in the SCS in order to secure her economic interests, and economic hedging -preserving close relation to China, is a realistic option. After all, by defending her economic interests and maintaining the status quo, need not and should not lead to limited conflict. For Indonesia, major conflict in the SCS will be consequenced to economic disaster, as more than 80 percent of Indonesia global trade passing the SCS (China Power Team, 2021). In particular, bilateral trade between Indonesia and her major trade partners in the north. Statistically, China is Indonesia’s biggest trade partners in the region, followed by Japan and South Korea. In recent years, average of trade values between Indonesia-China was around USD 77,17 billion. That is bigger than Indonesia-Japan (US\$31,79 billion), Indonesia-South Korea (US\$16,46 billion), even Indonesia-United States (US\$29,25 billion) are combined.

Figure 1 Indonesia Bilateral Trade Value with China, Japan, South Korea and United States



Source: United Nations Departement of Economic and Social Affairs (2022)

The Table 2 demonstrates that during the pandemic era, Indonesia-China trade relations is bigger than Indonesia-United States, and his allies in East Asia accumulated. More than US\$110 billion worth of bilateral trade between Indonesia and China in 2021 alone. Comparatively the total of bilateral trade among Indonesia, Japan, South Korea and United States are “only” close to US\$82 billion in the same period.

If hedging is about signalling as implied by Lim & Cooper (2015), Indonesia’s economic dependency to China does not positively influence Indonesian attitude toward China. According to ISEAS-Yusof Ishak Institute surveys (2020; 2021; 2022) Indonesian certainly see China as the most influence economic actor in Southeast Asia. Even the trend is constantly decreased in the last four years. The surveys also underlined Indonesian attitude toward China’s economic influence has negative tendency.

In comparison, Indonesian do not see the United States as an influential economic power in Southeast Asia, as the percentage is relatively low -always under 10 percent. However, there are positive tendency among Indonesian who see U.S. influence in the last four years. Interestingly, both of China and U.S. economic influence in Indonesia was seen negatively among Indonesian experts and elites.

Table 1 Most Influential Economic Power in Southeast Asia: Survey Result Among Indonesian

China				United States			
2019	2020	2021	2022	2019	2020	2021	2022
81,70%	77%	70,50%	67,90%	3,50%	7,40%	6,20%	8,40%

Source: ISEAS-Yusof Ishak Institute (2020; 2021; 2022)

Table 2 Indonesian Attitude-ness Towards China and U.S. Economic Influence: Survey Result

China						United States					
Positive			Negative			Positive			Negative		
2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
38,60%	34,10%	39,30%	61,40%	65,90%	60,70%	63,60%	50%	54,50%	36,40%	50%	45,50%

Source: ISEAS-Yusof Ishak Institute (2020; 2021; 2022)

Rather than maintaining Indonesia's economic interests with China, or even the fact that there is a growing support among Indonesian to get closer to United States economically. The majority of Indonesian still has a high concern on Great Powers economic influence. This is one feature of Indonesia's hedging: consistent negative signalling by its public.

(Traditional) Security Interest

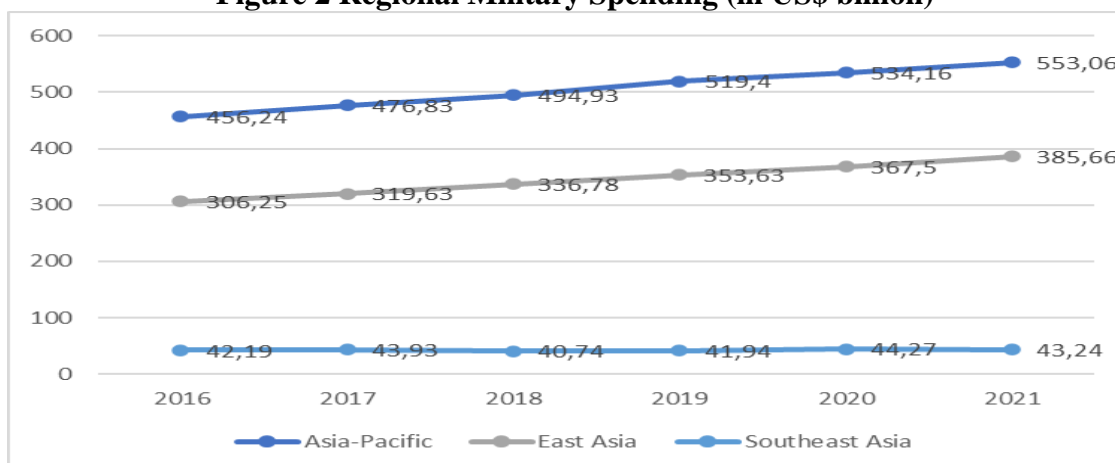
Indonesia stands as a non-claimant in the SCS dispute. However, Indonesia is struggling to protect her security interests in North Natuna Sea, in particular territorial sovereignty and citizen safety (traditional) and energy security (non-traditional) (Kemenhan, 2015). Even though China never explicitly stated that Natuna region under their territorial claim. Beijing still believe parts of Natuna region includes in the "nine-dash line", which is considered as "traditional fishing grounds". Jakarta indeed wary about China's regularly presence in Natuna (Reuters, 2020). Even so, the Chinese vessels violation in Economic Exclusive Zone (EEZ) and territorial waters -sometimes assisted by China's coast guard was occurred regularly.

This article see that Indonesia's (traditional) security interest is to promote the status quo in the SCS. Indeed, it is challenged by arms race that has been happening consistently in recent years, and the recent condition is almost concerning. While the pandemic should lead Asia-Pacific to its economic downturn, which will in turn, result in decreasing defense budget and declining arms trade. Instead, the statistics among Asia-Pacific countries, in particular those in East Asia reveal something different, as seen in the Table 1 below. According to Stockholm International Peace Research Institute (2021), Southeast Asia countries spent \$43,5 billion on defense only in 2021 -

Indonesia spent \$8,3 billion that year, or 19% of all Southeast Asia spending. The number slightly decreased comparing to 2020, but the trends is generally improving in the last five years. In comparison, East Asia countries spent US\$385,66 billion in 2021, and half of that number is only come from China which spent US\$293 billion in the same year. Interestingly, China's budget includes more than half total military spending of all Asia-Pacific countries (Tian, et al. 2021). Under structural realist's perspectives - both offensive and defensive, limited conflict is either possible or even avoidable within security dilemma.

In this regard, whether Indonesia should promote status quo in the SCS or (even) not, her assertiveness to China should be employed diplomatically and militarily. There was a progress after 2020 Natuna incident. For instance, in a joint press release, Minister of Foreign Affairs Retno Marsudi has explicitly stated Indonesia's attitude towards China's violation in Natuna; First, it concluded that China's vessels had committed violations in Indonesia's EEZ that had been acknowledged as Indonesia's territorial under UNCLOS 1982; Therefore, China must honor the implementation of UNCLOS 1982; Third, Indonesia would never recognize the "nine-dash lines" claimed by China as it does not have a legal basis recognized by UNCLOS 1982 (Kementerian Koordinator Bidang Politik, Hukum dan Hak Asasi Manusia, 2020). By rejecting China's claim, Jakarta was asserting that two countries are not standing on equal footing on the Natuna Sea. Where the Jakarta's claim over Natuna is legitimate and guaranteed by international law, Beijing's is only based on its unilateral claim.

Figure 2 Regional Military Spending (in US\$ billion)



Source: Tian, et al. 2021.

(Non-Traditional) Security Interest

Energy security is a further area of significance of the SCS. For long, Indonesia has been struggling to satisfy oil and gas demand domestically. After 30 years in which Indonesia had been self-sufficient in oil, it was obvious that the growing domestic consumption would soon surpass the national production, and Indonesia needs new sources of supply. The domestic oil and gas production have been decreasing and it leads Indonesia to depend on foreign supply since 2000. According to Upstream Oil and Gas Regulatory Task Force (SKK Migas, 2001), the average of oil production was about 660.000 bpd, while the average consumption was more than 1,4 million barrel per day. The surplus is seen in natural gas, where the average production was higher - around 6.700 MMSCFD, than its consumption -around 5.500 MMSCFD. Even so, the gap will be tightened in the next few years, as the domestic consumption arising.

In the long term, Natuna is one of prominent answers for Indonesia's energy security challenges. Even in the present, the region has not significant contribution to Indonesia -only 17.000 bpd of oil production and 394 MMSCFD of natural gas production currently. According to Indonesia Ministry of Energy and Natural Resources (2021), all Natuna blocks have oil reserves more than 140 million barrel and 1.900 billion TCF of natural gas reserves (Direktorat Jenderal Minyak dan Gas Bumi, 2021). For long, Indonesia has been exploiting oil/ gas blocks in the region, such as: (1) South Natuna Sea Block B with average production of 13.000 bpd, and is operated by Medco Energi Internasional of Indonesia; (2) Natuna Sea Block A with average production of 1.600 bpd, and is operated by U.K. based Premier Oil; and (3) Kakap Block with average production of 1.200 bpd, and is operated by Star Energy of Indonesia. There are also six blocks that has been exploited but is not producing, like: (4) Sembilang Block, (5) Mermaid Block, (6) North West Natuna Block, (7) Anambas Block, (8) North Sokang Block and (9) Tuna Block. In addition, (10) East Natuna Block has very large hydrocarbon potential, but it has to be further explored and developed. The block itself has a potential of up to 222 TCF of natural gas -higher than reserves of the Tangguh Block -operated by British Petroleum and Masela Block -operated by Inpex and Royal Dutch Shell.

In his first presidency period, President Joko Widodo had instructed to accelerate Natuna region development by prioritizing fishing and oil/ gas industry. In the context

of accelerating development, Joko Widodo also urged the Tentara Nasional Indonesia (TNI) and the Maritime Security Agency (Bakamla) to protect the region seriously (Lembur, 2016). The instruction has its relevancy, as in 2021, Beijing sent diplomatic protest by requesting Indonesia to stop oil and gas drilling in the North Natuna Sea because it was happening in Chinese territorial (Allard, Lamb, & Da Costa, 2021). This article see the protest as a “clear message” for Government of Indonesia to strengthen TNI and Bakamla security capabilities in protecting the exploration and exploitation of natural resources in Indonesia EEZ.

Hedging in Practices: Politics of Military Exercises

This article also argues that hedging as an assertive behaviour instead of ambiguous, and is possessed by Indonesia to respond escalating uncertainty in the region. Indonesia does not have an alliance with Great Powers, neither effectively push China to more pacifist direction and turn it into a status quo the SCS. Indonesia may adopt a balancing strategy, which traditionally can take internal or external form. When balance internally, Indonesia will see to increase their own military capabilities to counter China. However, it is not effectively in the middle of economic recession. Or when she does externally, Indonesia will do alliances with other states to balance against a threatening state (Schweller, 1994). Neither it is happening. Indonesia does not have the capacity to engage the popular offshore balancing (Layne, 1997); (Mearsheimer & Walt, 2016). Indonesia does not also adopt buck-passing, by transferring the threat of deterring or attacking China, even theoretically, the strategy most suits in the multipolar and deconcentrating (power) system (Christensen & Snyder, 1990). Therefore, hedging can explain the current situation where Indonesia is not balancing against China, but neither is it bandwagoning with China or United States and its allies, neither buckpassing the threat to the Vietnam and the Philippines, the most assertive actors that challenging China’s claim of the SCS. By hedging, Indonesia just keeping the strategic options always open against the possibility of security threats (traditional and non-traditional) arise in complex SCS.

Indonesia assertiveness in hedging may influence by her national leadership. Of all figures, both Minister Prabowo Subianto and General Andika Perkasa had contributes recently. Instead portrays hedging as “strategic ambiguity”, under Prabowo and Andika leadership, this article argues Indonesia has successfully sent her clearest

message to both Washington and Beijing decision makers “when it comes to security, Indonesia decide getting closer to Washington.” The argument is supported by the 2022 Garuda Shield Joint-Military Exercises. While the Garuda Shield was held regularly by Indonesian Military (TNI). Under Andika’s command, the exercise had possessed bigger deterrence and sent strong signals to China. The 2022 Garuda Shield is the most extensive of all series to present. It involved 14 countries, and the majority are United States allies. The geographical choices for exercises related to the SCS issue, which were Riau, South Sumatera and East Kalimantan. Compared to the past series of Garuda Shield that always held in Java (Jamaluddin & Lendon, 2022); (Lies & Widiyanto, 2022).

Besides General Andika’s role in Garuda Shield, Defense Minister Prabowo Subianto also playing essential role to “enrich” Indonesia’s hedging. Under Prabowo, Indonesia had her deals with France, Italia and United States to enhance TNI’s military capability. The US\$ 8 billion deal of 42 Rafale Fighters making Indonesia the biggest French client in Southeast Asia region (Hummel & Widiyanto, 2022). The deal comes as Indonesia needs to replace her ageing airforce fleet -consisting of American F-16 and Russian Su-27 and Su-30. Indonesia also signed a deal with Italian Fincantieri to provide 8 Frigates for Indonesian Navy (Yuniar, 2021). With the United States, Indonesia has received approval from United States State Department for the sale of F-15EX, for an estimated US\$13,9 billion deal. However, the proposes sale should be approved by United States Congress before Boeing and the ministry sign the contract (Capaccio, 2022); (Kotoky & Faris 2022).

Indonesia’s behavior is indeed challenges traditional definition of hedging - ambiguous, as it keeps sending assertive signals to China, without build or join alliance with United States and allies. Instead, Indonesia open the SCS indirectly to other Great Powers, such as France. At the same time, she adopts economic engagement with China by trade and investment. The second will be examine in next chapters.

Hedging in Practices: Belt & Road Initiative

Despite the fact that Indonesia is growing closer to United States and his allies militarily. To be sure, Indonesia is closest to China in economy. This article see that Indonesia cannot hold back to gain economic opportunities from China. In fact, Indonesia has been effectively exploiting its strategic positions to China’s grand strategy -Belt and Road Initiative.

The economic cooperation between Jakarta and Beijing has intensified over the last decade. Since former President Susilo Bambang Yudhoyono invited former President Hu Jintao in 2021, to realize his vision of economic strategy by investing in strategic sectors such as mining, forestry and agriculture, known as *Masterplan Percepatan dan Perluasan Pembangunan Ekonomi Indonesia* (MP3EI). The cooperation intensified in 2014 when President Joko Widodo took Indonesia presidency, and President Xi Jinping and started the implementation of China's Belt and Road Initiative (BRI) -it was announced formally in 2013. Different from his predecessor, President Widodo directed China's investment to maritime sectors, infrastructure and industry.

The three sectors are considered essential to accelerate Indonesia economic development. For instance, World Bank (2021) estimates in 2019 that fishery sectors contributed around US\$27 billion to Indonesia GDP and creates 7 million jobs. They also mentioned economic potential such as coral reefs conservation which protect coastal areas from flood, and is geographically central to Indonesia economy, worth at least US\$639 million annually. The second sector, on the other hand, promotes employment directly and accelerates economic growth and distribution (The Economist, 2022a). In Indonesia context, two main economic catalyst are the investment-friendly metals-processing industry and consumer-tech industry. President Jokowi himself asserted that industrial downstreaming is essential for Indonesia, to allow the raw material to be processed domestically (The Economist, 2022b). The last sector, besides has indirect contribution to human capital development of 270 million Indonesia population through better access to social services. The plan can be seen as ambitious, it needs more than US\$400 billion in building basic infrastructures -exclude the capital project of Nusantara (Suhartono & Salna 2019). The concern of financial has blurred, as China provides the option.

For China, supporting the maritime sectors, infrastructure and industry development in Indonesia will provide opportunities. Securing food supply -especially ocean products is the minimum. The support will facilitate goods and services from China's business to penetrate Indonesia's big market. In strategic view, the infrastructure will simplify access to untapped natural resources in Eastern Indonesia.

The most importance calculation is Beijing's influence in Indonesia economic sector will be powerful in the future.

Based on BKPM (2021) data, the characteristics of Chinese investment in Indonesia is different from other countries for two reasons: First, it is concentrated in four infrastructure types, the roads and railways, the coal-based power plants, the hydro-based power plants, and the industrial complexes; Second, it is directed to East Indonesia, including North Maluku and Southeast Sulawesi -the regions have a big nickel, copper and iron ore reserves in Indonesia.

However, Chinese influence under BRI framework has concerns among Indonesian. Once again, this is where the "economic hedging" plays. According to survey held by CSIS in 2019, the BRI projects have been raised several issues, such as: (1) Large number of Chinese workers coming from China. If Indonesia is struggling with employment issues, she should limit the entry of foreign workers coming into. On the other hands, China is currently having overcapacity of workers, and BRI is a strategy to "export" the workers abroad; (2) Technology, technology transfer and environment. The concern is related to the quality of "Made in China" machinery and construction. On other issue, the Chinese have no clear intention to transfer their knowledge and technology to their Indonesian partners. The last is about environmental damages, especially in the mining sector across North Maluku and Southeast Sulawesi, where Chinese companies operated; (3) Increasing debt. There is major concern among Indonesians on its national debt, as in recent years, it has increased more than 35 percent of Indonesia GDP (Damuri, Perkasa, Atje, & Hirawan, 2019). Moreover, Indonesians have been careful after examining China's Debt Trap cases in developing countries. The countries heavily in debt to China are mostly located in Africa, but can also be found in Central and Southeast Asia, and the BRI has been the main source of the debt. For developing countries, even so the process is relatively easier than prominent loans from the West. The risk rises as Chinese loans have higher interest rates and it also has shorter repayment windows.

Another evidence lies on East Natuna Bloc development. As legal operator, Pertamina -Indonesian State-Owned Oil Company does not have technology and capital to exploit its reserves. Instead persuade Chinese State-Owned Corporation such as CNPC, CNOOC or PetroChina, Pertamina engaged with ExxonMobil of United States,

Total of France and Petronas of Malaysia in developing the block. Although the project was stopped in the middle of process. Recently, JSC Zarubezhneft -a Russian State-Owned Gas Company expressed their interest to develop East Natuna block. Interestingly, the company is the first Russian company to receive support from Indonesian government in offshore oil exploration (Petromindo, 2021). Considering fact that Indonesian oil and gas reserves mainly spreaded across the sea (offshore). This article sees that by “economic hedging”, Indonesia will continue to decrease its dependency on China and United States, one by inviting Russia in the future.

Conclusions

Indonesia national interest lies on her constitution’s preamble. To summarize it: prosperity, security and world order. Indonesia does hedging by keeping the strategic options both to China -economically, and to the U.S. -militarily, open. Even there are many domestic concerns and issues over BRI, and debates in political elites whether closer to the U.S. is wise choice, as it will provoke Beijing. Indonesia successfully deter China’s military in short term, yet maintain economic relations with China in the long term. Indonesia also successfully maintain military relations with the United States and its allies, yet potential economic relations has not been exploited. For the best, the South China Sea with status quo is Indonesia primary preference.

This article use “assertively hedging” term, simply to assert that Indonesia’s foreign policy is not ambiguous, instead it is employed rational and pragmatically, to mitigate the risk from uncertainty within international system, and to exploit all the realistic opportunities. Furthermore in hedging, this article can recommend that: (1) Indonesia should pursue United States to challenge China’s influence in Indonesia economy more seriously. For example, developing Natuna Sea to support regional energy and food security; (2) Indonesia should also conduct strategic research whether economic dependency with China will not interfere political stability in the long term. This is important as Indonesia’s national security culture emphasized internal rather than external security.

In its limitation, this article has examined Indonesia assertiveness in hedging. Nevertheless, there are questions possessed to future research regarding: (1) The effectiveness of hedging. Considering the fact that the U.S. Congress has not approve Indonesia’s military proposal yet, and Indonesia’s economic dependence to China has

been increasing; (2) Alternative strategic options in the SCS. What if traditional strategy like balancing, bandwagoning, or even buck passing serve Indonesia national interest better; and (3) While this article found that national leadership is determine the characteristics of hedging. What if Indonesia next president has tendency to get closer to the U.S. both economically and militarily, or vice versa to China.

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