

## MULTILEVEL HEDGING FOR MIDDLE-REGIONAL POWER: INDONESIA ASCENT TOWARD POWERHOOD THROUGH HEDGING

**Hemalia Kusumadewi**

*Department of International Relations  
Universitas Brawijaya, Surabaya, Indonesia  
hemalia.kd@gmail.com*

**Wishnu Mahendra Wiswayana**

*Department of International Relations  
Universitas Brawijaya, Surabaya, Indonesia  
wishnu.mahendra@ub.ac.id*

### INFO ARTIKEL

#### Article History

*Received  
30 June 2024*

*Revised  
29 July 2024*

*Accepted  
2 August 2024*

#### Kata kunci:

*Indonesia; kekuatan regional menengah; lindung nilai.*

#### Keywords:

*Indonesia; middle-regional power; hedging;*

#### Abstrak

*Tujuan dari penelitian ini adalah untuk memahami bagaimana kekuatan regional menengah, seperti Indonesia, menggunakan ‘hedging’ atau lindung nilai untuk melayani kepentingannya dan untuk mengatasi kurangnya literatur tentang kekuatan dan lindung nilai Indonesia. Penelitian ini menerapkan konsep ‘multilevel hedging’ dan ‘hedging behavior’, bersama dengan metode tinjauan literatur, untuk memahami status Indonesia dan strategi serta motif lindung nilai. Temuan penelitian ini menunjukkan bahwa lindung nilai tidak hanya digunakan untuk asuransi dan mitigasi risiko, tetapi juga sebagai sarana untuk membangun kekuatan. Ditemukan bahwa bagi Indonesia, lindung nilai adalah alat untuk meningkatkan dan mempertahankan kekuatan, yang sejalan dengan salah satu tujuan utama kebijakan luar negeri Indonesia.*

#### Abstract

The aim of this research is to understand how a middle-regional power, such as Indonesia, uses hedging to serve its interests and to address the lack of literature on Indonesian power and hedging. This research applies the concepts of ‘multilevel hedging’ and ‘hedging behavior’, along with a literature review method, to comprehend Indonesia's status and its hedging strategy and motives. The findings of this research indicate that hedging is not only employed for insurance and risk mitigation, but also as a means to build power. It was observed that for Indonesia, hedging is a tool to both enhance and maintain power, aligning with one of the primary objectives of Indonesian foreign policy.

## INTRODUCTION

Discussion of the state's reactionary stance to one another has become a contested debate; whether it follows a certain principle and theoretically predictable by nature, or not. The traditional major International Relations (IR) theories have been challenged over and over, yet the implication remains on varieties of interpretation which continuously evolve. Small/Middle powers are in particular spotlight due to their supposedly 'broader choice' of reaction to other states. Balance of power theory has been in the discussion for a long time, as the classification of bandwagoning, balancing, and most recently, hedging, determines a state's nature of relation. Lots of research focus on the defining line of what-constitutes-what particular reaction, making hedging, the most recent and abstract notion, a tight debate between scholars. Recent development of hedging literatures show interest toward either ASEAN or Southeast Asian States (Nguyen, 2023; Gerstl, 2022; Jones & Jenne, 2022; Wang, 2021; Kuik, 2021; Haacke, 2019; Kuik, 2016) (Jackson, 2014; Goh, 2008; 2007). Acharya (2018) describes the looming threat from great powers and his well-justified concerns on ASEAN ability in adapting to the current, this is how hedging becomes more prominent in

ASEAN as time goes. This way, hedging enables states to adapt in the tension while still reap off benefits along the way. This is why discussion of hedging is increasing in its amount, among Southeast Asian IR scholars. However, the research on the hedging strategy of Indonesia (Iksan & Soong, 2023; Yan, 2023; Leatherbury, 2021; Ambarwati, Mahroza, & Supandi, 2019; Mubah, 2019; Gindarsah, 2016) is still sparse, considering Indonesia's prominence in ASEAN. This is also compared to other ASEAN states, particularly research on Malaysia hedging (Kuik, 2024; 2016; 2010; Gerstl, 2022) (Gerstl, 2020; Haacke, 2019; Lee J. Y., 2017; Lai & Kuik, 2021; Liu, 2021) and Singaporean hedging (Chan & Charoenvattananukul, 2024; Lee T. , 2024; Kao, 2022; Zha, 2023; Chang, 2022; Nedić, 2022; Leatherbury, 2021; Haacke, 2019; Dexian, 2013; Kuik, 2010) (Kuik, 2008) which are also prominent states in Southeast Asia. Some scholars might find the argument that Indonesia is hedging, theoretically debatable due to Indonesia's long-standing statement of non-alignment. But this paper argues the interpretation of this non-alignment behavior results in hedging. This paper found the gap in both the amount and the novelty of Indonesia-focused hedging literature to be profound, as this paper found

Indonesia has a wide motive and ambition to use hedging as a primary strategy, not only as insurance policy but also to achieve its foreign policy aspiration on rising state's powerhood.

More importantly, recent hedging literature focuses more on the relatively non-ambitious perspective on small/middle power hedging strategies (Kuik, 2024; Wicaksana & Karim, 2023). Thus, this paper will contribute to the opposing view on arguing the importance of hedging in Indonesia's ambitious strive to powerhood. This contribution is important to assert the importance of small/middle power existence which is not only a being in constant insecurity, but has the power to maintain its autonomy to emerge as an influential power both globally and regionally. This paper differs from Iksan & Soong (2023) in conceptualizing hedging behavior, grounding Indonesia's power status not only as a middle but also a regional power, does not put the spotlight on China-US rivalry, and put more emphasis on hedging as a means of achieving power aspiration in Indonesian foreign policy. This article will be divided into several parts. The first part will discuss the conceptualization of hedging in IR literatures and its use as a main analytical framework.

Second part will explain the research method used for this writing. Third part will discuss the assertion of Indonesia's power status as both a middle and regional power. Fourth part will discuss Indonesian hedging behavior which consists of hedging strategy and hedging motive. Final part will conclude this research's finding on the importance of hedging for Indonesian powerhood aspiration.

## **ANALYSIS FRAMEWORK**

### **Defining Hedging**

Hedging has been a contested concept and definition throughout the years. The term 'hedging' originated from economics, which is defined as a risk management act to offset potential loss (Boon, 2016). 'Hedging' in IR studies started to be used in the late 20th century and became more common in the 21st century (Kuik, 2021). Ciorcari & Haacke (2019) describe hedging as a mix of cooperative and aggressive elements in a state's response to another, similar to this is Korolev (2016) who emphasizes that contradictory/opposing actions are inherent in hedging. Earlier to this, Goh (2006) defines hedging as a set of strategies that aim to avoid/prepare for contingencies in situations where states cannot decide

strict/straightforward options, thus states create a 'middle option' on their own accord. Goh concludes the definition as a strategy where an indirect balancing policy is pursued along with an engagement policy.

Stiles (2018) defines hedging as a policy that aims to increase a state's flexibility regarding commitment, addressed issues, and potential partners. Most scholars conclude that hedging is a strategy reserved for small or middle powers, as grounded by Goh (2005), although this characterization is debatable, as earlier scholars like Weitz (2001) and Medeiros (2005) wrote on how the Sino-US relation was, or even still is, involved in some kind of 'shadowboxing' that can be defined as mutual hedging strategies. However, this article will not discuss this issue any further. Instead, the focus will be on Indonesian hedging as a middle power. Scholars have described hedging as an 'insurance policy' (Kuik & Tso, 2022; Koga, 2018). In other words, hedging's main assumption is that it will occur the moment a state needs to pursue a policy that reassures its position in a 'safe place.' However, this paper echoes Ciorciari & Haacke's conclusion that hedging is not a means of insurance procurement. This will be done by proving the utility of hedging as a means to increase a state's influence and

power both regionally and globally, by discussing Indonesia's mode of hedging.

Scholars also developed various types of hedging, with Kuik (2015) proposing a light-heavy hedging dichotomy, while Salman (2017) develops type A, which aims to minimize threats, and type B, which aims to secure security benefits. However, these characterizations are not going to be employed in the research, for the author believes there are other hedging concepts more relevant to the research. This research will employ the multilevel hedging concept by Samir Puri (2017), which will utilize the hedging behavior-identifying model from Cheng-Chwee Kuik (2016a) to show the multi-level nature of Indonesian hedging strategies.

### **Conceptualizing Multilevel Hedging**

Puri (2017) introduced the concept of multilevel hedging to explain the difference between hedging on a global and regional scale, using the logic of the regional security complex. At the global level, a state focuses on hedging against the existing power structure and potential great power challengers, while at the regional level, a state deals with the interactions of states within its specific region, including significant extra-regional powers that may or

may not be great powers. Identifying the regional level is important as it illustrates how some states can influence security dynamics in their regions, even if they have limited influence globally. It's essential to note that this concept doesn't just explain hedging between multiple states toward global and regional powers. Instead, it focuses on hedging against great powers using available mechanisms in both global and regional contexts, with the aim of becoming a regional power, leader, or hegemon. To fully understand and apply this concept, it's necessary to consider a framework that identifies different types of hedging strategies, such as the Kuik (2016) hedging model.

### **Conceptualising Hedging Behavior**

Kuik (2016) proposes a conceptualization model to identify a state's spectrum and type of hedging behavior. Kuik proposes this model based on ASEAN states' hedging behavior to China, which implies the relevance of this model to this paper's study case. Kuik's model is based on two components: the degree of power rejection where the bigger the rejection (to status quo) results in a bigger balancing element; and the degree of power acceptance where the higher

the acceptance (to status quo) results in a bigger bandwagoning element. These components result in five types/spectrums of hedging behavior as seen in Table 1.

First is indirect balancing, or military hedging, which focuses on the increase of armament or internal defense capability without explicit state-targeting, and aims to minimize risks in security matters. Second is dominance-denial, or political hedging, which focuses on creating intra-regional political balance and aims to minimize risks in politics. Third is economic-pragmatism, or economic hedge, which looks like omnidirectional economic cooperation to maximize economic diversification and benefit, also minimize dependence. Kuik claims this is the most neutral point of the spectrum. Fourth is binding-management, which looks like diplomatic engagements that bind hedging targets to multilateral or bilateral cooperation and aims to maximize diplomacy efforts. Last is limited-bandwagoning, which looks like selective cooperation with other states to maximize political benefit. Hedging behavior can fall into several types simultaneously as demonstrated by Kuik's operationalization of ASEAN which pursues almost all spectrums of hedging to anticipate the highly uncertain

and high-stakes status quo. This move is indeed oppositional, but it is exactly the nature of hedging to contain two or more oppositional policies. In this sense, the Indonesian hedging strategy could be either

one of the types or some types all at once, depending on the finding of existing hedging strategies.

**Table 1. Hedging Behavior Concept**

| HEDGING BEHAVIOR |                         |                        |   |                        |                         |              |
|------------------|-------------------------|------------------------|---|------------------------|-------------------------|--------------|
|                  | Indirect –<br>Balancing | Dominance-<br>Denial   | Economic<br>Pragmatism &<br>Economic<br>Diversification | Binding-<br>Engagement | Limited<br>Bandwagoning | BANDWAGONING |
| BALANCING        | ‘Military<br>Hedging’   | ‘Political<br>Hedging’ | ‘Economic<br>Hedging’                                   |                        |                         |              |

←----- Degree of Power Rejection -----> Degree of Power Acceptance ----->

Source: (Kuik, 2016)

### RESEARCH METHOD

In this research, the literature review method is utilized to analyze existing literature and publications, as well as to support the argumentation and justify findings (Snyder, 2019). This method is crucial in contributing to the majority of the analysis, as it helps identify the operationalization of the analytical framework and Indonesia’s behavior through past publications, news, and books. The literature review is conducted critically by comparing differing arguments and objective data, interpreted with the author’s observations based on existing literature. The data collection method involves internet-

based research of relevant documents, books, articles, news, statistics, and others. This method was chosen to speed up the research without neglecting the use of triangulation from various sources.

### RESULTS AND DISCUSSIONS

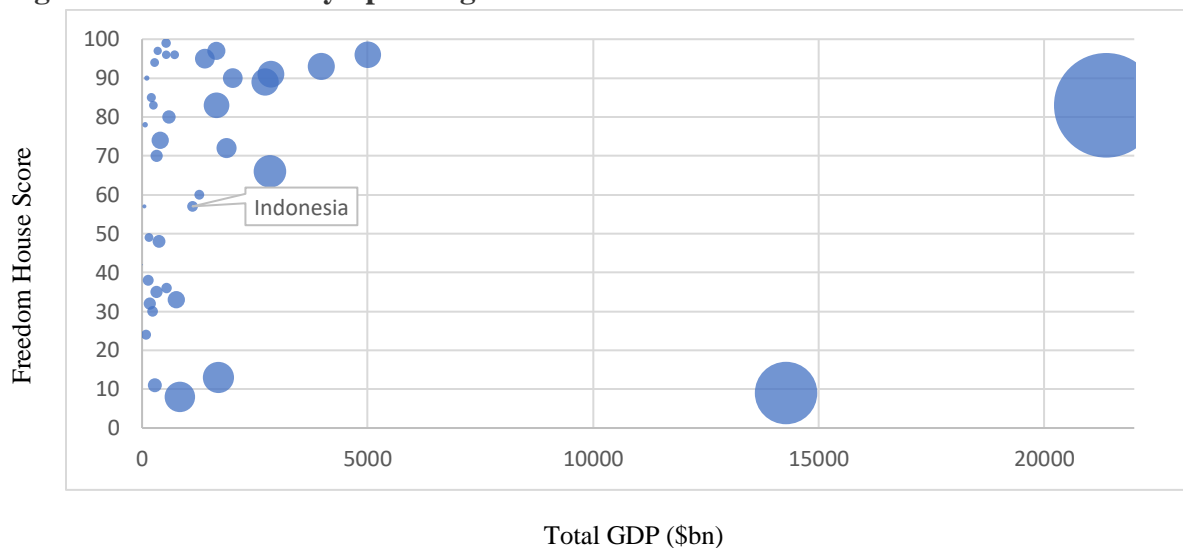
#### Grounding Indonesia’s Power Status

This section aims to establish Indonesia's position as a middle power, both globally and regionally in Southeast Asia, particularly within ASEAN. The term 'middle power' will be defined using Karim's (2018), definition of 'middle power as a status' and 'middle power as a role'. This definition will help clarify Indonesia's

standing as a middle power on the global stage (status), as well as its ability to fulfill expected behaviors commensurate with its status (role). This approach aims to address the ongoing debate surrounding the definition of 'middle power', with an emphasis on the distinction between 'status' and 'role' as the most robust answer to this definitional challenge. According to Karim, middle power status comprises measurable attributes such as military power, population size, and other factors. Numerous scholarly works have positioned Indonesia as possessing middle power status due to its demographic, economic, military, and political elements that meet the criteria. This indicates

Indonesia sources its power from these elements, positioning the state below great powers but above most other countries in the world (Ardhani, Nandyatama, & Alvian, 2023; Teo, 2022; Burton, 2019; Hidayatullah, 2017). Military spending is often considered a determinant of power as it reflects both the economic and military capabilities of a nation, as illustrated in Figure 1. In essence, the accumulation of a state's power can be objectively measured. Karim also emphasizes that self-proclamation of middle power status is crucial, as unlike great powers which have special duties and rights, middle powers must establish themselves to be acknowledged.

**Figure 1. States Military Spending Bubble**



Source: Burton (2019)

The discussion on Indonesia as a regional power is limited in international relations literature compared to other regional powers such as Brazil, Turkey, Iran, South Africa, and India. Therefore, this section aims to contribute to the conversation about Indonesia's regional power status. Some scholars recognize Indonesia as the *de facto* leader of the Association of Southeast Asian Nations (ASEAN) (Hendra, 2016; Beeson & Lee, 2015; Emmers, 2014). Nevertheless, Tan (2015) argues that this status is no longer widely accepted among ASEAN member states in practice. Even if the concept of being the '*de facto* leader' is disputed, more literature acknowledges Indonesia's interest in preserving its position as the primary driver of ASEAN agendas, or at least the existence of an active aspiration to be a regional leader (Indraswari, 2022; Beeson, Bloomfield, & Wicaksana, 2021; Anwar, 2020; Nabbs-Keller, 2020; Liow, 2018; Roberts & Widyaningsih, 2015). Given this recognition, the question arises: "Is this enough to assert Indonesia's position as a regional power?"

This paper will refer to the definition of regional power from Nolte & Schenoni (2024), which, similar to Karim, divides the definition of regional power into status, role,

and goal. Regional power status refers to an internally and externally recognized superiority of a state in a region that establishes its higher hierarchy in that region (Nolte & Schenoni, 2024). Status may create expectations for the regional power state to assume a leadership and facilitator role. A state as a regional power may or may not have the goal to be a regional leader. This explanation clarifies the distinction between regional power and regional leadership, building on Heibach's (2024) explanation of this distinction, while Heibach's focus was solely on defining the leadership element.

Indonesia's goal as a regional leader and its efforts to assume the regional power role raise the question: is Indonesia truly a regional power in status? It is worth restating a question posed by Volgy et al in Garzon (2024), "Can there be only one, or can more regional powers coexist in a region?" This is to further clarify the distinction between a regional power and a leader. Thompson et al. (2022) argue that, given the concept of regional power, there cannot be more than one regional power in a region. Interestingly, Thompson et al. show that a region could contain different major powers, great powers, and regional powers, as seen in East Asia. Given that, this paper argues that Indonesia



can be recognized as a regional power in status, but it's quite a debatable notion.

Nolte & Schenoni explains there are three main constitutive elements of regional power; it has a large(r) portion of capability in the region compared to others (politically, economically, military, relations, etc.), this capability more or less explicitly recognized, and obviously to belong in that region. This is mostly the same as the definition coming from Prys-Hansen et al. (2024) thus adding credibility to the use of the definition. There is a unique analysis added by Fawcett & Jagtiani (2024) on how regional power states mobilize intra-regional activities as a part of increasing their power projection at the global level, contending a regional-global nexus analysis. This analysis alone supports the idea of Indonesia as a regional power, given Indonesia's aims and activities in ASEAN.

Karim (2023) explains that the Indonesian government self-proclaimed as a 'regional power with global interest', although in Susilo Bambang Yudhoyono's (2009-2014) and Joko Widodo's (2014-2024) presidential era Indonesia used the 'middle power' term more frequently. Karim argues that Indonesia has been recognized as a regional power in Southeast Asia, even

before it was considered a middle power. This claim is significant for this paper because discussing Indonesia's middle power status requires addressing its regional power status as well. The uncertainty about Indonesia's regional power status is based on two factors: a conceptual component and a comparison of power with other states in the region, combined with Indonesia's recent decline. One of the most notable definitions of regional power is from Cline et al. in 2011, which was used by Volgy & Gordell (2019) to identify countries around the world that have achieved regional power status. Indonesia was not included in this list. Indonesia was not even listed as a regional power challenger, which refers to a state that does not currently qualify as a regional power but has the potential capability to become one and aims to do so. Cline et al. (2011) defines regional power as states that meet the criteria of having opportunity, which consists of economic and military components, and willingness to engage with other states in the region to assert its power, along with being recognized by others. It is understandable that Indonesia was not included in this list, given its relatively limited efforts to pursue regional power, despite Indonesia's claim at that time. However, it must be acknowledged

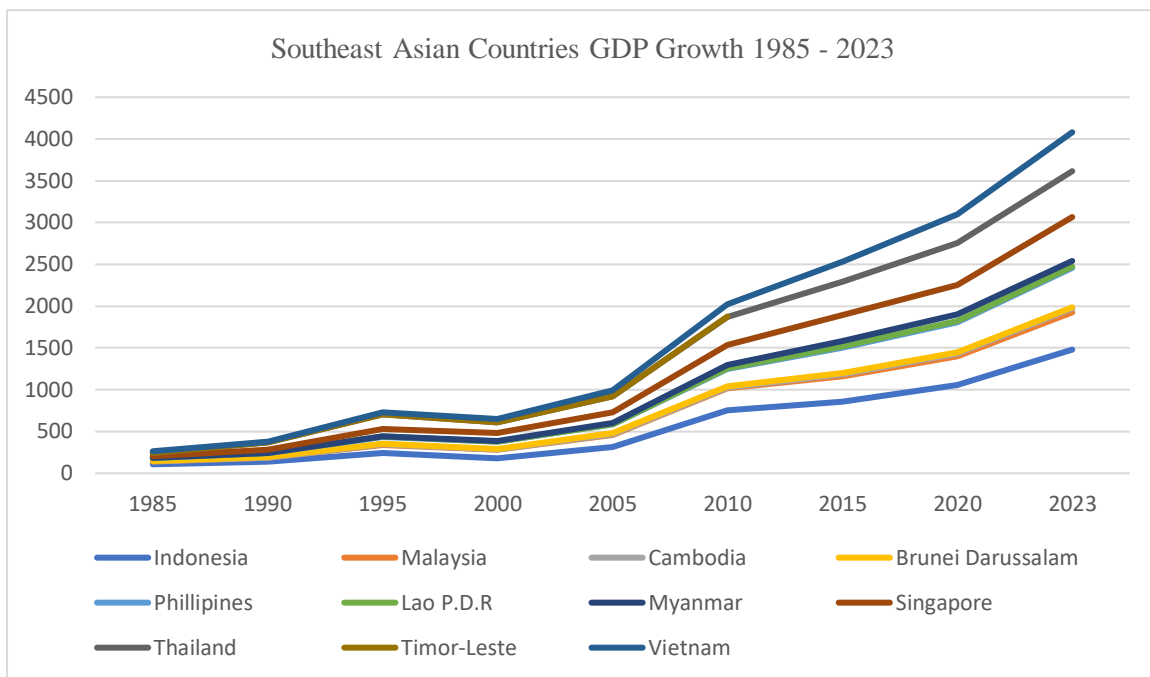
that there is a significant difference in Indonesia's comprehensive power and influence between 2011 and 2024, so a reassessment would likely lead to a different conclusion. The conceptual factor is also dependent on the second factor, which will be explained next.

The following findings are based on various studies on the declining influence of Indonesia as a regional leader (Darwis & Putra, 2022). This decline is part of a global trend referred to as 'the fall of emerging powers,' which encompasses regional powers like Turkey, Brazil, and others (Mesquita & Chien, 2021). Despite having the highest total gross domestic product (GDP) at USD 4.720 billion, Indonesia's GDP per capita growth falls behind that of Malaysia, Singapore, and even Brunei Darussalam (International Monetary Fund, 2024). As economic strength is a significant factor in Southeast Asia, this situation raises questions about Indonesia's capability as both a regional leader and power. The current economic climate in Southeast Asia is heavily influenced by the pursuit of economic growth and the need to shield

against economic uncertainty amidst the US-China rivalry (Acharya, 2021; Suzuki, 2019). However, there are differing views on Indonesia's decline. Dannhauer (2024) contends that Indonesia is actively striving to regain its regional leadership. This is supported by Indonesia's successful leadership in the ASEAN Outlook on the Indo-Pacific (AOIP), a response to the US's Indo-Pacific Strategy. Anwar (2020) also emphasizes Indonesia's crucial role in maintaining ASEAN unity. Additionally, Indonesia's prominence on the global stage has risen, particularly after assuming the G20 presidency in 2022, which is vital for any regional power-seeking global influence (Samosir, Utama, Silalahi, & Barella, 2024). Moreover, Indonesia's economic growth prospects appear promising, with consistent growth trends highlighted in Figure 2.

Therefore, despite the challenges, Indonesia's efforts to regain its regional leadership and power status are likely to yield positive outcomes. This suggests that Indonesia's position as a middle and regional power is still relevant and may indeed be strengthening.

**Figure 2. Southeast Asian Countries GDP Growth Trend 1985-2023**



Source: IMF (2024)

### Indonesian Hedging Behavior: Strategy and Motive

Lee (2017) explains the tendency of middle powers in Asia to hedge against the emerging bipolarity of China and the US. This paper argues Indonesia is the same way. Two discussions will be the focus; how Indonesia hedges or hedging strategy, and why Indonesia hedges or Hedging Motive. This paper provides a different analysis of hedging strategy and hedging motive for two things; first, to conceptually understand the importance of both terms in arguing the existence of hedging behavior; and second, to better understand Indonesia's way of hedging

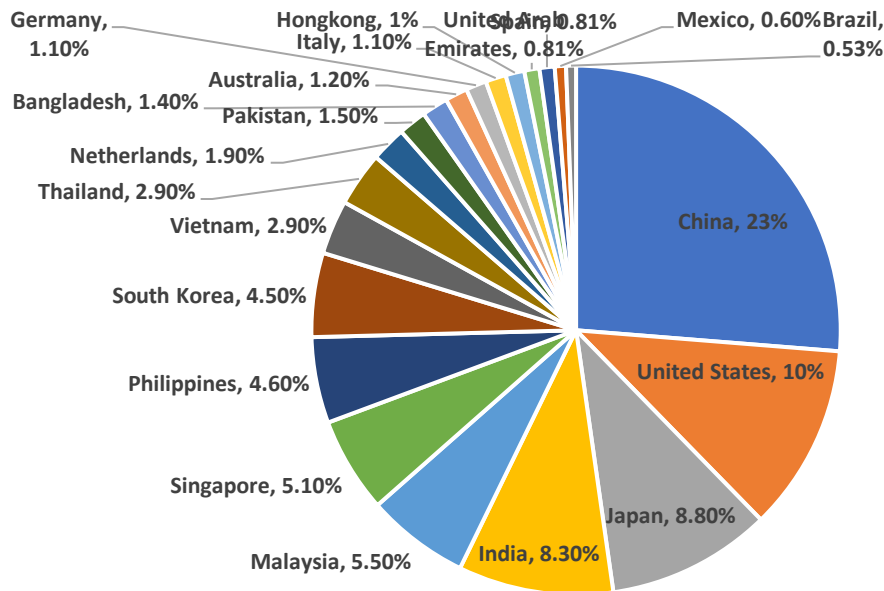
as a middle and regional power, in global and regional levels. To understand the hedging strategy, this paper will utilize the model in Kuik (2016) which provides spectrums of hedging strategies. According to Mubah (2019), Indonesia primarily hedges two great powers; China and the United States (US) through economic cooperation with China and involving the US in primary national & regional agendas. Yan (2023) explains Indonesia's economic hedging against China-Japan competition in the Southeast Asian market. On the other hand, Gindarsah (2016) and Ambarwati, Mahroza, & Supandi (2019) explains Indonesia's hedging toward defense

diplomacy. The different interpretations of Indonesia's hedging strategy imply that Indonesia has multiple hedging strategies for several states. These strategies can only be explained with Kuik's model.

This paper identifies at least 2 forms of hedging from Indonesia; Economic-pragmatism, Dominance-denial, and Binding-management. Economic pragmatism is Indonesia's clear attempt to hedge, prioritizing economic growth in Joko Widodo's era. Indonesia does an omnidirectional economic hedge to ensure the involvement of great and major powers without any alignment. To China, Indonesia has a high degree of economic cooperation. According to the Belt and Road Portal (2024), the trade volume between Indonesia and China increased by USD 50 Billion from 2013 to 2022. The China-Indonesia Railway Cooperation, with a total investment of IDR 783 billion, has also become one of the most prominent economic cooperation (Centre of Economic and Law Studies, 2024) which Yan (2023) argues it becomes a part of

Indonesia's hedging toward China. This is also one of the extensions of the Belt Road Initiative that became China's exclusive means of pivot in Southeast Asia. Yan also explains Indonesia's economic collaboration with Japan, particularly in the area of railway cooperation, where Japan conducts various feasibility studies and contributes to the Jakarta-Surabaya rails project. Additionally, Indonesia and Japan recorded a total trade value of USD 42 billion in 2022, making Japan one of Indonesia's top economic trading partners (Antara News (2023)). While Indonesia primarily focuses on the political-security aspect to counterbalance the influence of the US, the US remains one of Indonesia's major trading partners. To demonstrate the comparison between these countries, this paper presents a visualization of Indonesia's export trade destinations in 2022 (Trading Economics, 2024) as depicted in Figure 3. This data provides a comprehensive overview of Indonesia's economic relationships with other nations.

**Figure 3. Indonesian Export Trade Value Destination Countries 2022**



Sumber: Trading Economics (2024)

To conclude this explanation, Mubah (2019) concludes that Indonesia has been doing a double hedging economic-pragmatism strategy against China-US, which also solidifies this paper's argument on economic-pragmatism hedging by Indonesia.

Next is an analysis of the dominance-denial done by Indonesia. This largely discusses Indonesia's attempt to balance the political involvement of the US and China, domestically in Indonesia and regionally in Southeast Asia. Leatherbury (2021) answers how Indonesia welcomes the US's

engagement in Southeast Asia to balance China while rejecting the US' efforts to plant surveillance aircraft. On the other hand, the political issue with China mainly revolves around the South China Sea conflict. Although Indonesia does not have a direct territorial conflict over the South China Sea (SCS), it still faces issues due to the nine-dash line crossing its territorial boundary in Natuna (Mubah, 2019). As this issue also becomes the most prominent political issue in the region, Indonesia constantly hedges by applying opposing strategies of confronting China's fishing vessels problems, while

carrying peaceful diplomacy on the Code of Conduct (CoC) of the South China Sea (SCS) by not binding or forcing China in any way. Moreover, although to some degree tension has increased due to China's active military deployment on SCS, this issue has largely been side-lined by Indonesia in both bilateral and multilateral (through ASEAN) cooperation. This demonstrates Indonesia's efforts to achieve a political balance in the face of China's political involvement in the region, by not disregarding any existing political issues, but rather approaching China in a highly diplomatic manner.

Finally, regarding binding-management, Indonesia mainly utilizes ASEAN as a binding multilateral mechanism with great powers. Kuik (2022) explains how this is the case for most ASEAN states where they utilize institutions in ASEAN to strengthen their hedging. Gindarsah (2016) explains how a former Defense Minister of Indonesia asserts the importance of ASEAN as a means to provide strategic space to engage with global powers. Indonesia has been largely involved in multilateral cooperations in the economic sector and multilateral defense diplomacy. In economic cooperation, there has been ASEAN+China, ASEAN-US, and ASEAN+3, particularly China's engagement in the ASEAN

Economic Community. While Gindarsah explores more on multilateral defense diplomacy as Indonesia's means of hedging, which is reflected in various regional security dialogues, especially through the ASEAN Defense Ministers Meeting (ADMM). Indonesia binds not only the US and China, but also Japan, Australia, and even South Korea, to conduct an omnidirectional cooperation to create a power balance and at the same time let Indonesia have relations that allow Indonesia to not align with anyone. These are how the Hedging Strategies of Indonesia manifest.

The next discussion will be about the hedging motive. This paper argues that Indonesia's motive is not only to be secure amidst tense rivalries but to also utilize the situation to boost its power and influence in the region. The way Indonesia leads and initiates important regional vision that has hedging attributes is proof. This paper argues the reason why Indonesia pushes the ASEAN Outlook on the Indo-Pacific is not only to be ready for the US's foreign policy in the region but also to increase Indonesia's position as one that leads the region, by hedging against the US intention. This pattern is identical to the way Indonesia initiated the Code of Conduct in the South China Sea, despite not being a claimant in the

SCS itself. These are hedging actions conducted by ASEAN which is pushed by Indonesia, which can also be interpreted as Indonesia's projection of its hedging strategies against great power within the region. Moreover, all of Indonesia's domestic hedging strategies have one common purpose: to provide tangible benefits for Indonesia in bolstering its overall power, whether economic, political, or diplomatic.

Most importantly, Nabbs-Keller (2020) contended on how Indonesia -under Presiden Jokowi- has been facing the 'China Challenge', in which the regime struggled to maintain balance between keeping positive relations with Beijing, keeping domestic politics in check, and the sceptical public opinion toward China. This stability is important to not only protect the regime, but advances the agenda to rise Indonesia's economic power without any major domestic concern. Hedging came as a solution to make the regime does not seemingly looking for a full favour of China, in order to appease China sceptics, both in politics and public as well. As hedging could serve as a tool for the two-level game politics, it is clearer how Indonesia has all the intention and motive to use hedging to rise, or at least, preserve its power position. This paper argues that the

motive to strive for more power is clear in Indonesia's hedging strategies. Therefore, it can be inferred that Indonesian hedging behavior is closely related to Indonesia's strive to achieve and/or maintain its powerhood.

## CONCLUSION

As a regional and middle power concurrently, Indonesia has an interest to strive for more, or at least maintain the current existing power. This vision is materialised in Indonesian hedging behavior, on the basis of how Indonesian hedging tends to adapt strategies that massively benefit Indonesia. This paper has provided the multiple analysis on hedging concepts done at multilevel, with means to operationalise the hedging strategy itself. This paper concludes that Indonesia hedging is mainly done to aid Indonesia's ascent to regional-middle power hood, in responding to threat of declining leadership. This paper also argues that Indonesia has a positive outlook with this strategy to achieve the goal, thus we can hope for good things to be heard from Indonesia in the future. There are of course flaws and lack of analysis in this paper, as this paper does not heavily focus on military and security elements like most hedging literatures have

done, thus future research could focus on that aspect.

## REFERENCES

- Acharya, A. (2018). Doomed by Dialogue: Will ASEAN Survive Great Power Rivalry in Asia? In G. Rozman, & J. C. Liow (Eds.), *International Relations and Asia's Southern Tier*. Springer Nature Singapore. doi:10.1007/978-981-10-3171-7\_6
- Acharya, A. (2021). *ASEAN and Regional Order: Revisiting Security Community in Southeast Asia*. Routledge. doi:10.4324/9781003122333
- Agastia, I. G. (2020). Understanding Indonesia's role in the 'ASEAN Outlook on the Indo-Pacific': A role theory approach. *Asia and the Pacific Policy Studies*, 7(3), 293-305. doi:10.1002/app5.308
- Ambarwati, E., Mahroza, J., & Supandi. (2019). Strategi Hedging dalam Mendukung Diplomasi Pertahanan Indonesia (Studi Kasus: Alih Teknologi Rudal C-705). *Jurnal Diplomasi Pertahanan*, 5(1). doi:10.33172/jdp.v5i1.362
- Anwar, D. F. (2020). Indonesia and the ASEAN outlook on the Indo-Pacific. *International Affairs*, 96(1), 111-129. doi:10.1093/ia/iiz223
- Ardhani, I., Nandyatama, R. W., & Alvian, R. A. (2023). Middle power legitimation strategies: the case of Indonesia and the ASEAN Outlook on the Indo-Pacific. *Australian Journal of International Affairs*, 77(4), 359-379. doi:10.1080/10357718.2023.2228709
- Beeson, M., & Lee, W. (2015). The Middle Power Moment: A New Basis for Cooperation between Indonesia and Australia? In C. B. Roberts, A. D. Habir, & L. C. Sebastian (Eds.), *Indonesia's Ascent Power, Leadership, and the Regional Order* (pp. 224-240). Palgrave Macmillan. doi:10.1057/9781137397416\_11
- Beeson, M., Bloomfield, A., & Wicaksana, W. (2021). Unlikely allies? Australia, Indonesia and the strategic cultures of middle powers. *Asian Security*, 17(2), 178-194. doi:10.1080/14799855.2020.1846525
- Boon, H. T. (2016). The hedging prong in India's evolving China strategy. *Journal of Contemporary China*, 25(101), 792-804. doi:10.1080/10670564.2016.1160527
- Burton, G. (2019). Middle power behavior under multipolarity: Indonesia and Malaysia in the Middle East since the Arab uprisings. *Asian Politics & Policy*, 13(2), 228-247. doi:10.1111/aspp.12577
- Centre of Economic and Law Studies. (2024, March 1). *China-Indonesia Monthly Brief: February 2024*. Retrieved June 29, 2024, from CELIOS: <https://celios.co.id/2024/china-indonesia-monthly-brief-february-2024/>
- Chan, Y.-k., & Charoenvattananukul, P. (2024). Singapore's Indo-Pacific Strategy: A Case of Principled Hedging. *East Asia*. doi:10.1007/s12140-024-09428-w
- Chang, J. Y. (2022). Not between the Devil and the Deep Blue Sea: Singapore's



- Hedging. *International Studies Quarterly*, 66(3). doi:10.1093/isq/sqac034
- Ciorciari, J. D., & Haacke, J. (2019). Hedging in international relations: an introduction. *International Relations of the Asia-Pacific*, 19(3), 367-374. doi:10.1093/irap/lcz017
- Cline, K., Rhamey, P., Henshaw, A., Sedziaka, A., Tandon, A., & Volgy, T. J. (2011). Identifying Regional Powers and Their Status. In T. J. Volgy, R. Corbetta, K. A. Grant, & R. G. Baird (Eds.), *Major Powers and the Quest for Status in International Politics*. Palgrave Macmillan. doi:10.1057/9780230119314\_7
- Dannhauer, P. (2024). Elite role conceptions and Indonesia's agency in the ASEAN Outlook on the Indo-Pacific: reclaiming leadership. *Pacific Review*, 37(1), 30-55. doi:10.1080/09512748.2022.2125999
- Darwis, & Putra, B. A. (2022). The Decline of Indonesia's Leadership Role in ASEAN: Systemic and Domestic Constraints of Jokowi's Foreign Policy Alterations. *Academic Journal of Interdisciplinary Studies*, 11(1), 115-126.
- Dexian, C. (2013). Hedging for Maximum Flexibility: Singapore's Pragmatic Approach to Security Relations with the US and China. *POINTER: Journal of the Singapore Armed Forces*, 39(2), 1-12.
- Economic Watch: RCEP boosts trade cooperation between China, Indonesia*. (2024, January 1). Retrieved June 29, 2024, from Belt and Road Portal: <https://eng.yidaiyilu.gov.cn/p/005JHNNU.html>
- Emmers, R. (2014). Indonesia's role in ASEAN: A case of incomplete and sectorial leadership. *Pacific Review*, 27(4), 543-562. doi:10.1080/09512748.2014.924230
- Fawcett, L., & Jagtiani, S. L. (2024). Regional powers, global aspirations: lessons from India and Iran. *International Politics*, 61(1), 215-238. doi:10.1057/s41311-022-00374-z
- Garzon, J. F. (2024). The regional powers' research programme in international relations: a critical assessment. *International Politics*, 61(1), 169-191. doi:10.1057/s41311-022-00388-7
- Gerstl, A. (2020). Malaysia's Hedging Strategy Towards China Under Mahathir Mohamad (2018–2020): Direct Engagement, Limited Balancing, and Limited Bandwagoning. *Journal of Current Chinese Affairs*, 49(1), 106-131. doi:10.1177/1868102620964219
- Gerstl, A. (2022). *Hedging Strategies in Southeast Asia: ASEAN, Malaysia, the Philippines, and Vietnam and Their Relations with China*. Taylor & Francis Group. doi:10.4324/9781003212164
- Gindarsah, I. (2016). Strategic hedging in Indonesia's defense diplomacy. *Defense & Security Analysis*, 32(4), 336-353. doi:10.1080/14751798.2016.1233695
- Goh, E. (2005). Meeting the China Challenge: The U. S. in Southeast

- Asian Regional Security Strategies. *Policy Studies*, 16.
- Goh, E. (2006). Understanding 'hedging' in Asia-Pacific security. *PacNet*(43).
- Goh, E. (2007). Great powers and hierarchical order in Southeast Asia analyzing regional security strategies. *International Security*, 32(3). doi:10.1162/isec.2008.32.3.113
- Goh, E. (2008). US strategic relations with a rising China: Trajectories and impacts on Asia-Pacific security. In K. Cooney, & Y. Sato (Eds.), *The Rise of China and International Security: America and Asia Respond*. Taylor & Francis Group. doi:10.4324/9780203893630
- Haacke, J. (2019). The concept of hedging and its application to Southeast Asia: a critique and a proposal for a modified conceptual and methodological framework. *International Relations of the Asia-Pacific*, 19(3), 1-43. doi:10.1093/irap/lcz010
- Heibach, J. (2024). Public diplomacy and regional leadership struggles: the case of Saudi Arabia. *International Politics*, 61(1), 83-105. doi:10.1057/s41311-021-00310-7
- Hendra, E. (2016). The Role of Indonesia in Shaping ASEAN and The Indonesia-ASEAN Parallels of Interests. In M. Griffith, T. Warsito, Z. Bin Ahmad, & K. Hubacek (Ed.), *Proceedings International Conference on Social Politics* (pp. 821-828). Yogyakarta: Universitas Muhammadiyah Yogyakarta.
- Hidayatullah, N. L. (2017). Indonesia's Role as a Middle Power: a Neo-Liberalist and Constructivist Analysis. *Jurnal Analisis Hubungan Internasional*, 6(2), 1-11.
- Iksan, M., & Soong, J. J. (2023). The Political Economy of Indonesia's Development Strategy under China-USA Power Rivalry and Hegemonic Competition: A Middle Power with Its Hedging Strategy. *Chinese Economy*, 56(4), 304-320. doi:10.1080/10971475.2022.2136696
- Indonesia, Japan seek to strengthen trade, economic ties*. (2023, October 29). Retrieved 6 29, 2024, from ANTARA News: <https://en.antaranews.com/news/297366/indonesia-japan-seek-to-strengthen-trade-economic-ties>
- Indraswari, R. (2022). ASEAN Centrality: Comparative Case Study of Indonesia Leadership. *Journal of ASEAN Studies*, 10(1), 1-19. doi:10.21512/jas.v10i1.7906
- International Monetary Fund. (2024). *World Economic Outlook (April 2024) - Real GDP growth*. Retrieved June 27, 2024, from International Monetary Fund (IMF): <https://www.imf.org/external/datamapper/>
- Jackson, V. (2014). Power, trust, and network complexity: Three logics of hedging in Asian security. *International Relations of the Asia-Pacific*, 14(3), 331-356. doi:10.1093/irap/lcu005
- Jones, D. M., & Jenne, N. (2022). Hedging and grand strategy in Southeast Asian foreign policy. *International Relations of the Asia-Pacific*, 22(2), 205-235. doi:10.1093/irap/lcab003

- Kao, P. S. (2022). The Political Economy of Singapore and Its Development Strategies under USA-China Power Rivalry: A Choice of Hedging Policies. *Chinese Economy*, 56(4), 339-351. doi:10.1080/10971475.2022.2136700
- Karim, M. F. (2018). Middle power, status-seeking and role conceptions: the cases of Indonesia and South Korea. *Australian Journal of International Affairs*, 72(4), 343-363. doi:10.1080/10357718.2018.1443428
- Karim, M. F. (2023). *Indonesia's Regional and Global Engagement: Role Theory and State Transformation in Foreign Policy*. Routledge. doi:10.4324/9781003375852
- Koga, K. (2018). The Concept of "Hedging" Revisited: The Case of Japan's Foreign Policy Strategy in East Asia's Power Shift. *International Studies Review*, 20(4), 633-660. doi:10.1093/isr/vix059
- Korolev, A. (2016). Systemic Balancing and Regional Hedging: China–Russia Relations. *Chinese Journal of International Politics*, 9(4), 375-397. doi:10.1093/cjip/pow013
- Kuik, C. C. (2008). The essence of hedging: Malaysia and singapore's response to a rising china. *Contemporary Southeast Asia*, 30(2), 159-185. doi:10.1355/cs30-2a
- Kuik, C. C. (2010). Smaller States' Alignment Choices: Comparative Study of Malaysia and Singapore's Behavior in the Face of a Rising China. *Doctoral Dissertation*. The John Hopkins University.
- Kuik, C. C. (2015). Light or heavy hedging: positioning between China and the United States. In G. Rozman (Ed.), *Joint U.S.–Korea Academic Studies 2015* (pp. 1-73). Washington, DC: Korea Economic Institute. Retrieved from [http://www.keia.org/sites/default/files/publications/kei\\_jointus-korea\\_2015\\_final\\_lowres.pdf](http://www.keia.org/sites/default/files/publications/kei_jointus-korea_2015_final_lowres.pdf)
- Kuik, C. C. (2016). How do weaker states hedge? Unpacking ASEAN states' alignment behavior towards China. *Journal of Contemporary China*, 25(100), 500-514. doi:10.1080/10670564.2015.1132714.
- Kuik, C. C. (2016). Malaysia Between the United States and China: What do Weaker States Hedge Against? *Asian Politics & Policy*, 8(1), 155-177. doi:10.1111/aspp.12240
- Kuik, C. C. (2021). Getting hedging right: a small-state perspective. *China International Strategy Review*, 3, 300-315. doi:10.1007/s42533-021-00089-5
- Kuik, C. C. (2022). Hedging via Institutions: ASEAN-led Multilateralism in the Age of the Indo-Pacific. *Asian Journal of Peacebuilding*, 10(2), 355-386. doi:10.18588/202211.00a319
- Kuik, C. C. (2024). Explaining Hedging: The Case of Malaysian Equidistance. *Contemporary Southeast Asia*, 46(1), 43-76. doi:10.1355/cs46-1c
- Kuik, C. C., & Tso, C. D. (2022). Hedging in Non-Traditional Security: The Case of Vietnam's Disaster Response Cooperation. *Chinese Journal of*

- International Politics*, 15(4), 422-442. doi:10.1093/cjip/poac017
- Lai, Y. M., & Kuik, C. C. (2021). Structural sources of Malaysia's South China Sea policy: power uncertainties and small-state hedging. *Australian Journal of International Affairs*, 75(3), 300-315. doi:10.1007/s42533-021-00089-5
- Leatherbury, B. C. (2021). Hedging in the ASEAN Region: The Case of Singapore and Indonesia. *Master Thesis*. United States Marine Corps Command and Staff College Marine Corps University.
- Lee, J. Y. (2017). Hedging Strategies of the Middle Powers in East Asian Security: the Cases of South Korea and Malaysia. *East Asia*, 34(1), 23-37. doi:10.1007/s12140-016-9264-8
- Lee, T. (2024). The Domestic Determinants of Hedging in Singapore's Foreign Policy. *Contemporary Southeast Asia*, 46(1), 77-102. doi:10.1355/CS46-1d
- Liow, J. C. (2018). Can Indonesia Fulfill Its Aspirations to Regional Leadership? In G. Rozman, & J. C. Liow (Eds.), *International Relations and Asia's Southern Tier* (pp. 175-188). Springer Nature Singapore. doi:10.1007/978-981-10-3171-7\_12
- Liu, H. (2021). Beyond strategic hedging: Mahathir's China policy and the changing political economy of Malaysia, 2018-2020. In F. Heiduk (Ed.), *Asian Geopolitics and the US-China Rivalry*. Routledge. doi:10.4324/9781003106814-10
- Maulana Prasetya, D., Ladiqi, S., & Salleh, M. A. (2024). Back to the past: The roots of Indonesian middlepowermanship. *Asian Journal of Comparative Politics*, 0(0). doi:10.1177/20578911241236518.
- Medeiros, E. S. (2005). Strategic Hedging and the Future of Asia-Pacific Stability. *Washington Quarterly*, 29(1), 145-167. doi:10.1162/016366005774859724
- Mesquita, R., & Chien, J. H. (2021). Do regional powers prioritise their regions? Comparing Brazil, South Africa and Turkey. *Third World Quarterly*, 42(7), 1544-1565. doi:10.1080/01436597.2021.1898280
- Mubah, A. S. (2019). Indonesia's Double Hedging Strategy toward the United States-China Competition: Shaping Regional Order in the Indo-Pacific? *Issues & Studies*, 55(4), 1-27. doi:10.1142/S1013251119400071
- Nabbs-Keller, G. (2020). ASEAN Centrality and Indonesian Leadership in a Contested Indo-Pacific Order. *Security Challenges*, 16(3), 21-26.
- Nabbs-Keller, G. (2020). The contending domestic and international imperatives of Indonesia's China challenge. *Australian Journal of Defence and Strategic Studies*, 2(2), 189-214.
- Naibaho, R. (2024, January 8). *Menlu: Indonesia Pemain Utama di Kawasan dan Global, Bukan Penonton*. Retrieved June 29, 2024, from detikNews: <https://news.detik.com/berita/d-7130332/menlu-indonesia-pemain-utama-di-kawasan-dan-global-bukan-penonton>.
- Nedić, P. (2022). Hedging Strategy as a Response to The United States-China Rivalry: The Case of Southeast Asia.

- The Review of International Affairs*, 73(1185), 91-112. doi:10.18485/iipe\_ria.2022.73.1185.5
- Nguyen, T. M. (2023). Legal Hedging: Power Acceptance and Rejection in Sino-Southeast Asian Ties. In L. Myers (Ed.), *Understanding China Amid Change and Competition* (pp. 1-23). Wilson Center.
- Nolte, D., & Schenoni, L. L. (2024). To lead or not to lead: regional powers and regional leadership. *International Politics*, 61(1), 40-59. doi:10.1057/s41311-021-00355-8
- Prys-Hansen, M., Burilkov, Alexandr, & Kolmaš, M. (2024). Regional powers and the politics of scale. *International Politics*, 61(1), 13-39. doi:10.1057/s41311-023-00462-8
- Puri, S. (2017). The Strategic Hedging of Iran, Russia, and China: Juxtaposing Participation in the Global System with Regional Revisionism. *Journal of Global Security Studies*, 0(0), 1-17. doi:10.1093/jogss/ogx015
- Qudsiati, A. D., & Sholeh, B. (2020). The Role Analysis Of Indonesia's Policy Strategy On Indo-Pacific. *Journal of Diplomacy and International Studies*, 3(1), 39-50.
- Roberts, C. B., & Widyaningsih, E. (2015). Indonesian Leadership in ASEAN: Mediation, Agency and Extra-Regional Diplomacy. In C. B. Roberts, A. D. Habir, & L. C. Sebastian (Eds.), *Indonesia's Ascent: Power, Leadership, and the Regional Order* (pp. 264-283). Palgrave Macmillan. doi:10.1057/9781137397416\_13
- Rosyidin, M. (2017). Foreign policy in changing global politics. *South East Asia Research*, 25(2), 175-191. doi:10.1177/0967828X17706570
- Salman, M. (2017). Strategic Hedging and Unipolarity's Demise: The Case of China's Strategic Hedging. *Asian Politics and Policy*, 9(3), 354-377. doi:10.1111/aspp.12330
- Samosir, S. G., Utama, M. N., Silalahi, A. N., & Barella, Y. (2024). Indonesia's Role on G20. *Aktivisme : Jurnal Ilmu Pendidikan, Politik dan Sosial Indonesia*, 1(3), 90-100. doi:10.62383/aktivisme.v1i3.312
- Santikajaya, A. (2016). Walking the middle path: The characteristics of Indonesia's rise. *International Journal*, 71(4), 563-586. doi:10.1177/0020702016686381
- Snyder, H. (2019). Literature review as a research methodology: An overview and guidelines. *Journal of Business Research*, 104, 333-339. doi:10.1016/j.jbusres.2019.07.039
- Stiles, K. W. (2018). *Trust and Hedging in International Relations*. University of Michigan Press. doi:10.3998/mpub.9750852
- Suzuki, S. (2019). Why is ASEAN not intrusive? Non-interference meets state strength. *Journal of Contemporary East Asia Studies*, 8(2), 157-176. doi:10.1080/24761028.2019.1681652
- Tan, S. S. (2015). Indonesia among the Powers: Will ASEAN Still Matter to Indonesia? In C. B. Roberts, A. D. Habir, & L. C. Sebastian (Eds.), *Indonesia's Ascent: Power,*

- Leadership, and the Regional Order* (pp. 287-304). Palgrave Macmillan.
- Teo, S. (2022). Toward a differentiation-based framework for middle power behavior. *International Theory*, 14(1), 1-24.  
doi:10.1017/S1752971920000688
- Thies, C. G., & Sari, A. C. (2018). A Role Theory Approach to Middle Powers: Making Sense of Indonesia's Place in the International System. *Contemporary Southeast Asia*, 40(3), 397. doi:10.1355/cs40-3c
- Thompson, W. R., Volgy, T. J., Bezerra, P., Cramer, J., Gordell, K. M., Pardesi, M., Zakhirova, L. (2022). *Regions, Power, and Conflict: Constrained Capabilities, Hierarchy, and Rivalry*. Singapore: Springer Nature Singapore. doi:10.1007/978-981-19-1681-6
- Trading Economics. (2024). *Indonesia Exports By Country*. Retrieved June 29, 2024, from Trading Economics: <https://tradingeconomics.com/indonesia/exports-by-country>
- Volgy, T. J., & Gordell, K. M. (2019). Rising powers, status competition, and global governance: a closer look at three contested concepts for analyzing status dynamics in international politics. *Contemporary Politics*, 25(5), 512-531.  
doi:10.1080/13569775.2019.1621719
- Wang, Y. (2021). Hedging strategy: Concept, behavior, and implications for China-ASEAN relations. *East Asian Affairs*, 1(2).  
doi:10.1142/S2737557921500121
- Weitz, R. (2001). Meeting the China challenge: Some insights from scenario-based planning. *Journal of Strategic Studies*, 24(3), 19-48.  
doi:10.1080/01402390108437844
- Wicaksana, I. G., & Karim, M. F. (2023). How regional organisation survives: ASEAN, hedging and international society. *Contemporary Politics*, 29(5), 659-679.  
doi:10.1080/13569775.2023.2216031
- Yan, K. (2023). Navigating between China and Japan: Indonesia and economic hedging. *Pacific Review*, 36(4), 755-783.  
doi:10.1080/09512748.2021.2010795
- Zha, W. (2023). Leader security and hedging in the era of great power rivalry: responses of the Philippines and Singapore. *China International Strategy Review*, 4(2), 305-319.  
doi:10.1007/s42533-022-00111-4