

## Strategic Balancing and Sovereign Autonomy: Indonesia's Engagement with China in the Era of Regional Vulnerabilities



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**Abstract:** This article discusses the continuing Chinese economic, strategic, and security interests in Indonesia, how investment in infrastructure, energy, and technology facilitates the modernization of Indonesia, as well as the alarming issues of debt sustainability, resource sovereignty, and regional power. Historical processes since Suharto to Jokowi show movement towards pragmatic cooperation and increasingly complex relationship with periods of contention and particularly in the case of the Natuna Islands where tensions are marked by the issues of competing sovereignty claims. The development of strategic autonomy also influences Indonesia to relate with China, although economic forces suggest the expansion of collaboration. The alliance with the United States and Japan and the active involvement in the ASEAN also reflects the intentions of Jakarta to preserve the balance in the situation in the region. The study analyses Sino-Indonesian relations through the prism of neorealist and national-interest perspectives with the help of which the interrelations between the two countries can be characterized by the existence of certain combination between cooperation and constraint created by the structural forces and national interests. Tightening governance and institutionalized protection is absolutely needed to guarantee that the Belt and Road Initiative undertakings are directed in the interest of the nation as well as policy independence. The results highlight the importance of the consistency of policymaking since Indonesia is to navigate the great-power rivalry, national politics, and public worries, due to the larger issue of development necessity versus the strategic foresight in the long run in Southeast Asia.

**Keywords:** strategic autonomy; Sino-Indonesian relations; Belt and Road initiative; Asia-Pacific security.

**JEL Classification:** F21; F52; O18; P48.

### Introduction

This paper explores the intricate and multidimensional relationship between the People's Republic of China (PRC) and the Republic of Indonesia, particularly within the context of Southeast Asia's evolving and increasingly complex geopolitical environment. As two of the most significant actors in the Asia-Pacific region, their bilateral engagement carries profound implications not only for their respective national interests but also for the stability and developmental trajectory of the Association of Southeast Asian Nations (ASEAN) and the broader Indo-Pacific. Indonesia's engagement with China, while prominently centered on extensive economic cooperation, primarily actualized through Beijing's ambitious Belt and Road Initiative (BRI), is substantially complicated by a spectrum of deeply rooted strategic, security, and sovereignty concerns. These concerns are most acutely manifested in the resource-rich waters surrounding the Natuna Islands, which lie within Indonesia's internationally recognized

Exclusive Economic Zone (EEZ) but overlap with China's expansive and legally contested "nine-dash line" claim in the South China Sea.

As China progressively deepens its economic, political, and strategic footprint across Southeast Asia, Indonesia finds itself navigating a complex and often precarious balancing act. Jakarta endeavors to harness the developmental opportunities presented by Chinese investment and trade to achieve its ambitious national modernization goals, while simultaneously striving to safeguard its hard-won sovereign autonomy, territorial integrity, and its traditional "bebas dan aktif" (free and active) foreign policy posture. This study applies the theoretical lenses of neorealism and national-interest frameworks to critically assess how Indonesia, as the region's largest economy and a de facto ASEAN leader, manages the multifaceted challenges posed by great-power competition, the risks of infrastructural and economic dependence on a single dominant partner, and its aspirations for regional leadership and influence. The findings aim to contribute to ongoing scholarly and policy debates concerning regional resilience, the enduring significance of national sovereignty in an interdependent world, and the pursuit of sustainable and equitable diplomatic engagement within the ASEAN context and beyond. Understanding Indonesia's strategic calculus provides crucial insights into the adaptive strategies of middle powers in an era of shifting global power dynamics and heightened regional vulnerabilities.

This paper has made a distinct contribution by using a combination of neorealist and national-interest approach to understanding the changing relations of Indonesia with China based on a collective evaluation of the economic, security as well as regional relations issues in the form of diplomacy. Although these areas are usually conceptualized independently of each other in current literature, this work illustrates the formation of strategic behavior in Indonesia by the pressure of economic interdependence in the country, the enforcement of sovereignty in the North Natuna Sea, and ASEAN agenda-setting. The paper through historical, empirical, and theoretical synthesis creates a multidimensional account of the hedging posture in Indonesia through the lens of advancing the existing debates in the literature showing the autonomy of middle-powers, and the various adaptive strategies adopted by the Southeast Asian states in the backdrop of escalating U.S.-China competition.

### 1. Theoretical Framework: Neorealism and National Interests

To comprehensively analyze Indonesia's intricate foreign policy maneuvering, particularly in its engagement with a rising China and amidst great power rivalry, a theoretical framework combining neorealism and national interest theory offers significant explanatory power. Neorealism, as articulated by scholars like Kenneth Waltz (1979), posits that the fundamental structure of the international system is anarchic, meaning there is no overarching global authority to enforce rules or ensure state security. This anarchic condition compels states, as rational and unitary actors, to prioritize their own survival and security above all other considerations. Consequently, states are driven by a self-help imperative, relying on their own capabilities and strategic alignments to navigate the international environment. In such a system, the distribution of power among states is the primary determinant of international outcomes and state behavior. States are acutely sensitive to shifts in the balance of power and will adjust their strategies accordingly, often through internal balancing (strengthening their own military and economic capabilities) or external balancing (forming alliances or coalitions to counter a dominant or rising power).

Indonesia's foreign policy, particularly its well-documented hedging strategy, aligns closely with these neorealist principles. By consciously fostering and maintaining robust diplomatic and economic relations with multiple major power centers - notably engaging extensively with China for economic development while simultaneously strengthening security ties and strategic partnerships with the United States, Japan, Australia, and India - Indonesia seeks to counterbalance China's burgeoning regional influence. This approach is designed to prevent over-dependence on any single power, thereby preserving its strategic autonomy and avoiding entrapment in alliances that might compromise its independent foreign policy stance (Anwar 2022). The pursuit of a diversified portfolio of partnerships allows Indonesia to maximize its options and leverage in a fluid geopolitical landscape.

National-interest theory complements this structural analysis by focusing on the specific goals and objectives that drive a state's foreign policy. While neorealism emphasizes survival and security as universal state interests, national interest theory allows for a more nuanced understanding of how individual states define and prioritize their interests based on their unique historical experiences, geographical circumstances, economic needs, domestic political conditions, and national identity. For Indonesia, core national interests prominently include economic modernization and sustainable development to improve the welfare of its large population, the unwavering protection of its territorial integrity and maritime sovereignty (particularly critical for an archipelagic nation), the maintenance of domestic political stability and social cohesion, and the enhancement of its regional and global influence as a respected middle power and a leader within ASEAN (Anwar 2022). Indonesia's efforts to align its external partnerships, including its complex engagement with China, with these domestically rooted goals are

central to its foreign policy calculus. For example, attracting BRI investments is directly linked to the national interest of infrastructure development, while its firm stance on the Natuna Islands reflects the paramount interest of territorial sovereignty. The synthesis of neorealist concerns about systemic pressures and power dynamics with a national-interest perspective on specific state objectives provides a robust analytical lens through which to evaluate the motivations, strategies, and outcomes of Indonesia's bilateral and multilateral engagements in an increasingly contested region.

According to the recent literature, there is a growing recognition of the applicability of neorealism and national-interest theory to the Indonesian changing relationship with China especially under the condition of intensifying economic interdependence and increasing regional competition (Tian, Othman and Khairi 2024). Recent literature speculates that middle powers like Indonesia have turned to multi-layered hedging policies in order to address their vulnerability in strategy in an environment characterized by the increased assertion of China and intensifying of the U.S.-China relationship (Anwar 2019). The publications of the last five years point at the role of the responses of Indonesia under the impact of not only structural pressures but also the transformation of the perception of a threat, distribution of resources, and the increasing role of maritime security in the policy formation of the countries. All these papers show that the strategic position of Indonesia, comprising of not only selective cooperation, but also careful resistance and active diversification of partners, can be viewed as a neorealist expectation form of state behavioral adaptation to constraints in the system, but to the best of their autonomy. Meanwhile, recent literature supports the national-interest prism in indicating that Indonesia still follows the same foreign policy that focuses on developmental needs and maritime sovereignty, domestic political stability and regional leadership via ASEAN. With these refurbished contributions in place, the movement of structure and agency can be captured more well within the theoretical framework, which increases the ability of the theoretical framework to explain the contemporary strategic behavior of Indonesia.

## 2. Methods

A qualitative research design has been used, which combines document analysis, tracing of the historical developments and thematic interpretation to study the multidimensional nature of Sino-Indonesian relations development. In line with the interests in strategic behaviour, sovereignty issues and economic interdependence which define the interest of the manuscript, the methodological approach uses a wide range of primary sources, such as presidential speeches, statements of ministers, the communiques of the ASEAN, bilateral cooperation agreements, reports of the maritime incidents at the North Natuna Island, and statistical data concerning the trade flows and investments under the Belt and Road Initiative. These materials are supplemented with scholarly publications (especially those about policy and empirical studies) of 2015-2025, which will allow conducting a more modern and longitudinal evaluation of how the issue of power disparities and national interests influence the strategic decisions of Indonesia.

It is needed to cover the scholarly and empirical terrain as wide as possible in relation to Sino-Indonesian relations and in this regard, she used a systematic search strategy to find relevant literature and primary materials. The keywords and search strings were formulated on the basis of the comprehensive themes of this paper such as the hedging strategy of Indonesia, maritime sovereignty, the activities of Belt and Road Initiative, ASEAN regionalism, and domestic political factors. Combinations of words, including Indonesia-China strategic relations and hedging strategy and neorealism, and maritime security words, including Natuna Islands, China incursions at sea, UNCLOS, and South China Sea tensions were used to conduct searches. The aspects of economic interdependence and infrastructural collaboration were explored using the following queries: BRI projects Indonesia, debt sustainability, Chinese investment governance and Jakarta-Bandung high-speed rail cost overrun. The search included regional diplomatic relations and thus added a search query that involved "ASEAN centrality, U.S.-China rivalry, ASEAN Outlook on the Indo-Pacific, and ASEAN unity. In order to put domestic political motives into prospectus, further searches were conducted on things like Indonesia people and China attitude, China emigrants in Indonesia, and even historical sensitivities of the ethnic Chinese. Searching of sources on the qualitative document analysis, process tracing and national interest theory in research on the foreign policy of the southeast Asian countries was used to improve the methodological and theoretical basis. The systematic search processes made sure that evidence base used contained the also up-to-date empirical results as well as the already existing theoretical contributions hence making the analytical framework used in the study stronger and more credible.

All documents were effectively audited and sorted into thematic groups on the main links of the study inquiry; economic collaboration, maritime security politics, regional diplomacy via ASEAN, as well as domestic political concerns, enabling regional patterns, trends, and contentious issues to be detected within the areas of concern.

Major turning points were related to trace historical processes that have facilitated the normalization of Indonesia-China relations, the introduction of the BRI, and frequent tensions with Natuna, therefore, placing current events within greater structural and historical patterns. The theoretical frameworks used as the analytical lenses are neorealism and national-interest theory, which explains how the macro-level systemic pressures are interconnected with the domestic needs of Indonesia and foreign policy measures. This methodological approach makes it possible to critically and theoretically consistent realize the assessment of strategic balancing of Indonesia so that the empirical facts are rooted in the structural explanations and change in national priorities of the country.

### 3. The Evolution of Sino-Indonesian Relations

The historical trajectory of relations between China and Indonesia is a complex narrative characterized by long periods of amicable exchange interspersed with episodes of deep mistrust, ideological conflict, and diplomatic estrangement. Understanding this dynamic evolution is crucial for contextualizing the contemporary challenges and opportunities that define their Comprehensive Strategic Partnership.

Early interactions, dating back centuries, were largely driven by maritime trade and cultural diffusion, with Chinese merchants and emissaries, such as Admiral Zheng He in the 15th century, playing significant roles in the economic and cultural life of the Indonesian archipelago (Anwar 2022; Ibrahim, Sukandar, and Nusantari 2023). These historical ties laid a foundation for the presence of a significant ethnic Chinese diaspora in Indonesia.

The Cold War era, however, introduced profound ideological schisms. Following Indonesia's independence, relations with the newly established People's Republic of China were initially cordial, culminating in active Indonesian participation alongside China in the 1955 Bandung Conference, which championed Afro-Asian solidarity and non-alignment (Anwar 2019). However, this warmth dissipated dramatically in the mid-1960s. The alleged involvement of the Indonesian Communist Party (PKI) in the 1965 coup attempt, coupled with Beijing's perceived support for the PKI, triggered a violent anti-communist purge in Indonesia. This cataclysmic event led to the deaths of hundreds of thousands and the suspension of diplomatic relations with China in 1967 under President Suharto's New Order regime (Yu and Han 2023). For nearly a quarter of a century, official ties remained frozen, marked by deep suspicion and Jakarta's alignment with the Western bloc against perceived communist expansionism (Yu and Han 2023). The Suharto era, while maintaining this diplomatic freeze, did allow for a degree of pragmatic, albeit unofficial, economic interaction, often facilitated through third countries and by Indonesia's ethnic Chinese business community.

The formal normalization of diplomatic relations in August 1990 marked a significant turning point, occurring even before the end of the Cold War and the fall of Suharto. This rapprochement was driven by evolving geopolitical landscapes, China's shift towards a more pragmatic foreign policy focused on economic development, and Indonesia's own economic imperatives (Elisabeth 2018). The subsequent "Reformasi" period in Indonesia, commencing with Suharto's resignation in 1998, ushered in an era of democratization and greater openness, further paving the way for an expansion of ties with Beijing. Successive administrations, from President Megawati Sukarnoputri to President Susilo Bambang Yudhoyono, progressively deepened engagement with China, recognizing its growing economic importance (Elisabeth 2018).

Under Chinese President Xi Jinping, this relationship has intensified significantly, particularly through the framework of the Belt and Road Initiative (BRI). High-profile infrastructure projects, most notably the Jakarta-Bandung high-speed railway, have come to symbolize this new era of extensive economic cooperation. However, this deepening interdependence has not been without friction (Farras 2023). Contentious issues, primarily revolving around Chinese fishing vessel incursions and coast guard assertiveness within Indonesia's EEZ in the North Natuna Sea, have periodically flared, reigniting deep-seated sovereignty concerns and public anxieties within Indonesia (Anwar 2022, Farras 2023). This complex evolution underscores a persistent interplay of mutual economic benefit, shared interests in regional stability, and underlying geopolitical anxieties and historical sensitivities that continue to shape the contours of Sino-Indonesian relations.

### 4. Strategic and Economic Interdependence

The economic dimension of the Sino-Indonesian relationship has become its most prominent and defining feature in the 21st century, characterized by a rapidly growing yet increasingly asymmetrical interdependence. China stands as Indonesia's largest trading partner by a considerable margin and has emerged as one of its most significant sources of foreign direct investment, particularly in crucial sectors such as infrastructure, energy, mining (especially nickel processing), and manufacturing (Ariani and Amaliah 2023). The alignment of China's Belt and Road Initiative (BRI) with Indonesia's Global Maritime Fulcrum (GMF) strategy under President Joko Widodo has

been the primary catalyst for this intensified economic engagement, promising to address Indonesia's substantial infrastructure deficit and spur economic growth.

BRI projects, ranging from power plants and industrial parks to ports and transportation networks, have indeed contributed to Indonesia's economic development and modernization efforts. The Jakarta-Bandung high-speed railway, despite its controversies, is often touted as a symbol of this modernization drive and the tangible benefits of Chinese investment (Ariani and Amaliah 2023). However, this burgeoning economic relationship is fraught with significant challenges and concerns for Indonesia. Issues of debt sustainability have become prominent, with critics fearing that large-scale, Chinese-financed infrastructure projects could lead to an unsustainable debt burden, potentially compromising Indonesia's fiscal stability and policy autonomy (Elisabeth 2018, Fukuoka and Verico 2016). The Jakarta-Bandung railway itself serves as a cautionary tale, having experienced substantial cost overruns (escalating from an initial estimate of around \$6 billion to over \$7.3 billion) and significant delays, necessitating a government bailout and raising questions about its long-term economic viability and the transparency of its financing arrangements (Fukuoka and Verico 2016).

Furthermore, concerns about a lack of transparency in project tendering and execution, the environmental and social impacts of certain BRI projects, and imbalances in labor arrangements - with perceptions of an excessive influx of Chinese workers at the expense of local employment opportunities - have fueled public skepticism and occasional social tensions (Candra and Zhafran 2023). The structural nature of the trade relationship, with Indonesia primarily exporting raw commodities to China and importing higher-value manufactured goods, also perpetuates an economic dependency that hinders Indonesia's ambitions for industrial upgrading and value-added production (Ariani and Amaliah 2023).

This asymmetric economic interdependence inevitably grants China a degree of strategic leverage, potentially challenging Indonesia's capacity for autonomous policy-making in both domestic and foreign affairs. Indonesian policymakers are acutely aware of these risks and have attempted to mitigate them through various measures (Tian, Othman and Khairi 2024). These include efforts to diversify sources of FDI beyond China, impose stricter local content and labor participation requirements in foreign-funded projects, enhance regulatory oversight, and push for greater transparency and adherence to international best practices in project implementation. From a neorealist perspective, these moves can be interpreted as forms of internal balancing, whereby Indonesia seeks to bolster its own resilience and reduce vulnerabilities to secure its autonomy in the face of a powerful economic partner (Yadav 2025). However, the efficacy of these measures in fundamentally altering the asymmetrical nature of the economic relationship remains a subject of ongoing debate and scrutiny.

The maritime tensions persisting in the North Natuna Sea show that Indonesia is mediated essentially through issues of security between Indonesia and China. Such events indicate systemic weaknesses, which drive Indonesia to have a more explicit stance on sovereignty to influence its overall regional stance and perceived diplomacy. Supporting the relevance of maritime defense and international law will enhance the security actions of the Indonesia to enhance its status as an autonomous agent that upholds the territorial integrity. These dynamics help to depict that economic cooperation with China cannot be entirely dissociated with the strategic strife that is taking place at sea. Therefore, the security environment is the paramount negative balance to economic involvement and becomes decisive to hedging behavior of Indonesia.

## 5. Security Dynamics and the South China Sea

While economic interests often dominate the discourse on Sino-Indonesian relations, underlying security dynamics, particularly concerning maritime sovereignty in the South China Sea, remain a persistent and potentially volatile element of the bilateral engagement. Indonesia is not a formal claimant state in the territorial disputes over islands and rock features in the South China Sea, such as the Spratly or Paracel Islands. However, its internationally recognized Exclusive Economic Zone (EEZ) around the Natuna Islands directly overlaps with China's expansive "nine-dash line" (now often depicted as a "ten-dash line" or simply "relevant waters" claim), which Beijing uses to assert historical rights over a vast majority of the South China Sea (Djarra and Seniwati 2025). This geographical overlap has become a recurring flashpoint.

Incidents involving Chinese fishing fleets, often accompanied by heavily armed China Coast Guard vessels, making incursions into Indonesia's EEZ in the North Natuna Sea have become increasingly frequent and assertive in recent years. These actions are perceived by Jakarta not merely as illegal fishing activities but as direct challenges to its sovereignty and sovereign rights as stipulated under the United Nations Convention on the Law of the Sea (UNCLOS), which Indonesia has ratified and to which it staunchly adheres. China's insistence on "traditional fishing grounds" within Indonesian waters, a claim not recognized by UNCLOS, further exacerbates these tensions (Farras 2023).

In response to these challenges, Indonesia has adopted a multifaceted approach that combines diplomatic assertiveness with a strengthening of its defense and law enforcement capabilities. This demonstrates Jakarta's internal balancing approach aimed at upholding its territorial integrity and maritime rights. Successive Indonesian governments have significantly increased military presence and upgraded infrastructure in the Natuna archipelago, including extending runways, deploying additional naval and air force assets, stationing more personnel, and enhancing surveillance capabilities. Public statements from Indonesian officials have consistently reaffirmed Indonesia's sovereign rights and rejected China's claims, often leading to diplomatic protests and heightened rhetoric.

Concurrently, Indonesia has pursued diplomatic efforts, primarily through ASEAN, to manage these disputes and constrain Chinese assertiveness. Jakarta has been a vocal proponent of an expeditious conclusion to a substantive and legally binding Code of Conduct (COC) for the South China Sea that is consistent with international law (Anwar 2019). It also emphasizes the importance of international legal frameworks, including the 2016 arbitral tribunal ruling (Philippines v. China), which invalidated China's nine-dash line, as a basis for resolving maritime disputes, even though Indonesia was not a party to that specific case (Fitriani 2021).

Furthermore, to enhance its deterrent posture and maritime security capabilities, Indonesia actively participates in bilateral and multilateral military exercises, including those led or involving the United States, Australia, Japan, and other regional partners (Strat and Narain 2025). These engagements aim to improve interoperability, share best practices in maritime domain awareness, and signal a broader commitment to a rules-based maritime order. These complex security dynamics in the South China Sea underscore the tangible strategic costs and vulnerabilities associated with Indonesia's regional proximity to a more powerful and assertive China, compelling Jakarta to continuously adapt its security posture and diplomatic strategies.

The internal divisions in the ASEAN and the U.S.-China rivalry directly affect the ways in which the country will position itself in the region and how it will deal with Beijing. Being the *de facto* leader of ASEAN, Indonesia needs to reconcile national interests and need to maintain regional unity, so its strategy of hedging is its national and regional priority. Indonesia has tried to influence the regional environment in a manner that can alleviate external pressure just like in the case of the Energizing of the ASEAN outlook on the Indo-Pacific. This brings out the point that the external balancing process cannot take place without the regional commitment to diplomacy in Indonesia. Finally, ASEAN also acts as a limitation and a place through which Indonesia can pursue strategic autonomy even in relation to China.

## 6. ASEAN, Regionalism, and the U.S.-China Rivalry

Indonesia has historically positioned itself as a key architect and staunch champion of ASEAN centrality, viewing the regional organization as the cornerstone for maintaining peace, stability, and prosperity in Southeast Asia. Jakarta perceives a strong, unified, and proactive ASEAN as essential for managing regional affairs, mediating disputes, and engaging with external powers from a position of collective strength (Fukuoka and Verico 2016). However, the intensifying strategic rivalry between the United States and China casts a long shadow over ASEAN's cohesion and effectiveness, placing considerable pressure on Indonesia's balancing role and its aspirations for regional leadership.

ASEAN's internal divisions, often exacerbated by the varying degrees of economic dependence and political alignment of its member states with either China or the U.S., frequently undermine its ability to formulate and implement collective responses to pressing geopolitical threats, including China's assertiveness in the South China Sea (Strat and Narain 2025). Some member states, particularly Cambodia and Laos, are often perceived as being closely aligned with Beijing, which can dilute ASEAN consensus on sensitive issues and hinder efforts to adopt a more robust stance against actions that challenge regional norms or international law. This fragmentation limits ASEAN's leverage and complicates Indonesia's efforts to steer the organization towards a more unified and principled approach.

The U.S.-China rivalry further intensifies these pressures, compelling Southeast Asian nations, including Indonesia, to navigate a treacherous path between the two competing giants. Both Washington and Beijing actively court regional states, offering economic incentives, security cooperation, and competing visions for regional order. Indonesia, adhering to its "bebas dan aktif" foreign policy, assiduously seeks to avoid taking sides in this great power contest, fearing that alignment with one could antagonize the other and compromise its strategic autonomy (Anwar 2022; Hamilton-Hart and McRae 2015).

In response to these challenges, Jakarta has actively promoted the ASEAN Outlook on the Indo-Pacific (AOIP), an initiative that emphasizes inclusivity, dialogue, and cooperation across the broader Indo-Pacific region, rather than fostering exclusionary blocs or zero-sum competition (Anwar 2019). The AOIP aims to reinforce ASEAN

centrality in shaping the regional architecture and to provide a framework for constructive engagement with all major powers based on shared principles. By fostering such inclusive regional architectures, Indonesia hopes to mitigate the destabilizing effects of the U.S.-China rivalry and create a more multipolar and rules-based regional order. These efforts reflect Indonesia's enduring aspiration to not only navigate but also to actively shape the regional environment in a manner consistent with its national interests and its vision for a stable and prosperous Southeast Asia amid intensifying great-power competition. However, the practical implementation and impact of the AOIP in genuinely influencing great power behavior and fostering a more balanced regional order remain significant challenges.

Indonesia politics within the country and popular opinion is also a factor of influence in the evolution of the overall strategic position of Indonesia in relation to China. With the re-emergence of the social fears of sovereignty, of competition in the labor market, and of sensitivities to the event of history, Jakarta will be compelled to strike a balance between national credibility and global political utility. These domestic forces can affirm Indonesia unwillingness to shift to becoming overtly aligned to Beijing though economically interdependent. They also state the reason why the leaders of Indonesia usually pursue the issues of sovereignty by presenting them in ways that appeal to the masses in Indonesia. In this way, an internal politics of the country serves as the stabilizing factor to help the Indonesia politics base their China policy to national identity and long-term values of independence.

### 7. Domestic Political Considerations and Public Sentiment

The conduct of Indonesia's foreign policy, particularly its sensitive and high-stakes relationship with China, is significantly shaped and often constrained by a complex interplay of domestic political considerations and fluctuating public sentiment. Public opinion in Indonesia toward China is multifaceted and frequently ambivalent, reflecting a tension between the acknowledged economic benefits of cooperation and deep-seated anxieties regarding sovereignty, national identity, and potential socio-economic repercussions.

While Chinese investments and trade are generally welcomed by segments of the business community and government elites for their contribution to economic growth and infrastructure development, there is also rising skepticism and concern among the broader populace. These concerns often revolve around the perceived erosion of national sovereignty, particularly in relation to maritime disputes in the North Natuna Sea and the terms of some BRI projects (Kusumasomantri 2018). Social impacts, such as the perceived displacement of local workers by imported Chinese labor on large-scale projects, competition faced by local small and medium enterprises, and the potential for unwelcome cultural influence, also fuel public apprehension and occasionally lead to localized protests or social media campaigns (Candra and Zhafran 2023).

Indonesian political elites, therefore, must perform a delicate balancing act, navigating the imperative to secure foreign investment and maintain economic growth with the need to address and assuage nationalist sentiments and public anxieties. Historical sensitivities play a crucial role in this dynamic (Abdullah, Said and Ridzuan 2025; Srifauzi *et al.* 2018). The traumatic anti-communist purges of 1965-66, which were intertwined with anti-Chinese violence, and the subsequent discriminatory policies against ethnic Chinese Indonesians during the Suharto era, have left a lasting legacy of mistrust towards both communism and, by extension in some quarters, mainland China. Furthermore, the anti-Chinese riots that occurred during the Asian Financial Crisis in May 1998 serve as a stark reminder of the fragility of ethnic relations and the potential for anti-Chinese sentiment to be exploited for political purposes. These historical experiences contribute to a cautious and often wary approach in policymaking circles when dealing with China.

The Indonesian government, particularly under President Joko Widodo, has emphasized the importance of transparency, good governance, and tangible benefits for local communities in Chinese-financed projects to gain public trust and mitigate criticism (Abdullah, Said and Ridzuan 2025). However, ensuring genuine accountability and addressing public concerns effectively remains an ongoing challenge. Issues such as the treatment of Uyghur Muslims in China's Xinjiang province also resonate strongly within Indonesia, the world's most populous Muslim-majority nation, with various Islamic organizations and civil society groups calling for greater solidarity and a more critical stance from the Indonesian government (Anwar 2019). Domestic political stability, therefore, is not only a precondition for effective foreign policy but also a product of how well the government manages the complexities and public perceptions of its strategic balancing act, especially in its engagement with a powerful and increasingly influential China.

The policy options and institutional protection options as suggested above are direct response to the structural problem of Indonesia in terms of handling asymmetric relationship with China. Through better governance, better regulatory supervision and enforcement of ASEAN standards, Indonesia can build its ability to relate with China without loss of sovereignty. Such mechanisms are indicative of a larger Indonesian policy of

preserving autonomy and reaping the benefits of cooperation in terms of development. They also emphasise the active nature of the hedging position of Indonesia, which shows that both institutional resilience and policy action can be used to maintain strategic autonomy. On this basis, institutional reforms are critical tools that will enable Indonesia to reconcile between foreign interaction and internal dominance.

### 8. Institutional Safeguards and Policy Recommendations

To navigate the complexities of its relationship with China and ensure that engagement yields mutually beneficial outcomes while safeguarding its national interests, Indonesia must proactively develop and institutionalize a robust set of safeguards and pursue strategic policy initiatives at both domestic and regional levels. These measures are essential for enhancing resilience, maintaining strategic autonomy, and promoting sustainable and equitable development.

At the domestic level, a primary focus should be on strengthening governance and transparency surrounding foreign investments, particularly large-scale BRI projects. This includes institutionalizing mandatory public consultation and meaningful community participation in the planning and impact assessment phases of infrastructure projects to ensure local needs are addressed and potential negative consequences are mitigated. Establishing clear, enforceable legal protections for local workers - covering wages, working conditions, and opportunities for skills development - is crucial to counter concerns about labor imbalances and exploitation. Furthermore, robust debt oversight mechanisms, potentially involving independent audits and parliamentary scrutiny of loan agreements, are necessary to ensure fiscal sustainability and prevent the accumulation of unsustainable debt (Elisabeth 2018, Fukuoka and Verico 2016), imply such needs through their discussion of risks). Promoting digital transparency platforms that provide public access to project details, financing terms, and performance metrics can significantly enhance accountability and reduce opportunities for corruption. Investing in independent project audits conducted by credible national or international bodies can further bolster oversight and ensure compliance with environmental and social standards. Finally, fostering inclusive development frameworks that prioritize local economic linkages, support for small and medium-sized enterprises (SMEs), and equitable benefit-sharing will be vital to ensure that the fruits of economic cooperation are widely distributed and contribute to national resilience.

At the regional level, Indonesia should continue to champion efforts to strengthen ASEAN's institutional capacity for conflict prevention and dispute resolution. A key priority remains the codification of a substantive, effective, and legally binding South China Sea Code of Conduct (COC) that is consistent with international law, particularly UNCLOS. Such a COC is critical for managing tensions, preventing incidents at sea, and providing a stable framework for maritime interactions in one of the world's most contested waterways (Anwar 2019). Indonesia can also spearhead initiatives within ASEAN to develop common standards for sustainable infrastructure development, responsible investment, and environmental protection, thereby creating a more level playing field and promoting higher governance standards across the region. Enhancing ASEAN's collective bargaining power in negotiations with major external partners, including China, on economic and security matters should also be a strategic objective.

Moreover, Indonesia should continue to diversify its strategic partnerships beyond China and the United States, actively engaging with other middle powers and regional organizations to build coalitions on issues of shared concern, such as maritime security, climate change, and global health. Investing in its own diplomatic capacity, research institutions, and public understanding of complex foreign policy issues will also be essential for formulating and implementing effective long-term strategies. These multifaceted institutional safeguards and proactive policy recommendations are not merely desirable but are increasingly essential for Indonesia to uphold its long-term strategic autonomy and national interests while engaging productively and sustainably with China and other external powers in a rapidly evolving global order.

### Conclusions and Further Research

Indonesia's multifaceted relationship with China in the contemporary era is profoundly characterized by a state of strategic ambivalence - a complex interplay of mutually beneficial economic cooperation and deeply ingrained anxieties stemming from power asymmetries, historical legacies, and unresolved sovereignty concerns. The analytical frameworks of neorealism and national interest theory provide valuable, albeit not exhaustive, lenses through which to understand Jakarta's intricate foreign policy calculus. Neorealism highlights how Indonesia, operating within an anarchic international system and acutely aware of China's rising power, seeks to manage its vulnerabilities through strategic hedging and balancing behaviors, fostering ties with multiple major powers to preserve its autonomy (Anwar 2022). National interest theory further illuminates how Jakarta's engagement is

driven by core objectives such as economic development, territorial integrity, and the maintenance of domestic stability, compelling it to navigate the opportunities and risks presented by its powerful northern neighbor.

As China's economic, political, and military presence continues to expand across Southeast Asia and the broader Indo-Pacific, Indonesia faces an ongoing imperative to enhance its institutional capacity, bolster its national resilience, and leverage its diplomatic influence, particularly within ASEAN, to safeguard its interests. The nation's ability to maintain its "bebas dan aktif" foreign policy and act as a sovereign maritime fulcrum, rather than becoming entangled in great-power dependencies or regional hegemonies, will hinge critically on several factors. These include the robustness of its domestic governance structures, the cohesiveness and strategic vision of its political leadership, the degree of regional solidarity it can foster within ASEAN, and the agility and foresight of its strategic choices in an increasingly volatile and unpredictable international landscape. The future trajectory of Sino-Indonesian relations, and indeed Indonesia's own path in the 21st century, will be significantly shaped by its capacity to navigate these complex challenges while steadfastly upholding its core principles of sovereignty, independence, and active engagement in pursuit of a just and prosperous regional and global order. The delicate balance between reaping the economic rewards of engagement with China and mitigating the associated strategic risks will remain a defining feature of Indonesian foreign policy for the foreseeable future.

## Declarations

### Credit Authorship Contribution Statement:

**Tiancheng Tian:** Conceptualization, Investigation, Methodology, Software, Formal analysis, Writing – original draft, Data curation, Validation, Visualization;

**Sity Daud:** Conceptualization, Methodology, Project administration, Supervision, Data curation, Validation, Writing – review and editing;

**Aizat Khairi:** Software, Supervision, Data curation, Validation, Writing – review and editing, Visualization.

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**Declaration of Use of Generative AI and AI-assisted Technologies:** The authors declare that they have not used generative AI and AI-assisted technologies during the preparation of this work.

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