

Strategic Hedging Act: An Assessment of Indonesia's Decision to Join BRICS

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ARTICLE INFO	ABSTRACT
<p>Date received: 13 March 2025 Revision date: 12 April 2025 Date published: 21 July 2025</p> <hr/> <p>Keywords <i>Indonesia;</i> <i>United States;</i> <i>Non-Western Countries;</i> <i>BRICS;</i> <i>Strategic Hedging Theory</i></p> <hr/> <p>Correspondence Email: nahaktesa@gmail.com</p>	<p>Indonesia has always sought to maintain a neutral position in cooperating with Western countries, especially the United States, as well as with non-Western countries. However, on 6 January 2025, Indonesia took a surprising step by joining BRICS. BRICS is a multilateral institution aiming to reduce dependence on Western financial systems through the New Development Bank (NDB) and counter the dominance of the US dollar through the Local Currency Settlement (LCS) scheme. Indonesia's entry into BRICS raises questions about the rationale behind such a move. Using Kuik and Goh's strategic hedging theory, which posits that small and medium economic powers maintain flexibility to navigate great-power pressure and uncertainty in order to protect themselves from risks and losses, this study employs qualitative research with a descriptive-analytical approach to examine the reasons behind Indonesia's decision to join BRICS. First, Indonesia joined BRICS as a form of economic pragmatism, driven by its current economic growth and China's expanding influence in developing countries, positioning BRICS as a strategic opportunity for Indonesia's prosperity. Second, Indonesia seeks to diversify its economy by fostering formal and informal ties with BRICS members and leveraging the NDB as an alternative financial institution to reduce reliance on Western-dominated systems. Third, BRICS membership is expected to elevate Indonesia's global standing, enhance its bargaining power, and provide a platform to advance its national agenda in international decision-making processes.</p>

INTRODUCTION

Indonesia has long been recognized as a neutral country pursuing a free and active foreign policy, a principle that characterizes its diplomacy. In recent years, however, Indonesia has faced complex challenges in maintaining a strategic balance between its traditional partnership with the United States and its intensified engagement with non-Western powers, particularly China and the BRICS. These dynamics pose significant strategic dilemmas in Indonesia's foreign policy orientation amidst the changing global geopolitical landscape (Hamilton-Hart and McRae, 2015, p. 1). Indonesia's relationship with the United States is one of the longest and most complex since the United States recognized its independence in 1949.

The relationship between the two countries has been established since the leadership of President Soekarno and Harry S. Truman, although during the Cold War era, the relationship between the two countries experienced a significant decline when Soekarno moved closer to the Eastern bloc (Simpson, 2019). The rise of Soeharto to the Indonesian presidency in 1967 marked a new era for relations between the two countries. In contrast to Soekarno, Soeharto's policies that leaned towards

the West made the relationship between the two countries closer and dependent in various fields of cooperation, especially military and economic (Kurlantzick, 2018, p. 5).

In the military, driven by the alignment of anti-communist ideology between the two, the US provided major political and military support for Indonesia to eradicate communism during the Soeharto era. Various supplies of weapons, aircraft, and military training were provided by the US to Indonesia. In 2020, the US Department of Defense provided \$22.6 million in security assistance to Indonesia, including \$14 million from the Foreign Military Financing (FMF) program and more than \$2.3 million from the International Military Education and Training (IMET) fund (U.S. Department of State, 2025). Until now, the military relationship between the two countries has been very close, with joint military training every year, military equipment assistance for Indonesia, cooperation in maintaining maritime security, and countering terrorism (U.S. Embassy Jakarta, no date).

In the economy, the US is Indonesia's third largest trading partner. As of 2023, Indonesia exported \$23.28 billion, with the main export products being textiles, electronic equipment, and rubber. Meanwhile, Indonesia's imports from the US amounted to \$11.34 billion, with the main import products being mineral fuels, machinery, and chemical products (UN Comtrade, 2023). Not only that, the US provides investment in various fields in Indonesia. Throughout 2014-2023, investment from US private companies generated an economic impact of \$130 billion for Indonesia, originating from direct investment worth \$67 billion (U.S. Embassy Jakarta, 2024).

On the other hand, Indonesia also began to establish increasingly intense relations and cooperation with other non-Western countries, especially China. With this rising great power country, Indonesia has cooperated resulting in a total of 130 million USD economy profit and going stronger each day (Embassy of the People's Republic of China in the Republic of Indonesia, 2024). Indonesia also managed to have a good relationship with India and Brazil. The three countries agreed on a pragmatic view of economic and diplomatic stance in BRICS as a democratic country. Although there are also Iran, United Arab Emirates, Egypt, Ethiopia, and Russia in the picture, some sources analysed that Indonesia is the one who balanced the tension and differences between these countries in the context of emerging countries in the world. Given this strong bond Indonesia has with these non-Western countries, it would be certain to say that Indonesia's involvement is always neutral and many times it is for economic prosperity and peace agenda. Its national interest to appear as a multi-aligned, free, and active nation could be seen in how Indonesia bonds with a certain country in many different ways possible (Fraser and Saha, 2025).

Indonesia and its multialignment strategy have led the country to a strategic dilemma that requires the ability to balance multiple interests either with the US or the non-western countries. The United States remains a longstanding economic and strategic partner, but on the other hand, Indonesia also strengthens relations with other non-western superpowers countries (Office of the Cabinet Secretariat of the Republic of Indonesia, 2025). Given the complexities of this situation, Indonesia, however, is still giving this world a surprise. On January 6, 2025, Indonesia took a surprising step by officially becoming a full member of BRICS or an economic alliance of developing countries which for some reason seeks to influence the global economy by uniting and defeating the western effect or precisely the US hegemony.

The 2008 financial crisis caused by the US, motivated Brazil, India, China, and Russia to reform the global economic order so that developing countries would not be too dependent and influenced by the West. The reason is that the financial crisis started in the United States and then caused an economic recession in developing countries. BRIC (Brazil, Russia, India, and China) seeks

to form economic cooperation to increase the strength of developing countries (Agarwal, Azim, and Kumar, 2022, p. 21). After its founding in 2009, BRIC countries added a new member—South Africa—in 2011, changing the name of the alliance to BRICS.

The membership of the four countries, namely the United Arab Emirates, Iran, Egypt, and Ethiopia, was also followed by Indonesia on January 6, 2025. The expansion of BRICS has been an important phenomenon in the last two years of international political and economic development. Because, as a result of this expansion, BRICS indirectly controls almost half of the world's population and has the potential to control almost 50% of the world economy (Holtzmann and Voort, 2025). BRICS has a very large, specific, and aggressive agenda. BRICS has established its bank, called the New Development Bank (NDB), which is expected to be an alternative financing for developing countries and reduce dependence on the IMF and World Bank. BRICS is also now increasingly promoting de-dollarization by utilizing the local currency of each member country as a means of trade transactions (Ferragamo, 2024). BRICS seeks to realize a multipolar world by becoming a forum for inclusive and multilateral economic cooperation. The current BRICS agenda is oriented toward maintaining economic, geopolitical, and diplomatic stability while continuing to make the necessary efforts to promote the progress of its members (Feingold, 2024).

Given the increasingly heated conditions of the US government under Trump and the BRICS agenda that opposes the West, Indonesia seems to be in the middle of the geopolitical struggle between Western and non-Western powers. Indonesia must bear the burden of these worries and dilemmas. This article seeks to analyze the reasons behind Indonesia's recent membership in BRICS in January 2025. Its decision to join BRICS after a few postponements made by the former president Joko Widodo, left the world curious of the motive Indonesia had for suddenly rushing its way to become a full member of BRICS. Indonesia's former president, Joko Widodo, had been very careful with the decision of joining BRICS because he knew back then even until now, the US has been nothing to Indonesia but a friend in need. But that is also quite the same case with China and other trading partners of Indonesia in the last decade. According to that situation, this paper seeks to add an answer for the existing question mark that is left, in the context of the Indonesia-BRICS-US situation (Office of the Cabinet Secretariat of the Republic of Indonesia, 2023).

RESEARCH METHOD

Qualitative Method with Descriptive Analytical Approach

This paper employed a qualitative research method with an analytical descriptive approach to examine the rationale behind Indonesia's participation in BRICS. Qualitative methods focus on exploring meaning, interpretation, and understanding of social phenomena using words rather than numbers. According to Bryman and Bell (2021, p. 198), the main purpose of qualitative research is to understand the perspective of research subjects, provide a comprehensive description, analyze context including conflict, and view social interaction as an ongoing process rather than a static event. Furthermore, this study applied a descriptive analytical approach. A descriptive approach is used to map Indonesia's contemporary political economy, and an analytical approach is applied to interpret the information from the data collected, drawing on Kuik and Goh's strategic hedging theory. This approach facilitates an in-depth exploration of the reasons behind Indonesia's policy to join BRICS, emphasizing qualitative and contextual understanding rather than quantitative analysis.

The data collection technique used in this qualitative method is to visit the official website of the government or organization related to the actor being analyzed. Through these websites, official

information is obtained, which functions to explain the facts in writing this paper (Creswell, 2018, p. 304). The sequence of data collection began with collecting raw data in the form of case explanations, news, and images. Then, after being tidied up to be read thoroughly, the data is interpreted based on the theme (Creswell, 2018, p. 309). In writing this paper, the most part of the data collected is done by reading and summarizing articles and news. After rough summaries either through notes or by memorizing, the points made were challenged by using another resource that discussed the same topic. In the result and discussion part, most of the data were collected by connecting the dots that existed earlier about policies made by Indonesia and other related countries.

Strategic Hedging as Theoretical Framework

Kuik (2016, 2021), in his two articles, “The Essence of Hedging: Malaysia and Singapore's Response to a Rising China” and “Getting Hedging Right: A Small-State Perspective,” explains that states act cautiously when forming alliances and building closeness with other states. In doing so, states are selective and strategic to protect themselves from risks and losses. This assumption is referred to as strategic hedging theory. Indicators in strategic hedging theory are pragmatism and economic diversification.

Economic pragmatism in strategic hedging theory is a step taken by the state to maximize economic benefits with a country regardless of the history of previous conflicts. Countries can be rational by establishing economic cooperation despite previous problems with their partner countries. In certain cases, Kuik explains that countries can remain aggressive and friendly at other times to the same country. This economic pragmatism means being pragmatic about economic benefits and the uncertain global political situation. Therefore, in managing relations, the state always maintains a distance that is not too far and not too close to great power or emerging power countries, so that opportunities for economic cooperation with various parties can remain wide open. The state tends to take a non-aligned position because by its nature the state must do self-help and maintain good relations so that it can still obtain economic benefits (Kuik, 2021, pp. 300-315).

Economic diversification means that in the uncertainty of opponents and friends in global geopolitics, countries can still carry out economic cooperation as long as they diversify it. In some cases described in Kuik's journal article, he argues that the state is able to collaborate with two emerging powers without hurting itself, as long as it is based on strategic reasons such as economic cooperation (Kuik, 2016, pp. 310-315). Naturally, states hope for prosperity and the achievement of economic goals despite the many challenges that stand in the way of global political stability. Global political stability, which can be influenced by a variety of factors, is prone to sudden changes and shifts.

Therefore, states, especially small states, will seek to establish economic cooperation with various countries to minimize one emerging power feeling more powerful than the others. With economic diversification, small states also strengthen their significance so as not to appear weak and afraid. Diversification in economic cooperation requires countries to be neutral and visionary in seeing the advantages and disadvantages of the cooperation held. In order to diversify its economy, a small state will endeavor to be well-informed about the movements of emerging powers, and then project the best decision for the welfare of its country.

Goh (2013), in her book “The Struggle for Order: Hegemony, Hierarchy, and Transition in Post-Cold War East Asia,” explains that hedging is a strategy used by small and medium-sized economy countries to balance risks and benefits without fully siding with a major power. According

to Goh, one of the reasons why countries hedge is to participate in various multilateral institutions to maintain a balance in economic and political engagement.

Countries actively participate in various multilateral forums to improve their position, influence, and bargaining power and as an effort to reduce the dominance of great powers in the international world. By participating in multilateral forums, countries can minimize or reduce dependence on one major power by forging balanced relationships or alliances (Goh, 2013, pp. 28-34). Actively participating in multilateral forums is one way for small and medium-sized economy states to fulfill their own needs, organize regional relations, and shape their position in the evolving global structure (Goh, 2013, pp. 123-127).

By engaging in multilateral institutions, small and medium-sized economy states can demonstrate strategic engagement, meaning that their voices can influence decision-making while promoting their own national goals or agendas in the national interest. In addition, there is power management wherein multilateral institutions, small and medium economy states can balance the power of the dominant state or enter into the structure without being marginalized. The entry of states into multilateral institutions also aims to increase legitimacy and influence in the globalized world (Goh, 2013, p. 30). States can project themselves as responsible stakeholders and gain recognition for what they do for global governance by participating in multilateral forums. Lastly, engaging in multilateral institutions is also a balancing tool to forge relationships and interactions with various other large states while avoiding over-reliance on one dominant power (Goh, 2013, pp. 159-163).

Kuik and Goh's Strategic Hedging Theory is relevant for analyzing middle-power countries, such as Indonesia, which seek to reduce dependence on major powers while maintaining flexibility in foreign policy. This theory can explore Indonesia's decision to join BRICS as part of a strategy to balance the influence of major powers such as the United States and China, as well as to expand economic cooperation with other countries. This theory is more appropriate than other approaches, as it provides a more comprehensive explanation of how a country like Indonesia can deal with global uncertainty and capitalize on new opportunities in multilateral economic cooperation.

These two visions of one theory was chosen because the original aim of this writing paper is to reveal the complexities of Indonesia's decision to join BRICS whether to the outside world or the inside/domestic condition of Indonesia's economy. Strategic hedging theory by Kuik and Goh complementing each other by providing the economic perspective as well as the geopolitical wise of this condition. That is why taking either Kuik's or Goh's perspective alone would not be enough to cover the complexities the author is trying to portrait.

RESULTS AND DISCUSSION

BRICS Membership as a Form of Indonesian Economic Pragmatism

Economic pragmatism is displayed through the action of being paranoid but also rational with the loss and gains of the chess game in the world political economy. Taking a risk while calculating the gains is what usually makes a good pragmatic country. Pragmatic means being considerate and visionary of the decisions taken today in order to protect tomorrow, but still prioritizing the benefits of the event of today. This way, the economy should survive, because action has been made and consequences would be done. Economic pragmatism brought the edge of realist country and economic profit collaborated together.

In the context of BRICS, Indonesia is practically just taking opportunities to better off its economy which was done by joining BRICS. In 2024—when Indonesia was still under President Joko Widodo's administration—a report from the Central Statistics Agency stated that Indonesia's economic growth was 5 percent, meaning it tended to be stable with the previous year, namely 2023, which was at 5.05 percent (Badan Pusat Statistik, 2025). This opportunity, of a stable economy, was taken by President Prabowo to make a quick move deepening the collaboration with BRICS member countries that are in the race to expand markets and develop advanced economies.

President Prabowo also acted under the assumption of self-help in an uncertain political economy world, as stated in the strategic-hedging theory that a country must be able to save itself, pursue its welfare, and ensure the safety of its country from any threat, be it security, economic, or political threats. Thus, while Indonesia is aware of China's dominance in BRICS and how it will impact Indonesia as China's largest economic partner, Indonesia took the chance to make an advantage in becoming a BRICS member country. Indonesia has become China's largest economic partner since the BRI (Belt & Road Initiatives) was launched and received very large funding, reaching 7.3 billion US dollars in 2023 (Raditio, 2024).

In the context of Indonesia's economic pragmatism, BRICS serves a great investment prospects for Indonesia. Indonesia has access to export markets for major products and extensive investment in various countries by joining BRICS. BRICS covers around 40 percent of the world's population and 25 percent of global GDP, Indonesia has at least the opportunity to cooperate with almost half of the world's population just by joining BRICS (France 24, 2023). Indonesia's main export products that are usually exported to BRICS member countries include palm oil, coal, rubber, fishery products such as fish and shrimp, coffee, textiles and garment products, chocolate and cocoa, and nickel and its derivative products (Pratiwi, 2023). These main products are commodities needed by China, India, Brazil, and Russia (Ministry of Trade of the Republic of Indonesia, 2019; Darmawan, 2025; Ministry of Maritime Affairs and Fisheries of the Republic of Indonesia, 2024). Then, for investment prospects, Indonesia has even greater opportunities for cooperation with India, China, and Russia in the fields of pharmaceuticals, trade, technology, and finance by relying on the BRICS New Development Bank (NDB) (Medina, 2025).

BRICS as a Strategic Instrument for Economic Diversification and Reducing Dependence on Western Financial Systems

A strong reason for Indonesia to finally make a decision to join BRICS is the great opportunity BRICS offers to diversify the economy. BRICS member countries come from various regions including Asia, Africa, and Latin America. Indonesia's joining BRICS increases the opportunities for economic cooperation, new market access, diplomatic relations, and non-formal cooperation in various fields with member countries from various regions.

In 2024, Indonesia experienced economic growth of 5.02%, reflecting consistent progress (Badan Pusat Statistik, 2025). However, at the beginning of 2025, Indonesia faced several external challenges, including the plan to impose a 32% tariff on imported goods by the United States, potentially reducing economic growth by 0.5 percentage points (Azhar, 2025). Not only that, the rupiah exchange rate against the US dollar faces serious challenges, where, as of 14 March 2025, the rupiah reached a low of IDR 16,350 per USD (Bank Indonesia, 2025). Nevertheless, Indonesia's annual inflation in March 2025 was recorded at 1.03%, which is still below Bank Indonesia's target but remains vulnerable to global market volatility (Bank Indonesia, 2025).

Looking at the current dynamics of the Indonesian economy, economic diversification efforts are becoming increasingly important strategic steps to strengthen resilience and encourage sustainable growth. Based on data on Indonesia's gross domestic product (GDP) in 2020-2023, five sectors are the backbone of Indonesia: manufacturing, wholesale and retail trade, agriculture, mining and quarrying, and construction. In 2023, 2 sectors contributed the largest presentation to Indonesia's GDP—the manufacturing sector, which contributed 18.67%, and wholesale and retail trade, which contributed 12.94% (Badan Pusat Statistik, 2024).

This data shows that the contribution of Indonesia's manufacturing sector (18.67%) is still relatively low when compared to several other ASEAN countries in the same year, such as Thailand (25%) and Vietnam (24%) (World Bank, 2024). This indicates that the structure of Indonesia's economy is not yet well diversified, so it is still dependent on several specific industries. Indonesia's dependence on a small number of export commodities is increasingly evident in its trade structure. Data for 2023 shows that the two commodities with the largest exports are coal (US\$ 34.59 billion) (Badan Pusat Statistik, 2023) and palm oil (US\$ 25.07 billion) (Badan Pusat Statistik, 2023). This undiversified export structure increases the economy's vulnerability to external shocks. This phenomenon is further exacerbated by the weakening rupiah exchange rate that reached IDR 16,350 per USD in March 2025, reflecting the currency's dependence on global commodity price volatility.

The dominance of these sectors indicates that the structure of the Indonesian economy has not yet reached an optimal level of diversification. Furthermore, the mining and quarrying sector has also become the backbone of the economy in several regions, reflecting high economic dependence on certain industries. A clear example of this vulnerability is seen in the case of East Kalimantan, whose economy is highly dependent on the coal mining sector. When the price of the commodity plummeted in 2020, the province recorded a contraction in GRDP of 5.46% (Badan Pusat Statistik Provinsi Kalimantan Timur, 2021). This phenomenon demonstrates the negative impact of a concentrated economic structure, where over-reliance on a small number of sectors can trigger sharper macroeconomic fluctuations compared to a more diversified economy.

In addition to the challenge of sub-optimal economic sector diversification, Indonesia also faces limitations in various economic cooperation partners. Before joining BRICS, Indonesia's relations with the nine BRICS member countries—Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Iran, and the UAE—were largely confined to formal economic cooperation and remained relatively limited, except in the cases of China and India. China is Indonesia's main trade partner as well as the main source of foreign investment, especially in infrastructure development (Zhou, 2024). Meanwhile, India is the main destination country for exports of Indonesian products such as palm oil, coal, and rubber (Sharma, 2024). Indonesia's decision to join BRICS represents a strategic effort to address the structural vulnerabilities of its economy by reducing dependence on Western markets while expanding a more diverse network of economic partnerships.

After Indonesia officially enters BRICS, trade, investment, and various cooperation with these two countries will automatically be closer and increase, especially with China, which will help Indonesia in infrastructure development. Because, during Prabowo's administration, infrastructure is one of the focuses and priorities. Not only that, Indonesia can also increase and deepen economic cooperation with 7 other member countries that can provide new market access for Indonesia's economic benefits. For instance, Brazil is expected to become Indonesia's strategic partner in the agricultural sector, while Russia can serve as a key supplier and investor in Indonesia's primary sector—energy. Additionally, South Africa, Egypt, Ethiopia, the UAE, and Iran have the potential to become new markets for Indonesian exports, including palm oil, rubber, agricultural products, and

textiles. Furthermore, Indonesia can attract investment from BRICS countries in its priority sectors, particularly infrastructure development, renewable energy, and food security (Medina, 2025).

BRICS intra-country economic cooperation will certainly increase, this is supported by the use of Local Currency Settlement (LCS) in trade conducted among member countries. Since 2024, BRICS member countries have agreed to increase trade between member countries with payments using LCS. The use of LCS is not only beneficial due to lower transaction costs, but it is also an effort to reduce dependence on the dollar (Siddiqui, 2024). In line with the LCS, BRICS also introduced the payment system BRICS Pay as an alternative to Western-based SWIFT to facilitate transactions and financial data exchange between central banks of partner countries (Freidin, 2024). As Indonesia joins BRICS, trade with fellow member countries will be conducted using LCS, benefiting Indonesia with increased trade volume and lower transaction costs as there is no need to convert to dollars.

In addition to market expansion and new cooperation partners, Indonesia has an alternative bank to the World Bank and IMF to borrow for its domestic needs. BRICS has a multilateral bank known as the New Development Bank (NDB) that serves as a resource for mobility for infrastructure development and sustainable development projects of developing countries (New Development Bank, 2023). Indonesia, which is currently focusing on infrastructure development, certainly sees this as a golden opportunity to seek alternative financial loan assistance to support its national interests. It is also an attempt by Indonesia to slowly reduce its dependence on Western-owned banks.

Indonesia's economic diversification enables the country to gradually reduce its dependence on Western institutions, particularly the IMF. Starting the Suharto's regime, the 2008 financial crisis, and the 2000s economic revolution that Indonesian leaders had been planning on, it always involved the IMF or the World Bank in it (Toussaint, 2024). By joining BRICS, Indonesia is diversifying its economy because it could finally benefit from the NDB or New Development Bank and it does not need to fully rely on the IMF or World Bank for loans anymore, at least not as much as it used to. That way, Indonesia could also eventually manage its economic kitchen without outside intervention. Some researchers have been digging on the fact that the IMF and World Bank only do harm for developing countries like Indonesia. It is only proven that debt trap and structural reformation have done significant damage to a country's economy in a most subtle way (APMDD, 2024).

Other than IMF dependence and NDB loans opportunities, as already explained, Indonesia is close to China. Indonesia is often warned by the global public not to get too close to China and to keep its distance to avoid jealousy from both the West and another axis of power (Sheany, 2018). It could be seen that, through BRICS, Indonesia tries to balance its closeness both with the US or the West and with China. By joining this economic alliance, Indonesia could be seen as a country who tries to develop its economy and means no harm to anybody.

Indonesia's Participation in BRICS Multilateral Institutions Strengthens Its Global Position and Status

Indonesia's joining BRICS as a multilateral institution is a strategic step for Indonesia to improve its position, bargaining power, and status or influence as an emerging economy in the global community. As BRICS adds new members, the influence they have in the global economic world is growing. BRICS member countries have become major economic powers in terms of commodity trade and contribute approximately 37.3% of global GDP. Currently, the BRICS countries, especially Iran and the UAE, control almost half of the global oil production and account for about 35% of the

total oil consumption. Not only that, the total population of BRICS member countries accounts for 40% of the total world population (Feingold, 2024).

The strategic investments made by BRICS members in education, research and development, information exchange, and expertise are making a significant impact. Backed by collective investments in renewable energy, artificial intelligence, and blockchain, BRICS is a key driver of global economic growth and innovation. Their influence extends beyond economics to politics. BRICS countries continue to strengthen their position in politics, especially in terms of international negotiations, peacekeeping, and conflict resolution to increase representation and influence in global governance and politics (Kundu, 2023).

BRICS members combine their collective strengths in addressing regional and international challenges of common interest through diplomatic channels, joint statements, and consultations. By coordinating their positions, BRICS countries can contribute more to the global decision-making process (Putri and Santoso, 2023, p. 11). Representation and influence on the international stage is the focus and goal of BRICS to counterbalance the dominance of the West, especially the US, in global organizations such as the World Bank and the International Monetary Fund (IMF), which are seen as too biased and dictated by western countries (Jost, 2024).

The influence that BRICS members have on the international stage is evident in the fact that their voices count in decision-making and collaboration with various international forums such as the United Nations (UN), WTO, and G20 to promote a common agenda, as well as diversity and inclusion in the decision-making process (Putri and Santoso, 2023, pp. 12-13.). Indonesia's joining BRICS increases its participation in international institutions, and Indonesia has a voice that can influence decision-making. This does not mean that without joining BRICS, Indonesia does not have a voice on the international stage, but by joining BRICS, Indonesia can increase its position, legitimacy, and bargaining power, which makes Indonesia's voice count more in decision-making.

Indonesia's joining BRICS is seen as a move that can strengthen Indonesia's diplomacy on the international stage, building its bargaining power while protecting its value from the current geopolitical uncertainties. The influence that BRICS has as a multilateral institution provides a brilliant opportunity for Indonesia as a middle-sized country to promote its economic agenda and national goals on the global stage (Negara and Suryadinata, 2025). One of Indonesia's agendas and interests that can be promoted in BRICS is the discussion on innovative renewable energy financing which has always been the focus of Indonesia's equitable energy transition partnership initiative. Not only that, Indonesia can also influence decision-making and can bargain for collaboration opportunities in agricultural policy and technology innovation to increase productivity and efficiency in the agricultural sector which is a top priority of the current President Prabowo (Manggala, 2025).

Indonesia's joining BRICS is also a step to strengthen its identity as part of an alliance committed to promoting international governance reform. Indonesia can use BRICS to advance its interests and create a more balanced global order with strategic vision and skillful diplomacy. This can help Indonesia in promoting inclusiveness while avoiding ostracization from the West (Fitriani, 2025).

Small and medium-sized countries see BRICS as an opportunity to break away from over-dependence on Western countries. Similarly, BRICS is an alternative platform that helps Indonesia achieve national economic and political interests while reducing dependence on the West, especially the US. BRICS opens up space for emerging economies like Indonesia to improve their position and

bargaining power in the globalized world and change the global dynamics from unipolar dominated by the US and the West to multipolar so that developing countries have a chance to prove themselves (Jost, 2024).

Despite the neutral position that Indonesia has always maintained and its close relationship with the United States, Indonesia took the surprising step of joining BRICS, partly to enhance Indonesia's position on the global stage. However, this does not mean that Indonesia no longer attaches importance to the relationship with the US, but rather Indonesia tries to maintain good cooperation with the US. This is because having a good relationship with the US despite joining BRICS still provides benefits in military and trade. In this case, it can be seen that Indonesia is hedging by joining BRICS for the sake of economic interests and efforts to promote the national agenda in multilateral institutions, but on the other hand, it continues to establish diplomatic relations and cooperation in various sectors with the US. This step provides benefits for Indonesia from both blocs and reduces the risk of dependency amid the current geopolitical uncertainty. This is a strategic step taken by Indonesia today to balance the benefits and risks without fully siding with one of the dominant powers.

CONCLUSION

Indonesia is facing a dilemma in maintaining its relationship with the US and non-Western countries because it has consistently acted as a neutral country by applying its free and active foreign policy. Since BRICS is a counter-West economic alliance, Indonesia's decision to finally join BRICS on 6 January 2025 appeared as a surprising act. Based on the three indicators derived from the strategic hedging theory by Kuik and Goh, which are economic pragmatism, diversification, and multilateral partnerships, there are 3 main reasons why Indonesia took a surprising step by joining BRICS. Firstly, the desire to be pragmatic for economic gains added to its economic stability and growth. Secondly, Indonesia can diversify its economy by opening up greater opportunities to expand markets and cooperative relationships and utilize the benefits of the New Development Bank to support infrastructure development which is a priority at the moment. Thirdly, BRICS becomes a tool and means for Indonesia to improve its position, status, bargaining power, and involvement in decision-making on the global stage to fulfil national interests. Indonesia is one example of how middle-income countries hedge with high-income countries and other developing countries. So, instead of worrying about how the West or the US would react, Indonesia tries to focus on achieving its own national goals. For future research, the author of this paper hopes that it could analyze more of the impact of Indonesia's membership in BRICS. Especially, when the author of this paper lacks data to prove the economic impact of Indonesia joining BRICS, it would be better if the future research paper could elaborate on that.

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First publication right:

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