



WHAT THE US-INDONESIA “ALMOST” DEAL REVEALS ABOUT INDO-PACIFIC DYNAMICS

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Last month, a deal between the United States and Indonesia giving American jets [sweeping access](#) to Indonesian airspace, failed at the last moment after the plan was leaked by an Indian media outlet. It led to a massive backlash among Indonesian lawmakers, prompting the government to put it on the back burner. The [deal](#) itself was supposed to be part of the larger US-Indonesia Major Defense Cooperation Partnership (MDCP), a milestone in relations, but [political sensitivity](#) around the MDCP deepened amid reports that the US was seeking “blanket” permission for its military to fly over Indonesian territory—a major risk that could entangle Jakarta in potential South China Sea conflicts.

The timing of the proposed deal, which coincides with persistent tensions in the Strait of Hormuz, makes it clear that the US has now shifted its attention to the Strait of Malacca, another critical chokepoint and commercial lifeline. For [context](#), almost 24% of global seaborne trade by volume flows through the strait, carrying 45% of the world's seaborne oil.

The [strait](#) is also home to some of the world's most critical port infrastructure. Singapore, at the strait's southern entrance, is the second-busiest container port and the busiest container transshipment hub in the world. It handles more than 40 million containers a year and is the world's largest ship refuelling hub. Port Klang in Malaysia ranks among the world's top 10 container ports as well.

It is important to note that because of its significance, the Strait of Malacca is also one of the many “centers” that shape Indo-Pacific dynamics. The US and China have been [expanding](#) their military presence around the strait and the Andaman and Nicobar Islands, located near the strait's western entrance, also provide India with a strategic presence in the region.

It is noteworthy now that the US-Indonesia deal on overflight access—which could still be in the works since it is said that President Prabowo has [approved](#) the proposal in principle—could swiftly grant the US access to the strait, running against the longstanding tradition maintained by the [littorals](#) of no external interference in the strait.

This, in the grand scheme of things, directly concerns India, which has vital stakes in the regional security [architecture](#) vis-à-vis its relations with China—a major [dependent](#) on the strait, its [Great Nicobar Project](#) now gaining momentum and its future relations with the Southeast Asian littorals and the US, which will continue to pursue “participation” in the strait.

In fact, the US' exponential interest in the strait and ability to still hold heft through persuasive diplomacy in the region despite its erratic presence sheds light on the strategic role, extent of influence and relevance of partners like India who have expressed interest in joint cooperation in the strait for years to little or no avail.

While India has considerably [increased](#) its naval presence in Southeast Asia through ship visits and bilateral or multilateral exercises, its participation in the region and especially around the strait through the [Malacca Straits Patrol](#) (MSP) remains limited. India has offered to provide security to the sea lane since as early as 2004, but the littorals have repeatedly turned down its offers due to a number of [reasons](#). New Delhi's coveted role of security provider in the Indo-Pacific—which it still struggles to assimilate into—will remain aspirational due to India's minimal leverage in the region despite its oft-hyped strong ties in Southeast Asia. India's contemporary relations with Southeast Asia have, after all, always [lacked](#) a strategic element.

The US, in that sense leveraged on Prabowo's personal equation with President Trump—a [relationship](#) purely based on loyalty and patronage—to drive the deal. It is worth noting that though Indonesia [spans](#) the largest part of the strait, it earns much less than its two neighbors, with its two busiest ports on the strait falling far behind Singapore and Malaysia's. So, the US technically engaged the most receptive littoral, not necessarily the most strategic.

The same cannot be said about India. “Close” relations with all littorals have not helped India make headway with the MSP. In fact,

Prabowo was the Chief Guest for India's 76th Republic Day celebrations in New Delhi last year, a highly symbolic gesture to signal the strength of India-Indonesia ties—but perhaps not nearly enough for a “strait” deal of any kind.

India's progress in the Great Nicobar Project, however, could change the dynamics in an already shifting Indo-Pacific, pushing New Delhi front and center. The project is said to [leverage](#) on Great Nicobar's strategic location to strengthen India's national security, maritime and defense presence in the Indo-Pacific. The project will include building an international container trans-shipment terminal, a dual-use civil and military airport among other infrastructure. These would [effectively](#) facilitate operations of fighter jets and surveillance aircraft while new logistics hubs would boost naval operations.

Against the backdrop of a constantly “churning” Indo-Pacific, the US' relations with Southeast Asia—if the “almost” deal was any indication, will remain transactional, leveraging on American influence and driving American interests in the region. Despite Jakarta's momentary departure from “traditional” littoral behavior in the strait, greater US presence in the strait will remain elusive due to other littorals playing a more pronounced deterring role. After all, the MSP itself was hastily [established](#) in 2004 to forestall US intervention to curb rising piracy at the time.

With the Great Nicobar Project [now](#) pressing on full steam ahead, India's strategic choices will shape Indo-Pacific dynamics in significant ways. Analysts [tout](#) India-US cooperation as highly viable through the project to balance Chinese influence—perhaps even [exacerbating](#) Beijing's existing “Malacca dilemma.”

However, if anything is crystal clear in India-US relations, is that things are not so black and white.

India's “[magnanimity](#)” induced [vulnerability](#) since the second Trump administration should prompt New Delhi to weigh its options. Indian-enabled, consistent US presence in the strait's proximity will ultimately complicate its relations with Southeast Asia.

The Indian “dilemma” quite ironically, would be to choose between a precarious US to counter an assertive China or aloof littorals in Southeast Asia that would like to avoid antagonizing China. India stands to lose momentum in building an indispensable role in the region, choosing the former and lose strategic value with the US, choosing the latter. Since pursuing its own national interests somehow oscillate between the two, India is faced with a strategic conundrum.

In any case, there is now an opportunity for India to now inject a strategic element to its relations with the Southeast Asian strait littorals as the Great Nicobar Project takes shape. The various aspects of the project now give more heft to India's desire for more coordination efforts with the MSP. All said and done, India is certainly the player to watch as regional dynamics around the strategic value of the strait play out in the coming months.

The possible ripple effects of the US-Indonesia ‘almost’ deal should be a wake-up call for all players with a stake in the region, but especially India—a so-called rising regional power—on the limitations of its engagement with Indo-Pacific actors like Southeast Asian states. While the Great Nicobar Project is an opportunity for India to shape Indo-Pacific dynamics with strategic nuance,

intention and fore vision by virtue of its presence and engagement—it is further, a litmus test for New Delhi's ability to project calculated benevolence in the Indo-Pacific—a reality that it must be ready for.

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