



# CSIS POLICY BRIEF

## Overhauling Indonesia's Foreign Policy: How and Where to Start?

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### Key Takeaways



Indonesian foreign policymakers must conduct a serious strategic assessment to overhaul the country's foreign policy if Indonesia is to perform according to its weight.



There are three areas where an overhaul of Indonesian foreign policy can and should take place: foreign policy instruments, channels, and diplomatic infrastructure.

In a recent CSIS Policy Brief publication entitled *Anticipating Changes in the International Order and How Indonesia Should Evaluate Its Foreign Policy*, Andrew W. Mantong elaborated on concerns from major and middle powers about the ambiguous and unclear signals Indonesia has been sending through its foreign policies regarding what and how the country seeks to engage with the outside world. On the one hand, Indonesia seems consistent in staying within the corridor of independent and active foreign policy. Yet, at the same time, in many issues, the government appears to tilt towards one side, as pragmatic and short-term gains often guide its decisions. In trying to project itself as an active player, Indonesia, being a “power in the middle,” often seems delayed, if not indifferent, in undertaking initiatives that align with its capacities and interests on various emerging issues.

Similar dissatisfaction comes from the domestic audience, who criticize the government for not being able to position the country as a powerful regional, let alone global, actor - commensurate with its size and potential. Despite being a member of the prestigious G20 and the *primus inter pares* in Southeast Asia, Indonesia is still far from asserting its leadership to shape the agenda of these forums and champion both regional and national interests.

The key message is clear: this ‘business as usual’ attitude in conducting foreign policy must change. Together with all developing powers, Indonesia faces an unprecedented global shift, driven by the strategic rivalry between great powers and the changing multipolar setting. This era is not another Cold War episode, as we are witnessing a much more complex competition, not centered only around two poles or defined solely by ideological and military tensions. Instead, the tension involves multiple poles and extends into nearly all dimensions of global affairs.

Thus, the current regional and global situations present countries with both risks and opportunities. Without clear and sound strategic direction in foreign policy, Indonesia risks missing valuable opportunities while also grappling with the significant risks hidden behind seemingly enticing short-term gains.

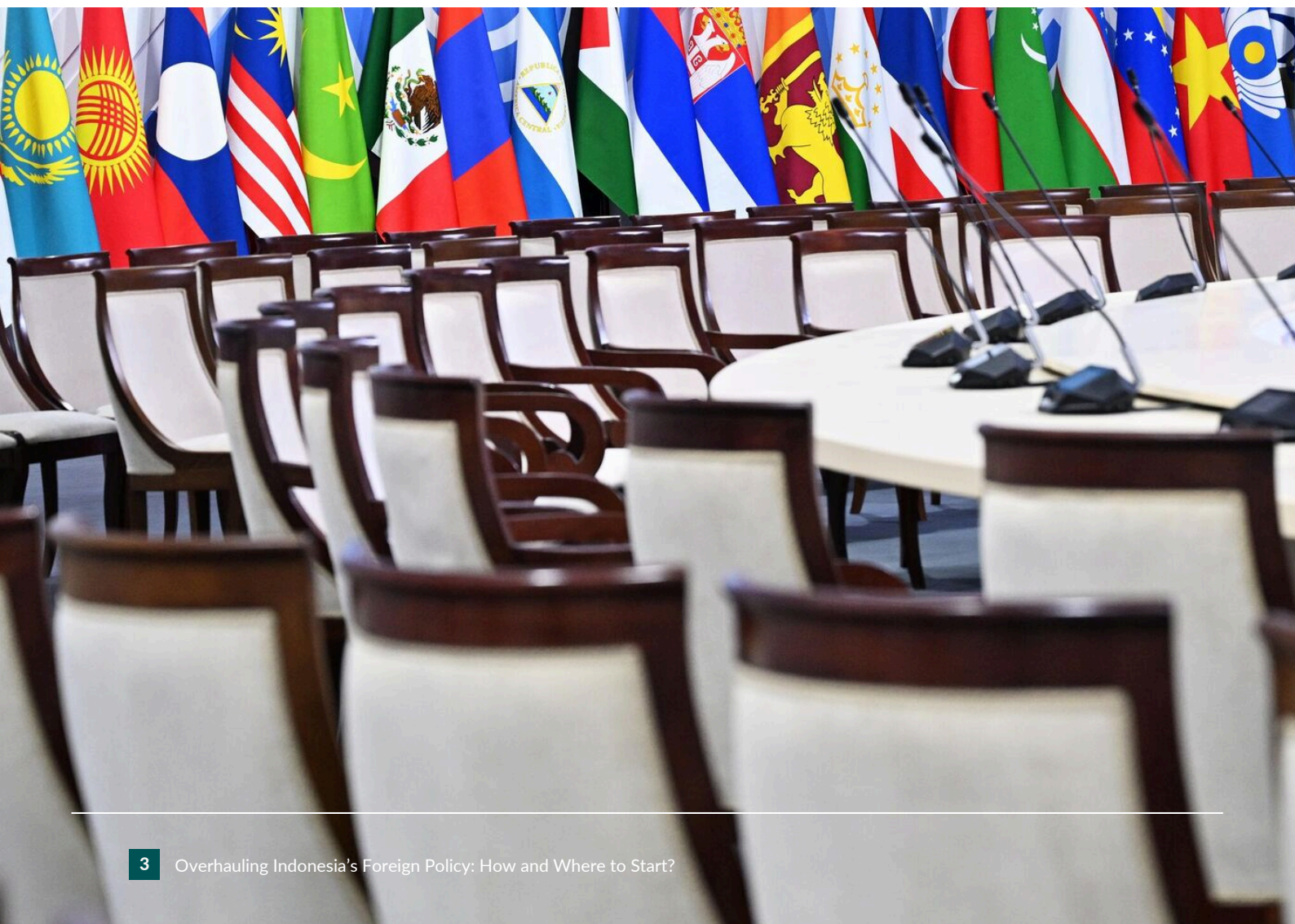
Our reflection so far suggests that there is a fundamental problem in Indonesian foreign policymaking, rooted in complacency and a reluctance to conduct the required strategic thinking and calculations to understand the changing global order and how national interests, principles, values, and capabilities should be recalibrated. While the Ministry of Foreign Affairs should be the leading actor, foreign policymaking must involve all parts of the government, with a top leader who has a clear vision of how the country should engage with the world.

The key recommendation from the first policy brief is the urgent need for Indonesia to depart from its usual interpretation of the ‘independent and active’ principle as the basis for its foreign policy. Independence should not always be translated as neutrality, as Indonesia can no longer afford to be indifferent to regional and global issues. The future will require Indonesia to be genuinely active, not just symbolically. Indonesia must actively pursue its national interests, which are inseparable from its responsibility to contribute to solutions for regional and global problems. By doing so, Indonesia can truly be independent, charting its own path and, more importantly, becoming a prominent global actor.

This second policy brief continues the discussion of how and where Indonesia's foreign policy overhaul should occur. The critical question is: What kind of adjustments must Indonesia undertake to develop a sound foreign policy? To answer this, the brief will examine the foreign policy instruments and channels that the Indonesian government should utilize, as well as how the existing diplomatic infrastructure needs to be revamped to support the use of these instruments and channels.

The analysis presented here is based on the team's broad conversations with various think tanks from "middle power" countries, including France, Australia, Japan, South Korea, the United States, Southeast Asian countries, and domestic experts within Indonesia. One key takeaway from these discussions is that Indonesian foreign policymakers must conduct a serious strategic assessment to overhaul the country's foreign policy if Indonesia is to perform according to its weight.

This assessment begins with identifying Indonesia's national interests, a daunting task given the country's size and its strategic geopolitical and geoeconomic position. It is not easy to consolidate the diverse views on what constitutes Indonesia's core national interests, as everything may seem like a priority. Even worse, the formulation of national interests is often shaped by the perspectives of top leadership and a small elite circle, largely neglecting honest conversations with well-informed domestic stakeholders, particularly those with critical views. It is important to remember that foreign policy is too important to be left solely to the elites and their perceptions. It must be calibrated to reflect the needs of domestic constituents as well as the expectations of external counterparts, as Indonesia is part of, and contributes to, the international community.



## Defining National Interests

What are Indonesia's national interests in the context of the current shift in the global order? How can they be defined? In meetings with international and domestic stakeholders, the straightforward question posed to us was whether Indonesia will remain non-aligned as great powers intensify their geopolitical rivalry and increasingly work only with "like-minded" states. If Indonesia remains neutral, it risks losing certain privileges and may soon be pressured to choose a side. Some countries even portray Indonesia as already siding with or becoming overly dependent on certain powers, indicating inconsistency between Indonesia's rhetoric of non-alignment and its actual behavior.

Indonesia should continue to adhere to its 'independent and active' principle. However, it must develop and project a clear set of national interests and strategic directions. This is key. While leaders may rhetorically declare an "all-direction" or "multi-directional" approach to foreign policy, the government must strategically understand how the world is evolving, anticipate what is coming, and define its strategic interests. From there, Indonesia can set priorities and establish a clear sense of direction based on its national interests. Without doing this, Indonesia risks growing larger without moving forward in any meaningful direction, diminishing its prospects of being considered a significant global player.

In defining national interests, they must not be reduced to domestic needs. Addressing the needs of the people is certainly important, but in seeking to be a regional and global player, Indonesia must think beyond its immediate gains. Using the simple logic of "give and take" to achieve the greater good, Indonesia must consider what it can "invest" by engaging with others and participating in various organizations and platforms.

## What Needs to Be Overhauled in Indonesia's Foreign Policy?

In essence, there are three areas where an overhaul of Indonesian foreign policy can and should take place: foreign policy instruments, channels, and diplomatic infrastructure.

### 1) Instruments

Strategic thinking in foreign policymaking should begin by reviewing the instruments Indonesia currently has and identifying what is lacking. Given its size and potential, Indonesia possesses various foreign policy instruments to employ.

First, projected to be the fourth or fifth largest economy within the next two decades, Indonesia can leverage its economic instruments in conducting foreign policy. However, over the past decade or so, the utilization of economic instruments has been largely focused on securing more economic investments, particularly for large infrastructure projects, and increasing trade surpluses with external partners. The government has often used economic instruments to pursue short-term gains rather than strategizing for long-term interests.



In the past decade, the previous administration promoted “economic diplomacy,” primarily aimed at attracting investments and boosting trade relations with other countries. Diplomats were expected to secure more commitments from host countries to invest in and trade with Indonesia, rather than focusing on how to position Indonesia to shape the regional and global economic order and anticipate geopolitical and geoeconomic rivalries that may threaten its long-term interests. This narrow approach—emphasizing the use of economic instruments solely for short-term gains—has placed Indonesia in a precarious position, risking over-dependence on certain powers.

For Indonesia to maintain its independence and become a prominent global actor, it must also be active. In short, Indonesia should contribute to the provision of global public goods and assert its agenda. This will create a conducive environment for its economy to grow. The necessary revision is how Indonesia can better leverage its economic instruments by taking a more active role and contributing ideas in various regional and international economic platforms. This would serve the interests of the developing world, support global supply chains, and mitigate unhealthy economic competition among major powers.

Currently, global free trade arrangements are under pressure. The United States, once a champion of free trade, has become more inward-looking and protectionist due to its rivalry with China, which has emerged as an economic giant. The U.S. government now sees free trade as enabling free riders to grow and challenge its supremacy. Meanwhile, the rise of the Chinese economy has also created pressures on developing nations, as local companies struggle to compete with the mass production of cheap Chinese imports. The Belt and Road Initiative (BRI), while offering major funding for infrastructure projects, is criticized for creating debt traps for poor countries unable to repay loans. There is growing anxiety among developing nations about the potential for U.S. sanctions on countries engaged with China.

Therefore, it is crucial for Indonesia to use its economic instruments to contribute to improving the global economic architecture, ultimately creating a conducive environment for developing countries to grow. As Indonesia climbs the economic ladder, international projections suggest it could become a pivotal state in shaping the global economy. This position would bring higher expectations for Indonesia to contribute more to global public goods. Through its G20 membership and participation in other multilateral economic platforms, such as APEC and RCEP, Indonesia is expected to play an active role in shaping the global economic order.

Second, it is equally crucial to utilize economic instruments to achieve long-term strategic objectives. While it is normal for Indonesia to prioritize its own economic development, there is a growing expectation, and indeed a necessity, for Indonesia to transition into an emerging donor, helping less developed countries catch up with their development. Indonesia’s South-South cooperation is not new, as it has provided limited development aid through technical cooperation since the 1980s. This instrument can be used by Indonesia to garner diplomatic support for its territorial integrity and security, as it seeks to strengthen relations with developing countries. Expanding South-South cooperation can also highlight Indonesia’s genuine contributions to the Global South by prioritizing those further afield.

In recent years, Indonesia has advanced its South-South cooperation into South-South Triangular Cooperation, allowing for collaboration between traditional donor countries and emerging donors. This framework empowers emerging donors to provide suitable expertise with local knowledge to less developed countries, with support from traditional donors. Indonesia could play a pivotal role in bridging the divide between the “North” and “South,” which are currently separated by various developmental issues. Indonesia established IndoAID in 2019, but its achievements have been limited due to a lack of priority and attention from the top leadership.

The second instrument is security. Indonesia is still working to build its military capabilities and essential forces to defend its territory and people. Strengthening security and defense relations with as many countries as possible is necessary, but security instruments should also be used to “invest” in and contribute to regional and global security.

First, Indonesia should not neglect its identity as a maritime state. As a proponent of UNCLOS, the main legal instrument for maritime governance, Indonesia should actively enhance maritime cooperation with other key maritime powers and champion international maritime laws to ensure freedom of navigation and secure sea lanes of communication.

Second, Indonesia should continue to nurture its core competency as a peace facilitator and peacebuilder. This legacy must continue, as Indonesia is well-positioned to do so due to its democratic ideology and its experience in peace processes, such as those in Cambodia, Southern Philippines, and the Thai-Cambodian conflict, as well as its own long-standing internal conflict in Aceh. The international community has repeatedly expressed hope that Indonesia will continue to invest in expanding this role. With the current crises in the Middle East, many expect Indonesia, as the world’s largest Muslim-majority country, to contribute to peaceful settlements in the region.

While the government has stated that Indonesia’s long-term vision is to become an advanced country (*negara maju*) by 2045, which seemingly focuses on leveraging economic instruments to gain support for its economic progress, Indonesia should never become an inward-looking country. It cannot afford to do so, as its security and welfare are highly dependent on peaceful and mutually beneficial relations with the international community. Therefore, Indonesia should use its economic and security instruments not only to “gain” but also to take the initiative in determining what it can “give” or contribute to shaping an international order that allows powers, both small and large, to coexist and thrive. Hence, Indonesia must act accordingly.

## 2) Channels

Indonesia has always been, and will continue to be, a proponent of multilateralism. It is widely believed that multilateral organizations allow states, regardless of size, to be on an equal footing and provide opportunities for sharing perspectives on decision-making. However, there is a growing trend of mini-lateralism, where major states are gradually abandoning multilateral institutions. How should Indonesia respond to this trend? What channels have we overlooked or been hesitant to explore that might prove useful for Indonesia?

Foreign policy channels can generally be divided into three types: bilateral, regional, and multilateral cooperation. A common criticism of Indonesia's use of these channels is the significant gap between its ambition to join every regional and multilateral group to showcase foreign policy "activism" and its actual ability to influence and shape these platforms. Indonesia's involvement is often seen as falling short of expectations, particularly given its size and potential trajectory toward becoming a major global player. There is, therefore, an urgent need for the government to conduct a comprehensive and honest review of whether Indonesia's current engagement in various platforms is meaningful and sufficient for it to "punch according to its weight."

Indonesia should continue its participation in multilateral organizations, as these remain the most legitimate channels for gathering states, both large and small, ideally on equal footing. However, this commitment is becoming increasingly difficult, as major powers reduce their support for these organizations. Worse, in practice, multilateral forums have often been used as political and strategic battlegrounds, as seen with the UN Security Council's inability to make decisive decisions due to the abuse of veto power by the permanent five members.

While maintaining participation in multilateral organizations, Indonesia must continue pushing for reforms to ensure these institutions reflect the current multipolar system. Developing nations are stepping up to become emerging economic and political powers and deserve greater representation in decision-making and agenda-setting. Regarding the United Nations, a critical review of the veto power held by the permanent five members is essential, as it has often paralyzed the Security Council's decision-making ability.

A key question for Indonesia's foreign policy trajectory concerns its positioning within ASEAN. Given the growing challenges within ASEAN and voices questioning its relevance, particularly in addressing the Myanmar crisis and tensions in the South China Sea, does ASEAN still matter for Indonesia and the region? Is ASEAN an enabler or a disabler of Indonesia's aspirations to become a global player?

Indonesia should not underestimate the role of ASEAN as a regional organization. Over nearly five decades, ASEAN has managed to prevent any major armed conflict among its member states. Within ASEAN, while Indonesia serves as *primus inter pares*—relatively larger in size and influence compared to other members—it does not act as a hegemon but seeks peaceful and cooperative relations with all. Indonesia has consistently invested in building ASEAN as a credible regional organization, particularly through the political-security pillar, promoting democracy, human rights, good governance, and the rule of law. Indonesia's leadership contributed to key initiatives such as the ASEAN Charter and the establishment of the ASEAN Intergovernmental Commission on Human Rights (AICHR) and the ASEAN Institute for Peace and Reconciliation (ASEAN-IPR).

Nonetheless, ASEAN must evolve to be more agile and capable, primarily to address its own challenges and contribute to shaping the global order. ASEAN must maintain unity, especially in the face of growing divisions arising from great power rivalries. ASEAN Centrality should be more than a mantra—it must become a tangible concept in which ASEAN plays a pivotal role in addressing global issues. Many of ASEAN’s external partners value its importance but expect Indonesia to take a more proactive leadership role, including influencing other ASEAN members to establish a common framework in their interactions with major powers.

Indonesia’s foreign policy focus on ASEAN is crucial. Without a peaceful and stable region, created through an effective regional organization, Indonesia will not be able to become a major global player. ASEAN’s growth is tied to Indonesia’s leadership, as history has shown. Over the past decade, an inward-looking and pragmatic Indonesia has led to a diminished leadership role within ASEAN.



### **What can Indonesia do?**

First, ASEAN urgently needs to restore its unity. To achieve this, Indonesia must strengthen bilateral relations with each ASEAN member state, particularly with the founding members, as this is critical to fostering cohesion when addressing difficult and sensitive issues. ASEAN’s agility and effectiveness in responding to crises often depend on the strength of these bilateral relationships. For instance, Indonesia’s initial progressive moves to address the Myanmar crisis through a Special Leaders’ Meeting were hampered by a lack of strong bilateral ties with Myanmar and Thailand, two key players in the region.

Second, within the ASEAN framework, there is a growing divide between the “maritime” and “mainland” Southeast Asian countries. As the largest maritime state, Indonesia should take the lead by deepening bilateral relations with mainland Southeast Asian nations. This is important as great power rivalries are increasingly playing out in the Mekong subregion, where understanding and engagement remain limited.



Third, as Indonesia seeks to assert itself as a champion of developing world issues, it should strengthen ties with Pacific and African countries. Additionally, Indonesia must deepen bilateral engagements with other “middle powers,” as these countries are also navigating their way through the current geopolitical tensions. Indonesia, as it rises to greater prominence, should work with these nations to initiate more functional cooperation and reduce existing tensions.

In addition to investing in bilateral and multilateral groupings, Indonesia should seriously assess whether participation in existing minilateral engagements aligns with its interests. Minilateralism is not a new concept. In the region, examples include the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), the Indian Ocean Rim Association (IORA), and the Regional Comprehensive Economic Partnership (RCEP). Some of these are seeking transformation into larger groupings, but they have yet to evolve.

Minilateral groupings may serve functional purposes, such as pooling resources among a few relevant countries to address specific issues. These forums typically offer more agile and direct cooperation, as smaller memberships enable faster responses to emerging challenges. Additionally, minilateral engagements may provide political convenience by bringing together like-minded states that benefit from shared privileges, such as access to advanced technology, resources, energy, and military capabilities. However, as developing nations strive to maintain their economic growth, it will become increasingly challenging to uphold their principled stance of non-alignment while also managing external pressures.

The growing prevalence of minilateral gatherings, especially those initiated by great powers, often serves the interests of these powers by mobilizing resources for geopolitical rivalries, rather than solving common global problems. These groupings may offer incentives for non-aligned countries like Indonesia to join, such as market access, technological benefits, and security guarantees, where great powers may pledge to protect the participating nations.

While there are potential benefits for Indonesia in participating in such minilateral forums, the government should conduct a thorough strategic assessment to determine whether joining is in line with national interests. The decision should not solely consider immediate, pragmatic gains, but rather weigh long-term contributions to regional peace, security, and prosperity. A strategic plan should address how Indonesia can influence the direction and policies of these groupings to align with national objectives, avoiding the temptation of seeking artificial prestige or short-term reputational gains. By defining clear goals and direction, Indonesia can make informed decisions about its participation in minilateral forums without diminishing ASEAN's central role.

It is crucial for Indonesia to remain cautious about being drawn into strategic rivalries that could undermine its free and active foreign policy. If necessary and done in a well-planned manner, Indonesia could even initiate its own minilateral grouping to shape the global order according to its interests. The government should engage in public consultations to evaluate the costs and benefits of joining, abstaining from, or creating such platforms.

### 3) Diplomatic Infrastructure

Diplomatic infrastructure refers to the human resources, physical presence, and capacities required to conduct effective diplomacy as a core component of foreign policy. Diplomatic missions serve as frontline agencies in implementing foreign policy. Currently, Indonesia has 132 diplomatic missions, consisting of 95 embassies, two Permanent Missions to the United Nations (New York and Geneva), one Permanent Mission to ASEAN, 30 Consulate-Generals, and four Consulates.

However, the distribution of these missions does not always reflect Indonesia's strategic priorities. For example, while Indonesia seeks to strengthen relations with the Southern countries as part of its ambition to become a leading force in the Global South, the current number of diplomatic missions in Africa does not align with this goal. Additionally, Indonesia maintains a significant presence in Eastern European countries, a legacy of Cold War-era policies, which no longer aligns with current strategic priorities.

A key objective of strategic foreign policy assessment is the ability to predict future trends and potential hotspots requiring diplomatic engagement. Indonesia must shift from performative diplomacy to substantive diplomacy, ensuring that its diplomatic presence aligns with national interests.

The success of diplomatic efforts should not be measured solely by quantitative indicators, such as the number of visits by the president or foreign ministers, chairmanships, or memberships in regional and multilateral organizations, or the direct foreign investment brought into the country. While these achievements are important, the focus should also be on long-term strategic outcomes. Foreign policy successes should include intellectual leadership in international platforms, independent navigation of foreign relations, and respect for international norms that promote peaceful cooperation.



What specifically needs to be done to improve Indonesia's diplomatic infrastructure?



### **Review Diplomatic Mission Allocation**

The government should reassess the distribution of diplomatic missions to better reflect strategic priorities.



### **Restructure Recruitment and Training**

The Foreign Ministry should prioritize recruiting candidates with expertise in specialized areas such as cybersecurity, technology, health, energy, and the environment. Diplomatic training should emphasize interdisciplinary knowledge, including proficiency in languages beyond English.



### **Foster Issue and Region-Based Expertise**

Indonesia should allocate career diplomats to specific regions or issues critical to national interests. This would allow them to deepen their expertise and build long-term networks, transforming them from bureaucrats into effective negotiators.



### **Improve Inter-Ministerial Coordination**

Coordination between the Foreign Ministry and other ministries, agencies, and local governments should be proactive rather than reactive. The Foreign Ministry should be empowered to interact more with domestic actors, ensuring consistency between international commitments and domestic implementation.



### **Increase Budget Allocation for Diplomacy**

Diplomatic functions cannot operate effectively under a strained budget. As Indonesia grows into a major global player, sufficient resources are needed to carry out its responsibilities both internationally and domestically.



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