
RESEARCH ARTICLE

Indonesia and ASEAN Chairmanship in 2023: Leading the Region in Strengthening Relations with China

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ABSTRACT

Indonesia, the largest economy in Southeast Asia, plays a crucial role in the region and contributes significantly to the regional bloc's stability, economic growth, and diplomatic initiatives. The archipelago serves as a pivotal anchor within the Association of Southeast Asian Nations (ASEAN), stipulating political leadership and strategic direction over the years. Indonesia fosters trade and investment within the region, as seen from Indonesia's role in completing the Regional Comprehensive Economic Partnership (RCEP) negotiation, the largest free trade agreement in the world involving ASEAN and several trading partners such as China, Japan and South Korea (The ASEAN Secretariat, 2023). Indonesia promotes dialogue and cooperation to address regional challenges such as trans-boundary issues, security concerns, and environmental sustainability. Indonesia is also currently one of China's most important partners in Southeast Asia. China is now Indonesia's largest trading partner and export market, with China's official data showing that in 2022 the bilateral trade reached \$149.1 billion, up 19.8 percent year-on-year. In the same year, China was the second-largest source of investment in Indonesia in 2022, with \$8.2 billion (Duqiang, 2023). In addition, China's Belt and Road Initiative (BRI) has played a major role in supporting infrastructure development in Indonesia. Both nations continue to engage in high-level diplomatic dialogue and seek common ground on various regional and global issues. This article attempts to show the role that Indonesia plays as it continues to show the way for other ASEAN countries to navigate economic challenges and, at the same time, forge stronger ties with China. This article also examines the bilateral relationship between Indonesia and China and how it affects Indonesia's capability to lead other ASEAN countries, especially after Indonesia's ASEAN Chairmanship in 2023.

KEYWORDS

ASEAN Chairmanship, BRI - GMF cooperation, China and Indonesia Relationship.

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1. Introduction

For the past few years, Indonesia has continued to reinforce its position as one of the key players in Southeast Asia, especially as a part of the Association of Southeast Asian Nations (ASEAN). Indonesia contributes substantially to ASEAN's economic integration efforts, especially with RCEP negotiation, a major trade agreement in the Asia-Pacific region. Signed in November 2020, RCEP includes 15 member countries, including ASEAN nations (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam), along with Australia, China, Japan, New Zealand, and South Korea. RCEP members seek to benefit from reduced trade barriers, increased market access, and improved economic collaboration within the region. RCEP is expected to streamline trade procedures, enhance investment opportunities, and promote economic growth (Ministry of Communications and Informatics of Republic Indonesia, 2023).

Indonesia is also actively promoting peace and stability in the Southeast Asian region, including by playing an important role in resolving the conflict between Myanmar and Bangladesh regarding Rohingya refugees (Purnama, 2019). To promote sustainability

efforts in ASEAN, Indonesia is actively involved in several programs, such as the ASEAN Framework on Disaster Management, the ASEAN Agreement on Transboundary Haze Pollution, and the ASEAN Center for Biodiversity (Ministry of Communications and Informatics of Republic Indonesia, 2023).

Meanwhile, Indonesia also has expanded and strengthened its bilateral relations with China. Under China's Belt and Road Initiative (BRI), a comprehensive framework initiated by China to enhance economic connectivity and cooperation with countries across Asia, Africa, and Europe, Indonesia continues to reinforce their role as China's main partner in Southeast Asia. China's main projects under the BRI include Jakarta-Bandung High-speed Railway, Batang Coal-fired Power Plant, Indonesia Morowali Industrial Park, and Kendal Industrial Park.

In 2023, Indonesia marked another important milestone as it took the ASEAN Chairmanship. The rotating chairmanship of ASEAN is assigned annually to a member state, and each chair has its own agenda for the year. When Indonesia became ASEAN chairmanship in 2023, it was also responsible for hosting and organizing various ASEAN meetings and events, as well as guiding the regional bloc in addressing key political, economic, and social issues. The chairmanship provided ample opportunity for Indonesia and a pivotal moment for the nation to intensify its role as it continues to navigate its relations with China and its central role in Southeast Asia.

This article examines how the 2023 ASEAN Chairmanship affects Indonesia's role in ASEAN and how it correlates with the importance of Indonesia's bilateral relations with China. In addition, this article also examines Indonesia's relations with China over the years, the latest projects initiated by the two countries, and China's infrastructural initiative as a part of the country's strategy to build alliances in Southeast Asia.

2. Literature Review

Indonesia ensuring new bridges for ASEAN and China, with evidence in new investment projects and models between China and Indonesia in the last ten years. Historically, Indonesia has been a prominent figure in ASEAN, advocating for unity and regional cooperation. Its neutrality and geographical centrality play crucial roles in mediating conflicts and fostering dialogue (Azraai, 2011; Mietzner, 2016). One of the significant discourses on the bilateral position of China and Indonesia in the ASEAN region in the context of international politics and globalisation concerns the narrative of "interconnectivity". The interconnectivity referred to in practice is China's investment support in transport infrastructure construction. This connectivity is connected to the concept of reducing the development "gap" between developed and developing regions. This is why China is targeting developing countries, such as Southeast Asian countries, as targets of the BRI scheme. However, early analyses suggest positive effects on Indonesia's regional standing. The chairmanship provided a platform to showcase its leadership in areas like economic integration and maritime security (Khor, 2023; Padjadjaran University, 2023).

Scholars and researchers in China view Southeast Asia as an important region for China's geopolitical security and geo-economic progress. According to Wu (2013), the South China Sea occupies an important position in Chinese geopolitics. He emphasised that the peace and stability of the South China Sea are crucial to the implementation of the BRI, and China should enhance the mutual trust and strategic role between ASEAN and itself and maintain freedom and safety of navigation in the South China Sea. Therefore, Southeast Asia is seen as an important region in the BRI (Zheng Haoqing, 2002).

Yang Chengling (2015) revealed that ASEAN shows a special status in the 21st Century Maritime Silk Road Initiative, and developing cooperation with ASEAN is the preferred direction of the implementation of the Initiative. Yeng also put forward some suggestions for the construction of maritime interconnectivity between China and ASEAN. What makes interconnectivity with ASEAN countries important is the abundance of energy resources available in ASEAN countries. Luo Zuoxian (2015) analysed the current situation of cooperation between China and ASEAN in energy resources. They pointed out that cooperation in oil and gas is an important content of the cooperation between the two sides under the Initiative.

China's influence in Southeast Asia through assisting Southeast Asia in building roads, railways and other means of connectivity is also important for China to help APEC economies grow (Li Wentao, Fan Ying and Feng Xingyan (2014). In Indonesia, China used Fast Train Diplomacy in setting up the Jakarta-Bandung High Speed Rail project (hereafter KCIC). The logic of this project is part of the larger BRI inter-connectivity diplomacy. Besides that, as held by the chairmanship of ASEAN, Indonesia plays a significant role in driving BRI implementation in South East Asia. Nevertheless, some scholars warn of potential challenges, like navigating competing interests within ASEAN and balancing regional concerns with national priorities (Hadiz, 2023; Mietzner, 2023).

Chen Yaqing advised Chinese authorities to pay attention to issues in the implementation of infrastructure construction, such as anti-China sentiment, social unrest, ethnic and religious conflicts, and even challenges from great power struggles (Chen Yaqing,

2018), especially in South East Asia countries. The geopolitical risk of BRI interconnectivity is that it can easily be labelled as Chinese expansionism (Jin Zhongxia, 2012). In the specific context of geopolitics between ASEAN and China, Khor explains that some experts suggest Indonesia might use its chairmanship to exert influence on China, pushing for peaceful resolutions in the South China Sea (Khor, 2023; Djalil, 2023).

Li Feng and Zheng Xianwu, for example, view the maritime power strategy of the Joko Government as the historical inheritance of the knowledge of Tiongkok and other powers in the Indo-Pacific region in the past. Joko Widodo's plan was the result of Indonesia seeking strategic mutual construction for the purpose of balancing its economic and security capabilities and coordinating domestic, regional, and global practices. Some scholars argue that Indonesia strives to balance its ASEAN leadership with maintaining good relations with China, avoiding antagonizing either side (Hadiz, 2023; Padjadjaran University, 2023). They suggest that Tiongkok should consider Indonesia as a main strategic partner in ASEAN maritime power strategies and strengthen the two countries through policy coordination.

Furthermore, many observers of international relations view BRI as an effort to strengthen and defend China's geopolitics and geo-economics in ASEAN. Recent studies explore Indonesia's contributions to specific issues, such as the South China Sea disputes (Sebastian, 2020) and the Myanmar crisis (Djalil, 2023), highlighting its proactive leadership. Additionally, Indonesia's strategic bilateral position between China and ASEAN brings its own benefits, including as a regional hub that has become the new epicentre of economic and geopolitical development in Asia. At the same time, it must also be recognised that the BRI is a new force in the international political system. Indonesia's chairmanship of ASEAN in 2023 brings a new formula to the Indonesia-China relationship in ASEAN, with many vital issues: South-China Sea, BRI investments, and regional trade.

3. Methodology

This article uses literature research as a methodology, referring to the systematic approach used to conduct a comprehensive and in-depth investigation of existing literature on a specific topic or research question. Using literature research as a methodology, the author defined research objectives, identified keywords, selected appropriate sources (including books, scholarly articles, and reports), and organized information.

With this method, the author integrates the findings and insights from the sources and tries to articulate the relationships between different studies and their implications for the research question. This article organizes a number of papers, news articles, and journals in English and Indonesian which are related to the topics of Indonesia, ASEAN chairmanship, and the cooperation between Indonesia and China under the BRI framework.

4. Discussion

4.1 Indonesia's Central Role in ASEAN

Indonesia is the 10th largest economy in terms of purchasing power parity, and economic growth remains strong amidst uncertain global economic conditions. Data from the Central Statistics Agency (BPS) showed that Indonesia's economic growth in the third quarter of 2023 continued to grow strongly at 4.94% (yoy), slowed only slightly from the growth in the previous quarter of 5.17% (yoy). (Departemen Komunikasi Bank Indonesia, 2023) Indonesia's annual economic growth also has persistently shown an upward trend in four consecutive quarters and has hovered above five percent since the fourth quarter of 2021 (Olivia, 2023). The dip which occurred in 2020 happened because of the global pandemic, which turned 2020 from a more optimistic year into a global recession (Crystallin and Abdurouhman, 2021). Before the global pandemic, Indonesia also managed to cut the poverty rate by more than half since 1999 (The World Bank, 2022).

In ASEAN, Indonesia plays a decisive and pivotal role, and the country continues to contribute to regional stability, economic cooperation, and diplomatic initiatives. First of all, Indonesia has historically been a key player in various diplomatic efforts made by ASEAN, often taking a leadership role in promoting dialogue and conflict resolution among ASEAN member states. For instance, Indonesia has been actively involved in addressing regional issues such as the South China Sea dispute, promoting peaceful negotiations and adhering to international law. ASEAN intended to create space for the parties to negotiate their disputed maritime boundaries (Laksmana, 2023). In 2014, Indonesia settled a maritime dispute over the Exclusive Economic Zone (EEZ) in the southern Philippines (Syafputri, 2014). In 2022, Indonesia also wrapped up years of negotiations with Vietnam on EEZ in the SCS (Zhou, 2023). The Indonesian Ministry of Foreign Affairs's statement stressed the need to "avoid actions that may further complicate the situation and pursue peaceful resolution of disputes" (Bhwana, 2024).

In addition, Indonesia actively participates in ASEAN economic initiatives and is involved in projects such as the ASEAN Economic Community (AEC), which is aimed at creating a single market and production base. Other initiatives worth mentioning are strengthening regional market integration through the enhancement of the ASEAN-Australia-New Zealand Free Trade Agreement,

introducing local currency transactions and digital payment interoperability, promoting the ASEAN Industry Project-Based Initiative, and launching the ASEAN Digital Economy Framework Agreement (DEFA), which aims to double the value of the digital economy in ASEAN by 2030 (Ministry of Communications and Informatics, 2023).

Indonesia has also been involved in various infrastructure projects aimed at enhancing connectivity and development within the ASEAN community. For the ASEAN Power Grid (APG), an initiative to construct a regional power interconnection to connect the region, leading to a total integrated South East Asia power grid system, Indonesia is creating marine cable interconnections and grids in Sumatera are planned to be connected to grids in Peninsular Malaysia (The ASEAN Secretariat, 2015). Moreover, Indonesia initiated the ASEAN Political and Security Community (APSC) and pioneered the preparation of the APSC blueprint (Ministry of Foreign Affairs of the Republic of Indonesia, 2015). APSC initiatives include collaboration on counter-terrorism efforts, disaster management, and the promotion of regional security initiatives.

In 2022, Indonesia held the G20 Presidency, a cooperation of 20 of the world's major economies and an international forum focusing on policy coordination in economics and development. It embodies the world's economic and political power, with its members representing 80 percent of the world's GDP and 60 percent of the global population (Embassy of the Republic of Indonesia in Madrid, 2023). During the presidency, Indonesia managed to tackle several important issues. In August 2022, five G20 countries (Indonesia, Argentina, Brazil, India, and South Africa) agreed to build a global research centre and strengthen a vaccine manufacturing center. The initiative focuses on research development and production capacity in middle-income countries within the G20 (Rosalia, 2022).

On the sidelines of the G20 Summit in Bali on November 16, 2022, Indonesia and China held a bilateral meeting and signed five cooperation documents, namely Plan of Action on joint promotional cooperation for Indonesia's Global Maritime Fulcrum framework and China's BRI; MoU on joint development of an Indonesian-Chinese center for medicinal plant conservation, research, and innovation; MoU on vocational training in the industry sector; MoU on digital economy enhancement cooperation; and an agreement on the expansion and intensification of economic and trade bilateral cooperation (Cabinet Secretariat of the Republic of Indonesia, 2022). Indonesian Trade Minister Zulkifli Hasan noted that the signing on further expanding and deepening Bilateral Economic and Trade Cooperation (BETC) demonstrated the commitment between the two countries to optimize market potential while expanding the areas of bilateral, economic, trade, and investment cooperation (Sella and Resinta, 2022).

Observers stated that closer ties will bring much certainty to the economic development of Asia as a whole, something needed during the post-pandemic recovery and the uncertain global economy. As explained by Xu Liping, director of the Center for Southeast Asian Studies at the Chinese Academy of Social Sciences, China has played a positive role in promoting the rise of Indonesia, and through the meeting of the heads of state of China and Indonesia at the G20 Summit in Bali, the road to building a community with a shared future between the two countries will likely go broader (Cong and Weiduo, 2022).

In 2023, Indonesia had another important milestone: ASEAN Chairmanship. Indonesia gets to chair ASEAN once in a decade. In 2013, it swapped its place with Brunei Darussalam, making Indonesia the last chair of ASEAN in 2011 under President Susilo Bambang Yudhoyono. The chairmanship of ASEAN brings with it a leadership role in other ASEAN-centric institutions, notably the East Asia Summit, the ASEAN Regional Forum, the ASEAN Defence Ministers Meeting Plus and the extended ASEAN Maritime Forum (Singh, 2023). President Joko Widodo said that he would focus on maintaining peace amid the warming tensions in the Indo-Pacific. "This year, Indonesia has become the ASEAN Chair during a very difficult global situation," Jokowi said in his opening speech, referring to the food and energy crisis across the world as well as the threat of a global economic recession (Suhenda, 2023).

4.2 China and Indonesia: In Long Relationship

One of Indonesia's most strategic partners is China, one of the main actors in global integrations. The two countries have more than six decades of history together, with various dynamics. In recent years, we have seen Indonesia building a stronger relationship with China. The Belt and Road Initiative (BRI), which was initiated by Chinese President Xi Jinping in 2013, marked a milestone as the start of a close-knit relationship with Indonesia, which has its own Global Maritime Axis Strategy. After several projects under the BRI umbrella started rolling, the COVID-19 pandemic hit, and China became a strong supporter of Indonesia during the most difficult days of the pandemic, establishing a steadier relationship between them.

To take a closer look at China and Indonesia's relations, we first need to step back and examine the concept of BRI itself. In 2009, Chinese President Hu Jintao expressed the importance of public diplomacy in Chinese foreign policy. This was a significant moment since his statement marked the first time China considered the concept of public diplomacy at the level of national policy (Liu 2019, p. 78). In the context of peaceful development, the Hu Jintao administration introduced the concept of a 'harmonious

worldview' and re-emphasized China's good neighbour policy (Tsai et al. 2011, p27-30). Afterwards, public diplomacy gradually developed into a notable priority in the succeeding Xi Jinping administration. In 2013, Xi Jinping introduced the corresponding concept of 'telling the good story of China' and disseminating the voice of China, which became the central tenet of China's public diplomacy (Liu 2019, p. 78).

Wang Yiwei, from Renmin University of China, highlighted three components of this diplomacy approach. First, the story of China is about development, with economic development serving as the mainstay of the story. Second, the story of China is about the individual; individual success stories help to shape and project China's global image. Third, the story of China is a mixed success story: the Chinese experience or how China succeeded should be part of the story (Yiwei, 2016). This strategy has taken several forms since 2013, and in terms of development, this includes the Belt and Road (BRI) initiative.

BRI is dubbed as one of the most ambitious infrastructure projects ever conceived. Launched in 2013 by President Xi Jinping, the vast collection of development and investment initiatives was originally devised to link East Asia and Europe through physical infrastructure (McBride et al., 2023).

Consistently in line with the 'peaceful development' concept, the Resolution of the Central Committee of the Communist Party of China on the Major Achievements and Historical Experience of the Party over the Past Century issued by the CPC Central Committee in November 2022 highlights the principle of using economic development and cooperation as a means to maintain peace and normal relations with other nations and also contributes to the development of other countries. The resolution emphasizes that BRI is an initiative for peace. Asserting that "China has promoted high-quality development" of the Belt and Road Initiative, it says, "We have advanced a large number of cooperation projects with significant implications for fuelling economic development and improving people's lives in countries along the BRI routes and worked to build the BRI into an initiative of peace, prosperity, openness, green development, and innovation that brings different civilizations closer, and a widely welcomed public good and platform for international cooperation in today's world." (Askary, 2023).

China is the world's largest economy, as the latest IMF data shows, 20 percent bigger than The United States (US) and projected to be more than a third larger than the US economy by the end of the decade (International Monetary Fund, 2022). Even as the COVID-19 pandemic rattled the global economy in 2020, China's GDP reached 101.6 trillion Yuan (around 14.7 trillion USD), thus making China the only major economy in the world with positive growth at that time. Not long afterwards, we also saw China's per capita disposable income grow by 2.1 percent year-on-year (The State Council of the People's Republic of China, 2021). An ability which should not be taken lightly. For Indonesia, close ties with China have long been a key feature of the nation's foreign policy. Joko Widodo's predecessor, Bambang Susilo Yudhoyono, concluded a strategic partnership agreement with China in 2005, not long after he was elected as president. Then, in 2013, the Belt and Road Initiative (BRI) propelled a stronger relationship between the two countries. During President Joko Widodo's era, the cooperation between the two countries stepped into a new journey. In 2021, China and Indonesia held the first "Two Countries Twin Parks" Joint Working Committee Meeting, which represented a meaningful approach to synergising China's BRI and Indonesia's Global Maritime Fulcrum, as well as stronger economic and trade ties after the signing of Regional Comprehensive Economic Partnership (RCEP) Agreement (Ministry of Commerce of People's Republic of China, 2021).

Also, in 2021, China's investment in Indonesia reached \$3.2 billion. China became the third largest investor in Indonesia. Meanwhile, in the first quarter of 2022, China's total investment reached \$1.4 billion, increasing 40 percent year-on-year. The total value of two-way trade reached \$32.76 billion, increasing 31.14 percent year-on-year (Yeping, 2022).

Now, as the world continues to adapt and handle the effects of COVID-19, businesses between China and Indonesia are growing stronger in various sectors. China's exports to Indonesia in 2021 reached US\$60.65 billion, with machinery, nuclear reactors, boilers, electrical electronic equipment, and iron & steel as the main commodities. On the other hand, Indonesia's exports to China in the same year were US\$53.78 billion, with mineral fuels, oil, distillation products, and iron & steel as the main commodities (Trading Economics, 2022).

Chinese mining companies have set up operations in Indonesia's Sulawesi and Halmahera islands, also known as one of the world's largest nickel reserves. In the past 10 years, the companies' investments have reached a total of \$14.2 billion. China has less than 5 percent of the world's known reserves of nickel, and Indonesia stepped in as an enthusiastic partner. Indonesian President Joko Widodo has tried to reduce exports of raw commodities by pushing producers to do processing and manufacturing inshore. He also banned outgoing shipments of metal ores in 2020 and limited exports to refined products. In the two years since the value of Indonesia's nickel exports has grown from \$3 billion to \$30 billion (Yudith and Listiyorini 2022). The Chief of the Investment Coordinating Board (BKPM) also stated that Indonesia's nickel-related industries, including the production of stainless steel and

battery materials, are set to surpass the value of its second-biggest export earner, palm oil, in the next 10 to 15 years (Davies and Suroyo, 2019).

To support production, Chinese companies also deployed a technology called high-pressure acid leaching (HPAL) in Indonesia. GEM Co., a supplier to Samsung Electronics, and Contemporary Amperex Technology Co. (CATL), the world's biggest EV battery maker, jointly started an HPAL production line in Indonesia in September 2022. Tsingshan Holding Group, the world's biggest producer of nickel and stainless steel, plans to supply 100,000 tons of a semi-refined product called nickel matte from its Sulawesi HPAL refinery to two Chinese companies (Yudith and Listiyorini, 2022). China has contributed to Indonesia's economic development by introducing advanced technologies, providing financial support and cultivating local talents, especially for the development of new energy, nickel industry, digital economy, and infrastructure (Cong and Weiduo, 2022).

In July 2022, President Joko Widodo visited China and met with President Xi Jinping. The two presidents agreed that China and Indonesia will speed up the formulation of a new Five-Year Action Plan for the Implementation of the Comprehensive Strategic Partnership between China and Indonesia (2022-2026). A joint statement released by the Chinese Foreign Ministry hailed both countries for setting an example "of major developing countries seeking strength through unity and win-win cooperation" (Ekawati, 2022).

Under the guidance of the two Heads of State, both sides promised to set in motion the China-Indonesia High-level Dialogue and Cooperation Mechanism (HDCM), other existing bilateral mechanisms and dialogues and draw a comprehensive plan for concrete cooperation in various fields while strengthening strategic coordination in regional and multilateral affairs. Both presidents agreed that China and Indonesia will work on more strategic projects such as the Regional Comprehensive Economic Corridor and the "Two Countries Twin Parks" (Ministry of Foreign Affairs of the People's Republic of China, 2022). This reflects the highly synergised connectivity between China's BRI and Indonesia's national strategy.

4.3 BRI on Southeast Asia: A Chance for ASEAN Countries to Build Strong Relations with China

Experts are calling for joint efforts by China, Indonesia and other ASEAN members to drive regional development to a new high as divisions are widening in some other parts of the world. Xu Ningning, executive president of the China-ASEAN Business Council, said that Regional Comprehensive Economic Partnership Agreement (RCEP) members should strengthen connectivity and make action plans for the regional digital economy, green development and cooperation among smaller firms to jointly deal with external challenges such as international financial instability and disrupted industrial supply chains. "The cooperation prospects between China and ASEAN are promising, facilitated by the high-quality joint building of the Belt and Road Initiative (BRI)," he explained (Cong and Weiduo, 2022).

BRI is highly relevant because, since its launch, China has proclaimed the BRI to be a business proposition that will result in a win-win situation for all participants. BRI has great potential to benefit many lower- and middle-income developing countries that are not adequately served by existing infrastructure and are strapped for new investment (Rana and Ji, 2020, p. 23).

Southeast Asia has also become the focal point for the implementation of BRI as it links the land-based Belt and the ocean-going Road (Liu and Lim, 2018). All ten members of ASEAN have signed a BRI memorandum of understanding with China. Several joint statements of the China-ASEAN Summit have taken note of the synergies between the Master Plan on ASEAN Connectivity 2025 (MPAC 2025) and BRI, not least because of ASEAN's vast infrastructure financing needs.

ASEAN countries involved in China's One Belt, One Road Initiative



Source: "China Belt and Road Initiative: ASEAN Perspective" CEIC.

The G20's Global Infrastructure Outlook estimates that between 2016 and 2040, Southeast Asian countries together need to invest about \$4.2 trillion for infrastructure development, of which, based on current trends, only \$3.6 trillion is forthcoming. Hence, there is a financing gap of about \$600 billion. The large financing gap suggests that Southeast Asian countries could potentially benefit from the BRI (Rana and Ji, 2020, p93).

This is where Indonesia plays an important role. As a natural leader in ASEAN and also the holder of the ASEAN Chairmanship in 2023, Indonesia has momentum that should be used to its full potential. Indonesia has the opportunity to use its current position to bring together leaders of ASEAN countries and China to create a strong alliance in the tumultuous economic climate predicted in 2023.

It is also an advantage that in the first half of 2019, before the global pandemic, ASEAN managed to surpass the United States as China's second-largest trading partner, second only to the EU. A year later, in the first half of 2020, ASEAN became China's largest trading partner (Rana and Ji, 2020, p15). In 2019, FDI flows from China to ASEAN reached USD 9.1 billion in 2019, accounting for 5.7% of total Foreign Direct Investment (FDI) flows to the region, which placed China as the fourth largest source of FDI among ASEAN's Dialogue Partners (The ASEAN Secretariat, 2020).

Trade between China and the ASEAN reached \$544.9 billion in the first seven months of 2022. It is up 13.1 percent year-on-year, accounting for 15 percent of the country's total foreign trade. As of the end of July 2022, the cumulative two-way investment exceeded \$340 billion. Chinese companies have also been making steady progress in contracting infrastructure projects in ASEAN countries, with a cumulative turnover of over \$380 billion by the end of July (The State Council of the People's Republic of China, 2022).



Experts also expected Indonesia to push for progress on the ASEAN Outlook on the Indo-Pacific (AOIP), which can lead to an ASEAN-centric regional architecture (Lau, 2023). Adopted in 2019, AOIP seeks to put ASEAN's imprimatur on the Indo-Pacific at a time when external powers, in particular the US, have sought to promote their interpretation of the region's security architecture.

In November 2022, President Joko Widodo hinted at some of these challenges faced by Indonesia's ASEAN chair. He stated that ASEAN "must be a region with robust, inclusive, and sustainable economic growth." He also argued that it should not let current geopolitical dynamics turn into a new Cold War in the region but should become a peaceful region and anchor for global stability (Shofa, 2023). This suggests that ASEAN's economic recovery from the COVID-19 pandemic and the navigation of tensions between countries will be high on his agenda for 2023.

5. Conclusion

Indonesia, by many measures, remains the most powerful and influential country in Southeast Asia. It has the biggest population, territory, and resource endowment, as well as a relatively stable political system and competence. As explained by Kenneth N. Waltz in *Theory of International Politics*, this set of items is used to measure the rank of states in the international system (Waltz, 2010). Indonesia's GDP also soars above that of other countries in Southeast Asia. To a certain extent, Indonesia has managed to establish and enforce the basic rules and rights that influence its own behaviour and that of the lesser state in the system (Gilpin, 1981). Indonesian activism in ASEAN, particularly in its early development and some of its most crucial times, is an important factor that shapes the course and direction of the regional organisation. Since the establishment of ASEAN in 1967, Indonesia has played a leadership role in the region. The role was weakened during the Asian financial crisis in the late 1990s, but as Indonesia now emerges as a stable economy and democracy, it has regained its role as a leader in the region.

As China's first and largest strategic partner in Southeast Asia since 2005, Indonesia has indicated that the strategic partnership status will become an important pillar in strengthening the ASEAN-China strategic partnership. This is a crucial move since Indonesia must maintain its business and industrial prospects with China while at the same time playing the role of a leader for ASEAN countries in advancing their relationship with China as well.

Indonesia should pursue open-ended dialogues in creating a resolution that can accommodate various interests, tackling a challenge that followed as the country basks in the success of its G20 presidency in 2022 and its strong ties with China. If successful, the complex strategy will ensure Indonesia's better reputation, which can also be seen as the legacy of Joko Widodo before he ends his presidential tenure in 2024. ***

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Notes

*Jona Widhagdo Putri is the Chinese interpreter for the President of the Republic of Indonesia, Joko Widodo, and the special advisor to the Coordinating Minister for Maritime Affairs and Investment of the Republic of Indonesia. She is deeply involved in the intricate diplomatic negotiations and project coordination between Indonesia and China. She has a comprehensive understanding of BRI, including the construction of the Jakarta-Bandung High-Speed Railway and Indonesia Morowali Industrial Park.

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