
Indonesia's Geopolitical and Economic Projections Amidst Quad Dynamics in the Indo-Pacific

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Abstract:

This research aims to analyse Indonesia's geopolitical and economic projections amid the dynamics of competition between China and the Quad in the Indo-Pacific region. Indonesia, as a strategically positioned country at the heart of the Indo-Pacific region, has an important role in maintaining regional stability and security, as well as maximising its national interests. Through bandwagoning and hedging plus approaches, Indonesia has managed to maintain a strong economic relationship with China, while maintaining a balance with the Quad countries focusing on freedom of navigation and maritime security issues. While Indonesia's relationship with China provides significant economic benefits, this strategy should be balanced with maritime defence capacity building and alliance diversification to reduce economic dependence. The research also highlights the importance of maintaining ASEAN centrality in the face of global tensions and encouraging inclusive diplomacy at the regional level. The results show that Indonesia can play a role as a regional leader that maintains regional stability, as well as capitalise on economic opportunities without getting caught up in the geopolitical polarisation between China and the Quad. This research provides Indonesia's foreign policy recommendations to strengthen maritime diplomacy, enhance economic cooperation, and expand alliance diversification to ensure maritime sovereignty and stability of the Indo-Pacific region.

Keywords: Indonesia, Geopolitics, Economy, China, Quad

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1. Introduction

The world's geopolitical constellation continues to undergo major changes influenced by many factors, one of which is the change in leadership of major countries that play an important role in determining the direction of international policy. Large countries, such as the United States (US) and China, have far greater influence than other countries in an international structure that tends to be anarchic. This influence also shapes political dynamics involving smaller countries in the region (Waltz, 1979; Fortuna, 2022). In the context of geopolitics, the foreign policies of these large

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countries not only influence the international system as a whole but also have a significant impact on the policies of other countries in a particular region, forming a dynamic and often tense pattern of interaction (Kaplan, 2013; Petersen, 2012).

Kaplan (2013) asserts that a country's geography is often a determining factor in the opportunities and challenges it faces. Geography, which imposes natural constraints on the actions of states and leaders, shapes patterns of alliances, conflicts, and foreign policy. Factors such as navigational access, natural borders, and resource distribution are often the focus of geopolitics, with states seeking to secure and utilize these resources to achieve strategic advantage (Petersen, 2012; Braun & Clarke, 2006). In the Indo-Pacific context, these geographical determinants further shape how countries respond to regional geopolitical dynamics, with Indonesia playing a critical role in balancing various interests (Damuri, Habir, & Fathoni, 2019).

In this dynamic, countries located in strategic regions, such as Indonesia, are faced with various options to capitalize on their position. As a strategically positioned country in the Indo-Pacific region, Indonesia has many opportunities to optimize its national interests, but this also means it must take careful steps to avoid the risk of tensions arising from interactions with major actors such as the US and China (Nindya & Abiyaya, 2022). Balancing and bandwagoning strategies are often an option for countries in the midst of geopolitical competition, where major powers compete with each other for primacy over strategic regions (Waltz, 1979; Cheng-Chwee, 2008; Sukma, 2010).

The Indo-Pacific region, which stretches from the West Coast of the United States to the East Coast of Africa and includes most Asian countries, is one of the regions experiencing intense geopolitical tensions. The presence of two great powers, the United States and China, adds a complex dimension to contestation in the region. Since the end of the Cold War, the rivalry between the US and China has further exacerbated the coalition map in the Indo-Pacific region, creating polarization that impacts countries with strategic interests in the region, including Indonesia (Scobell, 2021; Weatherbee, 2019). Indonesia, with its strategic position at the center of the region, has a great opportunity to play a key role in this contestation. Under the leadership of President Prabowo Subianto, Indonesia's foreign policy is projected to prioritize military power as the main instrument, with an approach that focuses more on national security issues and strengthening Indonesia's strategic position in the region (Laksmana, 2018).

This is reflected in Indonesia's foreign policy that prioritizes maritime security, one of which is reflected in the diplomatic meeting between Indonesia and China on maritime cooperation (Anwar, 2023). Despite criticism regarding the potential sacrifice of Indonesia's sovereignty over China's claims in the South China Sea, this diplomatic move shows Indonesia's flexibility in responding to complex geopolitical challenges in the Indo-Pacific region (Dupont, 2021). Indonesia, as a country that adheres to the principle of free-active foreign policy, cannot rely solely on one party, be it China or the United States, for its national interests. Indonesia's involvement in ASEAN gives

it a strategic position to moderate its interests in the region (Radjendra, Wibisono, Mahroza, & Shabuddin, 2018). However, Indonesia must also maintain its proximity to China to reap significant economic benefits while maintaining a constructive relationship with the Quad-group comprising the United States, India, Japan, and Australia (Saputra & Bandung, 2020). This approach is not only economically beneficial but also maintains Indonesia's position in the face of emerging tensions in the South China Sea (Nashir, 2024).

With China's rise as a global economic and political power, the Indo-Pacific region is increasingly complex and challenging. China's claim to the South China Sea and the rise of their military and economic power is one of the factors affecting the geopolitical balance in the region (Cheng-Chwee, 2008). Meanwhile, the presence of the Quad in the region as a response to China's rise adds another layer of complexity for countries in the Indo-Pacific, including Indonesia (Petersen, 2012). Indonesia, which is at the center of this vortex of tension, must choose a wise strategy to ensure that its national interests are safeguarded, both in terms of economy and security.

The strategy that Indonesia can adopt in the face of these dynamics is a hedging plus strategy—where Indonesia not only avoids risks by not siding completely with one great power, but also actively seeks advantages through diversification of alliances and strategic investments in important sectors, such as maritime and economic (Cheng-Chwee, 2008; Nabbs-Keller, 2020). In this context, Indonesia should maintain a balance between cooperating with China in the economic sector and staying in touch with the Quad to secure its national interests in the face of potential threats in the South China Sea (Yin, 2014).

As a country with strategic interests in the Indo-Pacific region, Indonesia needs to continue to navigate its foreign policy carefully and prioritize its national interests. Indonesia is not only faced with potential benefits stemming from relations with China but also with the challenge of defending its maritime sovereignty and security, especially in the face of dynamics fueled by the presence of the Quad and China's aggressive policies in the South China Sea. Therefore, Indonesia's foreign policy under President Prabowo Subianto needs to reflect a holistic and adaptive strategy, with the aim of ensuring that Indonesia remains an important actor in the Indo-Pacific region, maintaining regional and global stability, and maximizing the geopolitical and economic benefits of its strategic position (Dupont, 2021; Sukma, 2010).

This research aims to analyze Indonesia's strategic role in the Indo-Pacific region, the impact of foreign policies that focus on military power and maritime security, and diplomatic strategies such as hedging plus that can help Indonesia optimize economic and security interests. In addition, this research aims to provide foreign policy recommendations that strengthen Indonesia's position as an important actor in regional stability, safeguard national interests, and create mutually beneficial relationships with China and the Quad.

2. Theoretical Background

Neorealism and Indonesia's Strategic Position in the Indo-Pacific

Neorealism, as developed by Waltz (1979), provides a foundational framework for understanding Indonesia's geopolitical positioning within the Indo-Pacific region. The theory posits that the international system is anarchic, where states act as rational entities seeking to maximize their security and power. Given Indonesia's strategic location at the crossroads of the Indian and Pacific Oceans, its foreign policy decisions are influenced by the balancing act between major powers such as China and the Quad alliance (United States, Japan, India, and Australia) (Cheng-Chwee, 2008).

In the Indo-Pacific, Indonesia's engagement with both China and the Quad reflects a hedging strategy that aligns with neorealism's emphasis on survival and power equilibrium. Dupont (2021) highlights that small and middle powers often adopt flexible diplomatic approaches to avoid overdependence on any one major power while securing economic and security benefits. This strategy is evident in Indonesia's diplomatic engagements with China on maritime security while maintaining cooperative ties with Quad nations through ASEAN-led mechanisms (Scobell, 2021). Indonesia's free-active foreign policy (*politik luar negeri bebas aktif*) is a direct application of neorealism, allowing it to maneuver between great power rivalries without being fully aligned with any bloc (Anwar, 2023).

Goeconomics and Indonesia's Economic Projections Amidst Quad Dynamics

Goeconomics examines the intersection of economic and geopolitical interests, where economic power is leveraged to achieve strategic advantages (Kaplan, 2013). In the Indo-Pacific, economic diplomacy is a crucial aspect of Indonesia's foreign policy, particularly in navigating trade partnerships, infrastructure investments, and maritime security. Indonesia's participation in China's Belt and Road Initiative (BRI) and its engagement with Quad countries in economic and security cooperation demonstrate a dual approach to maximizing economic gains while mitigating risks (Damuri, Habir, & Fathoni, 2019).

Indonesia's economic strategy focuses on infrastructure development, investment diversification, and trade agreements that align with its national interests. Fortuna (2022) argues that Indonesia must balance Chinese investments with Quad-backed alternatives such as the Blue Dot Network, which promotes transparent and sustainable infrastructure projects. Additionally, Indonesia's active role in ASEAN-led economic initiatives positions it as a key player in regional supply chains and digital economic growth (Saputra & Bandung, 2020). The hedging-plus strategy, as described by Nabbs-Keller (2020), suggests that Indonesia must continue engaging with both China and the Quad while ensuring economic independence and resilience.

By integrating neorealism and goeconomics, this research provides a comprehensive analysis of Indonesia's geopolitical and economic projections amidst Quad dynamics.

These theoretical perspectives help explain Indonesia's strategic decision-making process and its broader implications for regional stability and economic development.

3. Methodology

The research method used in this study is descriptive qualitative with a case study approach, in accordance with the definition of Yin (2014) which describes case studies as empirical investigations to investigate phenomena in real-life contexts. This research focuses on analysing Indonesia's geopolitical and economic projections amidst the Quad dynamics in the Indo-Pacific region. Using a case study approach, this research aims to identify how Indonesia utilises its strategic position in the face of competition between major powers, such as the United States and China, and plays a role in the dynamics that emerge in the context of the Quad's presence in the region. Data was collected through document studies that included government reports, think tank publications, journal articles, and other reliable sources relevant to Indonesia's geopolitical and economic context in the Indo-Pacific region. This approach follows the qualitative data collection method described by Creswell (2009), which emphasises the use of multiple data sources to gain a deeper understanding of the phenomenon under study. The data collected was then analysed using the thematic content analysis method, which is used to identify, analyse and report on themes that emerge in qualitative data. This method follows the guidelines of Braun and Clarke (2006), who define thematic content analysis as a technique for finding patterns in data and interpreting them to identify themes relevant to Indonesia's geopolitical and economic dynamics in the Indo-Pacific region.

With this approach, this research aims to provide a comprehensive picture of how Indonesia manages its foreign policy in the context of geopolitical and economic projections amid tensions triggered by Quad dynamics in the Indo-Pacific, as well as how Indonesia utilises its position to safeguard its national interests in the face of competition between major powers and evolving geopolitical dynamics in the region.

4. Empirical Findings/Results and Discussion

Indonesia is strategically positioned at the heart of the Indo-Pacific region, making it a central actor in the region's geopolitical dynamics. With its vast territory and maritime sovereignty, Indonesia has great potential to influence regional stability and security. This position provides a great opportunity for Indonesia to fight for its national interests. However, to maximise the benefits of this strategic position, Indonesia must formulate an appropriate foreign policy that is able to read and respond effectively to the changing geostrategic situation and conditions in the Indo-Pacific region. This is especially crucial given the increasing complexity of great power competition, which involves countries such as China and the United States (US), as well as the presence of the Quad alliance that also influences regional dynamics.

Today, Indonesia has established economically beneficial relationships, one of which is with China, which is a major trading partner and an important source of foreign

investment. Despite the challenges associated with the Belt and Road Initiative (BRI) project, such as project prioritisation issues, growing economic dependence, and resistance from various domestic groups, Indonesia remains focused on strengthening economic ties with China. For example, despite potential debt traps and tensions related to China's influence in the South China Sea, Indonesia chooses to continue strengthening cooperation with China in the trade and infrastructure sectors (Damuri et al., 2019). However, in the context of regional security stability, Indonesia needs to consider that too close a relationship with Beijing could exacerbate existing tensions, especially related to tensions between China and the US and the dynamics of the Quad.

Bandwagoning Strategy in Relations with China as an Effort to Maintain National Economic Growth

Indonesia, like many other ASEAN countries, has close economic ties with China. As ASEAN's largest economy, Indonesia enjoys significant benefits from trade with China, both through access to a large market and significant investment. However, China's increasingly assertive policies in terms of territorial claims and the use of economic power to achieve its political goals (Fortuna Anwar, 2022) may affect the stability of this relationship, especially when it comes to sensitive issues such as the South China Sea dispute.

In the context of increasingly polarised geopolitical dynamics in the Indo-Pacific, Indonesia adopted a bandwagoning approach towards China to maximise the economic benefits of the relationship. This bandwagoning strategy, as described by Stephen Walt, refers to a state's decision to approach a dominant power to reduce potential direct threats while gaining economic benefits (Anwar, 2023). Through its participation in the Belt and Road Initiative (BRI), Indonesia seeks to strengthen its trade, investment and infrastructure sectors. This move is considered rational as it provides direct benefits to the Indonesian economy, albeit with the risk of economic dependence that needs to be carefully managed.

Indonesia seeks to maintain good relations with China, while balancing the need to remain neutral in geopolitical conflicts involving major powers. Nonetheless, Indonesia should also remain wary of the potential impact of this dependency, both in terms of political influence and in its strategic relations with other countries, including Quad members. Indonesia, through a pragmatic economic approach, has shown the ability to capitalise on economic opportunities with China, but also not neglect national interests in terms of maritime security and an independent foreign policy.

Maintaining Maritime Security Stability and the Concept of Hedging Plus Strategy in Response to the Quad's Presence in the Indo-Pacific Region Amid China-Quad Tensions

The presence of the Quad, which consists of the United States, India, Japan and Australia, aims to balance China's influence in the Indo-Pacific region. However, amidst these tensions, Indonesia must be careful not to get caught up in polarisation that could harm its national interests. Indonesia, as ASEAN's largest economy, plays a pivotal role in maintaining regional stability and is a central actor in promoting dialogue and cooperation in the region. Indonesia's strategy should reflect a balance

between maintaining economic relations with China and ensuring that maritime security and territorial sovereignty are maintained.

In responding to the tensions between China and the Quad, Indonesia applies the concept of hedging plus strategy—a combination of bandwagoning and hedging. This strategy focuses on achieving a balance between getting closer to China to capitalise on economic benefits while maintaining good relations with Quad countries, especially to maintain freedom of navigation and maritime stability in the South China Sea. Through this strategy, Indonesia seeks to strengthen its maritime and diplomatic capacity to reduce the risk of direct confrontation between China and the Quad, while still adhering to the principles of international law such as UNCLOS in maritime dispute resolution.

This hedging plus strategy gives Indonesia the ability to capitalise on the advantages of both sides - China and the Quad - without getting caught up in a direct conflict that could be detrimental to national interests. This approach allows Indonesia to strengthen its position as a major actor in the Indo-Pacific region, maintain regional stability, and minimise the risk of further tensions. By prioritising multilateralism and regional cooperation in forums such as ASEAN, Indonesia demonstrates its diplomatic flexibility in the face of prevailing tensions.

Indonesia, with its strategic position in the Indo-Pacific region, is at the crossroads of complex economic and security interests. In the face of tensions involving China and the Quad, Indonesia must navigate its foreign policy very carefully. Indonesia's bandwagoning and hedging plus strategy allows the country to maximise economic gains while maintaining maritime sovereignty and regional security. Through pragmatic and adaptive policy implementation, Indonesia can strengthen its role as a middle power that seeks to minimise geopolitical risks and optimise economic benefits, while maintaining the stability of the Indo-Pacific region.

In the context of bilateral relations, Indonesia should also continue to strengthen its role as ASEAN leader, uphold the principle of ASEAN centrality, and maintain harmonious relations with all parties, including China and the Quad countries. With prudent and flexible policies, Indonesia can play an important role in ensuring that the Indo-Pacific region remains stable, secure and open to all countries, without getting caught up in rivalries that could threaten its maritime security and sovereignty.

5. Conclusions

This research highlights Indonesia's strategic position in the Indo-Pacific region, which makes it a key actor in global geopolitical and economic dynamics. Indonesia faces a dilemma in navigating tensions between China and the Quad, but has managed to capitalise on its economic relationship with China through a bandwagoning strategy, while still maintaining a balance with Quad member states. Through this approach, Indonesia maximises economic benefits without compromising national interests, particularly in the maritime security sector. Furthermore, the hedging plus

strategy that combines elements of bandwagoning and hedging provides Indonesia with diplomatic flexibility, allowing the country to avoid over-reliance on one major power while maintaining regional stability. In the face of tensions involving China and the Quad, Indonesia needs to continue to strengthen a more proactive maritime diplomacy, enhance maritime defence capabilities, and expand alliance diversification to reduce economic dependence. In addition, Indonesia should ensure that ASEAN remains a central actor in dealing with geopolitical challenges, encourage constructive cooperation, and strengthen its regional position through enhanced economic and infrastructure cooperation. With these measures, Indonesia can play a major role in maintaining the stability of the Indo-Pacific region, while maximising national interests and maintaining its strategic position in the evolving geopolitical dynamics.

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