

Strengthening Regional Partnerships through Indonesia's Good Neighbourhood Policy: A Framework for Indonesia-Australia Relations

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Abstract

Introduced at the 80th United Nations General Assembly in September 2025, Indonesia's Good Neighbourhood Policy (GNP) marks a strategic evolution of its "*free and active*" foreign policy doctrine. This paper analyses the GNP as a pragmatic framework for middle-power diplomacy in an era of geopolitical contestation. It posits that the policy, emphasizing preventive diplomacy, reciprocal recognition, and cooperative dispute resolution, provides a viable pathway for managing complex bilateral relationships. Using a case-study approach, the paper examines the successful application of the GNP's principles in resolving maritime disputes with China and Malaysia. It then applies this framework to the Indonesia-Australia relationship, a partnership often challenged by divergent strategic alignments. The analysis identifies key areas of divergence, such as Australia's involvement in the AUKUS security pact, and proposes concrete bridging solutions, including institutionalized 2+2 dialogues and green economic cooperation under the ASEAN Outlook on the Indo-Pacific. The paper concludes that the GNP enhances Indonesia's credibility as a constructive mediator and offers a sustainable model for transforming potential conflicts into collaborative opportunities, thereby strengthening regional resilience and stability.

Keywords: Good Neighbourhood Policy, Indonesian Foreign Policy, Middle-Power Diplomacy, Indonesia-Australia Relations, ASEAN Centrality, Preventive Diplomacy.

1. Contextualising a New Foreign Policy Paradigm

The articulation of the Good Neighbourhood Policy by President Prabowo Subianto at the 80th United Nations General Assembly on 23 September 2025 signalled a deliberate and strategic recalibration of Indonesia's approach to international affairs. This recalibration was not formulated in a vacuum but was a direct response to the pervasive uncertainties characterising the post-COVID-19 global order, which continues to be defined by economic volatility and the intensifying strategic rivalry between the United States and the People's Republic of China. For a middle power and the world's largest archipelagic state, situated astride critical Indo-Pacific sea lanes, these systemic pressures necessitate a foreign policy that is both firm in its principles and exceptionally agile in its practice. The foundational philosophy, as President Prabowo reiterated by invoking Indonesia's long-standing adage that "*a thousand friends are too few, one enemy is too many*," underscores a deep-seated imperative to avoid diplomatic isolation and build a wide coalition of partners. The policy's boldest manifestation, the principle of "*reciprocal recognition*" concerning Palestine and Israel, unveiled at the Gaza Summit in Egypt on 13 October 2025, demonstrates its operational character: it is a doctrine of proactive and conditional engagement designed to leverage Indonesia's diplomatic capital for tangible outcomes. Therefore, the Good Neighbourhood Policy represents a strategic

recontextualisation of the "*bebas-aktif*" (free and active) doctrine for the complexities of the 21st century, moving it from a general orientation to a set of actionable guidelines for navigating a fraught international landscape. Its core objective is to position Indonesia not as a partisan in great-power contests but as a credible, sought-after partner and mediator, thereby enhancing its regional influence and safeguarding its national interests through a web of cooperative and mutually beneficial relationships. This proactive stance is essential for a nation whose security and prosperity are inextricably linked to the stability of its immediate region and the broader rules-based international order.

The substantive content of the Good Neighbourhood Policy was elaborated through four key pillars in President Prabowo's New York address, each designed to translate abstract principles into concrete diplomatic initiatives. On the Palestinian conflict, Indonesia maintains its unwavering support for Palestinian rights while proactively maintaining indirect communication channels with Israel, a dual-track approach that allows it to uphold principle while exploring avenues for constructive mediation. Regarding United Nations Security Council reform, Indonesia is positioned to lead an informal coalition of middle and developing nations through platforms like the Non-Aligned Movement, ASEAN, and the Organization of Islamic Cooperation to collectively advocate for a more equitable and representative global governance structure, including permanent representation for regional blocs from Africa and Asia. On climate change, Indonesia's role extends beyond advocacy within forums like the UNFCCC COP and the G20; it involves proactively offering itself as a partner for pilot projects in renewable energy and forest conservation, thereby ensuring the realisation of the long-delayed USD 100 billion annual climate finance commitment from developed nations. Finally, in the realm of nuclear issues, Indonesia's engagement with the International Atomic Energy Agency is envisioned to transcend traditional disarmament advocacy to actively promote the peaceful application of nuclear technology in energy and healthcare, thereby reinforcing its credentials as a responsible and developmental-focused global actor. The common thread weaving through these initiatives is a pronounced emphasis on preventive diplomacy, mediation, and collective action.

2. The Problem of Strategic Divergence with Australia

The practical utility and resilience of the Good Neighbourhood Policy are most critically tested in the context of Indonesia's relationship with Australia. Despite geographical proximity and decades of formal partnership, the bilateral relationship remains susceptible to strategic mistrust, primarily stemming from fundamentally different orientations in foreign and security policy. Australia's strategic posture is deeply enmeshed with that of the United States through a network of formal alliances, including the ANZUS Treaty, the Quadrilateral Security Dialogue (Quad), and most recently, the AUKUS pact, which aims to provide Australia with nuclear-powered submarines. In stark contrast, Indonesia's foreign policy is constitutionally guided by the "*bebas-aktif*" doctrine, which mandates independence and avoidance of alignment with any major power bloc. This foundational divergence creates a persistent undercurrent of uncertainty, where Indonesia views AUKUS through a lens of potential regional arms race dynamics and strategic encirclement, while Australia perceives its alliances as essential for deterrence and regional stability. This structural problem necessitates a sophisticated diplomatic framework

capable of managing these inherent differences without allowing them to derail the broader partnership, a challenge for which the cooperative and mediating ethos of the Good Neighbourhood Policy is uniquely suited.

The resilience and potential of the Good Neighbourhood Policy as a problem-solving framework are vividly illustrated by its antecedent application in Indonesia's management of sensitive maritime disputes. In the South China Sea, the long-standing sovereignty impasse with China over the latter's unilaterally declared "*Nine-Dash Line*" overlapping Indonesia's Exclusive Economic Zone (EEZ) around the Natuna Islands represented a persistent flashpoint. Instead of a confrontational stance that risked escalation, Indonesia, in November 2024, demonstrated the GNP's core tenets by proposing a Joint Statement on Comprehensive Maritime Partnership. This initiative culminated in the establishment of a bilateral Joint Development Authority, which now oversees cooperative management of a 60,000 km² area of previously contested waters. This innovative mechanism facilitates joint activities in sustainable fisheries, seabed mineral extraction, and blue-economy initiatives such as industrial-scale seaweed cultivation and marine eco-tourism, effectively transforming a zone of potential conflict into a tangible platform for mutual economic gain while steadfastly upholding the principles of the United Nations Convention on the Law of the Sea (UNCLOS).

A similarly transformative outcome was achieved in resolving the protracted maritime boundary dispute with Malaysia over the resource-rich Ambalat block. Previously marked by naval standoffs, the dispute was settled in 2023 through the Indonesia-Malaysia Technical Committee on Maritime Boundary Delimitation and Resource Management. This body not only successfully negotiated a mutually acceptable boundary demarcation but also engineered a sophisticated unitization mechanism for the joint exploration and exploitation of substantial oil and gas reserves, estimated at 400 million barrels. This pragmatic solution, predating but perfectly embodying the GNP's spirit, turned a source of bilateral tension into a model of cooperative resource management. These two case studies provide a powerful empirical foundation for the policy's central claim: that a commitment to cooperative and development-focused diplomacy can yield win-win outcomes, even in the most contentious of circumstances. They serve as a proven template that can be adapted to bridge the strategic divide with Australia.

3. Strategic Bridging Solutions for Indonesia-Australia Relations

Drawing upon the successful precedent of the maritime dispute resolutions, the Good Neighbourhood Policy provides a clear and actionable strategic pathway to bridge the key divergences in the Indonesia-Australia relationship. The primary challenge lies in managing the strategic trust deficit, particularly surrounding Australia's alliance commitments. A pivotal first step would be the institutionalization of a high-level 2+2 Ministerial Meeting, bringing together the Foreign and Defence Ministers of both nations. This structured dialogue would provide a dedicated and regular forum for Australia to offer the transparency Indonesia seeks regarding the strategic objectives and operational protocols of AUKUS, while allowing Indonesia to articulate its concerns regarding regional stability and nuclear non-proliferation directly. Such a forum moves discussions from speculative anxiety to fact-based dialogue, a core tenet of preventive diplomacy. Furthermore, the vast and less

politically charged domain of non-traditional security offers fertile ground for deepening cooperation. Shared threats from terrorism, climate change-induced natural disasters, and pandemics present opportunities for practical collaboration that build trust and institutional linkages. The existing Australia-Indonesia Facility for Disaster Reduction (AIFDR) provides a ready-made platform that can be significantly expanded in scope and funding to address the increasing frequency and intensity of climate-related disasters across Southeast Asia and the Pacific, thereby demonstrating tangible shared benefits.

On the economic front, the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) provides a solid foundation, but its potential remains underutilized. The GNP framework calls for a strategic expansion of this partnership into future-oriented sectors of mutual interest. This includes fostering Australian investment in large-scale solar and wind energy projects in Eastern Indonesia, such as in Nusa Tenggara, which would simultaneously bolster Indonesia's national energy resilience and contribute to global climate mitigation efforts, creating a clear win-win scenario. Similarly, collaboration on food security technology and the development of green infrastructure represents areas where Australian expertise and Indonesian market scale can align powerfully. Crucially, all bilateral cooperation should be nested within a broader regional architecture to mitigate perceptions of exclusive alignment. Indonesia can and should leverage the ASEAN Outlook on the Indo-Pacific (AOIP) as the primary inclusive platform to engage Australia. By championing Australia's constructive involvement in AOIP-led initiatives on maritime cooperation, connectivity, and sustainable development, Indonesia reinforces ASEAN centrality while providing Australia with a non-confrontational pathway to deepen its regional engagement, a point underscored during the Asia-Pacific Regional Dialogue (APRD-2025) in New Delhi, where external powers like India explicitly sought to strengthen ties with ASEAN through Indonesia.

4. Implementation Actions and Concluding Analysis

For the proposed bridging solutions to transition from theory to practice, a concerted and sustained implementation effort is required, focusing on multi-track diplomacy and long-term trust-building. **First**, Indonesia must consistently situate its bilateral engagement with Australia within a broader multilateral context, particularly by ensuring that regional security discussions are funnelled through ASEAN-led mechanisms. This practice reinforces the AOIP and prevents the relationship from being viewed through a purely Western-centric or narrow bilateral lens. **Second**, a significant amplification of people-to-people engagement is indispensable. With a substantial foundation of over 20,000 Indonesian students studying in Australia as of 2024, there is a critical mass to build upon. Expanding educational exchanges, fostering joint academic research between think tanks and universities, and intensifying cultural programs are vital soft-power tools that can reduce pervasive societal misunderstandings and build the reservoir of long-term goodwill and trust that underpins any resilient political relationship. **Finally**, Indonesia's credibility in applying the Good Neighbourhood Policy consistently on the global stage, such as in its principled stance on Palestine and its advocacy for UN reform, directly enhances its standing as a reliable and consistent diplomatic partner for Australia. A Indonesia

that is respected as a fair-minded global mediator is a more attractive and predictable partner for Canberra.

In conclusion, the Good Neighbourhood Policy unveiled by President Prabowo Subianto in 2025 represents a pragmatic and necessary evolution of Indonesian foreign policy. It does not supplant the "*free and active*" doctrine but rather reinforces it by providing a contemporary operational toolkit focused on building healthy, productive, and stable neighbourly relations through cooperative action and principled mediation. In the specific and perpetually complex context of Indonesia-Australia relations, this policy illuminates a viable pathway forward. It acknowledges that fundamental strategic differences, particularly regarding alliance structures, will persist, but it provides the diplomatic instruments to manage them transparently while aggressively pursuing collaboration in economic, non-traditional security, and multilateral domains. The policy's ultimate success, as demonstrated in the South China Sea and Ambalat cases, hinges on consistent domestic implementation and a long-term commitment from all stakeholders. President Prabowo's 2025 UN speech will likely be remembered as a historic milestone where Indonesia confidently articulated its role not merely as a regional player, but as a good neighbour to the international community. The long-term measure of the Good Neighbourhood Policy will be Indonesia's demonstrated ability to not only preserve regional stability but to actively shape a more inclusive, just, and cooperative architectural framework for the Indo-Pacific.

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Note:

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