

IN CLASS ASSIGNMENT

The Myth of Indonesian Neutrality: Strategic Ambiguity and Selective Alignment in Southeast Asian Great-Power Politics

Junfu Lu*

Xi'an Jiaotong-Liverpool University, Suzhou, China

*Corresponding author. Email: Junfu.Lu24@student.xjtlu.edu.cn

Abstract

This essay examines Indonesia's foreign policy under contemporary Sino-American rivalry and argues that its long-standing doctrine of *bebas aktif* should not be understood as simple neutrality. Instead, Indonesia practices a flexible "hedging plus" strategy based on strategic ambiguity and selective alignment. It leans toward China for economic development and domestic regime legitimation while preserving security cooperation with the United States for military modernization and deterrence. The essay explains this posture through the shift from non-alignment to active hedging, the intermestic drivers of selective alignment, elite disunity in the Natuna Islands dispute, and Indonesia's pursuit of an indirect balancing strategy within a complex regional hierarchy.

Keywords: Indonesia, *bebas aktif*, hedging plus, strategic ambiguity, selective alignment, US-China rivalry

1. Introduction

Since its independence, Indonesia has consistently upheld the doctrine of *bebas aktif*, or a "free and active" foreign policy. In diplomatic discourse and media accounts, this principle is often treated as proof that Indonesia remains non-aligned in great-power competition. However, in the current context of Sino-American rivalry, it is too simple to read *bebas aktif* as mere neutrality. Indonesia's current foreign policy is not really detached or impartial in the way a neutral state would be. Instead, it is better understood as a calculated and flexible "hedging plus" strategy (Anwar, 2023, pp. 351–352).

This essay argues that Indonesia uses strategic ambiguity and selective alignment to deal with pressure in the Indo-Pacific. By leaning toward China for economic survival and regime legitimation, while simultaneously maintaining security cooperation with the United States for military modernization and regional deterrence, Indonesia seeks to satisfy competing domestic political interests and cultivate a specific hierarchical order. To demonstrate this, the essay will first explain the shift from non-alignment to active hedging, utilizing the theoretical frameworks of risk management under

uncertainty. It will then analyze the “**intermestic**” drivers that compel selective alignment, followed by an examination of how elite disunity generates strategic ambiguity, particularly evident in the Natuna Islands dispute. Finally, the essay will explore how this behavior contributes to indirect balancing and the maintenance of a complex regional hierarchy. Ultimately, the essay shows that Indonesian neutrality is better understood as a strategic narrative that enables Jakarta to preserve autonomy while pursuing selective cooperation with competing great powers.

2. Literature and Framework: From Non-Alignment to “Hedging Plus”

To understand Indonesia’s strategic posture, the analysis must move beyond the narrow realist binary of balancing and bandwagoning. In a regional environment marked by uncertainty over both US staying power and Chinese intentions, small and middle powers seldom choose clear-cut alignment (Kuik, 2021, pp. 300–301). Instead, they are pushed toward hedging, which Kuik (p. 300) defines as insurance-seeking behavior whereby a rational state avoids taking sides and adopts opposite measures toward competing powers to preserve a fallback position. Passive neutrality suggests a certain distance from great-power politics. Hedging is different because it is an active way to manage risk, protect autonomy, and reduce external pressure.

Indonesia executes this strategy multilaterally through what Kuik (2022, pp. 363–364) identifies as the “Triple B” framework: *binding, buffering, and building*. Through the Association of Southeast Asian Nations (ASEAN), Indonesia attempts to *bind* major powers into institutional norms, *buffer* against the direct friction of great-power rivalry by maintaining ASEAN centrality and *build* regional resilience to prevent the region from becoming a mere theater for proxy conflicts. This kind of institutional hedging allows Jakarta to work with both Washington and Beijing without formally joining either side. It also helps Indonesia maintain the image of *bebas aktif* while still shaping the regional environment.

However, the scale of structural change in the Indo-Pacific has pushed Indonesia to move beyond conventional hedging. Anwar (2023, pp. 355–356) argues that Indonesia has adopted a “hedging plus” policy. In other words, Jakarta is not only reacting to major-power initiatives. It also tries to use their competition to gain practical benefits from both sides. This entails selective alignment shaped by specific national priorities. For example, Indonesia actively joins China’s Belt and Road Initiative (BRI) to obtain large-scale infrastructure investment, while also holding joint military exercises with the United States, including Super Garuda Shield, to demonstrate its defense capacity. This “plus” dimension shows that Indonesia is not merely watching the rivalry from a neutral side; it is using geopolitical tension to strengthen its own comprehensive security. Thus, the language of non-alignment works as a diplomatic cover, enabling Indonesia to pursue contradictory alignments without bearing the ideological costs of formal alliance formation.

3. Empirical Analysis I: Intermestic Drivers and Selective Alignment

Structural realism alone cannot fully explain Indonesia’s “hedging plus” strategy. Domestic politics also matters, especially what scholars call the “intermestic” dynamic, meaning the inseparable connection between international systemic pressures and

domestic political imperatives. Priamarizki (2024, pp. 19–20) argues that Indonesia’s foreign policy is strongly shaped by domestic political and economic concerns, since domestic agendas and leadership priorities play a major role in directing its external behavior. For the ruling elite, maintaining domestic legitimacy is central. Since the post-Suharto period, this legitimacy has depended heavily on economic performance and visible development.

This domestic imperative dictates Indonesia’s selective alignment with China. Under President Joko Widodo (Jokowi), the state’s legitimacy has largely depended on rapid infrastructure development and economic modernization. China has emerged as a crucial economic partner, as it provides the resources and investment necessary for Indonesian leaders to pursue their development objectives (Priamarizki, 2024, pp. 19, 35). As a result, Indonesia has moved closer to Beijing economically, especially through projects such as the Jakarta-Bandung high-speed railway.

However, Indonesia has not moved toward balancing; instead, it maintains what Syailendra (2017, pp. 238–239) describes as a policy of “nonbalancing”. From a traditional realist perspective, a state confronted by a nearby rising hegemon with overlapping territorial claims would be expected to balance against it. Yet Indonesia has repeatedly avoided balancing against China’s threat in the South China Sea. Syailendra (2017, pp. 238, 249) argues that this nonbalancing behavior does not stem from the absence of threat perception, but from limited elite consensus, as policymakers differ in seeing China as both a security concern and a source of economic support. For Jakarta, openly antagonizing Beijing may create higher political costs than treating the maritime problem as a limited security issue.

Conversely, Indonesia’s defense and security institutions recognize the long-term strategic risks of Chinese hegemony and therefore pursue selective alignment with the United States. The Indonesian military (TNI) needs technological modernization, capacity building, and a credible external deterrent, none of which China can or is willing to provide. This intermestic reality therefore creates a split within Indonesian foreign policy: the political-economic elite lean toward China to obtain the resources needed for domestic electoral survival, while the defense elite lean toward the US to protect territorial integrity against the same economic patron. This duality shows how domestic survival shapes foreign policy, turning *bebas aktif* into a fragmented and utilitarian instrument rather than a coherent ideological position.

Therefore, Indonesia’s “hedging plus” strategy challenges traditional state-centric structural realism by showing that alignment choices are not simply passive responses to external systemic pressure. Instead, they are strongly shaped by intermestic dynamics, where domestic economic needs and regime legitimation guide international positioning. In this context, Jakarta’s strategic ambiguity does not indicate an absence of strategy. Rather, it reflects the projection of domestic political survival calculations onto the international arena, using great-power competition to reinforce internal authority.

4. Empirical Analysis II: Strategic Ambiguity and Elite Disunity

The split strategy produces profound strategic ambiguity, a phenomenon best observed through Indonesia’s handling of the Natuna Islands dispute. Chinese incursions into

Indonesia's Exclusive Economic Zone (EEZ) around the Natuna Islands present a direct challenge to Indonesian sovereignty. However, Jakarta's response has been characterized by hesitation, inconsistency, and a deliberate avoidance of escalating the issue into a formal international dispute. This ambiguity should not be seen as a perfect diplomatic design. It is better understood as the result of elite disunity within the Indonesian state.

As Kingsbury (2016) notes, the Indonesian military retains an entrenched, though evolving, political role while maintaining distinct institutional interests (pp. 147–148). Within the context of the Natuna dispute, the security establishment, particularly the Navy (TNI-AL) and the Ministry of Defense, advocates for a firmer, more militarized response to deter Chinese coast guard and fishing fleet incursions. They perceive China's activities in Indonesian waters as a concrete maritime security concern, particularly in light of repeated incursions into Indonesia's Exclusive Economic Zone (Syailendra, 2017, pp. 241–242).

In sharp contrast, the Ministry of Foreign Affairs (KEMLU) and the economic ministries place greater emphasis on diplomatic de-escalation. KEMLU's institutional goal is to keep diplomatic engagement with China intact and preserve Indonesia's role in managing regional tensions, especially by maintaining its image as an impartial actor in the South China Sea disputes (Syailendra, 2017, pp. 243–244). This internal division pushes the Indonesian executive into "prudent contradictions": deploying warships to the Natuna Sea while publicly reducing the seriousness of the crisis and continuing to strengthen economic ties with China.

The ISEAS State of Southeast Asia 2026 Survey Report highlights persistent regional concern over China's growing economic and political-strategic influence, alongside continuing anxieties regarding the consistency and long-term credibility of US engagement (Lin et al., 2026, pp. 5, 18). Indonesian elites are likely aware of this regional mood; they understand that fully capitulating to China threatens sovereignty, but formally balancing alongside the US risks economic retaliation and regional polarization. Thus, the resulting strategic ambiguity is a necessary compromise between domestic factions. It helps Jakarta avoid a serious rupture with Beijing, while still giving the military some room to signal territorial resolve. Ultimately, this disunity reveals that Indonesia's foreign policy is not a monolithic, rational-actor projection of neutrality, but a continuous domestic negotiation over how to survive the geopolitical friction.

5. Empirical Analysis III: Indirect Balancing and Regional Hierarchy

While the immediate drivers of Indonesia's selective alignment are domestic and economic, the broader strategic objective is the cultivation of a specific regional architecture. Both constructivist and more nuanced realist approaches suggest that Southeast Asian states are not only reacting to power shifts; they attempt to socialize and constrain major powers. Goh (2007) identifies two key strategic pathways in Southeast Asia: "omni-enmeshment" and forms of indirect balancing (pp. 113, 120–121). By enmeshing all major powers into regional frameworks like the East Asia Summit and the ASEAN Regional Forum, Indonesia seeks to construct a complex balance of influence, preventing any single state from achieving absolute hegemony.

In this context, Indonesia's selective alignment with the United States is critical. Despite the economic pivot to China, Jakarta relies on the sustained military preponderance of the US as an indirect balancer. As McDougall (2007) and Davison (2017, pp. 1–3) note, the US-led security order constitutes a core structural feature of the regional balance of power, which both shapes great-power competition and provides smaller states with strategic space to hedge. Indonesia does not want the US to contain China in a way that sparks conflict, nor does it want the US to retreat. Instead, Southeast Asian states exhibit a preference for a hierarchical regional order in which U.S. predominance is maintained, while China is simultaneously integrated into the regional system (Goh, 2007, p. 119). This desired hierarchy allows Indonesia to free ride on American security provisions while simultaneously reaping the economic dividends of Chinese growth, perfectly encapsulating the self-interested logic of the “hedging plus” paradigm.

This regional architecture divides the regional order into two connected domains: a US-underwritten security hierarchy and a China-centric economic network. By actively enmeshing both major powers, Indonesia attempts to institutionalize a strategic equilibrium where neither domain can entirely subsume the other. This helps prevent the region from becoming a rigid, zero-sum bloc system that would inevitably collapse the vital geopolitical space required for “hedging plus”. In doing so, Jakarta protects its strategic autonomy while keeping the external conditions needed for domestic economic development.

6. Conclusion

In conclusion, the traditional interpretation of Indonesia's *bebas aktif* doctrine as passive and impartial neutrality is increasingly difficult to sustain under contemporary Indo-Pacific conditions. Under the structural pressures of the Indo-Pacific, Indonesia has operationalized a highly complex “hedging plus” strategy. This approach relies on strategic ambiguity and selective alignment to manage US-China competition. Driven by “intermestic” imperatives, the Indonesian state leverages Chinese economic power to ensure domestic regime legitimation, while simultaneously leaning on US security partnerships to facilitate military modernization. This fragmented approach is sustained by elite disunity, forcing Jakarta into prudent contradictions that prioritize economic survival over traditional hard balancing. Ultimately, this selective alignment serves a broader regional vision: the cultivation of a hierarchical order based on omnienmeshment, where American deterrence and Chinese capital coexist. Indonesia's middle path is therefore not a rejection of great-power politics. It is a pragmatic way to maximize autonomy and survive under growing uncertainty.

However, the sustainability of this balancing act remains uncertain. If Sino-American rivalry further narrows the geopolitical space for hedging, Indonesia may find it increasingly difficult to reconcile its economic dependence on China, security cooperation with the United States, and long-standing commitment to strategic autonomy.

References

- Anwar, D. F. (2023). Indonesia's hedging plus policy in the face of China's rise and the US-China rivalry in the Indo-Pacific region. *The Pacific Review*, 36(2), 351–377. <https://doi.org/10.1080/09512748.2022.2160794>
- Davison, R. (2017). Introduction. In M. K. Connors, R. Davison, & J. Dosch (Eds.), *The new global politics of the Asia-Pacific* (1st ed., pp. 1–28). Routledge. <https://doi.org/10.4324/9781315625669-1>
- Goh, E. (2007). Great powers and hierarchical order in Southeast Asia. *International Security*, 32(3), 113–157.
- Kingsbury, D. (2016). *Politics in contemporary Southeast Asia*. Routledge. <https://doi.org/10.4324/9781315712888>
- Kuik, C.-C. (2021). Getting hedging right: A small-state perspective. *China International Strategy Review*, 3(2), 300–315. <https://doi.org/10.1007/s42533-021-00089-5>
- Kuik, C.-C. (2022). Hedging via institutions: ASEAN-led multilateralism in the age of the Indo-Pacific. *Asian Journal of Peacebuilding*, 10(2), 355–386. <https://doi.org/10.18588/202211.00a319>
- Lin, J., Martinus, M., Fong, K., Pham, T. P. T., Aridati, I. Z., & Gauri, S. (2026). *The state of Southeast Asia 2026 survey report*. ASEAN Studies Centre, ISEAS – Yusof Ishak Institute. <https://www.iseas.edu.sg>
- McDougall, D. (2007). International relations. In *Asia Pacific in world politics* (2nd ed.). Lynne Rienner Publishers.
- Priamarizki, A. (2024). Understanding the domestic determinants of Indonesia's hedging policy towards the United States and China. *Contemporary Southeast Asia*, 46(1), 19–42. <https://doi.org/10.1355/CS46-1b>
- Syailendra, E. A. (2017). A nonbalancing act: Explaining Indonesia's failure to balance against the Chinese threat. *Asian Security*, 13(3), 237–255. <https://doi.org/10.1080/14799855.2017.1365489>