Mechanism of Balancing Diplomacy among Middle Powers the Hedging Strategy of Indonesia under the Competition of “Free-Open Indo Pacific” and “Belt and Road Initiative”

Yue Zhang *

The School of Government, University of Birmingham, Edgbaston Birmingham, B15 2TT, United Kingdom

* Corresponding Author Email: yxz358@alumni.bham.ac.uk

Abstract: The competition between China and the United States is worsening in the Indo-Pacific region. With the evolution of the Indo-Pacific regional order, Southeast Asian countries find themselves at the forefront of competition. Most Southeast Asian countries face three main choices. The first choice is to support the current superpower, the United States; The second option is to cooperate with China and join the BRI initiative; The third option is a strategic hedge between China and the United States. This study focuses on the Southeast Asian region, taking Indonesia as the research object, and analyzes how Indonesia, as a middle power, adopts a hedging strategy to carry out excellent power balance diplomacy. Indonesia has adopted the “Global Maritime Fulcrum Strategy (GMF)” as the primary measure to deal with BRI and FOIP. In this paper, a literature review and case study are used to study. The first part mainly expounds on balanced diplomacy between a middle power and a major power, and the second part focuses on Indonesia as the research object. Through a case study, it analyzes the background, current policies, achievements, and significance of GMF strategy and explains the hedging strategy of Indonesia, a middle power, to balance China and the United States.

Keywords: Balancing Diplomacy; Middle Powers; Hedging Strategy; Indonesia; Free-Open Indo Pacific; Belt and Road Initiative; Global Maritime Fulcrum Strategy.

1. Introduction

Due to the intensification of the Sino-US confrontation, Southeast Asian countries are trying to seek new opportunities and realize their interests under the framework of the "Free-Open Indo Pacific (FOIP)" and "Belt and Road Initiative (BRI)." However, Southeast Asian countries have different and complicated historical backgrounds and political preferences, which leads to the unknowns in their choices, so different Southeast Asian countries have different policy choices. Taking Indonesia as an example, this paper discusses the self-protection mechanism adopted by the middle powers in Southeast Asia to hedge the "Free and Open Indo-Pacific" and the "Belt and Road Initiative" to rely on the enormous benefits of their strategic hedging to the greatest extent [1]. Through a case study based on current academic researches, this paper attempts to study how Indonesia, as the frontier region of the current "Free and Open Indo-Pacific" and the "Belt and Road Initiative," uses the "Global Maritime Fulcrum" (GMF) strategy to achieve win-win cooperation in the Indo-Pacific competition. This paper aims to take Indonesia as an example to study how middle powers can protect their interests under the "Free and Open Indo-Pacific" and "Belt and Road Initiative," especially how Indonesia's "Global Maritime Fulcrum" (GMF) strategy can undertake BRI and FOIP at the same time, which also provides reflections for other middle powers in the face of competition from major powers.

2. Case Study: Indonesia's Middle Power Balance Policy

In this paper, the case study method is used to analyze the hedging tactics of Indonesia, as a middle power, in implementing the strategy of balancing great powers. Taking Indonesia as an example, this paper studies how middle powers can protect their interests under the "Free and Open Indo-Pacific" and "Belt and Road Initiative," especially the critical role of Indonesia's "Global Maritime Fulcrum" (GMF) strategy in hedging the competition between China and the United States. Firstly, the basis of choosing Indonesia as the research case mainly includes the following aspects: firstly, through the definition and division of some concepts of medium power in the literature review, we can know that Indonesia is a medium power through the evaluation of the essential strength of the country, and further, establish the factual basis of taking Indonesia as the research subject. In addition, Indonesia's diplomatic core is to implement the strategy of balancing great powers, and its main diplomatic goals are to maintain regional stability, maintain an independent foreign policy, attach importance to the friendship of third-world countries, and maintain friendly relations with the West [2]. During the Joko period (2014-present), Indonesia implemented a favorable but non-aligned diplomatic policy, established diplomatic relations with China and the United States in an all-around way, and implemented a multi-party "balanced diplomacy" strategy. Therefore, Indonesia is a typical case of a middle power implementing "balanced diplomacy." Secondly, through the case analysis of Indonesia's GMF strategy, the demonstration idea is divided into three parts; namely, the first part expounds on Indonesia's choice of a global maritime fulcrum as an intermediate force strategy to deal with BRI and FOIP. The next part explains how Indonesia uses GMF as its primary ocean strategy and discusses how GMF policy can hedge BRI and FOIP and benefit from GMF's strategy.
2.1. Indonesia's "Global Maritime Fulcrum" Implementation Background

China and the United States are both the most critical countries in the Indo-Pacific region, and at the same time, they have an essential influence on the shaping of the order in Southeast Asia. They have also become the system structure or system pressure in Southeast Asia to a certain extent, affecting the strategic choice of Southeast Asian countries. The expanding forces of China and the United States also influenced Indonesia. Karim believes that Indonesia is trying to link the status-seeking behavior of a middle power with the foreign policy agenda of the country [1]. Karim means that Indonesia has demonstrated its goal by developing the role of active diplomacy. Indonesia's middle-power advocacy laid the understructure for describing Indonesia as an export-oriented rising power [2].

As a middle power, one of Indonesia's superiority is its gigantic maritime territory and geographically strategic position, which is an excellent position to act as the fulcrum of the global ocean and incite regional economic and political development. Indonesia is a maritime power in the world. It is the largest country in Southeast Asia and the largest archipelagic country globally. Because Indonesia is strategically located between the Indian and Pacific Oceans, Asia, and the Australian mainland, it has become a competitive region with huge power interests [3]. All countries in the Indo-Pacific region depend on Indonesia's stability and foreign policy because Indonesia is a prominent member of ASEAN and holds a significant part of the power of discourse in ASEAN. Compared with other countries in Southeast Asia, Indonesia has powerful and unrepeatable maritime capabilities. According to the report published by the World Bank in 2014, Indonesia has surpassed developed countries such as South Korea, Singapore, and Canada regarding purchasing power parity, ranking as the tenth largest economy in the world and contributing 2.3% to global economic output. At present, Indonesia's total economic output is the highest among ASEAN countries, accounting for 40% of the total economic output of ASEAN. The new york Times in 2018 said that Indonesia's growing economy had enabled it to have the same level of dialogue with China and India, the two largest emerging economies, on the international stage. Indonesia is a rising middle power in Southeast Asia and the actual leader of ASEAN. Its maritime strategy is related to the security and stability of Southeast Asia and has an essential and profound impact on the diplomacy of the United States and China. After taking office, the current Indonesian President Joko has made a high-profile proposal to regain Indonesia's status as a medium-sized maritime power and safeguard and make good use of marine resources. Under this ruling philosophy, "Global Maritime Fulcrum" (GMF) came into being as the first comprehensive ocean strategy in Indonesian history. Joko government regards the ocean as the foundation of national survival and development, and all aspects of construction should give full play to the strategic advantages of the ocean, trying to take the ocean as the breakthrough point of domestic reform and realize all the problems of infrastructure, national defense force, and social progress. The core of Joko's ambitious ocean policy is to implement the strategy of balancing great powers and realize its development under the background of Sino-US competition by hedging.

As far as Indonesia's core diplomatic goals are concerned, Indonesia has gradually formed a political strategy of balanced diplomacy among middle powers. From the end of the 1990s to the beginning of the 21st century, Indonesia experienced a period of political transition and policy adjustment. From this period, Indonesia's main goal began implementing a favorable policy of outstanding power balance [4]. This period includes the Habibe period (1998-1999), the Wahid period (1999-2001), and the Soekarno period (2001-2004). The main goal is to promote economic recovery, stabilize the domestic situation and safeguard territorial integrity. Its primary characteristics are to implement multi-party "balanced diplomacy," strengthen traditional relations with ASEAN, repair relations with Western countries such as the United States, develop relations with Asian countries such as China, attach importance to international anti-terrorism cooperation, and oppose external interference in internal affairs. From the beginning of the 21st century to the present, including the Susilo period (2004-2014) and the Joko period (since 2014). The main goal of Indonesia's diplomacy is to promote economic development, maintain domestic stability, and build the role of a middle power. The essential feature is to implement "balanced diplomacy," and strive to be the "leader" of ASEAN. ASEAN is still the primary consideration for Indonesia to play medium-power diplomacy [5]. Indonesia is also increasingly regarded as a country with the potential to play a role outside Southeast Asia. Indonesia tries to defend its broad maritime strength through the growing relationship between Indonesia and China [7]. Generally speaking, Indonesia began to implement the "balanced diplomacy" of middle powers at the end of last century, and after 2014, it was more prominent to implement "balanced diplomacy" between China and the United States. By creating GMF, Indonesia's role as an intermediate force was demonstrated. Through GMF, Indonesia has begun to illustrate its comprehensive maritime strength to the outside and inside more concretely. By accepting the competition between China and the United States as the frontier of India-Pacific competition, Indonesia absorbs the Sino-US-led regional strategy of India-Pacific, namely BRI, and FOIP, to carry out balanced diplomacy and achieve hedging. Indonesia tends to gain as many advantages as possible in the hedging relationship, including financial and infrastructure investment.

2.2. Indonesia's Global Maritime Fulcrum Strategy

Indonesia adopts the GMF strategy to deal with Sino-US competition in the Indo-Pacific region and implements the strategy of medium power. Indonesian President Joko further put forward the concept of intermediate power in 2014. After Zoco took office as president, he formally put forward the strategic concept of building Indonesia into a "Global Maritime Fulcrum," aiming to make Indonesia a "fulcrum country" in the Indo-Pacific region by taking advantage of its geographical position to reshape the regional maritime order. The strategic concept emphasizes that Indonesia is located in the center of the shipping route connecting the Indian and Pacific oceans, which is crucial to global maritime trade. Being in the core of the Indo-Pacific region enables it to
establish regional and international cooperation. Joko explained that Indonesia's role as a medium power should be realized by selectively participating in regional and global affairs (2014). Indonesia has seized the opportunities offered by China and the QUAD led by the United States and guided them to meet Indonesia's interests. Middle powers pay attention to the hierarchy of national material capacity or quantifiable power indicators and the functionality of national interests in specific fields, which provide more benefits than other fields and maximize their interests [6]. This is the fundamental role of Indonesia's GMF strategy.

GMF is a maritime power and an internationally recognized middle power in Indonesia, which can provide a platform for peacebuilding and security in the Indo-Pacific region under the background of Sino-US competition. Muhibat mentioned that GMF has seven goals (vision): developing marine resources, building maritime security law enforcement, establishing institutions to participate in marine governance, developing the marine economy, managing marine peace, and promoting marine culture and diplomacy [3]. This means that Indonesia not only hopes that GMF's strategy will promote domestic economic and cultural development but also promotes GMF in order to become a mediator of maritime conflicts in the Indo-Pacific region and increase regional discourse power. Countries in the Indo-Pacific region, including China, the United States, and Southeast Asian countries, have recognized Indonesia's status as a medium-sized maritime power. Indonesia was leading in drafting ASEAN's outlook on the Indo-Pacific concept. The expansion of Indonesia's geo-strategic territory from Asia-Pacific to Indo-Pacific accords with President Jokowi's intention to make Indonesia a global maritime fulcrum (GMF). Because of the competition between the United States and China and the Indo-Pacific Initiative proposed by the countries of the QUAD, Indonesia must strive to maintain its central position to achieve strategic hedging and ensure its interests.

2.2.1. Global Maritime Fulcrum and the Belt and Road Initiative

China's BRI strategy aims to boost China's political influence on countries in Asia, the Indo-Pacific, and Africa through infrastructure investment. China provides facilities to partner countries to help them build infrastructure projects and high-tech cooperation [8]. Besides, BRI aims to trigger domestic economic growth and narrow the economic gap between the relatively underdeveloped Northwest of the Southeast coast of China. To date, BRI projects have involved 65 partner countries with a total investment of about $4.4 trillion [9]. With the BRI strategy being effectively implemented in some countries and various infrastructure projects being constructed, BRI has the hidden to interest economies in the Indo-Pacific region. These economic initiatives have further promoted exchanges between Sino-Southeast Asia and positively impacted trade flows and integration between ASEAN countries and China.

As the largest country in Southeast Asia, Indonesia has a unique and influential role in developing the BRI strategy in the Indo-Pacific region. China's choice of Jakarta, the capital of Indonesia, as the location for the “Maritime Silk Road” project shows that Chinese leaders recognize the critical role of Indonesia in their ambitious grand plan [10]. Together with Russia, Kazakhstan, Thailand, and Pakistan, Indonesia is among the top five of China's more than 60 BRI partners, once again underlining Indonesia's strategic importance as an essential part of BRI and an important country for China to carry out cooperation in the Indo-Pacific region. Indonesia is one of the countries receiving loans from China to build infrastructure projects such as ports, railways, airports, and toll roads under the BRI framework. Investment loans from China will benefit Indonesia, encouraging economic growth and the creation of new port cities [10]. After implementing BRI, the relationship between Indonesia and China has become closer. In 2014, President Joko proposed to realize Indonesia's Global Maritime Fulcrum(GMF) policy and made the GMF strategy the central policy of his presidency. Establishing the GMF strategy further enhanced the cooperation between China and Indonesia. BRI and GMF have the same purpose. Promoting connectivity in the Indo-Pacific region is central to China's BRI initiative and echoes Indonesia's emphasis on "maritime infrastructure development" in its GMF strategy. Bilateral cooperation between BRI and GMF has emerged in three leading sectors: economy, infrastructure, and science and technology. Since China's BRI push is partly a response to domestic economic challenges, while Indonesia is pragmatically focused on addressing the country's infrastructure deficit, it is safe to expect China and Indonesia to cooperate mainly in the economic sphere, especially in infrastructure development.

Based on Lalisang's research, five core connotations of China's BRI strategy are summarised, which share similarities with the objectives of the GMF strategy: the green development path, ocean-based prosperity, maritime security, innovative growth, and collaborative governance [11]. The objectives of BRI are similar to those of GMF, with the main focus of both Indonesia and China in both the GMF and BRI policies being on economic cooperation and infrastructure, with the other issues being temporary. In March 2015, President Jokowi and President Xi issued a joint statement during President Jokowi's first official visit to China in March 2015, recognizing that President Jokowi's GMF doctrine and President Xi's BRI proposal were "highly complementary" (Chinese Ministry of Foreign Affairs). The two countries are working together to develop Indonesia's flagship BRI project, the 142-kilometer high-speed railway (HSR) linking Jakarta and Bandung, and in January 2016, the HSR project, worth around $6 billion, was launched [12]. In addition to this, a large amount of Chinese investment has flooded into Indonesia. Since 2016, Chinese investment in Indonesia has increased significantly, with a realized value of investment of US$2.6 billion, making China one of Indonesia's top three most significant investors (BKPM). Chinese investment has brought a large amount of money to build infrastructure, and according to the latest proposal, the Indonesian government seeks to focus Chinese investment on the construction of international hub ports, airports, power plants, and industrial complexes [13]. Joko's further expansion of the GMF framework has played an essential role in economic engagement with China.

Indonesia recognizes the vast economic opportunities that driving the integration of GMF and BRI can provide, ensuring the sound development of the country's infrastructure and bringing significant benefits to Indonesia[14]. Overall, implementing BRI under the framework of GMF ensures Indonesia's interests and reflects Indonesia's interests through the middle power strategy. Both GMF and BRI focus on connectivity improvement. From the BRI perspective, China wants to connect its trade routes to Europe through Asia and Africa. Connectivity through infrastructure is an essential
aspect of cooperation between the two countries, and while Indonesia has the determination to achieve internal connectivity through the GMF, China has the BRI project to complete the infrastructure investment and construction [15]. Therefore, GMF and BRI work in synergy and accompaniment each other. This means both parties are looking for mutually beneficial cooperation, making Indonesia accept China as an essential partner. In addition, Sino-Indonesia will continue to cooperate in cruise safety, maritime security, maritime search and rescue, and maritime research and protection [16], so GMF and BRI have the opportunity to develop more aspects and more profound exchanges and cooperation in the future, which has a reasonable prospect of cooperation.

2.2.2. Global Maritime Fulcrum and the Free and Open Indo-Pacific (FOIP)

The relationship between the GMF and FOIP can be seen in Indonesia’s cooperation with the Quadrilateral countries, which had just begun to attract the attention of Indonesian policymakers at the time of the ASEAN Informal Summit held in April 2018 in Singapore. Subsequently, Indonesia proposed its willingness to engage in an "Indo-Pacific Cooperation" strategy with the Quad countries led by the United States. Indonesia believes that cooperation with FOIP needs to adhere to basic principles: Indonesia wants cooperation with FOIP to be inclusive, transparent, and all-inclusive [17]. Secondly, FOIP should bring benefits to Indonesia as well as other ASEAN countries. Third, Indonesia’s cooperation with FOIP should maintain peace, stability, and prosperity. Finally, the cooperation should respect international law and the centrality of ASEAN. As mentioned above, China has been prioritizing infrastructure development with Indonesia since 2014, in addition to the fact that the core of Indonesia’s GMF is economic development and infrastructure development. As a result, U.S. investors have begun to invest in Indonesia through the U.S. Bank for International Development Finance (BIDF), which provides financial solutions for infrastructure, digital connectivity, and energy in developing countries. Indonesia, as a maritime nation, protects Indonesia’s sovereignty and security by accepting investments in the development of the outer islands.

The cooperation between Indonesia and Australia is focused on the actions of Indonesia’s GMF framework. In 2020, Australia and Indonesia registered a Comprehensive Economic Partnership Agreement (CEPA). It aims to increase the level of cooperation between the two parties in economy, trade, and investment. In addition, Indonesia and the Quadrilateral countries’ member states issued a shared vision for maritime cooperation, which ensures multi-party cooperation on maritime issues. The cooperation between Indonesia and Japan mainly focuses on solving the current maritime issues. On 21 December 2016, Japan and Indonesia jointly established the Indonesia-Japan Maritime Forum (IJMF), which also covers cooperation related to maritime safety, security, economy, infrastructure, education, and training [18]. Indonesia is becoming a genuine peace, security, and prosperity partner through the Co-GMF and FOIP. In order to cope with the strategic competition between FOIP and BRI as well as the U.S. and China, Indonesia plays an indispensable role in the Indo-Pacific perspective planning.

3. Conclusion

This article has been developed against the backdrop of increasing great power competition in the Indo-Pacific region. Indonesia seeks to realize its interests by seeking new opportunities within the “Free and Open Indo-Pacific” (FOIP) framework and the “Belt and Road Initiative” (BRI). This paper discusses the protection mechanisms that Indonesia’s middle powers have adopted to hedge against the “Free and Open Indo-Pacific” and the “Belt and Road Initiative”, intending to maximize the benefits of hedging between the two strategies. The US and its allies are trying to maintain US hegemony, while China is trying to become the new hegemony by implementing economic, political, and military policies. This has led to a situation that has implications for Indonesia, including the countries in the Indo-Pacific region, especially in the economic, political, and military fields. Through a case study research methodology, this paper seeks to examine how Indonesia, as the frontline of the current “Free and Open Indo-Pacific” (FOIP) and the “Belt and Road Initiative” (BRI), is utilizing the Globalisation of China’s Hegemony in the region based on the current literature such as academic papers and think-tank reports, and a literature review of the existing data through the literature research method. The study attempts to examine how Indonesia, as the frontline of the current "Free and Open Indo-Pacific" and "Belt and Road Initiative," can make use of the "Global Maritime Fulcrum" (GMF) strategy to achieve win-win cooperation in the Indo-Pacific competition.

It can be concluded that Indonesia has used the GMF to respond to excellent power geopolitics such as the “Belt and Road Initiative” (BRI) brought about by China and the Free and Open Indo-Pacific (FOIP) brought about by the QUAD of Countries led by the United States. The analysis shows that Indonesia has responded to the BRI by demonstrating its characteristics as a middle power by cooperating with China within the framework of the GMF, especially in the area of infrastructure for win-win cooperation [19]. Because of the highly similar maritime vision and cooperation goals of the BRI and the GMF, Indonesia can play a leading role in the Indo-Pacific region by linking the interests of the GMF to the agenda of the BRI and being a good multilateralist.

In addition, Indonesia responded to “Free and Open Indo-Pacific” by connecting FOIP to the GMF, and Indonesia attempted to develop relations with FOIP and the other Quad countries. Subsequently, Indonesia proposed an "Indo-Pacific Cooperation" strategy with the QUAD led by the United States. Indonesia believes that cooperation with FOIP needs to adhere to basic principles, and Indonesia hopes that cooperation with FOIP will be fair and open. Likewise, FOIP should bring benefits to Indonesia and other ASEAN countries. In addition to this, Indonesia’s cooperation with FOIP should maintain peace, stability, and prosperity. Finally, the cooperation should respect international law and the centrality of ASEAN. Indonesia is firm and neutral in dealing with the BRI and FOIP issues. Indonesia will further use the GMF as a strategy to enhance its prestige, role, and influence in the regional and even international order; Indonesia has yet to allow the GMF to confront and resist the BRI and FOIP. Instead, Indonesia wants to cooperate with the U.S. and China in any area of its interest.

However, the GMF strategy also faces its limitations, which are complex constraints for Indonesia to overcome. Firstly, Indonesia’s geopolitical theory of its prominent geographical position also leads to vulnerability. In its affairs, Indonesia must be wary of the interference and involvement of the two major powers, China and the United States, as well
as other countries around it. In addition, the GMF’s policy activities are the newest general framework for Indonesia’s maritime affairs. However, Indonesia does not have a single authority to convene the various ministries or agencies to take concerted action, which results in the GMF’s strategic actions remaining as an extension of the existing Indonesian political, economic, and military direction and the lack of innovation in such an extension results in the lack of uniqueness of the GMF’s strategy, which is, therefore, a significant factor in the changing political waves in the Indo-Pacific region. Therefore, the question of whether the GMF can hedge against excellent power rivalry in the Indo-Pacific region in light of the changing political tides in the Indo-Pacific region remains urgent. In addition, for Indonesia, excessive implementation of the hedging policy will lead to the emergence of pro-US and pro-China factions, which could be more conducive to the stable rule of the country. In the author’s view, Indonesia must strengthen its risk assessment when using the Great Power Balance foreign policy to hedge against US-China competition. First of all, it should be noted that although Indonesia is a middle power, it has a large internal gap between rich and poor, an apparent internal imbalance, and poor internal unity, which are all unfavorable factors that will weaken Indonesia’s implementation of the great power balanced diplomacy as a hedge against the competition from China and the United States. Hence, Indonesia must pay attention to its risk assessment to enhance its strength.

Acknowledgments
I am very grateful to Professor Han Enze of Hong Kong University for his guidance and help in writing this research. He provided me with the guidance and writing direction of the paper.

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