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Prisoner's Dilemma in the Rationalization of Indonesia's Foreign Policy in the South China Sea Dispute

Agnia Adini Al-Haq

PointStar Indonesia

China's nine-dash line claim in the South China Sea has posed a threat and instability in the regional area, including the waters of North Natuna. Indonesia's consistent foreign policy of remaining a neutral country changed under President Prabowo's leadership with the formation of a joint statement. The aim of this paper is to analyze which policy provides the greatest benefit to Indonesia using the Prisoner's Dilemma. The research method used is qualitative, with secondary data sources and descriptive analysis techniques. The conclusion shows that Indonesia's highest score in interactions with China related to the South China Sea dispute is achieved by not cooperating, regardless of China's choices.

Keywords: South China Sea, Prisoner's Dilemma, National Interest

The overlapping territorial claims in the South China Sea constitute one of the most significant security issues in the Asia-Pacific region. This issue has been present for a long time, first emerging in 1947 after the Cold War. In the 1970s, it resurfaced following the oil crisis of 1973. In the last decade, the issue has intensified due to the growing potential for open conflict, exacerbated by China's increasingly aggressive activities in the region. The South China Sea is contested by over six countries, most of which are in Southeast Asia, such as the Philippines, Brunei, Malaysia, and Vietnam.

Indonesia itself is not one of the claimant states in the South China Sea but has been drawn into the dispute. This is due to China's claims overlapping with Indonesia's jurisdictional areas, and China frequently conducting illegal activities in Indonesia's territorial waters in the North Natuna Sea (Anugerah, 2021). Chinese ships have repeatedly entered the North Natuna Sea and engaged in illegal fishing activities. Chinese military vessels have also been frequently seen patrolling the waters of Natuna. In 2021, China even sent a protest note demanding that Indonesia stop drilling for oil in the Natuna waters, which was rejected by Indonesia through a letter reiterating the

prohibition on drilling and exploration in the Natuna Sea. The letter emphasized that Indonesia does not accept China's restrictions, citing the UNCLOS legal basis, which states that waters within its continental shelf are entitled to exploration and exploitation (BBC, 2021).

Various actions have been taken by the Indonesian government to defend its jurisdiction, such as releasing a new map in July 2017. Indonesia changed the nomenclature of the Natuna waters, previously listed as part of the South China Sea, to the North Natuna Sea. President Joko Widodo (Jokowi) also conducted a high-level visit and a limited meeting aboard the KRI Imam Bonjol warship sailing in the Natuna waters. This was intended as a symbol that Natuna is part of Indonesia's territory.

In 2023, China boldly expanded its claim, from the original nine-dash line to ten-dash lines (BNPP RI, 2023). This triggered negative responses from various countries, signaling that China's ambitions are continuing to grow. Although the threat from China in the Natuna waters persists, under Jokowi's administration, Indonesia has been criticized for not providing a significant response or deterrent. This is partly due to the close economic cooperation between Indonesia and China. Indonesia continues to strive for a neutral position and acts as a mediator, even as its sovereignty and that of other ASEAN countries are under threat.

Unlike previous policies, the maritime policy under President Prabowo is seen as a step backward (BBC News, 2024). Through his first overseas visit to China, Prabowo agreed to a joint statement, which included discussions on joint development in areas that are subject to overlapping claims (BBC News, 2024). Prabowo referred to this policy as a partnership and expressed readiness for negotiations. This has drawn criticism, as the creation of the joint statement implies that Indonesia recognizes China's illegal claims in the South China Sea. Previously, Indonesia had firmly rejected China's claims and refused to negotiate with China.

This shift in policy direction raises the question of which policy would provide the best outcome for Indonesia in addressing the overlapping claims in the South China Sea. Therefore, this research will explore which policy is ideal for Indonesia in responding to the overlapping claims in the South China Sea using game theory, specifically the Prisoner's Dilemma. This research will focus on Indonesia's national interests in the South China Sea, which can be observed from the interaction patterns in resolving the issue. The national interest will determine the scores and choices, from the most ideal to the least ideal, for Indonesia. The study is titled *"Prisoner's Dilemma in the*

Rationalization of Indonesia's Foreign Policy in the South China Sea Dispute, with the research question: *"Which policy is considered the most ideal for Indonesia in resolving the conflict in the South China Sea?"*

Literature Review

A research article by Muchlis Gasim in 2024, titled *"Indonesia's Role in Resolving the South China Sea Dispute: A Constructivist Analysis of the Code of Conduct (CoC) and National Interest"*, discusses Indonesia's national interests in the South China Sea in the context of its efforts to help resolve the issue. These interests are divided into three key aspects: defense, economy, and politics. This research uses a constructivist approach, which is deemed capable of understanding how norms and efforts for joint negotiations with ASEAN shape Indonesia's maritime interests and identity. The study contributes valuable information regarding Indonesia's various commitments aimed at protecting its national interests.

Next, research by Wines Aprilla in 2021, titled *"Indonesia's Efforts in Resolving the South China Sea Conflict"*, examines Indonesia's role as the largest country in ASEAN with the responsibility to maintain stability in the region. These efforts are made by building steps that can enhance mutual trust and cooperation, which are believed to help mitigate sources of conflict and maintain stability. This research contributes information regarding Indonesia's commitment to creating a peaceful situation.

Another relevant study was conducted by Gaffar Mu'aqaffi and Kevin Ali Sesarianto, titled *"Amid China's Assertiveness and Indonesia's Domestic Bureaucratic Politics: The Trajectory of Indonesia's Response to the South China Sea Dispute under Yudhoyono and Jokowi"*. This research explains that the South China Sea dispute has not been a primary focus or national interest during President Jokowi's administration. The presence of conflicting interests within the government is one of the factors why Indonesia is perceived to have responded inadequately to the issue. This has impacted the formulation of policies, which have been seen as ineffective and unbalanced in addressing the threats in the South China Sea. The study contributes information on how changes in leadership result in differing national interests, which affect policy decisions regarding the resolution of China's illegal claims in the South China Sea.

Research Methodology

This study employs a qualitative research method, which provides answers by presenting descriptive data. Qualitative research focuses on the search for meaning, understanding, and insight into a phenomenon as a whole (Yusuf, 2014). The type of research used is descriptive analysis, which aims to describe or interpret current conditions. The data is presented in the form of words and images. Using a descriptive qualitative research method is considered helpful for this study in gathering primary and secondary data to analyze Indonesia's interests in the South China Sea dispute, which will then rationalize Indonesia's choices in responding to the policies being implemented.

Theoretical Framework

This research uses game theory as an approach to demonstrate Indonesia's rational choices in foreign policy decision-making concerning issues in the South China Sea (SCS). However, to provide choices, national interests are an inseparable factor. The policy adopted should align with the national interest, as this is considered to yield the most beneficial outcome for a country. Additionally, national interests lead to policies that are implemented through various forms of interactions. Therefore, the concepts of national interest and interaction cannot be separated when analyzing Indonesia's rational choices.

Game Theory - Prisoner's Dilemma

Game theory is a framework that illustrates situations of conflict and cooperation between rational decision-makers (Tadelis, 2013). It explains that actors always choose rational behaviors or decisions that maximize their gains. In game theory, there are three key features in decision-making: 1) Actions, which are all the alternatives available to the players; 2) Outcomes, which are the results that arise from an action; and 3) Preferences, which explain the rational reasons for players to rank the possible outcomes, starting from the most desirable to the least desirable (Tadelis, 2013: 4).

To analyze which actions an actor will take, one can look at the benefits of each action. Benefits are used to evaluate actions and outcomes (Tadelis, 2013: 7). The calculation of these benefits is known as the payoff function. The payoff function explains the rational preferences of how a country should act and how it often behaves (Tadelis, 2013: 7).

To predict the outcomes of an action, players must understand the issues they face. By doing so, players can approach the problem in a structured and systematic way. Rational choices only emerge when players understand the consequences of their best actions. In other words, players can predict the consequences of their policies by understanding their rational preferences for outcomes (Tadelis, 2013: 10). One model of the game that can be used to predict Indonesia's best action against China's illegal claims in the South China Sea is the prisoner's dilemma.

The prisoner's dilemma is a part of game theory that helps predict or explain the actions a country will take when faced with a particular issue. This theory provides several variables, including the players, available action choices, the sequence of player actions, conditions, player information preferences, and the final outcome of the interaction (Guner, 2012). This theory can also help explain why countries often choose not to cooperate, even when cooperation seems to provide benefits (Cooper & Kumar, 2018).

The result of each party's chosen strategy or best interaction is called the Nash equilibrium. The Nash equilibrium is based on the balance between both players in responding with their best strategy according to each country (Frieden et al, 2019: 83). The assumption of the prisoner's dilemma is that the players will behave non-cooperatively, meaning each country will control its actions based on what is in its best interest. Such actions will only be taken if they are considered the best option. The Nash equilibrium or the final balance achieved requires the players to be satisfied with their own choices (Tadelis, 2013: 55).

In the prisoner's dilemma, there are four assumptions that form the background of the equilibrium analysis: 1) Players are rational, meaning they choose their actions to maximize the results according to their beliefs about what will happen in the game; 2) Players are assumed to be intelligent, meaning they know the game's conditions, such as actions, outcomes, and preferences of each player; 3) Common knowledge, meaning that players play rationally and intelligently; 4) Self-enforcement, meaning the solution taken is a step to protect themselves (Tadelis, 2013: 54).

In this study, the choice made by Indonesia must align with its national interest, leading to a satisfying final outcome. Therefore, the concept of national interest is important to discuss.

Concept of National Interest

The interests of a country, which are crucial in its interactions, influence the actions that country will take. National interests help determine the direction and objectives of a country's foreign policy. National interests are the determining factor in deciding which policy is most suitable for a country. In other words, actions reflect the interests or preferences of a country. National interest, being a fundamental foundation, underpins all political analyses. Specifically, interests are the preferences of actors regarding the outcomes of their political choices (Frieden et al, 2019: 45).

For example, if a country's interest lies in security, then when faced with a sovereignty threat, the country will strengthen its defense and weaken its adversary. This can help explain Indonesia's preferences regarding disputes in the Natuna waters and the South China Sea. The government will have choices and an analysis of the options that will bring the greatest benefit, down to the worst possible outcomes, depending on the country's primary interest.

National interests can be analyzed through statements or actions taken by the actors themselves. Indonesia's actions or policies in responding to issues in the South China Sea can form the basis of analysis and assumptions regarding Indonesia's interests. Interests can be categorized into three groups: power, security, and welfare (Frieden et al, 2019: 45).

Concept of Interaction

Interaction is the way two or more actors produce political outcomes (Frieden et al, 2019: 51). Interaction can lead to certain outcomes for a country, depending on the choices the actors make regarding the type of interaction they wish to engage in, which is relevant to their national interests. There are two assumptions in interaction. First, actors will always engage in behaviors that will lead them to a particular outcome. In other words, actors are assumed to choose from available options, considering the consequences, with the goal of achieving the desired result. Second, in interactions, actors will always base their strategies on what they believe to be their interest, and predict the actions of others. That is, actors will always develop strategies they believe are the best response to others (Frieden et al, 2019: 52). In conclusion, both assumptions link national interests to available choices through interaction.

In international interactions, strategy is essential. However, the formulation of a strategy, which is a response to the actions of another actor, does not always lead to the

most favorable outcome. Sometimes, it results in an unwanted outcome. Nevertheless, strategies are always developed as best as possible to align with the desired results and interests, even though they do not guarantee the best or most preferred outcome.

Discussion

After the introduction section, which contains the background, theoretical framework, and issues, the author will explain the application of the prisoner's dilemma in explaining Indonesia's policy in the South China Sea. The first thing to remember about the prisoner's dilemma is that each of the two players has preferences regarding the best action, regardless of what the opponent chooses. However, generally, the action taken must align with the basic concept of rationality (Tadelis, 2013: 59). Rationality is defined as the choice that leads to the best possible outcome for each player.

Below is an example of a rational strategy in the prisoner's dilemma:

Table 1. Prisoner's Dilemma Rational Strategy

		Player 2	
		M	F
Player 1	M	-2, -2	-5, -1
	F	-1, -5	-4, -4

The table explains that two players are faced with a serious situation, say a robbery case. Both players are suspected of being thieves. To get a confession for the theft, the police separate them and offer deals that affect the increase or decrease of their sentences. Anyone who reports their partner's crime ("finks" or F) will receive a reduced sentence. On the other hand, anyone who remains silent ("mum" or M) to avoid increasing their sentence will face an increased punishment. It is assumed that serving time in prison is undesirable, so -1 represents one year in prison.

From the table above, it can be understood that if both parties choose to remain silent (M), they will both be sentenced to 2 years in prison because the only evidence is the accusation of theft. However, if Player 1 chooses to remain silent (M), while Player 2 reports (F), Player 1 will receive a 5-year sentence, while Player 2 will only receive a 1-year sentence. This outcome results from Player 2's cooperative behavior. The same punishment occurs if Player 1 chooses (F) and Player 2 chooses (M). However, if both

choose (F), they will each receive a 4-year sentence because both players will accuse each other of being the mastermind behind the robbery.

Implementation of Indonesia's Policy on the South China Sea through Prisoner's Dilemma

Based on the brief explanation above, the author will treat Indonesia as Player 1 and China as Player 2. The issue raised is the overlapping claims in the South China Sea. The available choices are to cooperate (C) or not cooperate (NC). The value given is 1 for each consequence that results in a benefit, and -1 for each consequence that results in a loss. Positive values mean the country gains its interests, and the higher the positive value, the more the country gains. On the other hand, negative values mean the country does not achieve its interests based on the choice made. Both are based on rational choices and the national interests of each country. This will be represented in the following table:

Table 2. Prisoner's Dilemma Regarding the South China Sea Claims

		China	
		C	NC
Indonesia	C	-2, -2	-5, -1
	NC	-1, -5	-4, -4

Based on the matrix above, it can be understood that the order of best choices for Indonesia is $NCC > CC > NCNC > CNC$ (Frieden et al., 2019: 83). For Indonesia, the dominant strategy is not to cooperate (NC), regardless of China's actions or strategies. If China chooses to cooperate, it is better for Indonesia not to cooperate ($NCC > CC$). Then, if China chooses not to cooperate, it is also better for Indonesia not to cooperate ($NCNC > CNC$). The equilibrium reached by both players using their best responses is to not cooperate. Although mutual cooperation yields a better outcome than mutual non-cooperation ($CC > NCNC$), each country has an incentive not to cooperate to protect itself from unfavorable moves by its opponent.

The following discussion will explain how the rationality of the prisoner's dilemma is applied to Indonesia's policy in responding to China's illegal claims in the

South China Sea, based on Indonesia's national interests, which reflect the potential of the South China Sea for Indonesia and its foreign policy values and principles.

The Potential of the South China Sea

The South China Sea is part of the Pacific Ocean and is a semi-enclosed sea bordered by multiple countries. To the west, it borders Vietnam; to the east, it borders the Philippines, Malaysia, and Brunei; to the south, it borders Indonesia and Malaysia; and to the north, it borders China and Taiwan (Nugraha, 2021). This region has become contested primarily due to China's claim to 80% of the area, outlined by the "nine-dash line," a U-shaped boundary extending 1,500 km south of Hainan Island and overlapping with the exclusive economic zones (EEZs) of Malaysia, Brunei, the Philippines, Vietnam, and Indonesia (BNPP RI, 2023).

The vast potential of the South China Sea is one of the reasons it is highly contested. Its reserves of oil and gas, busy trade routes, and rich marine resources make the region strategically important economically and in terms of security. It is estimated that the region holds 11 billion barrels of untapped oil and 190 trillion cubic feet of natural gas reserves (CFR, 2024). Additionally, the South China Sea is believed to contain 160 trillion cubic feet of undiscovered natural gas (Asia Maritime Transparency Initiative). Major hydrocarbon production locations include the northern Kalimantan region, the eastern Malay Peninsula, and the northwestern part of Palawan (LaFond, 2024).

Beyond oil and gas, the region's abundant fish resources provide opportunities to support local consumption and boost maritime exports. Furthermore, the South China Sea serves as a critical global trade route—the Sea Line of Trade (SLOT)—connecting the Indian and Pacific Oceans. This trade route is vital for international commerce, with an estimated 64% of total goods movement passing through it in 2022 (Beaver & Vazquez, 2024). Trade flows such as oil and minerals moving northward and food and manufactured goods moving southward highlight the region's bustling economic activity. The total trade passing through the region is estimated at \$3.37 trillion (CFR, 2024).

The instability in the South China Sea poses risks to the global economy, impacting not only the disputing nations but also the international community. China's increasingly bold actions heighten the potential for conflict, directly leading to higher shipping costs and disruptions to global supply chains (Beaver & Vazquez, 2024). For instance, trade through the South China Sea accounts for 5.72% of the total trade of the

United States (Beaver & Vazquez, 2024), affecting U.S. economic stability and its global economic leadership.

For Indonesia, the South China Sea—referred to as the North Natuna Sea—offers significant potential, both in terms of sovereignty-related security and economic opportunities, including marine and fishery resources and natural resources like oil and gas that can improve Indonesia's prosperity.

Indonesia's National Interests in the South China Sea

The South China Sea plays a critical role in Indonesia's national interests. National interests are goals pursued, achieved, realized, and maintained based on a shared national assumption (Jackson & Sorensen, 2013). The first interest to be discussed is economic.

As previously mentioned, the North Natuna Sea, which directly intersects with China's claims in the South China Sea, holds significant economic potential. Indonesia's interests include exploring and exploiting resources in the area, such as the abundant fish stocks in Natuna. In 2023, fish catches reached 135,171.42 tons, with a total production value of IDR 2,344,100,331 (Natuna Fisheries Department, 2024: 5). These catches are marketed to Batam, Tanjungpinang, Singkawang, Pontianak, and Jakarta (Natuna Fisheries Department, 2024: 7). This production can meet national fish consumption needs, and compared to import costs, it is far more cost-effective.

Utilizing marine resources can improve the welfare of coastal communities, as fishing is the primary livelihood for approximately 6,130 households in Natuna (Niko, 2022). However, the South China Sea disputes have encouraged Chinese fishermen to enter Indonesian waters illegally, often guarded by China's coast guard vessels. These vessels intimidate local fishermen, reducing their catches.

Beyond fisheries, the economic potential in Natuna extends to oil and gas. Located along international shipping lanes, Natuna is estimated to have 14,386,470 barrels of crude oil reserves with a volume of 222 trillion cubic feet, along with a natural gas reserve of 112,356,680 barrels (Natuna Tourism Department). Additionally, Natuna has 46 trillion cubic feet of hydrocarbon natural gas reserves, among the largest in Asia.

Maximizing oil and gas resources can boost Indonesia's domestic reserves (Ministry of Energy and Mineral Resources). However, disputes in the South China Sea

disrupt stability, as seen in 2021 when Chinese vessels frequently entered the Tuna Block during drilling by Harbour Energy (Arbar, 2021).

The same year, China issued a protest note regarding oil and gas drilling in Natuna, claiming it occurred in its jurisdiction. However, under international maritime law (UNCLOS 1982), territorial seas extend 200 miles from a country's baseline. Natuna waters, located approximately 2,215 miles from China, are clearly outside China's jurisdiction under international law. It is Indonesia's responsibility to safeguard its sovereignty, not only to protect its jurisdictional rights but also to ensure navigation freedom and peace in the region (Darmawan, 2024).

For Indonesia, China's aggressiveness in the South China Sea is both a security threat and a challenge to its international role, especially in ASEAN. As a leader in ASEAN, Indonesia seeks to resolve disputes, particularly since four ASEAN members are claimants in the South China Sea. While Indonesia has its interests in the dispute, its approach emphasizes achieving regional peace. Acting as a mediator in negotiations aligns with Indonesia's interests. Compared to the U.S., which shares similar goals, Indonesia has the advantage of being part of the region, enabling it to convince involved countries to prioritize negotiations and international law as guidelines (Darmawan, 2024).

Nevertheless, Indonesia must consider its longstanding economic cooperation with China, which has significantly impacted its economy (Abimanyu, 2017). Thus, avoiding military conflicts is the best option for addressing the issue (Zou, 2023). Indonesia's national interests are then reflected in foreign policies that involve interaction as a relevant strategy.

Indonesia's Policy on the South China Sea Dispute

China's claim over the South China Sea has been pursued aggressively through its foreign policy. China openly deploys its military in the region, building military bases on three islands: Subi Reef, Fiery Cross Reef, and Mischief Reef (Blanchard, 2024). The consistent presence of Chinese military forces in the area heightens threats to neighboring countries. As China bolsters its defense capabilities, other nations are prompted to strengthen theirs, triggering tensions that could escalate into open conflict.

These tensions have already materialized in the South China Sea. Utilizing its military strength, China frequently intrudes into the jurisdictional boundaries of other nations. In 2023, Chinese forces used water cannons against Filipino vessels multiple

times and directed military-grade lasers at Philippine supply ships (Center for Preventive Action, 2024). This provoked a defense agreement between the Philippines and the United States to enhance maritime security (Center for Preventive Action, 2024). Such interactions reflect the Philippines' strategic response to China, aligning with national interests of strengthening military defenses and protecting sovereignty. This strategy adheres to the interaction concept, which emphasizes crafting policies to fulfill national objectives.

Facing a situation not much different from the Philippines, China's threat has also extended into the waters of the Natuna region. However, unlike the Philippines, Indonesia, adhering to its free and active foreign policy principles, strives not to align with any major powers. Instead, Indonesia seeks to actively collaborate with various parties through negotiations and diplomacy (Anwar, 2024). However, the negotiations here do not involve compromising the sovereignty of Natuna. Rather, they are aimed at achieving a peaceful and stable environment in the region.

Indonesia's foreign policy on the South China Sea disputes began with the establishment of the Declaration of Conduct (DoC) in 2002 by ASEAN and China as an effort to create a peaceful environment concerning the disputes. Throughout the process, Indonesia has actively participated in encouraging all involved parties to commit to refraining from activities that could destabilize the region. The DoC advocates for dialogue and consultation as means of resolving issues in the South China Sea (Ayudiana, 2023). The formation of the DoC opened the door for ASEAN to advance discussions on the Code of Conduct (CoC), a guideline for state behavior and dispute resolution in the South China Sea (CNN, 2023).

Indonesia is committed to being a neutral party in this effort. This commitment is demonstrated through initiatives like the *Workshop on Managing Potential Conflict in the South China Sea*, involving ASEAN members and China. This workshop focuses on constructive dialogue and technical cooperation, aiming to build mutual trust and strengthen synergy in maintaining regional peace (Integrated Coastal Zone Management, 2024). Additionally, Indonesia spearheaded the initial draft of CoC discussions. In early 2023, Indonesia hosted the negotiations and discussions on the CoC between ASEAN and China, and it plans to host subsequent negotiation rounds. Hosting these events is an effort to foster trust and reflects Indonesia's longstanding free and active foreign policy stance (Ayudiana, 2023).

Indonesia's strategy to remain neutral and active is implemented to achieve political outcomes aligned with its national interests. This aligns with interaction theory, which posits that the outcome of interactions depends on the relevance of policies to national interests (Frieden et al., 2019). Indonesia views ASEAN's involvement as a choice that can lead to greater regional stability due to collective commitments, rather than resolving disputes bilaterally. This corresponds to the first assumption of interaction theory, which emphasizes selecting available options based on consequences that align with national interests.

Interaction theory also highlights formulating strategies as responses to actions by other actors. In this case, despite the DoC being agreed upon in 2002, it has not deterred China's ambitions, including activities that create instability. China's aggressive actions in the Natuna waters have compelled Indonesia to adopt a firmer stance. Enhancing defense capabilities has become one of Indonesia's options, reflecting its commitment to being defensive in protecting its jurisdictional territories.

While international engagement through diplomacy and cooperation is considered essential to exert international pressure on China, the increasing tensions make it challenging to solely rely on diplomatic channels to safeguard Indonesia's sovereignty in the Natuna waters. This is evidenced by China's waning commitment to the DoC, as shown by activities perceived as threatening regional stability. Consequently, the use of military instruments is deemed necessary for defense purposes and to create a deterrent effect (Sulistiyani, Pertiwi, & Sari, 2021).

Indonesia has gradually strengthened its security posture in the region (Chang, 2024). This began with expanding military bases in the Natuna Islands and deploying additional military vessels. In response to China's threats in 2016, Indonesia mobilized Su-30 and F-16 fighter jets for extensive exercises in the Natuna Islands (Chang, 2024). In 2018, Indonesia dispatched two companies of Raider infantry troops—a combat unit stationed in Sepempang. These efforts are part of a strategic plan to protect national interests and prevent border threats (Chang, 2024).

Runway expansion at the Raden Sadjad Air Base on Greater Natuna Island has also been carried out to facilitate simultaneous fighter jet takeoffs and landings. Special forces detachments and four AH-64 helicopters have been deployed for air defense. At sea, Indonesia consistently stations at least three frigates and corvettes and has begun constructing a submarine support base in Selat Lampa (Chang, 2024). These military enhancements are expected to increase the capacity for longer and more frequent patrols

in the South China Sea. Strengthening military capacity is projected as a long-term strategy to secure outermost territories from escalating threats. In addition to enhancing diplomacy and negotiations, preparing for defense is also necessary to address similar challenges (Chang, 2024).

Despite numerous efforts by the Indonesian government to address the South China Sea issue, some parties argue that these policies are not strong enough to resolve instability in the region. The government is considered overly reliant on China, often prioritizing China's interests in its policies (Jatmika, 2020). As a result, violations by China continue to occur.

A new approach emerged under President Prabowo's leadership. During his first foreign visit to China, Prabowo returned with a joint statement or agreement signed on November 9, 2024. The agreement includes 14 points, one of which focuses on maritime cooperation, discussed in the ninth point. This point highlights strategic and comprehensive maritime cooperation to actively explore and develop joint projects.

Both sides emphasized maritime cooperation as an important component of the comprehensive strategic cooperation between China and Indonesia and will actively explore and carry out more maritime cooperation projects, cultivate more bright spots, jointly safeguard peace and tranquility of the ocean, improve the maritime governance system, keep the ocean clean and beautiful, and achieve maritime prosperity...

The agreement aims to provide clarity in maintaining peace in the maritime region and achieving maritime prosperity. It is considered a step toward affirming the full implementation of the DoC and the beginning of the CoC conclusion.

This agreement marks a significant shift in Indonesia's policies regarding China's unilateral claims in the South China Sea. Previously, Indonesia had firmly rejected China's claims as they conflict with the United Nations Convention on the Law of the Sea (UNCLOS) 1982. Additionally, the 2016 ruling of the International Tribunal on China's claims clarified that the "nine-dash line" lacks a legal basis. Indonesia has consistently refused to negotiate with China over these illegal claims. However, the joint statement implicitly acknowledges China's claims in the South China Sea. This development suggests that Indonesia has fallen into China's trap, making it the first ASEAN country to recognize the "nine-dash line" claim (Darmawan, 2024).

Although Indonesia's Ministry of Foreign Affairs stated that the joint statement does not constitute recognition of China's nine-dash line, China's interpretation may differ (Darmawan, 2024). Through this statement, Indonesia is perceived as not only recognizing something that violates international law but also agreeing to share its

sovereign rights over resource exploration and exploitation in the region. This agreement could significantly disadvantage Indonesia in managing its natural resources and harm its position as a neutral country and the largest nation in ASEAN.

In pursuing peace in the South China Sea through CoC negotiations, Indonesia has insisted that all claims must adhere to UNCLOS. Thus, the joint statement is seen as inconsistent with Indonesia's long-standing position. Instead, the statement strengthens China's position, bringing it closer to its national interests—not just in terms of claim recognition but also by opening opportunities to exploit coveted natural resources.

Interaction theory explains that a nation's behavior aligns with its national interests. However, Indonesia's position as a neutral country and ASEAN leader contradicts this approach. The theory emphasizes choosing strategies that yield the most favorable outcomes. Allowing China to co-exploit resources in the North Natuna Sea does not maximize the benefits for Indonesia.

According to calculations presented in Table 2 using the *prisoner's dilemma* model, cooperating with China does not yield ideal outcomes for Indonesia ($NCC > CC > NCNC > CNC$). The cooperation columns in the table (CC & CNC) show non-ideal situations for Indonesia, represented by negative scores (-2 and -5). Cooperating or reaching agreements on China's illegal claims in the South China Sea undermines Indonesia's ability to defend its sovereignty. Indonesia's neutral stance appears to shift, showing a tendency toward China, impacting both domestic and international interests.

Despite Indonesia's strong economic ties with China, the decision to issue the joint statement with China does not seem to be a strategy that brings positive value. Even when both countries agree to cooperate, there is always the possibility of betrayal by China. This was demonstrated on November 11, 2024, when a Chinese coast guard vessel re-entered North Natuna (Damarjati, 2024). To protect itself from such possibilities, the ideal option would be for Indonesia to avoid cooperation (NC) in overlapping areas in Natuna.

In the NC table, Indonesia achieves better scores regardless of China's actions. For instance, under the NCC option, Indonesia scores 1 for maintaining non-cooperation, which aligns with its national interest in protecting its jurisdiction and upholding international law. Although the score is modest, indicating ongoing tensions in North Natuna waters, Indonesia's independent stance in defending its sovereignty and resources demonstrates a firm position.

The NCNC option results in a score of -4 for both countries, reflecting persistent border tensions as each nation pursues its interests. Diplomatic efforts to reach peaceful agreements would be challenging, with repeated violations. However, this situation is deemed better than Indonesia agreeing or cooperating with China. Betrayal by China will always remain a possibility.

Conclusion

Through calculations using the *prisoner's dilemma* framework, it becomes clear that the choice not to cooperate (NC) is always preferable to the choice to cooperate (C). Indonesia can continue to act as a neutral party, avoiding alliances or alignment with any major powers. This approach aligns with Indonesia's longstanding free and active foreign policy principles. Moreover, Indonesia can independently explore and exploit natural resources in the region to their fullest potential without interference from any party.

In conclusion, the choice not to cooperate aligns with Indonesia's national interests. On the other hand, the option to cooperate contradicts Indonesia's consistent stance of neutrality. Cooperation increases the likelihood of negotiations involving jurisdictional division and the resources contained within, potentially eroding Indonesia's rights to manage its maritime territories. Additionally, the potential for tension among ASEAN countries, resulting from Indonesia's shift in policy, could alter the political dynamics in the region. Such a decision would greatly benefit China while causing significant disadvantages for Indonesia.

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