

## The US-China Competition and Indonesia's Stance in ASEAN During Jokowi's Leadership

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### Abstract

The article examines the stance of Indonesian President Joko Widodo's (Jokowi) administration in the context of competition between the United States and China. Employing a qualitative methodology, the author explores neoliberal theory and the concept of non-alignment to explain the position of the Indonesian government. The data sources were collected from government reports, books, magazines, articles, and news reports. It is noted that the administration of President Jokowi is able to balance its positions against the background of the rivalry between the United States and China in the Asia-Pacific region. The expansion of Indonesia's economic relations with China has increased their economic interdependence due to the fact that Jokowi's policy gives priority to economic diplomacy, focusing on national economic growth and infrastructure development. Despite the fact that economic relations between Indonesia and China continue to expand, Jakarta still adheres to the policy of non-alignment in relations with major world powers, namely, it does not take the side of one party or bloc, and also does not form military alliances with other leading international players. This decision is considered strategic for peace and stability in ASEAN and Southeast Asia.

### Abstrak

Artikel ini mengkaji sikap pemerintahan Presiden Indonesia Joko Widodo (Jokowi) dalam konteks persaingan antara Amerika Serikat dan Tiongkok. Dengan menggunakan metodologi kualitatif, penulis mengeksplorasi teori neoliberal dan konsep non-alignment untuk menjelaskan posisi pemerintah Indonesia. Sumber data dikumpulkan dari laporan pemerintah, buku, majalah, artikel, dan laporan berita. Tercatat bahwa pemerintahan Presiden Jokowi mampu menyeimbangkan posisinya dengan latar belakang persaingan antara Amerika Serikat dan Tiongkok di kawasan Asia-Pasifik. Perluasan hubungan ekonomi Indonesia dengan Tiongkok telah meningkatkan saling ketergantungan ekonomi mereka karena kebijakan Jokowi mengutamakan diplomasi ekonomi, dengan fokus pada pertumbuhan ekonomi nasional dan pembangunan infrastruktur. Meskipun hubungan ekonomi antara Indonesia dan Tiongkok terus meluas, Jakarta konsisten dengan kebijakan non-alignment dalam hubungan dengan negara-negara besar dunia, yaitu tidak berpihak pada satu pihak atau blok, dan juga tidak membentuk aliansi militer dengan pemain internasional terkemuka lainnya. Keputusan ini dianggap strategis bagi perdamaian dan stabilitas di ASEAN dan Asia Tenggara.

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### Keywords

*ASEAN, Economic Diplomacy, Foreign Policy, Jokowi, The US-China Competition*

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## Introduction

Indonesian foreign policy under the administration of President Susilo Bambang Yudhoyono (SBY) was characterized by the prominence of a high-profile political figure (Situmorang, 2015; Weatherbee, 2017). This approach aligned with the effort to establish a new identity for Indonesia's foreign policy as a relatively stable democracy, an emerging market, and a moderate power following the fall of the authoritarian Soeharto regime during the 1998 reform movement (Jemadu & Lantang, 2021; Rüländ, 2016). Throughout SBY's presidency from 2004 to 2014, Indonesia achieved significant milestones in its foreign policy, including becoming the sole Southeast Asian representative in the G-20, a prominent global economic forum.

In contrast to Yudhoyono's foreign policy, President Jokowi's focus has been more on domestic development, particularly infrastructure, competitiveness, and market expansion through economic diplomacy. In other words, President Jokowi's first and second terms (2014–2019 and 2019–2024) placed less emphasis on traditional foreign policy activism. Meanwhile, Minister of Foreign Affairs Retno Marsudi plays a crucial role in shaping Indonesia's foreign policy, outlining five priorities for her second term: economic diplomacy, citizen protection, national sovereignty, regional and global leadership, and infrastructure diplomacy (Haryono, 2019).

Although Jokowi's leadership has been marked by a strong domestic agenda, Indonesia cannot remain insulated from the evolving dynamics of great power rivalry. Domestic priorities, particularly infrastructure development and investment, are increasingly intertwined with external partnerships, especially with major powers competing for influence in Southeast Asia. This underscores why Jokowi's economic diplomacy intersects with the intensifying competition between the United States and China.

Amidst this intensifying rivalry, Indonesia, along with other Southeast Asian nations, appears hesitant in taking sides. Instead, the country chose to reinforce the unity of ASEAN and emphasized the importance of strengthening regional relationships, consistent with Indonesia's long-standing "free and active" foreign policy (Anwar, 2023). Scholars note that while most Southeast Asian countries have gradually leaned closer to Beijing since 2016, Indonesia has sought to maintain a cautious balance (Shambaugh, 2018). At the same time, Indonesia's emphasis on ASEAN centrality reflects its attempt to hedge against the risks posed by great-power competition (Laksamana, 2017). Furthermore, the BRI (Belt and Road Initiative), a project that aligns with Jokowi's goal of infrastructure development, has contributed to strengthening the relationship between Indonesia and China (Ifatari & Risman, 2020).

Against this background, the central research question of this study is: How has Indonesia managed its position amid the US-China competition in the region during Jokowi's administration, and what caused Indonesia to prioritize economic cooperation with China over the United States?

This research will focus on examining how President Jokowi's administration manages Indonesia's position amid the US-China competition from Indonesia's perspective. The United States and China have been vying for influence in various regions worldwide, with Southeast Asia being one of the most critical areas for both countries (Shambaugh, 2020). As Southeast Asia's largest country and a traditional leader in ASEAN, Indonesia holds a strategic position in this rivalry.

## Theoretical Framework

This paper uses neoliberal institutionalism and the concept of non-alignment as analytical frameworks to explain Indonesia's stance within ASEAN amid U.S.–China competition during President Jokowi's administration (2014–2024). These two approaches are selected because they capture the dual logic underpinning Indonesia's foreign policy: the pursuit of economic gains through interdependence and the preservation of strategic autonomy by avoiding rigid alignments with major powers.

From the perspective of neoliberal institutionalism, cooperation is possible because institutions and shared rules generate mutual benefits and reduce the likelihood of conflict (Jervis, 1999; Geller & Travlos, 2019). Neoliberals argue that economic interdependence—through trade, investment, and transnational projects—creates incentives for states to maintain peaceful relations (Tanious, 2019). In the Indonesian case, President Jokowi's strong emphasis on economic diplomacy, infrastructure development, and foreign investment makes neoliberal insights particularly relevant. Indonesia's growing participation in China's Belt and Road Initiative, while simultaneously engaging in ASEAN frameworks and U.S. strategic partnerships, illustrates how interdependence is leveraged as a foreign policy tool. At the same time, neoliberal institutionalism reveals a tension: while cooperation can foster stability, it can also deepen asymmetrical dependence, as reflected in Indonesia's concerns about debt risks in the Jakarta–Bandung high-speed rail project. In this sense, neoliberal institutionalism not only explains Indonesia's opportunities for economic growth but also its vulnerabilities in managing great-power relations (Nye, 1988; Acharya, 2017).

Yet neoliberal institutionalism alone does not fully capture why Indonesia avoids binding commitments with either Washington or Beijing. For this, the concept of non-alignment is applied. Non-alignment means non-participation in military pacts with great powers (Alam, 1977). Originally emerging during the Cold War (Rajak, 2014) non-alignment entails active engagement in global politics without entering formal alliances with major power blocs. Applied to Indonesia, non-alignment resonates with the long-standing “free and active” principle of Indonesian foreign policy, which prioritizes sovereignty, autonomy, and regional stability. As Arora (1981) emphasized, Indonesian non-alignment has never been passive; instead, it entails proactive participation in ASEAN and multilateral forums, while maintaining independence from great-power rivalry.

Additionally, Arora (1981) analyzes Indonesia's non-alignment concerning its foreign policy objectives, in which the non-alignment concept accords with the “free and active” principle of Indonesian foreign policy. The country is committed to strong bilateral relations, regional cooperation, and active participation in international organizations. Indonesian Foreign Minister Retno Marsudi has warned the United States and China against dragging Indonesia into their struggle for regional influence, saying that Indonesia does not want to be caught up in this rivalry. Instead, Indonesia seeks to maintain its strategic autonomy and pursue its national interests while avoiding being caught up in the U.S.–China rivalry (Thejakartapost.com, 2020).

## Methods

This research employs a qualitative methodology that examines the neoliberal theory and non-alignment concept in explaining Indonesia's stance under Jokowi's administration amid the U.S.–China competition in the region. The study does not aim to test hypotheses through statistical measurement but seeks to generate a comprehensive understanding of Indonesia's policy choices by interpreting patterns, discourses, and institutional practices. As elaborated above, neoliberal institutionalism emphasizes the role of interdependence and institutions in shaping state behavior, which is relevant for understanding Indonesia's economic relations with both China and the United States. Meanwhile, the concept of non-alignment, which has evolved into strategic autonomy—meaning the freedom to choose sides when necessary—in contemporary foreign policy debates, helps explain Indonesia's attempt to maintain an independent position amid great-power rivalry.

Data collection relied on documentary and textual analysis, which can be systematically analyzed to generate empirical knowledge (Bowen, 2009). Primary sources include Indonesian government documents, followed by peer-reviewed journal articles, books, and reputable news outlets that provide context and interpretation of Indonesia's foreign policy and economic relations. Data interpretation employed a thematic analysis technique, identifying key themes such as Indonesia's economic interdependence with China, its closer relations with the U.S. in the security sector, and the application of non-alignment principles.

## Results and Discussions

### *Indonesia-China Relations*

Indonesia and China established diplomatic relations in the early 1950s, and their political ties have remained strong ever since. This enduring relationship can be attributed to the personal connection between President Sukarno and Mao Zedong. Both leaders embraced a common ideology centered on anti-colonialism and anti-imperialism. This shared stance laid the foundation for robust political cooperation between Indonesia and China. The 1955 Asian-African Conference, held in Bandung, Indonesia, played a significant role in strengthening the bond between the two nations. The conference highlighted their mutual commitment to promoting economic and cultural cooperation among Asian and African countries while firmly opposing colonialism and imperialism in all its forms. Notably, the presence of Chou Enlai, Prime Minister/Minister of Foreign Affairs of the People's Republic of China, marked an important historical moment (Sinaga, 2018).

However, after the fall of Soekarno in 1965, Indonesia-China relations declined drastically due to the rebellion of the PKI (*Partai Komunis Indonesia*), the Indonesian Communist Party (Anwar, 2019). China is considered to have a relationship with this event because of its closeness to the PKI. Therefore, relations between the two countries were severed under President Soeharto's administration (1965-1985). After 20 years of vacuum, in 1985, China-Indonesia began to normalize, with the main interest in developing Suharto's economic stability (Ku, 2002), and it was officially opened in 1990 (Storey, 2000).

Relations between the two countries continued to improve, particularly in trade and investment. Following the fall of President Soeharto on May 21, 1998, and his replacement by President Abdurrahman Wahid (Gusdur), there was a significant shift in Indonesia-China

relations. China became a key focus in Gusdur's foreign policy for bilateral cooperation, as it was emerging as a major economic power in the region, offering Indonesia a relative advantage. In 1999, Abdurrahman Wahid visited China to strengthen diplomatic ties, which led to China providing financial aid and credit facilities. Further collaborations in technology, tourism, and energy facilitated the exchange of Indonesian LNG products for Chinese goods. In 2000, Vice President Hu Jintao of China reciprocated the visit by accepting Vice President Megawati Soekarnoputri's invitation to Indonesia.

During the presidencies of Susilo Bambang Yudhoyono (2004-2009) and (2009-2014), there was a significant growth in relations between Indonesia and China. This was epitomized by signing the Strategic Partnership Agreement between the two nations on 25 April 2005, which coincided with President Hu Jintao's visit to Indonesia. In October 2013, the agreement was elevated to a comprehensive Strategic Partnership Agreement. In the context of China's unilateral claims in the South China Sea, Indonesia remains committed to upholding its territorial sovereignty over the exclusive economic zone in the North Natuna Sea under international law. Facing the dynamics in this region, Indonesia has made diplomatic efforts as well as prepared military forces without adversely affecting the close relationship between Indonesia and China.

Sino-Indonesian relations have experienced ups and downs since the beginning of independence. However, the current bond between the two countries is more positive and continues to improve. The latest development since Joko Widodo led the Indonesian president, the first period of 2014-2019 and the second period of 2019-2024, relations between the two countries are getting smoother and increasing, especially in the economic field. This alignment underscores neoliberal expectations of functional cooperation, where shared projects create win-win outcomes through investment, trade, and connectivity. Jokowi invited China to invest more in Indonesia. Currently, China is Indonesia's largest trading partner. As of 2021, China and the US are the primary trading partners of Indonesia. Approximately 26.3% of trade is conducted with China, while only 12.61% of trade value is attributed to the United States (lemhannas.go.id, 2022). This highlights the increasing economic significance of China in Indonesia's trade portfolio (Ing & Vadila, 2019).

In brief, the relationship between Indonesia and China has undergone a varied and evolving history, marked by long-standing ties, periods of strain, and renewed cooperation. Under President Jokowi's leadership, the current period represents a positive direction, focusing on economic partnership and a commitment to safeguarding territorial sovereignty in the South China Sea. Understanding these dynamics is crucial to grasping Indonesia's position in the US-China rivalry and its role in ASEAN.

### ***Indonesia-U.S. Relations***

Indonesia-U.S. diplomatic relations were officially opened on December 28, 1949 (Kemlu.go.id, 2018). During President Soekarno's administration, the relationship between Indonesia and the US experienced a decline due to Soekarno's close ties with China and the Soviet Union. This closeness stemmed from Soekarno's ideological opposition to imperialism and new colonialism. With the exception of the John F. Kennedy Administration (1961-1963), Indonesia-U.S. relations improved somewhat following Soekarno's visit to the US in 1961 (Suryohadioprojo, 2006). Additionally, Soekarno pursued nationalist policies against the re-entry

of Western countries, including the US, into Indonesia. In the 1950s, the US supported the separatist PRRI (Revolutionary Government of the Republic of Indonesia) movement, which sought to secede from Indonesia. As a result, the relationship between the two countries significantly deteriorated.

In 1965, the rebellion of the Indonesian Communist Party occurred in Indonesia, which led to a change of leadership from Soekarno to Suharto. The US backed Suharto as Indonesia's new leader, and since then, relations between Indonesia and the US have improved. Suharto ruled for 32 years (1966 to 1998). An anti-Communist and pro-US regime characterized the Soeharto government, US-Indonesia relations entered a long period of what might be called authoritarian development in which US officials focused on political stability, encouraging pro-Western investment and development policies (Simpson, 2019).

After the end of the Cold War in 1990, the US began to reduce its support for Suharto; at the same time, domestic opposition began to build up until it reached its peak when Suharto's power was removed in a wave of protests called the 1998 reform. Since 1998, the United States has emphasized regional economic and security collaboration, combating terrorism, enhancing trade connections, and addressing the increasing influence of China in the region (Simpson, 2019).

In 2010, President Barack Obama and President Susilo Bambang Yudhoyono launched a Comprehensive Partnership aimed at promoting ongoing and meaningful interaction regarding various areas such as democracy and civil society, education, security, resilience and mitigation, maritime affairs, energy, and trade, among other topics (Yerichielli, 2019). In 2015, the bilateral relationship between Indonesia and the U.S. reached new heights. During President Joko Widodo's visit to Washington, D.C., in October of that year, both nations agreed to elevate and enrich their collaboration to a Strategic Partnership. This partnership addresses more critical issues at the highest level, providing opportunities for Indonesia and the U.S. to enhance their joint contributions and cooperation on bilateral, regional, and global matters (Kemlu.go.id, 2018).

The presence of the US is still required as a counterbalance to China's growing assertiveness in the South China Sea within the framework of regional dynamics. According to Laksamana (2017), Indonesia's approach to pragmatic equidistance involves maintaining equal distance from the US and China while pragmatically pursuing Indonesia's national interests in its dealings with Washington and Beijing. Following the lifting of the US military embargo against Indonesia in 2006, the defense cooperation between the two nations has experienced a significant surge, evident in the increased number of activities, the breadth of cooperation, and the degree of involvement. To illustrate, from 2011 to 2016, Indonesian and US high-ranking military officials engaged in no fewer than 998 joint defense and security activities, highlighting the deepening and expanding cooperation between the two countries (Kemlu.go.id, 2018).

Since 2007, the annual joint military exercises known as Garuda Shield have been held between the United States Army and the Indonesian Army. In 2022, the Garuda Shield exercise witnessed a significant increase in both scope and scale, attracting participation and observation from numerous countries for the first time. Serving as the cornerstone of the military partnership between the United States and Indonesia, the 16<sup>th</sup> annual Garuda Shield exercise officially commenced on August 3, 2022. This year's event, dubbed "Super Garuda Shield," has expanded

from a bilateral training exercise between the Indonesian Army and the U.S. Army to become one of the largest multinational joint exercises in the Indo-Pacific region (Montolalu et al., 2023). Nevertheless, despite the progress in political and military ties between Jakarta and Washington, their economic relationship remains limited, particularly in comparison to China, as described in Figure 1. According to Denmark et al. (2010), it is important for the United States to give priority to strengthening its relationship with Indonesia due to the country's significance in Southeast Asia, its crucial role in regional security, and its impact on economic development. The authors propose that improving U.S.-Indonesia relations can benefit the United States' regional interests. The limited U.S. economic presence—especially in trade and investment compared to China—reveals the uneven nature of interdependence.

In short, the relationship between Indonesia and the United States has been a complex journey, marked by historical changes, political developments, and evolving strategic interests. The partnership has progressed from periods of tension to one of strategic importance for regional stability, given the competition between the United States and China. Though defense collaboration has progressed, enhancing economic ties still presents room for growth. This presents chances for mutual gains and regional stability.

**Table 1. Summary of up-down Indonesia's relations with the US and China**

No.	Government administration	Key Events of Indonesia's Relations with the Two Countries	
		US	China
1	Soekarno (1945-1966)	1949: Indonesia-US relations  The 1950s: President Sukarno's shift towards the left created concerns in Washington about the possibility of Indonesia embracing communism.	1950: Indonesia-China Relations  During the 1960s, China was regarded as an ideological partner or, ally.
2	Soeharto (1966-1998)	In 1968, Major General Soeharto took over the Indonesian presidency, marking the beginning of the pro-Western New Order era.	On October 9, 1967, diplomatic relations between Indonesia and China were halted due to the events that took place during the September 1965 movement.
		In 1992, in response to the Indonesian military's involvement in the 1991 Dili Massacre, the US Congress discontinued International Military Education and Training (IMET) aid to Indonesia.	On July 5, 1985, an agreement was reached between Indonesia and China to establish direct trade relations and diplomatic relations were eventually restored in 1990.

3	Reformation era B.J. Habibie(1998-1999)	Habibie initiated political reforms with support from the US, resulting in Indonesia's first free election since 1955 in 1999. He also facilitated a referendum to determine the political status of East Timor.	Putting an end to discriminatory practices against the Chinese ethnic group in Indonesia.
4	Abdurrahman Wahid (1999-2001)	In 2000, the Leahy Amendment was enacted, banning the sale of weapons and military aid to Indonesia due to concerns over violence and human rights abuses in East Timor.	The "Look toward Asia" policy aimed to strengthen ties with neighboring Asian countries, including China.
5	Megawati Soekarno Putri (2001-2004)	In 2003, Indonesia voiced opposition to the US-led Iraq War, as Indonesians saw it as a conflict targeting Islam and disregarding international norms. This opposition resulted in a rise in anti-American sentiments within Indonesia.	The Bank of China branch in Jakarta was reopened, and cooperation was initiated in the energy sectors, particularly in gas and oil.
6	Susilo Bambang Yudhoyono (2004-2014)	Indonesia-U.S. Comprehensive Partnership in 2010. Annual joint military exercises since 2007.	Indonesia-China Strategic Partnership in 2005.
7	Joko Widodo (2014-2024)	Indonesia-U.S. Strategic Partnership in 2015.	Indonesia's joint BRI Project with China.

*Source: Compiled by the Author from Sinaga (2018) "Six Decades of Indonesia-China Relations"; Timeline: US-Indonesia Relations (2010), and other sources.*

Based on Table 1 above, it can be concluded that during Soekarno's administration, Indonesia leaned more toward China than the US. However, during the Suharto era, Indonesia's relations were more robust with the US while experiencing a significant decline with China. Following the 1998 reform, Indonesia's relations with the US strengthened overall, and there were improvements in relations with China as well. Indonesia has been striving to maintain a balanced relationship with both countries. However, due to China's economic growth since the 1990s, and particularly during Jokowi's presidency (2014-2024), Indonesia's economic ties have shown a stronger inclination towards China. Additionally, while Jakarta values U.S. security cooperation, it avoids overreliance on Washington and resists being drawn into anti-China blocs.

Laksamana, (2017) characterizes this as pragmatic equidistance—Indonesia seeks to maintain balanced ties with both Washington and Beijing while advancing its own national interests. This reflects the enduring relevance of Indonesia’s “free and active” foreign policy: economic and security cooperation with the U.S. is pursued, but without translating into alliance commitments.

### ***Indonesia’s Stance Amid The US-China Competition Under Jokowi Administration***

Under President Jokowi's administration, the economic ties between Indonesia and China have experienced significant growth. Unlike the previous administration led by President SBY (2004-2014), where the relationship between Indonesia and China improved but remained economically feeble, the current period has witnessed a rapid increase in economic closeness. Previously, domestic investment was dominated by Singapore and Japan, followed by South Korea, Malaysia, Britain, and the United States, which have a higher investment value than China. After the Belt and Road Initiative (BRI) was introduced by President Xi Jinping in 2013, the proportion of Chinese foreign direct investment (FDI) in Indonesia has continued to increase (Pratiwi, 2020). BRI, formerly known as One Belt One Road (OBOR), is an ambitious Chinese project that aims to build an infrastructure connectivity network covering land routes (Belt) and sea routes (Road), stretching from China through Central Asia, Europe, the Middle East and reached Africa and Latin America.

The BRI project in Indonesia refers to infrastructure and development initiatives carried out by China in collaboration with Indonesia. These projects aim to enhance connectivity, trade and economic cooperation between the two countries (Yudilla, 2019). Some examples of BRI projects in Indonesia include the construction of ports, roads, railroads, power plants, and industrial areas. These projects are designed to improve transportation networks, increase trade flows, and encourage economic growth in Indonesia (Pratiwi, 2020).

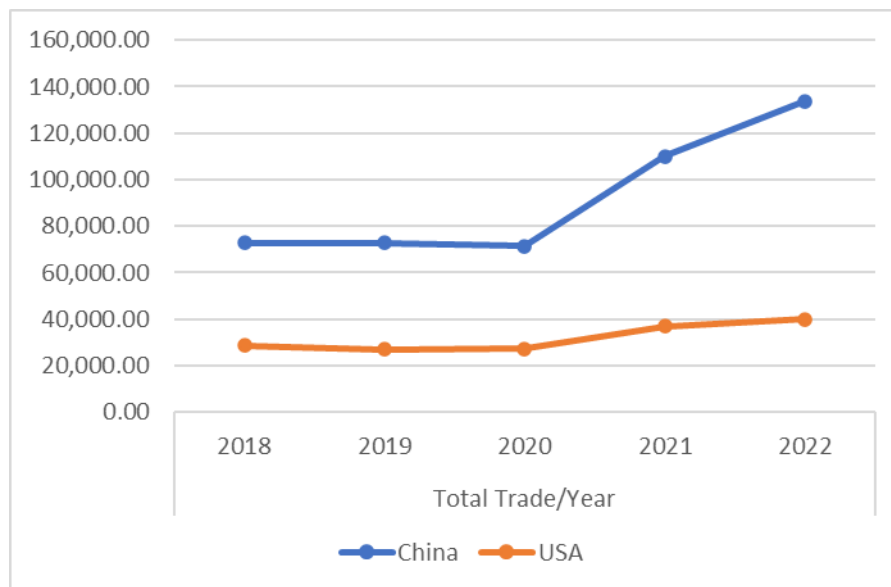
After Jokowi's inauguration on October 10, 2014, Indonesia announced its maritime vision, aspiring to become a world maritime axis or global maritime fulcrum (Sambhi, 2015), along with its infrastructure advancements. This objective aligns with China's BRI project. Jokowi administration, in other words, focuses on advancing its national interest by promoting economic growth, addressing infrastructure gaps, and safeguarding its maritime sovereignty for Indonesia's development and prosperity. The way Indonesia engages both the US and China demonstrates the non-alignment principle in practice: pursuing pragmatic cooperation with each side without rigidly aligning with one.

### ***Economic Interdependence***

During the Jokowi administration, Indonesia was willing to establish stronger economic relations with China and the US. However, Chinese investment has remained greater than that of the US. The increase in Sino-Indonesian trade and investment has made Indonesia appear closer to China economically, while in security terms it remains closer to the US. The first idea is that Indonesia's closer economic ties with China can be attributed to the significant trade volume between the two countries. Figure 1 highlights that China has been Indonesia's largest trading partner, with consistently higher trade values than the USA. The substantial trade volume creates economic interdependence, leading Indonesia to prioritize economic cooperation with China.

Another factor is the substantial investment from China in Indonesia, as depicted in Figure 2. China has consistently been a larger investor in Indonesia compared to the USA. Significant Chinese investment contributes to infrastructure development and economic growth in Indonesia, strengthening economic ties between the two countries. This economic cooperation makes Indonesia appear closer to China regarding economic cooperation.

**Figure 1: Total trade value of Indonesia with the USA and China (2018-2022)**

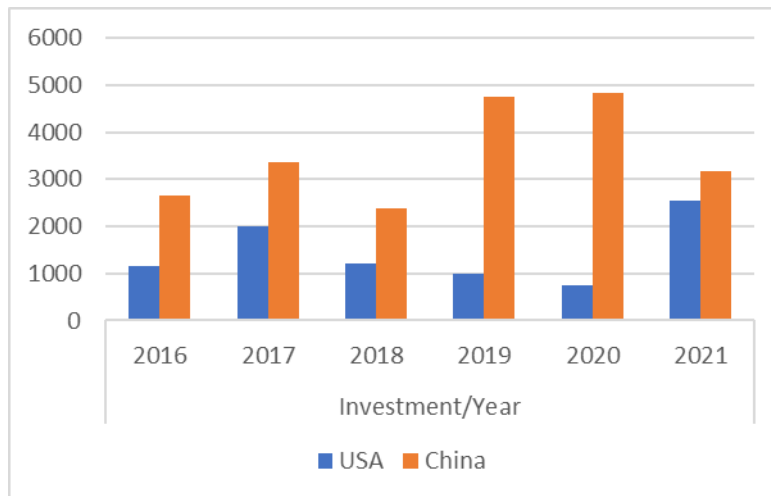


*Source: Compiled by the Author from statistics provided by the Center for Data and Information Systems of the Ministry of Trade of the Republic of Indonesia (in million US\$).*

Figure 1 demonstrates a substantial difference in total trade value between Indonesia and China compared to the USA since 2018. In all years shown, the USA's trade value falls significantly short of China's, highlighting the considerable economic disparity. Since 2018, China's total trade value with Indonesia has consistently been much higher than that of the USA. Even when the USA experienced slight increases, such as in 2021 and 2022, its trade value remained well below half of China's. In 2021, China's trade value with Indonesia reached a remarkable \$109,992.70 billion, marking a significant surge compared to previous years. In contrast, the USA's trade value was \$37,042.10 billion, still significantly less than half of China's total.

The trend continued in 2022, with China's trade value soaring to an impressive \$133,647.80 billion. On the other hand, the USA's trade value increased to \$39,816 billion, again falling far short of China's trade volume. These figures underscore the substantial economic dominance of China in its trade relationship with Indonesia. The significant difference in total trade value between China and the USA highlights China's growing importance and influence in Indonesia's economy.

**Figure 2: Investment in Indonesia from USA and China (2016-2021)**

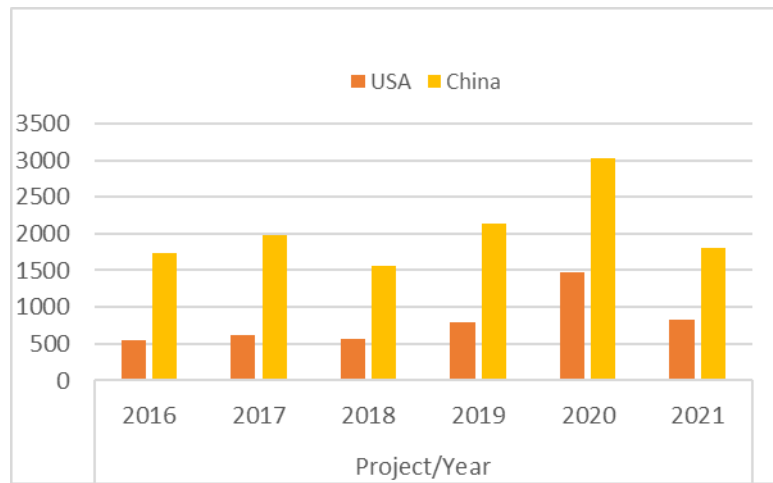


*Sources: Compiled by the Author from statistics provided by the Central Bureau of Statistics of the Republic of Indonesia (in million US\$).*

China's BRI plays a significant role in Indonesia's economic position with China. As stated, the BRI aims to enhance connectivity and promote economic cooperation between China and countries along its routes. As a key maritime gateway in Southeast Asia, Indonesia has received substantial Chinese investment and infrastructure projects under the BRI. This further deepens Indonesia's economic engagement with China and increases its reliance on Chinese economic cooperation.

As shown in Figure 2, in 2016, the USA invested \$1161.9 million in Indonesia, while China invested more than twice \$2665.3 million. In 2017, both countries increased their investment in Indonesia. The USA invested \$1992.8 million, while China invested \$3361.2 million. In 2018, there was a decrease in investment from both countries. The USA invested \$1217.62 million, and China invested \$2376.54 million. However, in 2019, the USA's investment further decreased to \$989.31 million, while China's increased significantly to \$4744.51 million. In 2020, the USA's investment declined to \$749.7 million, while China's investment remained high at \$4842.4 million. In 2021, there was a notable increase in investment from the USA, reaching \$2537.2 million. China's investment decreased to \$3160.4 million. The data denotes that China has consistently been a larger investor in Indonesia than the USA during this period of time. While both countries experienced fluctuations in investment levels over the years, China's investment in Indonesia generally persisted higher.

**Figure 3: Total number of projects in Indonesia by the US and China (2016-2021)**



*Source: Compiled by the Author from statistics provided by the Central Bureau of Statistics of the Republic of Indonesia (in million US\$).*

Likewise, in Figure 3, the data shows that China consistently had more projects in Indonesia than the USA. While the USA had fluctuations in project numbers, China's presence remained more significant, revealing a higher level of involvement and engagement in various sectors within Indonesia. In 2020, there was the most significant increase in the number of projects from the USA, reaching 1471 projects, while China remained the dominant player with 3027 projects. In 2021, the number of projects from the USA decreased to 824, while China had 1806 projects. The decrease in investment and project participation from China and the US in Indonesia during 2021 can be attributed to the economic slowdown caused by the COVID-19 pandemic and the concurrent rise in inflation in both countries.

The other reason Indonesia appears closer to China than the US is market proximity and regional dynamics. Indonesia's geographic proximity to China also influences its economic closeness. As the largest economy in Southeast Asia, Indonesia benefits from its strategic position as a market for Chinese goods and services. Additionally, Indonesia's economic cooperation with China can be seen within the context of ASEAN's regional dynamics. China has actively engaged with ASEAN member states, including Indonesia, through initiatives such as the ASEAN-China Free Trade Agreement (ACFTA) since 2010. Indonesia's economic focus on China parallels the broader regional economic integration efforts.

These ideas collectively show that Indonesia appears closer to China than the US in the economic field due to trade volume, Chinese investment, the BRI, market proximity, and regional dynamics such as ASEAN. It is important to note that although Indonesia prioritizes economic cooperation with China, its security matters may differ, where it maintains security cooperation and a closer relationship with the US.

### ***Non-alignment Policy***

The Southeast Asia region has become the main stage of the US–China geopolitical rivalry. With its rapid economic power and increasing regional influence, China has created a new dynamic in this region. Meanwhile, the United States has sought to maintain a presence and strengthen ties with traditional allies and ASEAN partners to counterbalance Chinese influence. ASEAN is collectively known to be impartial to any of the parties. These countries have implemented "hedging" strategies for a considerable time, attempting to balance their relationships with Washington and Beijing. However, since 2016–2017, it has become evident that most are gravitating much closer to Beijing (Shambaugh, 2018).

Several Southeast Asian countries have shifted their allegiance to China, which has strained their ties with the United States. Among Southeast Asian countries, Indonesia is the only country actively trying to keep its distance from China (Shambaugh, 2018; Roy, 2005) despite increasing economic cooperation between the two countries. This approach reflects the non-alignment principle of strategic autonomy: strengthening economic cooperation with China while ensuring continued engagement with the US (Mubah, 2019:11).

According to Manurung (2016:2), the world is experiencing global growth, and no nation can live independently without the influence of others. Indonesia's policy stance toward globalization is both intelligent and strategically sound. However, the United States has accused Indonesia of growing closer to China, despite Indonesia's legitimate right to do so. Indonesia adheres to the principle of a free and active foreign policy, which allows it to strengthen cooperation with any country. This is evident, as shown in Figures 1, 2, and 3, where China's economic strength influences the closeness of ASEAN countries, including Indonesia, to China. Meanwhile, the United States engages with the region primarily to contain China and focuses more on military cooperation than economic ties. Denmark et al. (2010) suggest that enhancing US-Indonesia relations could increase economic cooperation. They propose that the US expand trade and investment opportunities, promote economic development, and support Indonesia in combating corruption and improving governance.

In the context of ASEAN, Indonesia demonstrates its central role, which does not require a dominant or single power in the region but aims to become the hub of regional and global economic growth in accordance with neoliberal principles and ASEAN centrality. Moreover, under President Jokowi's administration, Indonesia seeks to avoid being caught in the US-China rivalry; instead, it strives to maintain close relations with both countries while simultaneously advancing its national interests through increased investment and trade.

Indonesia seeks fair treatment based on mutually beneficial cooperation and aims to maintain strong mutual trust amid the evolving development dynamics in ASEAN and the Indo-Pacific region. Furthermore, Indonesia asserts its middle-power status and expects to be respected while expressing its willingness to address any perceived violations, including tensions in the South China Sea. Although economic interdependence has increased through the BRI's project with China, it does not imply that Indonesia is subordinate to or strategically aligned with China. One indication of this is that Indonesia does not form military alliances with major powers. Additionally, Indonesia is pursuing a strategy of economic diversification by engaging with other countries, such as the US and fellow ASEAN members, and others. Relying on

multiple economic partners will reduce disproportionate dependence on any single country and provide Indonesia with broader economic opportunities.

In other words, Indonesia's stance under President Jokowi amid US-China competition in the region is to remain consistent with the non-alignment policy. According to Rajan (1980), the concept of non-alignment advocates avoiding power politics, promoting peaceful coexistence among nations regardless of their ideologies and systems, and fostering active international cooperation. This policy reflects a principled approach to the state's independence, sovereignty, and neutrality. Indonesia is open to investment from both China and the US, but remains resolute in opposing any perceived territorial violations. This stance underscores Indonesia's commitment to maintaining its sovereignty and freedom to make decisions in accordance with its national interests.

As a country that adopts a non-alignment policy, Indonesia has a strategic position in creating dialogue and easing tensions between China and the US in ASEAN. Indonesia has played a role as a mediator and facilitator in reaching a consensus, as stated in the principle of "the ASEAN way" among ASEAN countries and promoting mutually beneficial cooperation. This attitude reflects Indonesia's efforts to build trust and promote the peaceful resolution of regional rivalries. Indonesia also implements a non-alignment policy to maintain regional stability in ASEAN and the Indo-Pacific. Indonesia encourages peaceful settlement of conflicts and disputes in the region, including issues related to the South China Sea. Although Indonesia has military cooperation with the US with several military exercises annually, this does not mean Indonesia has a military alliance in the region. This attitude reflects Indonesia's commitment to remain independent and not bound to a military alliance or certain power blocs.

However, Indonesia must exercise caution when expanding its economic ties in infrastructure development with China, particularly concerning potential risks like falling into a debt trap. A notable instance illustrating this is the Jakarta-Bandung high-speed railway project, which encountered delays and cost overruns (Nabiilah, R.A., & Sari, 2024). China's negotiation approach differed significantly between the early and late stages of the Jakarta-Bandung high-speed rail project. Initially, China presented collaboration as a purely business-to-business endeavor. However, towards the conclusion, China requested a loan requiring state budget guarantees, effectively transforming it into a government-to-government arrangement.

Furthermore, the initially agreed-upon debt interest rate was set at 2% during the early negotiations. Surprisingly, China unexpectedly requested an increase to 4% in the final stages. These developments highlight a significant shift in the project's terms and conditions. Originally estimated to cost IDR 86.67 trillion, the Jakarta-Bandung high-speed rail project has experienced cost overruns, reaching IDR 114.24 trillion by 2021 (BBC News Indonesia, 2023). Construction began in 2016, with an initial completion target of 2018 and operation commencement in 2019. However, as of the end of March 2023, construction progress had only reached 88.8%, with inauguration now scheduled for early October 2023. This project serves as a critical lesson for future business negotiations with China, particularly regarding plans to extend the high-speed rail project to Surabaya, ensuring that Indonesia avoids falling into the trap of excessive debt, as seen in other countries involved in the Belt and Road Initiative (BRI).

## Conclusion

Under President Jokowi's administration, Indonesia has sought to balance its position amid the intensifying rivalry between the United States and China. On one hand, expanding economic relations with China have deepened interdependence, aligning with Jokowi's emphasis on economic diplomacy, infrastructure development, and growth. On the other hand, Indonesia has consistently upheld the principle of non-alignment, refraining from joining any major power bloc or military alliance. This dual strategy underscores Indonesia's determination to maximize economic benefits while safeguarding its strategic autonomy.

The implications of this approach extend beyond bilateral relations. For ASEAN, Indonesia's stance reinforces the principle of centrality, ensuring that the region does not become dominated by a single power. By maintaining equidistance between Washington and Beijing, Jakarta contributes to regional stability and provides ASEAN with greater flexibility to collectively shape the Indo-Pacific order. Indonesia's position illustrates how middle powers can exercise agency within asymmetric power dynamics by leveraging economic interdependence while avoiding strategic entrapment.

At the same time, Indonesia's experience highlights both the opportunities and risks associated with such a strategy. Projects like the Jakarta–Bandung high-speed railway illustrate the potential benefits of Chinese-led investment, as well as the vulnerabilities that can emerge when asymmetries are not carefully managed. For ASEAN, these lessons underscore the importance of economic diversification, transparent governance, and institution-building to ensure that connectivity projects enhance, rather than undermine, regional resilience.

More broadly, Jokowi's approach exemplifies a pragmatic model of middle-power diplomacy in Southeast Asia. By integrating neoliberal principles of interdependence with the enduring relevance of non-alignment, Indonesia demonstrates how states in the region can pursue development goals without compromising their autonomy. This strategy not only safeguards Indonesia's national interests but also fosters a more balanced and multipolar regional order, enabling ASEAN to maintain its central role.

Further, a more comprehensive analysis is needed to complete this research. While existing literature has extensively explored the roles of China and the United States in the region, there remains a compelling need to examine the evolving dynamics, their trajectories, and the extent of their impact more deeply. Future research could explore other directions. First, comparative studies examining how other ASEAN middle powers, such as Vietnam and Malaysia, balance economic interdependence with China alongside security cooperation with the US would offer deeper regional insights. Second, greater attention could be devoted to the domestic dimensions of Indonesia's foreign policy, particularly the influence of domestic politics and bureaucratic actors in shaping economic diplomacy.

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