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INDONESIA AT HOME AND ABROAD

ECONOMICS, POLITICS AND SECURITY

Edited by Christopher B Roberts, Ahmad D Habir and Leonard C Sebastian

National Security College Issue Briefs

Nos. 1–14, May 2014

National Security
College

Crawford School of
Public Policy

College of
Asia & the Pacific

A joint initiative of the
Commonwealth Government and
The Australian National University

ABOUT THE NSC RESEARCH PROJECT ON INDONESIA

This inaugural suite of papers for the National Security College Issue Brief Series is also a component of an NSC research grant investigating the prospects, challenges and opportunities associated with Indonesia's ascent in the political-security, economic, and socio-cultural spheres. The chief investigators for this project are Dr Christopher Roberts, Dr Ahmad Habir, and Associate Professor Leonard Sebastian. These issue briefs represent a short precursor to a fifteen chapter edited book, titled *Indonesia's Ascent: Power, Leadership and the Regional Order*, to be published by Palgrave MacMillan in late 2014. The project also involved conferences and fieldwork in both Canberra and Jakarta between 2012 and 2013.

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The historical foundations of Indonesia's regional and global role 1945–75

Sue Thompson

National Security College Issue Brief
No 1 May 2014

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National Library of Australia Cataloguing-in-Publication entry

Authors: Thompson, Sue.

Title: The historical foundations of Indonesia's regional and global role, 1945–75 [electronic resource] / Sue Thompson.

ISSN/ISBN: ISBN 978-1-925084-04-7
ISSN 2203 - 4935 (print)
ISSN 2203-5842 (online)

Series: National Security College issue brief (Online)

Notes: Includes bibliographical references.

Subjects: National security--Australia--21st century.
Military planning--Australia.
Political leadership--Australia--21st century.
Australia--Politics and government--21st century.

Other Authors/Contributors:
Australian National University, National Security College

Dewey Number: 355.0330994

INTRODUCTION

Indonesia's eventful history since independence is that of a rising power in Asia and increasingly important nation on the world stage. Many scholars have highlighted Indonesia's large population and its abundance of strategic resources as the reason for its prominence in regional and global affairs.¹ Some have also emphasised Indonesia's strong sense of nationalism as a legacy of its long struggle for independence from Dutch colonialism,² while others have stressed the importance of international relations during the Cold War.³ Stemming from these three perspectives are considerations of how much influence Indonesian leaders themselves have had on their nation's future, and the degree to which outside powers shaped the development of Southeast Asia's most populous country. Indeed, the primary source material in this chapter shows that Indonesia's regional position was forged by various factors. Internationally, Indonesia was considered strategically and economically important, and examples of the close ties between the Suharto government and the United States reveal both the influence that Jakarta could wield and its dependence on foreign support.

REVOLUTION AND INDEPENDENCE

Before independence, Indonesia had been a major colony in Southeast Asia, ruled by the Dutch and known as the Netherlands East Indies consisting of wealthy estates producing rubber, sugar, spices, tea and other crops. Under the Dutch, all Indonesian expressions of nationalism were suppressed. The colonial administration refused requests for indigenous participation in the work of government, and exiled nationalist leaders. Thus, by 1942, many Indonesians were hostile to Dutch rule.

The Second World War prepared the foundation for change. In 1942 the Japanese occupied the Netherlands East Indies, freeing exiled nationalist leaders and promising Indonesian independence. Indonesian nationalists then exploited the power vacuum created by the Japanese surrender in 1945. In Jakarta on 17 August Achmed Sukarno proclaimed independence and became Indonesia's first president. Despite this declaration, Holland was keen to reestablish its position in Southeast Asia. For the Dutch, Indonesia remained of great economic value and was important for Holland's post-war economic recovery as well as a symbol of its wider world importance.

However, the Dutch did not possess sufficient military power to restore its colonial authority, and sought British and Australian assistance. Britain had the responsibility of disarming Japan in southern Indochina and western Indonesia, including the most populous island there, Java. Australia held military control over eastern Indonesia. Australian troops allowed Dutch forces to reestablish a military presence in the East Indonesian islands, where Republic of Indonesia forces were weaker. Yet, Britain was initially unwilling to permit Dutch troops to land in the republican strongholds of Java and Sumatra, having being forewarned that it would be a major military task, thus pressing the Dutch into negotiations. London's concern was that a given area of Southeast Asia could be disadvantaged by instability in its other sectors, both economically and politically. Consequently, the welfare of British territories in the Far East depended on the stability of other parts of that region.⁴ Recovery of trade and assets of the Netherlands East Indies depended on settlement of the troubles in Java. London saw its role as 'trustees for our Allies the French and the Dutch, whose sovereignty in their respective colonial territories we have a strong moral obligation to restore' and therefore hoped to play a leading role in a settlement between the nationalist movements and Britain's own allies.⁵

America and the Cold War became key factors in Indonesian independence. After World War II, the United States was rebuilding the Japanese economy with a view to preventing the spread of communism in the region. Japan's economic progress would depend greatly on expanded exports of industrial goods and imports of regional resources. Washington had begun to consider Southeast Asia, and especially resource-rich Indonesia as a good market for Japanese trade. In 1947, the United States provided aid to the Netherlands East Indies to fast-track economic reconstruction and resume trade in the region. This aid had been supplied on the assumption that the Dutch would regain sovereignty over all of Indonesia. Washington noted that the goal of Indonesian nationalists, despite making public statements about welcoming private foreign capital, appeared 'to be the achievement of a state along Socialist lines' and that republican leaders seemed to be trying to balance their 'basic Socialist aspirations' with the need to attract foreign capital for the sake of the economy.⁶

1 Evan A. Laksmana, 'Indonesia's Rising Regional and Global Profile: Does Size Really Matter?', *Contemporary Southeast Asia: A Journal of International and Strategic Affairs*, Vol.33, No.2, August 2011, p. 157.

2 Dewi Fortuna Anwar, *Indonesia in ASEAN: Foreign Policy and Regionalism*, Institute of Southeast Asian Studies, (Singapore: 1994), p. 17.

3 Richard Mason, 'Nationalism, Communism and the Cold War: The United States and Indonesia during the Truman and Eisenhower Administrations', in Richard Mason & Abu Talib Ahmad (eds), *Reflections on South East Asia History since 1945*, (Penerbit Universiti Sains Malaysia, 2006).

4 'Paper on Principal British Interests in the Far East', (January 1946), CO 537/4718, *The British National Archives*, TNA.

5 'Draft paper by Far East Civil Planning Unit, Circulated by Cabinet Office', (14 January 1946), CO537/1478, TNA.

6 'Background Information on Far Eastern Countries: Political Conditions and Economic Recovery Problems, Prepared for the use of the Committee on Armed Services in consultation with the Department of State, 80th Congress, 1st Session' – Senate Committee Print, (September 9 1947), *Papers of John D. Sumner*, ECA Files (C-1), Box 6, Harry S. Truman Presidential Library (HSTL).

However, Holland was losing control of the territory, and continued instability in Southeast Asia could work to communist advantage. So, Washington lent its support for United Nations (UN)-sponsored Indonesian-Dutch negotiations, leading to a cease-fire agreement in January 1948. Later that year, the Indonesian army crushed a rebellion at Madiun in Java launched by the Indonesian Communist Party (PKI), then closely associated with the Communist Party of the Soviet Union. For the Americans, this action made Sukarno a much more acceptable independence leader. The Dutch made a last ditch effort at military conquest, but Washington responded by encouraging The Hague to agree in November 1949 to hand over all the islands of the NEI, with the exception of West New Guinea (also known as West Irian, Irian Jaya, West Papua), to the Indonesian Republic.

In short, the Netherlands was not a major European country that the United States needed to appease. American support for Indonesia was associated with Washington's growing eagerness to halt communist expansion in Southeast Asia, particularly in light of communist rebellions in Malaya and the Philippines. The insurgency in Vietnam was also increasingly viewed as communist-led. Behind this lay an interest in exploiting the substantial natural resources in the region and the fact that in 1950 Malaya and Indonesia produced more than half of the world's natural rubber and tin, and that Indonesia's exports in 1949 reached the value of US\$500,000,000.⁷ Therefore, as the producers of 'strategically important commodities', the threat of communist takeovers in Malaya and Indonesia could greatly threaten Japan's political and economic reconstruction.⁸

GUIDED DEMOCRACY

By the mid-1950s there was increasing support in Indonesia for communism. In Indonesia's first national election in 1955, the PKI received almost 16 per cent of the vote – a major comeback after the Madiun uprising in 1948. Furthermore, the PKI had been allowed to campaign openly. After these elections, the Communists were the fourth largest party in a parliament where no party held a majority of seats, thus ensuring their role in future Indonesian governments.⁹ In 1957, Sukarno abolished parliamentary government in favour of presidential rule under the term 'Guided Democracy'. As this new system took shape, the PKI and the army began to strengthen their positions as well as trying to infiltrate each other's organisations.¹⁰

7 'Address by Allen Griffin, publisher of the Monterey Peninsula Herald, Monterey, California, delivered at the Institute on Southeast Asia', (San Francisco: San Francisco State College, July 21 1950), Student Research File (B File), Pacific Rim: Indochina, Thailand, Burma, Malaya, Indonesia and the Philippines, #31A, Box 1 of 2, HSTL.

8 'Report to the National Security Council by the Executive Secretary on Security of Strategically Important Industrial Operations in Foreign Countries', (26 August 1948), White House Office, National Security Council Staff Papers, 1948–6, Disaster File, Box 33, Dwight D. Eisenhower Presidential Library (DDEL).

9 Syamsuddin Haris, 'General Elections Under the New Order', in Hans Antlov & Sven Cederroth (eds), *Elections in Indonesia: The New Order and Beyond*, RoutledgeCurzon, (London: 2004), pp. 18–19.

10 M. C. Ricklefs, *A History of Modern Indonesia since c.1200*, 3rd ed, (Stanford University Press, 2001), Ch.20.

From the mid-1950s Jakarta gradually moved away from Western support, reflecting not only the growing influence of the PKI in the Sukarno government, but also the Indonesian leader's own philosophy of independence in foreign policy. Sukarno emphasised that Indonesian people should see themselves as part of a global struggle against the forces of imperialism. In that context, he sought to establish himself as leader of a force of non-aligned states. He thus hosted a conference of non-aligned states at Bandung, Java in 1955. Indonesian scholar Dewi Fortuna Anwar has argued that Sukarno wanted to maximise Indonesian independence and to avoid committing the country to external agreements beyond its control. However, despite Indonesia pursuing an active foreign policy, during the 1950s and 1960s internal subversion was viewed as the primary threat to national security.¹¹

Concern over internal unrest was one of the purported reasons that Sukarno overthrew parliamentary democracy, although this did not prevent revolts from occurring. In February 1958 an insurrection took place in northern Sumatra and the rebels received outside help in the form of weapons and equipment. Australia, Britain and the United States were involved covertly because of the anti-communist views expressed by the rebels and what they perceived as politically dangerous elements in Sukarno's government. The regional uprisings were quickly crushed by the Indonesian military, leaving a legacy of Indonesian hostility to the West. As a result of this Sukarno turned to Eastern Europe and the Soviet Union for military support and economic aid. Soviet leader Nikita Khrushchev's visit to Indonesia in 1960 resulted in an arms deal with the USSR.¹² By 1961, armed with new Soviet weaponry, Jakarta turned its attention to West New Guinea.

There was now deep concern in Washington over the possibility of Jakarta slipping into the communist camp. Eager to stop the spread of communism in Indonesia, the United States persuaded the Netherlands to participate in peace talks with Indonesia. The result was that in August 1962 Indonesia achieved the right to occupy West New Guinea on 1 May 1963, subject to a face-saving clause favouring the Netherlands. In 1969 indigenous people would participate in a UN-supervised vote on the future of the territory. Indonesia had finally completed its struggle for independence from the Netherlands. However, the international environment in 1963 was significantly different to that of 1945. Indonesian nationalism and political independence had moved from being part of the post-war decolonisation process to an important factor in Cold War strategy in Southeast Asia.

11 Dewi Fortuna Anwar, *Indonesia in ASEAN: Foreign Policy and Regionalism*, (Singapore: Institute of Southeast Asian Studies), 1994, pp. 18–19.

12 Audrey R. Kahim & G McT. Kahim, *Subversion as Foreign Policy: The Secret Eisenhower and Dulles Debauch in Indonesia*, (Seattle: University of Washington Press, 1995).

Indonesia's shift towards a foreign policy of national independence raised concerns in Washington. When in 1960 Jakarta first officially claimed sovereignty over the waters of the Indonesian Archipelago, the United States, Britain and their allies protested, refusing to recognise the claim. For the Americans it was vital that the area remain part of international waters, as any challenge to the freedom of navigation there threatened the status of other disputed sea-lanes and also threatened US access to the sea and airspace separating Australia from the South China Sea.¹³

At home, Sukarno's New Order policies coincided with economic decline: the government had neglected restoration of the domestic economic infrastructure, which had been shattered during World War II and the war for independence; Indonesia could not gain the full benefit of its natural resources; and there was massive national debt and accelerating inflation. This period saw a contest between those leaders looking for economic stabilisation and those who 'wanted to keep the revolution alive'.¹⁴ Under these conditions Sukarno initiated another regional military campaign, this time against the newly formed Federation of Malaysia.

KONFRONTASI

Malaysia was a solution to the problem of the decolonisation of Britain's remaining Southeast Asian possessions. These were Singapore and the territories of Brunei, Sarawak and British North Borneo. Of these, Singapore was the natural geographic part of Malaya, which had become independent in 1957. Singapore was administered separately by Britain and hosted a British naval base. However, there was pressure for Singapore's inclusion in Malaya. This prompted opposition among Malay political leaders, because the incorporation of Singapore, where the majority of the population was ethnically Chinese, would give the latter a clear majority population. To head off such a prospect, in May 1961 the Malay premier Tunku Abdul Rahman advocated the inclusion of the British colonies in Borneo in an amalgamated state of Malaya and Singapore. That proposal would give the new nation a majority of Malay people.¹⁵

Britain agreed to this proposal because its Borneo territories would have difficulty surviving economically as independent countries or even as an independent federation. Also, it would ensure security and regional stability for Britain's military base at Singapore, so that Britain could, in time, withdraw its forces from Southeast Asia. Within Britain's Borneo territories there was only one major source of opposition to the idea from the Sultan

of Brunei, who did not wish to share his country's oil wealth with the rest of Malaysia; as a result Brunei became its own independent state.¹⁶

However, there was opposition to the creation of Malaysia, notably from Indonesia. In response, Sukarno launched a campaign against Malaysia, known as Confrontation, which the Indonesians called *Konfrontasi*. The conflict never reached the level of a full-scale war, but hostilities were nonetheless maintained by support of Malaysia with reinforcements from Britain, Australia and New Zealand. Sukarno labelled the Federation of Malaysia as British neo-imperialism, reflecting his anti-imperialist ideology. However, *Konfrontasi* also provided a useful distraction from the economic problems in Indonesia and the conflict between the differing factions within the government.

Sukarno was careful not to provoke Britain into a declared war, which was the reason for only token intervention in Malaysia. He knew that his navy and air force would be no match against the British, and apart from communist nations, his only real support derived from the Philippines, which had its own historically based claim to Sabah. Concerned about relations with Indonesia, the United States had initially left *Konfrontasi* to be waged by the British. Washington regarded Indonesia as a vital nation in the region and was careful to seek to maintain and improve relations.¹⁷ However, since September 1963, American aid to Jakarta decreased significantly and concentrated on civilian training within Indonesia and training Indonesian military personnel in the United States. Washington was careful to avoid providing aid that would help Sukarno's campaign against Malaysia, but wanted to maintain a military training program that would continue the links the United States had developed with Indonesian army officers, 'which have reinforced the army's anti-Communist posture and have given us unique entrée in to the leadership of the country's strongest politico-military force.'¹⁸

The two major groups in Sukarno's government – the PKI and the army – backed the campaign. The British believed that even if Sukarno left office, *Konfrontasi* was likely to continue, as his successor would probably carry on balancing the interests of the army and the PKI, as no leader would want to appear to be unpatriotic by easing *Konfrontasi*. For Britain, the best hope of ending *Konfrontasi* was for internal instability in Indonesia that would draw resources away from the conflict.¹⁹

13 'Memorandum of Information for the Secretary of the Navy' by Richard S. Craighill, Director, Politico Military Policy Division, Department of the Navy, (9 September 1964), 'Papers of Lyndon Baines Johnson President, (1963–1969)', *National Security File*, Country File, Asia and the Pacific, Indonesia, Box 246, Lyndon Baines Johnson Library (LBJL).

14 Dewi Fortuna Anwar, *Indonesia in ASEAN: Foreign Policy and Regionalism*, (Singapore: Institute of Southeast Asian Studies, 1994), p. 22.

15 'Cabinet Submission, Garfield Barwick, Minister for External Affairs', (25 February 1963), A5619, C470 Part 1, *National Archives of Australia* (NAA).

16 A. J. Stockwell, 'Introduction', in A. J. Stockwell (ed), *British Documents on the End of Empire: Malaysia*, Series B, Volume 8, Institute of Commonwealth Studies, London, 2004.

17 'Cabinet Submission no. 572', Garfield Barwick, Minister for External Affairs, (2 February 1963), A519, C470 Part 1, NAA.

18 'Memorandum, Papers of Lyndon Baines Johnson President, 1963–1969', *National Security File*, Country File, Asia and the Pacific, Indonesia, Box 246, LBJL (15 September 1964).

19 'Guidance Telegram from Foreign Office to certain missions', 6 January 1965, FO 371/180310, & letter from A. Golds, Joint Indonesia–Malaysia Department to A. Gilchrist, (Jakarta: British Embassy, 18 June 1965), FO 371/181528, TNA.

Ultimately, internal instability did take hold in Indonesia and *Konfrontasi* ended because of an attempted coup on the night of 30 September and the early morning of 1 October 1965, which resulted in the murder of six army generals. The British Embassy in Jakarta informed London that a coup had been attempted by 'elements of the Indonesian armed forces' but had been put down.²⁰ The following day, the embassy reported that the cause of the uprising appeared to be a split within the Indonesian army. Rumours were already circulating that the PKI was responsible for the operation; although uncertainty persists as to whether this was indeed the case.²¹ Nevertheless, as a consequence Suharto was able to assume power and ease Sukarno aside. The new Suharto government ended *Konfrontasi* in 1966.

THE NEW ORDER

Indonesia's foreign policy changed under Suharto, who was strongly anti-communist. Jakarta severed ties with Beijing, Hanoi, and Pyongyang, banned the PKI, and pursued efforts to obtain Western aid. Another change in policy was Indonesia's decision to participate in a new regional forum, the Association of Southeast Asian Nations (ASEAN), made up of Thailand, Malaysia, Singapore, Indonesia and the Philippines. The initiative to form ASEAN came out of the Bangkok talks to end *Konfrontasi*. The members were all anti-communist, and the new organisation received support from the United States and Britain. For the Western powers, the creation of ASEAN heralded a new era of regional stability. London and Washington believed that the biggest threat to the region was internal insurrection rather than external invasion, and that economic development was therefore essential. There was also less perceived need for Western military presence because Indonesia had ended its campaign of confrontation and cut its ties with China. This represented a new diplomatic strategy, and Washington indicated that in order to achieve a 'stable political security situation', that it would disband bilateral relationships and introduce cooperative organisations; to achieve this, American assistance and directorship was vital.²²

When ASEAN was inaugurated on 8 August 1967, Washington decided not to make a statement on the formation of the new group in case the United States was accused of stealing the initiative, or of having conceived its inception.²³ ASEAN's declaration stated that the countries in Southeast Asia 'share a primary responsibility for strengthening the economic and social stability of the region'.²⁴ Even though ASEAN was not directly concerned with defence, it added that all foreign bases

were temporary and that the countries in the region shared the main responsibility for defending Southeast Asia. Of the five founding members, Indonesia was the only country that did not host Western forces inside its territory, and Jakarta insisted that the declaration should stress the temporary nature of the regional Western bases. At first, the Philippines opposed the passage, acquiesced after the inaugural meeting began. However, the final statement was a compromise: Indonesia initially wanted reference to no foreign bases, but accepted the word 'temporary'; and Malaysia accepted this as a condition of Indonesian membership.²⁵

At the start, ASEAN was loosely structured. There was no economic unity among member states and only Singapore gained any great benefit from trade between the ASEAN nations. Internal tension also persisted. The Philippines' ongoing claim to the territory of Sabah caused the breakdown of Philippines–Malaysian diplomatic relations in 1968. However, ASEAN displayed strength in encouraging successful resolution of this crisis.

One factor encouraging ASEAN unity was a change in the strategic environment in Southeast Asia. This was signalled by President Nixon's declaration in 1969 on a visit to the American island of Guam that the United States was not going to venture into any future military involvement in Asia and that Asian nations would increasingly have to take responsibility for their own defence. This statement was known as the Nixon or Guam doctrine. It had as much to do with internal American politics as with US relations with Asian countries. Nixon had commenced withdrawal of troops from South Vietnam, demonstrating a halt to new involvement. However, it did reflect the long-held policy of past American administrations to support regionalism in Southeast Asia, and following its announcement, Washington began improving relations with the USSR and China through the policy of *détente*.²⁶

The other strategic change was Britain's announcement of withdrawal from its military commitment to the defence of Malaysia and Singapore by disbanding its military base in Singapore and ending the Anglo-Malaysian Defence Agreement. This was a result of cost-cutting measures. London was keen to avoid any future military expense like *Konfrontasi* in a region that had become much less important to Britain.²⁷

20 Telegram, *British Embassy in Jakarta to London*, (1 October 1965), FO371/180316, TNA.

21 Telegram, *British Embassy in Jakarta to London*, (2 October 1965), FO 371/180317, TNA.

22 Airgram, 'Bangkok to Department of State', 6 September 1967, Box 1850, *Central Policy Files 1967–69*, Political Affairs and Relations, RG 59, [US] National Archives and Records Administration (NARA).

23 *Department of State Circular Telegram*, Box 1519, General Records of the Department of State, Central Policy File 1967–69, Defence, RG 59, NARA, (6 August 1967).

24 B.K. Gordon, *Toward Disengagement in Asia*, (1969), p. 116.

25 'Outward Savingram to all posts from Department of External Affairs', (5 September 1967), A1838, 3004/13/21 Part 3, NAA.

26 Telegram, *Australian Embassy in Washington to Secretary of the National Intelligence Committee, Department of Defence*, (30 November 1972), A1838, 683/72/57, NAA.

27 *Memorandum by Healey and Stewart*, OPD (69) 27, (19 May 1969), CAB 148/92, TNA.

Western military retreat from Southeast Asia had been Jakarta's aim during the negotiations to form ASEAN, and its strategic outlook suited the aims of the Nixon Doctrine. Since independence, Indonesia's policy was to build its own strength without involving foreign powers in any commitment. Jakarta's efforts to promote co-operation and self-reliance among ASEAN countries was greatly valued in Washington, and in the early 1970s, Indonesia was one of the main drivers behind mutual support in economics, security and other areas. For the United States, Indonesia was 'one of the models of the Nixon Doctrine' – it was using American economic aid, military aid, and private investments, to build its own strength without drawing the United States into any military commitment. Jakarta viewed American financial assistance as vital to achieving national economic development that would promote regional stability. This was necessary to resist the expansion of Chinese political influence and Japanese economic domination. The Australian Government's assessment of the situation reflected this position:

Indonesian attachment to the forms of an independent and active (i.e. non-aligned) foreign policy, and the 'low posture' scrupulously maintained by the United States in Jakarta, mask a very close relationship, based on a shared conviction that the two countries' policies and performance serve each other's national interests.²⁸

For the United States, underpinning these efforts to contain communist influence in Southeast Asia was the region's importance as a source of raw materials, including petroleum.²⁹ Washington was very grateful to Indonesia for not participating in the 1973 OPEC-led oil embargo. And despite Indonesia's increased petroleum revenues, Washington continued to supply military aid to Jakarta.³⁰ Yet the country remained one of the poorest in the world on a per capita basis, and while there were signs in 1973 that management of the Indonesian economy had improved over the course of several years, there was still, 'an increasing risk of distortions due to the use of political power to enrich individuals.'³¹

While Indonesia took a leading role in regional stability through ASEAN, it also risked instability through its own aspirations to incorporate West New Guinea and Portuguese Timor within its borders, and the United States chose not to stand in Jakarta's path in achieving these ambitions. For the Americans, Indonesia was 'the largest and most important non-Communist Southeast Asian state and a significant Third World Country'.³²

When Indonesia took control of West New Guinea, which it called Irian Jaya, but which indigenous nationalists called West Papua, it started to prepare the territory for the UN-supervised self-determination plebiscite in 1969, as set out in the agreement with the Netherlands. A little over 1,000 Papuans representing a population of about 800,000 participated in the act of 'free choice' in front of UN representatives and foreign diplomats. Washington chose not to become involved. US National Security Adviser Henry Kissinger viewed the so-called act of free choice as consisting, 'of a series of consultations rather than a direct election, which would be almost meaningless among the stone-age cultures of New Guinea'.³³

A similar reaction occurred six years later when Jakarta, fearing a left-wing takeover in Portuguese Timor, sought to incorporate the small colony by force within Indonesia. Washington was aware that a guerrilla war would be the result of any Indonesian action. US President Gerald Ford and Kissinger discussed these issues with Suharto during a visit to Jakarta in early December 1975. In a meeting between the three, the Indonesian leader sought his counterpart's 'understanding if we deem it necessary to take rapid or drastic action'. The response from Ford was that the United States would 'understand and will not press you on the issue. We understand the problem you have and the intentions you have'.³⁴ This close relationship between Washington and Jakarta thus proved extremely beneficial to Suharto in his quest for regional leadership and financial aid.

28 'Summary of the situation in Indonesia in mid-1973, Department of Foreign Affairs', (Canberra: July 1973), A1838, 638/72/57, NAA.

29 'Memorandum to Mr Peachey, from G.C. Lewis, Intelligence Assessment Section', (4 September 1973), A1838, 638/72/57, NAA.

30 'Memorandum for the President, from Robert S. Ingersoll, Acting Secretary', 1 July 1975, Office of the Assistant to the President for National Security Affairs, Henry Kissinger and Brent Scowcroft Files, (1972) 1974–1977, Temporary Parallel File, Box A, Gerald R. Ford Presidential Library, GRFL.

31 'Memorandum, Department of Foreign Affairs', (July 1973), A1838, 683/72/57, NAA.

32 'Memorandum for the President, from Henry Kissinger, US Secretary of State', (21 November 1975), *The [US] National Security Archive*, NSA.

33 'Memorandum from Henry A. Kissinger to the President on Djakarta Visit', *Your Meetings with President Suharto*, (18 July 1969), NSA.

34 Telegram, 'Embassy Jakarta to Secretary of State', (6 December 1975), NSA.

CONCLUSION

Regional leadership and great power dependence are dominant characteristics of Indonesia's post-war history. Since gaining independence from the Dutch, the new nation's place in the world was viewed as pivotal by outside powers, and Jakarta struggled to balance its desire to avoid external interference in its affairs with the need for external financial support. Nevertheless, Indonesian leaders were able to make use of their advantageous position and gain support for some foreign policy initiatives. However, internal instability continuously threatened to destabilise the country. Indonesia's rise to prominence both regionally and globally, thus comprised a mixture of factors: certainly the country's population and abundance of resources were major issues. However, leadership does not only derive from size and wealth, but is based on vision, and Indonesia's leaders had a role to play in their nation's successes as well as the setbacks. Their sense of nationalism and independence was inherited from the long struggle against the Dutch, and this helped to forge Indonesian foreign relations. But Indonesian leaders did not always capitalise on the economic potential of their nation, adding problems to an already unstable region, and strengthening the influence of the outside powers. This presented a contradiction between Indonesia's own aspirations for non-alignment and its expansionist policies in regards to East Timor and West New Guinea against its dependence on foreign financial assistance and a desire to maintain regional security. The onset of regional cooperation provided Indonesia with its chance to seize a leadership role, as stability could not be achieved without the support of Southeast Asia's largest nation. Yet, despite its role in ASEAN, Indonesia continued to be dependent on external powers: while this dependence supported some leadership aspirations, it has also exposed internal vulnerabilities.

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Indonesia: The economic foundations of security

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National Security College Issue Brief
No 2 May 2014

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National Library of Australia Cataloguing-in-Publication entry

Authors: Mishra, Satish.
Title: Indonesia: The economic foundations of security [electronic resource] / Satish Mishra.
ISSN/ISBN: ISBN 978-1-925084-01-6
ISSN 2203 - 4935 (print)
ISSN 2203 - 5842 (online)
Series: National Security College issue brief (Online)
Notes: Includes bibliographical references.
Subjects: National security--Australia--21st century.
Military planning--Australia.
Political leadership--Australia--21st century.
Australia--Politics and government--21st century.

Other Authors/Contributors:

Australian National University, National Security College

Dewey Number: 355.0330994

INTRODUCTION

In recent years everyone has been interested in what happens in Indonesia. On the political front, the election of a Chinese Indonesian as the Deputy Governor of Jakarta continues to draw both comment and disbelief. The forthcoming presidential elections have been drawing unprecedented public and international interest; the third direct election for a President in Indonesia's multi-party democracy. Despite the fragmentation and the frequent corruption scandals in the ruling Partai Demokrat or Democratic Party (Indonesia), no one expects the 2014 presidential elections to be socially violent or ideologically charged.

With the overthrow of an elected government in Egypt and the violent politics of Pakistan, Indonesia is fast obtaining the distinction of being the only Islamic country with a stable and well-functioning democracy; one that also believes in open markets and multi-party coalition government. Indonesia's political transition has been all the more impressive for having been crafted in the middle of the country's deepest economic crisis after Independence in 1945. Indonesia's economic fall in 1997–98 was easily comparable to that experienced by Russia and several other countries in the former USSR in the aftermath of the collapse of the Berlin Wall in 1992.

It is also breathtaking considering that within the first five years of the onset of the Asian financial crisis, Indonesia had also comprehensively reworked its system of sub-national government, introducing one of the most decentralised political systems in the world. Furthermore, what is just as impressive is that social conflict began to decline in the first decade of the new democracy. The disastrous Tsunami that struck in 2004 brought about comprehensive peace rather than fragmentation. Regional unrest was met not by force but by redrawing regional boundaries through a process called *Pemekaran*. What is particularly significant about the Indonesian case is that economic recovery and political transformation have worked hand in hand, and over time have become mutually reinforcing.

The result of such a virtuous cycle is reflected in the fact that Indonesia is now among the fastest developing countries. It has managed to escape the ravages of a new global financial crisis in 2008–09. More importantly, unlike India and China – which undertook stimulus spending sprees in order to keep the engine of their economies running – Indonesia navigated the crisis by employing fiscally sustainable and sound policies. In recent years the Indonesian economy has continued to grow at a rate of over six per cent. Indonesia's economy grew by 6.2 per cent in 2012, making it the fastest growing G20 economy after China. Indonesia grew by 6.5 per cent in 2011.¹ It is now a member of the G20 group. It has become an important destination for foreign direct investment (FDI). The total FDI commitments in 2012 stood at US\$20 billion, and the number

¹ Asian Development Bank (ADB), 'Investment and Private Consumption to Boost Indonesia's Growth', 2013. available at: <http://www.adb.org/news/indonesia/investment-and-private-consumption-boost-indonesias-growth>, accessed 9 April 2013.

for the April–September quarter in 2013 stood at US\$5.93 billion.² This is an 18.4 per cent rise from the previous year. In April–June of 2013, the amount increased by 18.9 per cent from the same period in 2012. It has significantly reduced both its debt-to-GDP ratio and its dependence on foreign loans and grants. Indonesia's debt-to-GDP ratio has steadily declined from 83 per cent in 2001 to less than 25 per cent by the end of 2011, the lowest among ASEAN countries, aside from Singapore, which has no government debt.³ It has recently adopted an ambitious economic plan: the 'Master plan for Acceleration and Expansion of Indonesia's Economic Development' (MP3EI). MP3EI aims to raise Indonesia's current level of per capita income from just over US\$3000 to around US\$14,250–15,000 by 2025, with a total gross domestic product of USD\$4.0–\$4.5 trillion.⁴ The latest McKinsey Report on Indonesia predicts that by 2030 it will become the seventh largest economy in the world.⁵ As the current campaign to promote inward investment to Indonesia proclaims, 'take a look at us now'.

How does one explain the success of the Indonesian transition in the last decade and a half? What contribution did economic recovery make to its human and political security? What, if any, are the economic foundations of Indonesia's security? These are critical questions in the context of Indonesia's systemic transition. Answers to them might well contain valuable lessons for other countries in similar political and economic stages of transition. They may also explain why the Arab Spring has largely failed to live up to its early promise, and why Indonesia continues to move steadily towards a consolidated multi-party democracy with open markets and rapid integration into the regional and global economy.

² Bank Indonesia, 'External Sector', 2013. available at: <http://www.bi.go.id/sds/>, accessed October 23, 2013.

³ 'Indonesia Investment Coordinating Board, Facts of Indonesia-Sound Economy', 2013. available at: <http://www3.bkpm.go.id/contents/general/4/sound-economy>, accessed 23 October 2013.

⁴ State Ministry of National Development Planning Agency / Bappenas, 'MP3EI Report'. available at: <http://www.bappenas.go.id/>, accessed 23 October 2013.

⁵ Raoul Oberman et al., 'The archipelago economy: Unleashing Indonesia's potential', (McKinsey Global Institute, 2012) available at: http://www.mckinsey.com/insights/asia-pacific/the_archipelago_economy, accessed September 2012.

IS THE INDONESIAN GLASS MORE FULL THAN EMPTY?

An important feature of debates concerning the Indonesian economy is the occurrence of sharp swings in both investor and expert sentiment from considerable optimism to marked pessimism. The optimism comes from successful political and military transition in less than a decade, establishing not only separation of powers but also freedom of the press and of assembly. Indonesia's successful reform agenda compares favourably with that attempted far less successfully in the countries of the former USSR and those of the Arab Spring. The optimism derives from the circumstances in which Indonesia responded to the severe decline in output in 1998 with consumption-led growth until the mid-2000s, transforming into investment-led growth towards the end of the last decade. In 2012 the ratio of fixed capital formation to GDP rose to 33.2 per cent, the highest in at least 20 years.⁶

Such optimism also came as the result of sharp increases in the international price of many of Indonesia's mineral-based commodities, and its success at weathering a hasty and ill-considered program of economic and administrative decentralisation. Add the sharp rise of a new middle class earning over US\$3000 per annum and a young population that promises a 'demographic dividend' at a time when many developed and some developing economies – e.g., China – would be facing problems of an aging population and high dependency ratios, and one has the principal elements of the McKinsey claim that Indonesia is an economy to watch.

On the other hand, pessimism arises out of a number of structural characteristics of the Indonesian economy. Despite the creation of an anti-corruption agency (the Corruption Eradication Commission – KPK), corruption remains systemic; regional governments are undermined by skill deficits in the civil service and the high cost of elections, which fuel the need for political representatives to recoup their investment during the elections through political favors and lucrative business deals. The regulatory structure of the country displays confusion and administrative overlap, with one regulation or law working against another. Take for example the land laws, where only part of the national forest land is registered under the National Land Agency (Badan Pertanahan Nasional – BPN), while the rest is governed by local authorities and agencies. Legal certainty and the sanctity of contract are often undermined by the opacity of land and property rights and the bias of the courts against external companies. Certainty in property and law is also undermined by the extreme concentration of industrial ownership within a handful of business families, accounting for around two-thirds of market capitalisation. The policymaking process is still in formation, characterised by a mixture of ailing national policymaking institutions and ad hoc troubleshooting and advisory bodies. The problem is aggravated by the lack of public

policy platforms, making future policy predictions for the majority of Indonesian political parties a game of chance.

This situation of uncertainty will be compounded by the coming Association of Southeast Nations ASEAN Economic Community (AEC) post 2015; it has also faced serious ongoing challenges in the difficult experience of witnessing capital flight to countries with lower labour costs, a more friendly investment climate, and a more skilled labour force. In addition to the churning Asian trade and investment flows in the last decade, one begins to see the darker possibilities of a future economic landscape.

The conclusion is clear: economic growth and social stability cannot be taken for granted. Past trends of key economic indicators cannot only be considered in terms of linear progression and extrapolation. Indonesia's economic and political landscape is continuously changing and evolving. It is a country in systemic transition, in the throes of consolidating both its political and its economic system. It is doing so under enormously high expectations of what its new political system can deliver in the near future. In the meantime, persistent fascination with the old regime abounds.

Social cohesion also cannot be taken for granted, despite the recent decline in social conflict and violence. Over half of the total population lives barely above the absolute poverty line. Upward swings in international food prices, often reflecting the intertwining of international food and fuel markets – as well as the additional demand for food created by rising per capita incomes in large economies such as India and China – threaten to push millions of Indonesians below the poverty line. In many countries this sudden downward shift in entitlement has historically been the trigger for large-scale social conflict and extremist politics.

Horizontal or inter-regional inequalities are another potentially explosive ingredient in Indonesia. After a decade and a half of extreme decentralisation, little has been done to assess whether inter-regional or horizontal inequalities have been rising or diminishing. Neither has Indonesia established policy measures necessary in the event of economic inequality rising above a predetermined politically and socially acceptable level. Indeed, Indonesian economic policy debates hardly ever focus on the economics of inequality, preferring instead to observe movement in the levels of absolute poverty and implementing social safety net mechanisms such as conditional cash transfers, community based infrastructure grants, and the creation of new growth centres, including Special Economic Zones (SEZs) under the MP3EI.

Finally, the rapid pace of urbanisation and continuing migration of labor from rural to urban areas – from the outer islands to the industrial urban centres of Java and the larger islands of the Indonesian archipelago – continue to dissolve traditional and historic family ties based on mutual duty of care and collective enforcement of Adat property rights. Combined with the global polarisation of perceptions with respect to Islam, this may well provide a dangerous cocktail of identity crises, economic uncertainty and social unravelling, such as to severely undermine Indonesia's political cohesion and security gains.

⁶ Asian Development Bank (ADB) 'Investment and Private Consumption to Boost Indonesia's Growth', available at: <http://www.adb.org/news/indonesia/investment-and-private-consumption-boost-indonesias-growth>, accessed 9 April 2013.

Countries in the midst of deep systemic transitions do not follow easy paths from the past to the future, from authoritarianism to democracy, from cronyism to arm's-length competitive business practices, from economic stagnation to economic reform and growth. Cycles of optimism and pessimism are constant features of commentary on the function of economies in transition.

THE ECONOMIC FOUNDATIONS OF SECURITY: AN URGENT REFORM AGENDA

Despite remarkable progress in its systemic transition, the economic and political hurdles Indonesia faces are still considerable. Moreover, these challenges are interwoven and need to be overcome simultaneously.

MANAGING THE RISE IN ECONOMIC INEQUALITY

Horizontal inequality is a topic that is currently missing from the policy debate but which threatens social stability and therefore growth.⁷ In Indonesia, horizontal inequality occurs between regions and between ethnic and religious groups.⁸ From 2002 to 2010, regional income dispersion in Indonesia, measured by the standard deviation of GSP per capita by province, grew by 15 per cent. The threat of conflict in resource-rich regions such as Aceh and Papua was one reason for the government initially to decentralise; regardless of this, regional income inequality still presents a problem. Aceh, for example, is the fifth richest province in the country, with per capita GDP that is much higher than the national average, and with a per capita GDP of Rp. 9.8 million, roughly US\$1,090.⁹

Often horizontal inequalities lead to conflict, less because of the gap in prosperity between regions than because of the gap between a single region's relative prosperity and community welfare. For example, Aceh might be one of the richest provinces, but there has been no corresponding improvement in its community wellbeing. That Aceh is the fifth richest province and has the fourth highest poverty headcount is cause for concern.¹⁰ It is only recently, in a post-Washington consensus era, that these issues are beginning to gain attention. Presently, however, there are knowledge gaps not only in regard to the nature of horizontal inequality and its propensity to cause conflict, but also concerning decentralisation and whether it has had a beneficial effect across separate regions or not. These are merely some of the issues that require further attention in order to assess accurately Indonesia's journey.

Income inequality is another factor that may impact upon Indonesia's growth. Recent studies have shown that the economies of countries with income inequality, such as Jordan and Cameroon, have more frequently plunged into recession than economies with greater levels of income equality, which more often achieve sustained economic growth.¹¹ In 2010, Indonesia occupied 81st place on the 2010 Gini Index (the internationally accepted measure of income inequality). The standard deviation of inter-provincial GSP per capita increased from IDR7.13 million to IDR 8.2 million over an 8-year period.¹² If growth depends upon national inclusivity, Indonesia will need to identify and implement ways of lessening the gap between the rich and the poor.¹³

In a democratic society, excessive inequality in income generates pressure that can lead to unsound populist economic policy. Populist policy in Argentina, Brazil and Peru during the 1980s was intended to assist the poor by financing social and transfer programs; ultimately, however, these policies caused recession, hyperinflation, and a decline in wellbeing across income groups.

POVERTY REDUCTION AND THE POVERTY ELASTICITY OF ECONOMIC GROWTH

Indonesia will also need to address poverty. This prescription is not as easy as it appears, since there is considerable evidence that the poverty elasticity of economic growth might be diminishing. Traditionally, growth was assumed to reduce poverty, and statistical research has often confirmed this. When Indonesia began growing, both poverty and inequality declined.¹⁴ However, the elasticity of Indonesia's growth and poverty rates are as yet unknown. Reducing poverty may be a matter of increasing growth by a rate higher than in the past in order to accommodate for changing rates of elasticity in the ratio of the growth rate to poverty: this is an issue that will need to be researched to ensure Indonesia's development.

However, because both poverty and inequality in Indonesia post-decentralisation are newly apprehended problems, they lack research, which makes it difficult to develop policy with any sense of security. In addition, these issues remain absent from the current policy debate. To make future predictions, address challenges and implement appropriate administrative and regulatory programs, more specific information is needed to understand the nature and the extent of inequality, the best way of dealing with the issue in the coming decade, and the most effective policy instruments with which to address the issue.¹⁵

7 Satish Mishra, 'Is Indonesia Vulnerable to Conflict: An Assessment'. (Jakarta: Strategic Asia for USAID, July 2008), p. 16.

8 Frances Stewart, 'Horizontal Inequalities: A Neglected Dimension of Development' (Oxford: University of Oxford, February 2002).

9 Mohammad Zulfan Tadjoeuddin, Widjajanti I Suharyo, Satish Mishra, 'Aspiration to inequality: regional disparity and centre-regional conflicts in Indonesia'. UNI/WIDER Project Conference on Spatial Inequality in Asia. (Tokyo, March 2003), p. 28.

10 Oleksiy Ivaschenko et al., 'Aceh Public Expenditure Analysis: Spending for Reconstruction and Poverty Reduction', (Washington DC: World Bank, 2005).

11 IMF (2011).

12 CEIC (2013).

13 Michael Walton et al., 'Institutional Pathways to Equity: Addressing Inequality Traps' (Washington DC: World Bank, April 2008).

14 Xavier Sala-i-Martin (1998).

15 Gacitúa-Marió Estanislao, et al. (eds), *Building Equality and Opportunity through Social Guarantees: New Approaches to Public Policy and the Realization of Rights*, (Washington DC: World Bank, 2009). Vito Tanzi and Ke-Young Chu, *Income Distribution and High-Quality Growth*, (Cambridge: MIT Press, 1998); See collection of essays in 'Growth, Inequality and Poverty'.

ECONOMIC GROWTH, DIVERSIFICATION AND THE DEMOGRAPHIC DIVIDEND

The acceleration of economic growth in the face of the diminishing elasticity of poverty reduction on the one hand, and the employment elasticity of growth on the other, remain as major policy priorities. The ambitious growth vision signalled by the MP3EI is an indication of this primacy. However, to achieve this Indonesia needs to eradicate its infrastructure deficits in energy, IT, transport networks, urban housing, and water and sanitation. The Economic Master Plan exists primarily as a vision. Developing a financing plan for it within the immediate future is an urgent requirement, one that is hindered by Indonesia's ineffective policymaking process and problems of inter-ministerial miscommunication and non-coordination. This task is rendered particularly difficult under Indonesia's preference for a rainbow coalition – even when the president continues to garner a majority popular vote – under which individual cabinet members openly disagree and frequently have little political common ground.

As with the case of the McKinsey Report, much is made of the potential for reaping a demographic dividend in Indonesia. Indeed the productivity enhancing impact of Indonesia's young population is expected to be a significant contributor to overall projected GDP growth. However, reaping this dividend requires economic diversification; this requires human capital development and enhanced labour market information, for which the young need to be trained and employed in a larger range of higher productivity jobs, especially in Indonesia's industrial sector, which remains both small and concentrated in Java. Yet, despite the urgency of the problem, Indonesia has no human capital roadmap to accompany its economic diversification strategy as outlined in the MP3EI and its five-year development plan.

In addition to the human development issue over reliance on the natural resource sector is another cause for concern. Because the commodity driven boom, instead of infrastructure, education or health, is driving consumerism, a fall in prices could devastate growth. To avoid this, the country will have to develop its manufacturing sector and move up the value chain. This will take nuanced policy intervention, as currently more than half of Indonesian exports are primary commodities. However, as the demand for raw natural resources wanes in China – the largest importer of Indonesian products – Indonesia will have to do more than export raw natural resources such as palm oil, coffee, coal and iron ore. One way it can do this is by reviving the competitiveness of its manufacturing sector. Clothing, furniture and automotive sectors are strategically important for Indonesia's development because they allow labour absorption, increase the capacity of local skills and the use of technology.¹⁶ Taking advantage of domestic demand and regional integration may help Indonesia do this.

¹⁶ World Bank, 'Export competitiveness in Indonesia's manufacturing sector', 5 March 2013, available at: <http://www.worldbank.org/en/news/feature/2013/03/05/export-competitiveness-in-indonesia-manufacturing-sector>, accessed 24 October 2013.

Besides raising the share of manufacturing in its GDP, Indonesia can add higher value products by leapfrogging the standard development trajectory, from agriculture to manufacturing to services. The concept of a static comparative advantage is increasingly being challenged in developing countries in Asia. Countries such as Korea, Thailand and Vietnam altered their comparative advantage by adopting high tech manufacturing and leapfrogging traditional development trajectories. Upgrading the endowment structure will enable a process of industrial and technological complexity and allow Indonesia to move away from industries that are labour and resource-intensive. Without doing this, Indonesia could be trapped in low value added industries and its workers in low-skill, poor paying jobs. Neighbouring economies are taking measures to enable this type of change by investing heavily in building research institutions and importing the technology necessary to establish the architecture of innovation. Indonesia has yet to formulate and implement comprehensive research and to establish the technology policy needed for business parks and public-private partnerships in skill formation and technological adaptation.

Human capital deficits remain a major constraint in raising productivity through technical change. Indonesia's ability to build the right kind of human capital will factor into its ability to move up the value chain. Human capital currently presents a major obstacle to Indonesia's development of a vibrant manufacturing sector; 84 per cent of employers in manufacturing report difficulties in filling management positions and 69 per cent report problems in sourcing other skilled workers.¹⁷ Moving forward, Indonesia will need workers capable of maintaining skill-based versus resource-based growth, and workers with entrepreneurial skills who build innovation networks. Part of its success, therefore, depends on its ability to foster the right kind of human capital.

BALANCING ECONOMIC GROWTH AND HUMAN DEVELOPMENT NEEDS

Within the context of a highly diversified archipelago and a democratic polity, high rates of growth are not enough to sustain political legitimacy and lay the foundations of a consolidated and stable political system.

The current, often bitter arguments triggered by Amartya Sen's latest book on India (*An Uncertain Glory*) illustrate how even high growth economies have failed to convince a significant share of the public that economic growth alone can form the basis of public policy in a democratic society. Indonesia's swift economic recovery does not hide its low levels of health expenditure and uneven social access, its poor education system and dismal record of research and technical innovation; nor does it conceal the high vulnerability of even the working population to poverty brought about by poor health or natural disasters.

¹⁷ Dipak Dasgupta et al., 'Moving Up, Looking East', (Washington DC: World Bank, 2010).

There is little explicit debate on the issue. However, finding the balance between growth and human development priorities remains critical to formulating a vision for a democratic Indonesia; such a vision will require support for its new democracy's ability to promote the interests of the majority, while at the same time providing opportunities for its elite to benefit from new trade and investment opportunities unleashed by increasing integration into global markets.

An important aspect of the balance between growth and human development is the quality of, and access to, public services. Decentralisation was widely expected to lead to the introduction of nationally mandated minimum service standards across Indonesia's regions. This has failed to materialise until very recently. The quality of public services and public expenditure on social sectors such as health and education varies sharply across the country. Moreover, while the role of watchdogs and public monitoring of public service provision is generally agreed as necessary – for example, formal engagement of civil society organisations in the policymaking and implementation process – there is relatively little agreement on how these functions can be established. One way would be to use e-governance techniques already applied in several countries such as India. However, this is still in its infancy in Indonesia.

LINGERING QUESTIONS OF GOVERNANCE AND SECURITY

If the abovementioned challenges to Indonesia's development policy were not enough, there are a number of future shocks that may destabilise its systemic transformation. Three deserve mention here.

First, successfully *managing decentralisation* will be a determining factor in Indonesia's future economic and political success. Through a process called *Pemekaran*, decentralisation in Indonesia has increased the number of districts by nearly 30 per cent in the last six years. This alone will present many unprecedented challenges. Creating growth centres in different economic corridors and making infrastructure cheaper will allow people in certain jobs to migrate to growth areas. The implication is that after spending the last six years changing boundaries, Indonesia has created conditions in which population numbers could fall below the threshold. Because people will migrate back to growth areas, the nation's performance will depend upon efficiently administering supply and infrastructural support in these areas. The implications of this are not well known and prevent us from making confident predictions.

State capture is another unprecedented threat for Indonesia that has arisen with decentralisation. The opportunity exists for private interests to corrupt regional and local levels of government. Unless Indonesia finds ways of preventing state capture, commercial interests threaten to undermine governance. State capture is a complex form of corruption with the potential to affect democratic institutions pervasively. Having arisen at the regional level with the development of local government, it has yet to attract extensive analysis. There are many instances in which dominant corporate groups interact with government that we know little about. Unless this issue is given more attention, it could obstruct Indonesia's development and dampen otherwise optimistic forecasts of Indonesia's continued economic rise.

Second, Indonesia's political parties remain transactional rather than issue or policy oriented. Its proportional voting structure and its barriers to entry for new political forces into the national parliament discourage executive forward thinking on policy issues. The weakness of political parties, including the strong public perception that they are driven primarily by 'money politics' has also meant that there is little trust between elected representatives in parliament and the civil service. This continues to hinder an effective collaboration of the various branches of the state: a key requirement in a functioning democracy. One consequence of this is the huge backlog of legislation in the national parliament and complaints of senior civil servants of spending too much time at the beck and call of parliamentary commissions, to the detriment of policy implementation needs.

Third, asset ownership will play into Indonesia's future rise and is currently missing from policy discourse. The Government of Indonesia has plans for 774 new infrastructure projects worth \$240 billion.¹⁸ As the government moves away from dependence on foreign aid, persisting lack of state funds and local expertise will lead the government to look to the private sector for financial support. Much of this sector is reliant upon foreign investment: Chinese investors were recently awarded a \$4.8 billion contract to build a railway from Tanjung Enim coal mine, the richest deposit in Indonesia, to a new port in the Sunda Strait. Indonesia has not been able to fund railway construction: the Dutch were the last to build rail lines in Indonesia, prior to WWII.¹⁹ Although most commentators argue that the extra-national implications of foreign investment are irrelevant, foreign ownership has nonetheless caused considerable social tension in the past. Part of Indonesia's massive infrastructure drive might create tension to which the McKinsey report is blind. There are already hints of growing economic nationalism in the debates around energy security, which have consequently led to significant controversy around proposed revision of existing mining law.

¹⁸ Hans David Tampubolon and Nurlika Osman, 'Govt readies to tout same infrastructure projects, again', (Jakarta Post: Jakarta, 28 August 2012) available at: <http://www.thejakartapost.com/news/2012/08/28/govt-readies-tout-same-infrastructure-projects-again.html>, accessed 24 October 2013.

¹⁹ Janeman Latul and Neil Chatterjee, 'Special report: The missing BRIC in Indonesia's wall', (Reuters: Jakarta, 12 January 2012) available at: <http://mobile.reuters.com/article/topNews/idUSTRE80I0HH20120119?i=3&irpc=934>, accessed 24 October 2013.

CONCLUSION

Systemic transitions lend themselves to cycles of optimism and pessimism. Indonesia is no exception. However, on balance most observers, and a significant part of the investment community, agree that the last fifteen years have been marked by almost continuous reform in governance, economic and financial institutions, and in political processes. During that time Indonesia has managed a successful transition to multiparty, decentralised democracy. Its economic recovery from both the Asian Economic Crisis and the current global financial crisis has been impressive. Not only has the recovery been impressive, but the response to the crisis has also been astute. Indonesia has raised its visibility on the international economic and political stage through its accession to the G20, and is now on track to be a member of the OECD. Due to be admitted as a member to the ASEAN Economic Community (AEC) after 2015, Indonesia is set to become the overwhelming economic force in South East Asia. If Indonesia can achieve its required reforms in a timely manner, the rewards are substantial. A successful transition into the AEC would not only attract significant economic benefit for the economy, but it would also help the country to develop the capabilities of its governance and economic institutions and to strengthen its regulatory frameworks.

Since transitions to democracy as well as high growth episodes are not irreversible, Indonesia's policy makers need to anticipate continuously the next round of domestic and international shocks. If past economic crises have taught us anything, it is to establish preventive mechanisms rather than merely responding to damage once it has been caused. This will require closing key knowledge gaps, building effective policymaking processes, and establishing channels of public communication that have hitherto been deficient under the New Order. Furthermore, with increasing integration into the regional and global economy and the challenges that it will bring, Indonesia will need to work towards long term policies in order to confront future challenges. Among the many tasks that need to be prioritised are: improving labour productivity and infrastructure; investing in human capital; strengthening the business and investment climate and the rule of law; and encouraging competition that allows for creative destruction and reorganisation of existing structures. In political terms, careful management of decentralisation could substantially alter – and significantly improve – Indonesia's prospects, ushering in a new era of equitable growth and development across the archipelago.

In sum, Indonesia's transition to democracy as an Islamic country, its low level of violence and its continued private sector openness are positive signs. However, before these achievements generate confidence, they require continued consolidation. Ultimately, to consolidate regional and national administration in a way that will drive economic success, Indonesia will need to develop its governmental institutions: these will be of greater consequence to the future story of the country than its macroeconomic policy.

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Democratic achievement and policy paralysis: Implications for Indonesia's continued ascent

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National Security College Issue Brief
No 3 May 2014

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National Library of Australia Cataloguing-in-Publication entry

Authors: Sherlock, Stephen.

Title: Democratic achievement and policy paralysis: Implications for Indonesia's continued ascent [electronic resource] / Stephen Sherlock.

ISSN/ISBN: ISBN 978-1-925084-08-5
ISSN 2203 - 4935 (print)
ISSN 2203-5842 (online)

Series: National Security College issue brief (Online)

Notes: Includes bibliographical references.

Subjects: National security--Australia--21st century.
Military planning--Australia.
Political leadership--Australia--21st century.
Australia--Politics and government--21st century.

Other Authors/Contributors: Australian National University, National Security College

Dewey Number: 355.0330994

INTRODUCTION

Indonesia has experienced an astonishing transformation over the last fifteen years. Once among the political laggards of Southeast Asia under the regime of Suharto, it has turned itself into the best-functioning democracy in the region. Compared with Malaysia and Thailand's political logjams and the one-party rule of Cambodia, Vietnam and Singapore, Indonesia is a home for vigorous and healthy political competition. There have been three peaceful transfers of power in mostly well-organised and fair elections, and free expression and the media are flourishing; non-government organisations and social movements such as organised labour are increasingly prominent. There are signs of growing political awareness and assertiveness on the part of the electorate, exhibiting a number of interesting examples of the use of new media to campaign around issues and grievances.¹

These changes were facilitated and strengthened by major institutional reforms, including direct presidential election, which helped to clarify the respective powers of the legislature and the executive. The withdrawal of the military from national politics was successfully negotiated. The introduction of direct election for the heads of regional governments reflected the enormous transfer of administrative authority from the central government in Jakarta to the regions. Indonesia has undergone a simultaneous process of central regime change and geographic decentralisation of power. Other reforms strengthened mechanisms to enforce the transparency and accountability of government, including reinforcing the powers and resourcing of the national audit agency (BPK) and the establishment of an Anti-Corruption Commission (KPK), Ombudsman, Constitutional Court, and Judicial Commission.

The country's political metamorphosis, along with successive years of healthy economic growth, has created a new sense of self-confidence, even assertiveness, among the Indonesian political elite. Indonesia has resumed a leading role in ASEAN, has become a member of the G20, and is pushing for greater prominence in the Islamic world. These developments have drawn international attention to the country and created a feeling that Indonesia is a new rising power which could, in time, join the ranks of world leaders. For the world's fourth most populous country, Indonesia's profile until now has been remarkably low and, apart from the tourism of the island of Bali, its international image is virtually non-existent. International recognition of its achievements is not before time, and a widening of that awareness beyond political and policy circles is well overdue. But we are apparently witnessing early signs that 'this is at last Indonesia's moment on the world stage'.²

Amid the general optimism, however, the objective of this issue brief is to sound a warning about serious underlying political problems that could jeopardise the progress of recent years. We should not forget the reality that countries do not become heavyweights in the global political economy because of a sound democratic record, but from the brute force of total Gross Domestic Product (GDP), international trade and finance. Democratic India was marginalised in global affairs until its economy began to grow, while China under one-party rule is being talked about as a new superpower because its economy is beginning to rival that of the United States. Likewise, Indonesia is gaining respect because projections of its recent economic growth into the next decade would make it one of the world's larger economies.³

This issue brief argues, however, that Indonesia today is in danger of losing momentum because the institutional, political and policy underpinnings of future growth have been neglected. While the political hardware of a reformed constitution, democratic competition, rule of law, and institutions of accountability have been firmly established, the software of democratic institutionalism retains many bugs. The groups of people that cause these institutions to function have changed very little, and the mentality of the political class remains locked in the politics of patronage and the division of spoils among an entrenched oligarchy. This issue brief concentrates on one particular aspect of weakness in the democratic software: the problematic role of political parties. Specifically, it asks whether political parties are equipped to play their role in recruiting a viable choice of presidential candidates. It concludes that democratic decisionmaking processes in the parties are being overwhelmed by money politics, dynastic and clan in-fighting, and the incapacity to accommodate political and personal differences in order to build inclusive internal party coalitions.

The 2014 elections have thrown a spotlight onto a critical weakness of political parties in Indonesia and onto the limitations of the process by which the country transformed itself from autocracy to democracy. Indonesia has a great deal to show the world about how political change can be brought about peacefully and the means by which institutions of democracy can be established and consolidated in a manner that is inclusive of a divergent range of social, cultural, religious and regional interests. However, there is a danger that the country may also become a salutary lesson in how the people who take power in a new order can fail to tackle the prosaic but crucial policy questions – questions that will ensure the economic and social stability necessary to underpin a continuing democratic future.

1 Stephen Sherlock, 'The parliament in Indonesia's decade of democratisation: people's forum or chamber of cronies?', in E. Aspinall and M. Mietzner (eds) *Problems of Democratisation: Elections, Institutions and Society*, (Institute of South East Asian Studies, Singapore, 2010), p. 171.

2 Anthony Reid, 'Indonesia's new prominence in the world', in A.Reid (ed), *Indonesia Rising: The Repositioning of Asia's Third Giant*, (Institute of Southeast Asia Studies, Singapore, 2012), p. 1.

3 Joshua Keating, 'The Indonesian Tiger', *Foreign Policy*, December 2010.

INDONESIA'S THIRD TRANSITION: A TIME OF UNCERTAINTY

Indonesia today is facing its third historic transition since the end of the Suharto regime in 1998. The first was the transition to democratic elections in 1999 and the second occurred with the change to a directly elected presidency in 2004. The third transition in 2014 represents the end of the first entire cycle of a two-term directly elected presidency and the transition to a new popularly elected administration. The first two post-new order Presidents were elected through parliamentary vote, so the 2014 election brings the first handover of power between two directly elected Presidents. This is a time of uncertainty, not only because of questions regarding who will take power, but because it is the first test of the new post-Suharto order and its capacity to handle such a transition successfully.

In a presidential system with fixed terms, such as in Indonesia, the constitutional process relies on the political class to produce the choices for a changeover of leaders according to a strict—and arbitrary—timetable, rather than allowing it to occur in response to the tide of political events, as tends to be the case in a parliamentary system such as in the United Kingdom or Australia. Linz has observed that fixed presidential terms 'mean that the political system must produce a capable and popular leader every four years or so'.⁴ If the choice of voting citizens is to be genuinely democratic, the option to choose between leaders ought to be presented to the voters. This creates expectations that the conduit for the recruitment process—the party system—will be able to fulfil this role in consonance with the election cycle.

In Indonesia, the centrality of parties in the process is reinforced by legislation that makes it impossible to enter the presidential race outside the framework of the party system. In the US case, a highly institutionalised two-party system with broad coalition parties has evolved over many decades within the framework of a presidential constitution. The pre-selection process of the US primaries allows a modicum of public input into an otherwise internal party mechanism. Even assuming the best intentions on the part of the political elite, Indonesia has not had sufficient time to test and refine the political mechanisms of its particular version of presidentialism, nor to nurture the informal practices, unspoken agreements and conventions that develop with usage and experience. The question is: how well will the Indonesian party system cope with its role in managing the transition to the next five or ten year cycle?

4 Juan Linz, 'The Perils of Presidentialism', *Journal of Democracy*, 1, 1, 1990, pp. 51–69.

STALLED REFORM AND POLICY PARALYSIS

The need for a successful transition of power is especially urgent because, in political and policy terms, the last few years have not been encouraging. Despite growing international standing, feelings about the domestic political scene in Indonesia are markedly downbeat. The excited talk of *reformasi* (reform) has largely evaporated and has been replaced by disappointment over lack of further progress, entrenched corruption, and the continuing stranglehold of the self-serving political elite. Recent academic analyses of Indonesian politics have talked of 'stagnation'⁵, 'regression',⁶ 'missing...political accountability'⁷ and obstruction by 'anti-reformist elites'.⁸

To some extent the ebbing tide of euphoria reflects the fact that Indonesia is now a 'normal' country,⁹ no longer a place of exciting hopes and fears, but a country where politics has assumed the prosaic reality of coalition-building,¹⁰ division of the spoils of office, and wrangling over policy differences. In other words, politics has played out in what are regarded as 'advanced' democracies.

The era of political and constitutional *reformasi* has passed: for this reason there is a need to shift attention to the stalled progress in implementing policy to address the increasing gamut of urgent national problems. The SBY administration was marked by policy paralysis and its apparent incapacity to respond to the long agenda of unfinished business. Issues include: the distorting effects of oil price subsidies on the state budget and foreign exchange; the dilapidated state of roads, rail, seaports, and airports; poor-quality government services such as health and education; unemployment; lack of development in remote regions; environmental degradation; and urban pollution and congestion. An especially alarming development was the indecisive and ineffectual response by the SBY administration to the rise of religious intolerance and persecution of minorities, which threatens the pluralist compact on which the stability of the post-independence Indonesian state has been based.

5 Dirk Tomsa, 'Indonesian politics in 2010: the perils of stagnation', *Bulletin of Indonesian Economic Studies*, 46:3, 2010, pp. 309–28.

6 Greg Fealy, 'Indonesian politics in 2011: democratic regression and Yudhyono's regal incumbency', *Bulletin of Indonesian Economic Studies*, 47(3), pp. 333–53.

7 Sandra Hamid, 'Indonesian politics in 2012: coalitions, accountability and the future of democracy', *Bulletin of Indonesian Economic Studies*, 48(3): pp. 325–45.

8 Marcus Mietzner, 'Indonesia's democratic stagnation: anti-reformist elites and civil society resilience', *Democratization*, 2012, 19(2), pp. 209–29.

9 Andrew McIntyre & Doug Ramage, 'Seeing Indonesia as a normal country: Implications for Australia', Australian Strategic Policy Institute, Canberra, 2008.

10 Hamid, *op. cit.*, 'Indonesian politics in 2012'.

Many studies have considered the sources of policy paralysis and deficiency in service delivery in terms of problems caused by decentralisation, the need for civil service reform and the overhaul of government administration. Particular blame is usually apportioned to national and regional parliaments, as well as to ministerial and cabinet decisionmaking and, of course, to corruption and waste of state resources. It is generally agreed that the most telling weakness of Indonesian democracy today is a lack of transparency and accountability in decisionmaking. Politicians understand that they must be popular if they are to be elected, but act as if achievement of office confers carte blanche to distribute resources without being answerable to anyone. Government officials resent having to make and implement policy under new levels of scrutiny from the media, the public and the parliament.

THE FAILINGS OF THE PARTY SYSTEM AND THE 2014 ELECTION

The presidential election to be held in 2014 entails the current regime handing over power to a new set of national leaders; it thereby represents both an opportunity and a burden of great responsibility. The rest of this issue brief is devoted to the particular question of the capacity of the political elite to produce new leadership with the capacity to grasp the initiative on the agenda of urgent policy issues.

Observation of the first fifteen years of electoral politics reveals a very mixed picture of the capacity of the parties to foster and produce successive lineups of candidacy for national leadership. The major problem appears to be that the parties have a 'winner takes all' attitude to party leadership and to presidential candidacy. The corollary of this is that losing contenders conclude they have no alternative but to leave and form their own party.

In the first transition of 2004, for example, the eventual winner, SBY, did not emerge into the first rank of political choices until quite late in the process. This was in part because his obvious choice of party, PDIP, was unable to accommodate him without threatening the prospects of the entrenched leaders of the party, Megawati and her husband Taufik Kiemas. This led him, apparently reluctantly, to relent to pressure from ex-PDIP supporters and join forces with the new Democrat Party, which had been created as a vehicle for SBY's candidacy.¹¹

A succession of new parties has been formed by presidential candidates who could not find a place within the existing parties. Hanura was created by former general Wiranto after he split with Golkar following his weak performance as Golkar's presidential candidate in the 2004 election. Another presidential aspirant from Golkar, Prabowo Subianto, also left the party to form his own party, Gerindra, as a vehicle for his candidacy in the 2009 election. A further 'presidential' party established by a former Golkar leader has recently been added to the list with the creation of the National Democrat Party (Nasdem) by media tycoon Surya Paloh in order to support his likely bid for the presidency in 2014.

The existing major parties maintain a poor record in two important respects: first, producing credible candidates for national office; and second, maintaining inclusive and cohesive internal coalitions, both of which are necessary for attracting winning levels of voter support. Golkar has driven a succession of leaders from its ranks and has now elected a leader, enormously wealthy businessman Aburizal Bakrie, who appears to have very little prospect of election in 2014. This is a clear sign of the fatal weakness in Golkar's political culture: it has produced a leader who can win internal elections through the power of money but whose credibility as a vote-winner among the people is extremely low.

Even a party as apparently youthful as Democrat—having been formed in 2003 with none of the historical baggage carried by Golkar and PDIP—has foundered over the task of establishing a post-SBY leadership. The problem of money politics has overwhelmed all of the figures who were touted as successors to SBY. The rising stars of the party, Anas Urbaningram, Muhammad Nazaruddin, Angelina Sondakh and Andi Mallarangeng have each been politically destroyed by convictions for corrupt use of funds for political purposes or by damaging allegations. SBY himself seems to have fallen for the fatal temptation of dynastic politics, pushing his son, Edhie Baskoro, into leading party positions in apparent disregard for voter perceptions of such practices.

The Islamic parties have been afflicted by their own range of similar problems. PKB is a tragic lesson of the fate of parties dominated by one extended family and unable to resolve the tensions produced by competing ambitions that inevitably arise in politics. The party has repeatedly split, with each splinter appearing to believe that the party's most loyal voter base—traditionalist Muslims in East and Central Java—would automatically adhere to it. With the death of Abdurrahman Wahid, the party has lost its one dominant national figure and shows no sign of being able to replace him. Because of the party's failings, a clear constituency of voters and a political tradition dating back from before independence has been left without what was once a united voice.

PAN was strongly identified with its prominent founder, Amien Rais, who for a short time after the fall of Suharto was seen as a leading presidential contender. But in the 1999 and 2004 parliamentary elections the party failed to win a significant slice of the vote—six per cent and seven per cent respectively—and Amien's presidential bid attracted only 15 per cent, well behind the leading contenders, SBY and Megawati. The party has survived Amien's subsequent retirement from politics, but it has failed to produce any outstanding national leaders. In fact, the party has become notorious for its propensity to select celebrity candidates in national and regional elections, few of whom perform effectively in office.¹²

¹¹ Jun Honna, 'Inside the Democrat Party: power, politics and conflict in Indonesia's Presidential Party', *South East Asia Research*, 20, 4, 2012, p. 475.

¹² 'PAN feels heat after two of its celebrity politicians in drug arrests', *The Jakarta Post*, 28 January 2013.

PKS is an interesting and unusual case because it has captured a loyal following—principally pious Muslims in urban areas—largely on the basis of ideas and policy, without the attractions of a charismatic leader. While PDIP, PKB and PAN combined an appeal to a well-defined social/religious base with prominent leaders—Megawati, Adburrahman Wahid and Amien Rais respectively—PKS has built itself behind stolid figures such as Hidayat Nur Wahid. The party has attracted a great deal of scholarly attention.¹³ The literature has focused on issues such as PKS's organisational capacity and the dilemmas the party faces in trying to broaden its base beyond an Islamic constituency while retaining its core support. Studies of the party have almost wholly ignored the personal qualities and electoral appeal of its leaders.

The party rose from obscurity in 1999 and continues to argue a relatively well-articulated view of politics, but its very character as a cadre-based party limits its capacity to produce a compelling leadership choice in the presidential race. Its strengths in organisational and ideological terms mean that PKS is less likely to suffer the personality based schisms that weaken other parties, but these features also discourage the emergence of a figure capable of capturing the wider electorate's imagination. The party is likely to remain a stable force in parliamentary politics but will continue to find it difficult to be a major contender in the more personalised atmosphere of a presidential poll.¹⁴

In the case of PDIP, the problem has been less money politics than dynastic politics. The figures who gained favour from the dominant Sukarno clique were members of their own family, such as the uninspiring Puan Maharani. A new generation of talented potential leaders committed to the party's ideals of pluralist nationalism has languished in frustration behind an immovable front rank that retains the franchise on the dynastic name. As mentioned, PDIP could not find a place for the man who went on to win two elections and, until recently, still seemed to be backing Megawati as candidate, a person who failed election three times, under both the indirect and direct electoral systems.

PDIP has been very fortunate that at least one new figure from its ranks has managed to achieve national prominence largely by his own abilities, rather than through sponsorship by the party. Joko Widodo—popularly known as Jokowi—who rose to prominence with his election to the position of Governor of Jakarta in September 2012, attracted attention in his previous position as Mayor of Solo, Surakarta, in Central Java. In that position he gained a reputation for non-corrupt, effective government and for his popularity among the people of the city. In his campaign for the Governorship of Jakarta he was seen as a fresh uncorrupted figure opposed to the old circles of entrenched power represented by his main contender, the incumbent Governor, Fauzi Bowo. With his election as Governor of Jakarta and his populist, unorthodox style in that office—including publicly embarrassing obstructionist senior bureaucrats—he achieved national attention and became touted in the media as a presidential candidate. From early 2013 he began to appear in many polls as one of the leading contenders for public support.

It is notable that despite Jokowi's nationwide reputation, PDIP took a long time to accept that he was the party's only hope of winning in 2014. Just as SBY's ascent in 2003–04 was seen by some within PDIP as a threat, the party was initially divided about whether to support Jokowi's candidacy for Jakarta Governor in 2012. Although Megawati reportedly championed his candidacy, her husband Taufik Kiemas was deeply opposed. From the time of the 2012 gubernatorial election Taufik was also vocal in his attempts to disparage any suggestion that Jokowi was an appropriate candidate for the 2014 presidential election. He instead advocated Puan Maharani. Taufik's death in June 2013 removed him from the equation. Meanwhile, Jokowi's support in opinion polls continued to rise and, with Megawati's position languishing in relation to the other main contender, Prabowo, the party saw that it had little option but to back Jokowi. Moreover, there were concerns within the party that Democrat or Golkar might offer Jokowi the position of candidacy for their party. The first clear sign that Megawati was committed to Jokowi came at the September 2013 national working meeting (*Rakernas*) of the party, when she effusively praised Jokowi, declaring he possessed the 'vibrations' of her father, President Sukarno.¹⁵ Jokowi himself rejected suggestions that he would stand, and expressed annoyance at being diverted from attention to his job as Governor.¹⁶ By the end of 2013, Jokowi had not indicated his intentions, but nevertheless the common view was that his acceptance was inevitable.

13 Najwa Shihab, & Yunuar Nugroho, 'The ties that bind: Islamisation and Indonesia's Prosperous Justice Party (PKS)', *Australian Journal of Asian Law*, 10, 2, pp. 233–67, 2008. Sunny Tanuwidjaja, 'PKS in post-Reformasi Indonesia: Catching the catch-all and moderation wave', *South East Asian Research*, 20, 4, 2012, pp. 533–49. Michael Buehler, 'Revisiting the inclusion-moderation thesis in the context of decentralised institutions: The behaviour of Indonesia's Prosperous Justice Party in national and local politics', *Party Politics*, November 2012, pp. 1–20.

14 The poor performance of Hidayat Nur Wahid in the 2012 Jakarta gubernatorial election is an illustration of how difficult it is for one of the party's established leaders to perform well in the more personality-based direct executive elections at the national and regional level. With 12 per cent of the vote in the first round, Hidayat captured the support of only about half of the voters who identified themselves as PKS supporters (Lembaga Survei Indonesia, *Exit Poll Pilgub Jakarta*, 2012), p. 35.

15 'Megawati: Jokowi punya getaran seperti Bung Karno' (Megawati: Jokowi has Sukarno's vibrations), *Kompas Online*, 6 September 2013, available at: <http://nasional.kompas.com/read/2013/09/06/1536589/Megawati.Jokowi.Punya.Getaran.seperti.Bung.Karno>

16 'Jokowi: Jangan tanya-tanya masalah itu lagi' [Jokowi: Don't keep asking about that issue], *Kompas Online*, 15 March 2013, available at: <http://nasional.kompas.com/read/2013/03/15/18033254/Jokowi.Jangan.Tanya-tanya.Masalah.Itu.Lagi>.

CONCLUSION

At the time of writing, the party system has failed to put forward a spectrum of candidates that offers a breadth of choice to the electorate, with only one prospective candidate appearing to have much popular credibility. Until mid-2013, most polls were topped by Megawati (reflecting the resilience of a core PDIP social base¹⁷), Prabowo (testimony to voter recognition, if not charisma) and, increasingly as 2013 has worn on, by Jokowi. Support levels have varied widely in different polls, which indicates their limited reliability, but none of the three often exceeded 20 per cent. Both Megawati and Prabowo are, for different reasons, deeply problematic as viable options for the presidency. Megawati's poor performance as President from 2001 to 2004, together with the drastic slump in support for PDIP under her leadership—from 32 per cent in 1999 to 19 per cent in 2009—suggest that she would attract little more than diehard PDIP supporters to vote for her. Prabowo may have the personal profile and financial resources to mount a serious bid, but his human rights record during the Suharto era may well be an electoral liability and would certainly cause problems for the conduct of foreign policy under any administration he headed. Bakrie is seen as a greedy capitalist; Wiranto a relic of the past; and both Jusuf Kalla's and Hatta Rajasa's names evoke a combination of the two: none has registered more than 10 per cent support in public opinion polls. A few relatively newer figures such as former Chief of the Constitutional Court and defence minister in the Abdurrahman Wahid administration, Mahfud MD, state enterprises minister Dahlan Iskan, and dynastic figures such as Puan Maharani, Edhie Baskoro and SBY's wife, 'Ani' Kristiani Herrawati, languish in single figures.

Jokowi does not carry any negative baggage, has not made any obvious mistakes as Governor of Jakarta, and may well emerge triumphant in 2014. But his slight political experience as mayor of a middling provincial city and his short period of service as Governor of Jakarta does not seem sufficient for a position of such immense responsibility as President of Indonesia. There is a strong sense that Jokowi's appeal derives from a sense of desperation – in both his party and in popular opinion – that there is no other viable figure, and that the only alternative would be the deeply problematic figure of Prabowo. Jokowi could be elected merely because he is the only candidate without major political negatives. If, as seems increasingly likely, he receives and accepts PDIP's nomination, he will still have limited connections and authority within the party itself. He holds no formal office in the party and as president might find it difficult to assert his control over the dominant figures in the party organisation.

The voters' current choice is thus a range of worn-out and unappealing figures, plus one fresh but inexperienced neophyte who was initially reluctant to stand. After fifteen years of democracy, it should be a point of concern that the party system as a whole could not produce a new generation of leaders and that the only scenario involving a new figure centres on an inexperienced provincial leader who was promoted as a candidate because of the absence of an alternative. The only encouraging element in this scenario is that the rise of Jokowi could constitute the beginning of a trend in which national leaders are recruited from the ranks of provincial executives and/or legislatures.¹⁸

This issue brief is not alone in raising concerns about the unclear choice of contenders for the 2014 election, but much of the previous writing has concentrated on the personal qualities of the leaders. What this issue brief has shown is that the problem is not merely an unfortunate coincidence of personalities, but rather the product of structural weakness within a party system that appears incapable of performing the vital role of recruiting a choice of leaders in whom a majority of the electorate can place its confidence. A fixed-term presidential system demands that parties produce leaders according to a precise electoral schedule, but the selection processes within Indonesian parties necessary to achieve this has been have been subverted by money politics, dynastic ambitions, and a systemic neglect of the task of developing policy alternatives.

The problem with the party system is possibly the most critical example of the limitations of post-Suharto political reforms. As mentioned above, the hardware of constitutional and institutional structures are in place and there is no significant anti-regime or anti-democratic sentiment – inchoate or organised – but the software of the system is still beset by operational problems. The people who make institutions work have become very adept at manipulating the system for short-term and sectional gain, and the old autocratic players have 'reorganised' themselves to survive and prosper in the new democratic environment.¹⁹ Despite institutional reform, the informal rules of the political game as played out under the New Order regime remain essentially unchanged. The Suharto method was collusive but also sufficiently inclusive of potential oppositional forces to ensure they did not openly challenge the status quo.²⁰

17 Marcus Mietzner, 'Ideology, money and dynastic leadership: the Indonesian Democratic Party of Struggle, 1998–2012', *South East Asia Research*, 20, 4, 2012, pp. 511–31.

18 Another figure with some such promise is the Governor of Central Java, Ganjar Pranowo. He was elected to the office as a PDIP candidate in August 2013, after serving as PDIP member for a Central Java constituency in the national parliament (DPR) from 2004. Ganjar had been a party activist in Yogyakarta since his student days in the early 1990s, supporting Megawati in her fight for leadership of the party against the faction supported by the Suharto regime.

19 Richard Robison and Vedi Hadiz, *Reorganising Power in Indonesia: The Politics of Oligarchy in an Age of Markets*, (Routledge Curzon, 2004, London and New York), Vedi Hadiz, *Localising power in post-authoritarian Indonesia: A Southeast Asia perspective*, (Stanford University Press and Institute of Southeast Asian Studies, 2011).

20 Edward Aspinall, *Opposing Suharto: Compromise, Resistance and Regime Change in Indonesia*, (Stanford University Press, 2005).

Today there is a continuing tendency towards collusive consensus among the political elite rather than open competition and debate, especially over questions of policy. As Aspinall has argued, 'the legacies of a political transition that kept the old Suharto regime's ruling elite and patrimonial governing style largely intact continue to bedevil democratic governance'.²¹ Coalition-building has been random, 'promiscuous', opportunistic, and determined by division of the spoils of office rather than reflecting coalitions of interests committed to policy outcomes.²² During his entire decade in power, SBY remained determined to govern with all-inclusive coalition cabinets, regardless of the cost to effective decisionmaking. Ministerial posts, and the resources attached to them, continue to be treated by ministers as their personal fiefdoms. In these circumstances, policy development and coordination is extremely difficult and the possibility of reform of government administration seems remote. And, as has been argued here, the parties through which the political elite operates have not been able to foster generational renewal within their own ranks and thus have been very slow in producing a spectrum of new leaders from which the electorate can choose. Unless these tendencies are overcome, the policy paralysis of the last few years will continue and the economic progress that has drawn attention to Indonesia's 'ascent' will stagnate or even regress. Conditions are nowhere near so dire as to threaten the basis of Indonesian democracy, but if democratic institutions are seen as failing to deliver prosperity and opportunity to a young growing population there could be dangers of instability ahead. There are positive lessons and salutary warnings to be taken from the example of Indonesia.

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Politics, security and defence in Indonesia: Interactions and interdependencies

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National Security College Issue Brief
No 4 May 2014

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National Library of Australia Cataloguing-in-Publication entry

Authors: Gindarsah, lis.
Title: Politics, security and defence in Indonesia: Interactions and interdependencies [electronic resource] / lis Gindarsah
ISSN/ISBN: ISBN 978-1-925084-06-1
ISSN 2203 - 4935 (print)
ISSN 2203-5842 (online)
Series: National Security College issue brief (Online)
Notes: Includes bibliographical references.
Subjects: National security--Australia--21st century.
Military planning--Australia.
Political leadership--Australia--21st century.
Australia--Politics and government--21st century.
Other Authors/Contributors: Australian National University, National Security College
Dewey Number: 355.0330994

INTRODUCTION

Indonesia is likely to face a complex and dynamic strategic environment in the future. Despite national political and economic reforms, domestic security problems including civil tension, religious radicalism, and terrorism continue to pose dangers to the wellbeing of the Indonesian people. Meanwhile, a dominant theme in East Asia in recent years has been changing power structures; in this regard Indonesia is concerned with the implications of long-standing territorial disputes, their attendant military threats to regional stability, and cohesion within the Association of Southeast Asian Nations (ASEAN).

Given this strategic context, the following discussion will consider the means by which the Indonesian government seeks to preserve the country's strategic autonomy in its external affairs by developing strategic frameworks in both the foreign and the defence realms. While actively engaging in multilateral cooperative mechanisms at regional and global levels, Indonesia is striving to modernise its military capabilities and to renew its industrial base for indigenous defence. In the following sections this issue brief will discuss the nature of Indonesia's strategic autonomy in light of its external affairs.

INDONESIA'S ONGOING SECURITY LANDSCAPE

Indonesia remains susceptible to domestic and external pressures. In recent years the country has undergone major structural reforms leading to increasingly active legislative bodies and democratic elections, ongoing decentralisation, and the expansion of a market-oriented economic system. Regardless of these achievements, communal tensions and regional dissent continue to occur.

Local elections have often been marred by violent incidents committed by the proponents of competing candidates. A recent example is the series of violent acts perpetrated in the months prior to the Aceh gubernatorial election in 2012; a trend which also occurs in conflict-prone areas such as the Moluccas, Sulawesi and Papua. Although democratisation and decentralisation have taken root in Indonesia, maintaining public order remains a major challenge at the local level.

Aceh appears relatively stable in comparison with Papua, where there have been a string of shootings against non-Papuans, soldiers and police officers. The peaceful resolution of on going conflict eludes Papua, despite the adoption of political and economic policies intended to establish amity in the region. This lack of success is due to deep mistrust and a perception gap between the government and pro-independence movements.

Religious radicalism has also grown in recent years. Religious minorities, including Ahmadiya and Shia communities have suffered from frequent attacks, while Christian churches continue to experience intimidation by Islamist groups. Despite ongoing investigations, the Indonesian government appears to lack a coherent strategy with which to address what are multidimensional ethnic, religious, economic and political problems. With extensive diversity within Indonesian society, communal conflict will continue to occur if the root causes remain unresolved.

The increasingly blurred line between religious vigilante and terrorist groups is also likely to complicate Indonesia's counterterrorism strategy. Terrorist groups, which enjoy indirect support from local Muslim clerics, have been known for their violent actions as a means of enforcing a fundamentalist agenda. Recent developments indicate that terrorist groups seek to exploit vigilante attacks against religious minorities as a way of recruiting new operatives. Regardless of the significant reduction in terrorist attacks in recent years, the Indonesian government requires innovations in counter-terrorism strategy if it is to cope with future threats.

The Indonesian Navy and other maritime authorities are struggling to cope with the substantial problem of natural resources theft. According to some estimates, Indonesia annually loses US\$2–3 billion from illegal logging and US\$8 billion from illegal fishing.¹

Incidents of maritime piracy have increased in recent years. In 2012 a total of 71 cases of actual and attempted attacks against commercial vessels took place in Indonesian waters. This number represents an eighty per cent increase from the 19 incidents occurring in 2009.² Indonesia's capacity to maintain order within its archipelagic boundaries is critical in avoiding the need to provide alternative justification for a foreign maritime military presence.

Meanwhile, recent developments in regional politics suggest that the major powers will increasingly favour strategic competition over cooperation. With the rapid pace of its economic growth, China continues to expand its military power. The Chinese Navy, for instance, is expected to become the paramount regional power by the 2020s, and the predominant global naval power by the 2050s. Meanwhile, as part of its pivot and rebalancing strategy, the United States seeks to revitalise its alliance with countries in the region. It has recently undertaken key initiatives to restructure its regional military presence, including the rotation of 2,500 marines in Darwin and up to four littoral combat ships in Singapore.

1 See Alda Chan, 'Illegal Logging in Indonesia: The Environmental, Economic and Social Costs' (Washington DC: Blue Green Alliance, April 2010), p. 9, 'Forest Groups Call on Oz to Ban Illegal Timber Import', *The Jakarta Post* (16 August 2010), 'RI Seeks Ties to Fight Illegal Fishing', *The Jakarta Post* (5 March 2008), 'RI Forms New Courts to Fight Illegal Fishing', *The Jakarta Post* (18 October 2007).

2 See 'Annual Report on Piracy and Armed Robbery against Ships Asia: January-December 2012', (Singapore: ReCAAP Information Sharing Centre, 2013), p. 12.

As competition for military and economic prevalence among the major powers looms large, Indonesia is aware that East Asia will become the theatre for this pursuit of primacy, polarising regional nations. The different responses of Southeast Asian countries to repositioning of the US military presence illustrate the divergence of their strategic perceptions and preferences. Moreover, persisting territorial disputes over the South China Sea continue to test the cohesion of ASEAN. Although Indonesia secured a consensus on the key principles for drafting a Code of Conduct regarding the South China Sea, diplomatic differences among the members of the regional grouping re-emerged in late 2012 over the means of resolving overlapping claims.

In summary, Indonesia has become increasingly exposed to multifaceted security challenges in recent years. While confronting huge domestic problems, the Indonesian government must uphold civil order and security across the archipelago. With ongoing structural changes to the power balance in East Asia, Indonesian policymaking is likely to become further complicated in the future.

INDONESIA'S STRATEGIC INTEREST AND POLICY APPROACHES

Located between the Indian and Pacific oceans, Indonesia is geostrategically situated across key sea lanes of commerce and communication. Although the country's position offers enormous economic potential, it places substantial challenges on the Indonesian government to maintain national sovereignty and territorial integrity. Owing to its geostrategic imperative, Indonesia is also susceptible to geopolitical changes in the region; the changing relationship between China and the United States has recently become the source of particular regional concern. Not unlike its Southeast Asian counterparts, Indonesia prefers a cooperative relationship, rather than strategic rivalry between the major powers.

In this context, the main interest of the Indonesian government is the maintenance of the country's strategic autonomy. That policy aspiration is drawn from Indonesia's past experiences with dependence upon great foreign powers. President Sukarno's policies of adventurism and leniency towards the Soviet Union and China have led to domestic instability and economic catastrophe. Although the then New Order regime forged closer defence ties with the United States and its allies, in the early 1990s it suffered from arms embargoes due to its repressive counter-insurgency campaign in East Timor.

Having learnt the need to maintain a balance of competition and cooperation, the Indonesian government currently undertakes two policy approaches that seek to preserve the country's strategic autonomy. First, it adopts values of 'liberal institutionalism' in foreign policymaking to promote cooperative relations among countries and develop a cohesive international order. Second, given the past experience of arms prohibitions and recent strategic developments, the Indonesian government relies on an approach of 'classical realism' to enhance its military capabilities and strengthen indigenous industries for national defence. These strategic approaches have taken root in Indonesia's foreign and defence policy realm.

KEY TRENDS OF INDONESIA'S FOREIGN POLICY

'Independent and active' (*bebas dan aktif*) remains Indonesia's sacrosanct foreign policy principle underlying its aspiration for strategic autonomy. Nowadays, the principle has evolved into two key policy expressions: 'one million friends; zero enemies'; and 'dynamic equilibrium'. The first phrase reiterates the country's commitment to build amity and cooperative international relations. The dynamic equilibrium doctrine seeks to restrain strategic competition for dominance among the major nations in an attempt to avoid a preponderance of political, economic or military power. Hence, the Indonesian government stresses confidence-building, peaceful conflict resolution, and cooperative security mechanisms as means to enhance peace and stability at global and regional levels.

In this sense, ASEAN is a cornerstone for Indonesia's foreign policy. Through the Declaration on the Zone of Peace, Freedom and Neutrality (ZOPFAN) and the Treaty of Amity and Cooperation in Southeast Asia, Indonesia promotes the renunciation of the threat or use of force and the peaceful settlement of conflicts and disputes in the region. Not unlike other ASEAN members, Indonesia also commits to refrain from the acquisition and development of nuclear arsenals under the Treaty on the Southeast Asian Nuclear Weapon Free Zone (SEAN-WFZ). In recent years it has actively urged those states recognised by the Nuclear Proliferation Treaty (NPT) as possessing nuclear weapons to adopt obligations pursuant to the treaty and refrain from using or threatening to use nuclear weapons against any nation party to the treaty or within the SEAN-WFZ.

Moreover, as part of the ongoing plan to achieve a cohesive ASEAN Community by 2015, Indonesia remains strongly committed to implementation of the ASEAN Political–Security Community blueprint. While promoting democracy, good governance and human rights values, the Indonesian government continuously contributes to conflict prevention and cooperative security mechanisms. Recently, it has played a central role as the mediator to regional conflicts, including Cambodia-Thailand border tensions, territorial disputes over the South China Sea, and Rohingya repression in Myanmar. Through ASEAN-centred multilateral forums, Indonesia discusses and promotes potential areas of cooperation among ASEAN members and extra-regional partners, such as disaster relief, navigation safety, fisheries management, combating transnational crimes, and counterterrorism.

In East Asia, Indonesia's diplomacy policy aims at developing a norms-based regional order through inclusive security cooperation. In this regard the Indonesian government believes that ASEAN should be 'the driving force' shaping strategic initiatives for regional architecture building.³ However, ASEAN-driven multilateral frameworks including the East Asia Summit (EAS) and the ASEAN Regional Forum can only be capable of performing this role if Southeast Asia remains 'free from any form or manner of interference by [great] powers'.⁴ Given the need to establish that prerequisite, at the EAS in 2011 the Indonesian government proposed adoption of the Bali Principles, which promote peaceful interaction among the key countries including China and the United States. More recently, it has also promoted the concept of an Indo-Pacific treaty of friendship and cooperation to strengthen dynamic equilibrium among the major regional powers and thereby preserve the centrality of ASEAN.⁵

Aside from its regional diplomacy, Indonesia also promotes its strategic interests and contributes to global peace initiatives through active engagement in international multilateral frameworks, including the United Nations (UN). The UN Convention on the Law of the Sea (UNCLOS) has been instrumental for the Indonesian government to preserve the country's sovereignty and territorial integrity. In a related manner it places great importance in the three pillars of the NPT: non-proliferation; disarmament; and the peaceful use of nuclear technology.

Beyond the NPT and IAEA Additional Protocols, Indonesia has recently ratified the Comprehensive Test Ban Treaty and joined the Convention on Nuclear Safety, the Convention on the Physical Protection of Nuclear Materials, and the Joint Convention on the Safety of Spent Fuel Management and Radioactive Waste Management. The country's participation in international agreements on nuclear safety and security is consistent with its energy development plans, which include the construction of nuclear power plants. Its central role in nuclear disarmament includes agitating on behalf of the Non-Alignment Movement regarding the slow progress of nuclear disarmament, and urging nuclear weapons states to dismantle their nuclear arsenal based on the principles of transparency, irreversibility and verifiability.⁶

3 See 'Annual Press Statement of the Foreign Minister of the Republic of Indonesia, Dr R.M. Marty M. Natalegawa', 4 January 2012, available at: <http://www.kemlu.go.id/Documents/PPTM%202012/PPTM%202012%20-%20English.PDF>, accessed 29 March 2012.

4 See '1971 Zone of Peace, Freedom and Neutrality Declaration', adopted by the Foreign Ministers at the Special ASEAN Foreign Ministers Meeting in Kuala Lumpur, Malaysia on 27 November 1971, available at: <http://cil.nus.edu.sg/rp/pdf/1971%20Zone%20of%20Peace%20Freedom%20and%20Neutrality%20Declaration-pdf.pdf>, accessed 29 March 2012.

5 See Marty Natalegawa, 'An Indonesian Perspective on the Indo-Pacific', *The Jakarta Post* (20 May 2013).

6 See 'Statement by H.E. Dr R.M. Marty M. Natalegawa, Minister for Foreign Affairs of the Republic of Indonesia', at the 2010 Review Conference of the Parties to the Non-Proliferation of Nuclear Weapons Treaty in New York, 3 May 2010, available at: http://www.un.org/en/conf/npt/2010/statements/pdf/nam_en.pdf, accessed 15 March 2013.

Despite its strong commitment to the international non-proliferation regime, Indonesia remains unsupportive of counter-proliferation initiatives outside the universal legal framework. In the past, the Indonesian government rejected the US-led Proliferation Security Initiative for fears that it contradicts the established marine law and infringes its sovereignty based on the UNCLOS.⁷ Besides expressing deep concern over the expansion of the International Atomic Energy Agency's (IAEA) role at the expense of 'its utmost responsibility on safeguards, safety and the promotion of nuclear energy for peaceful purposes',⁸ it criticises the implementation of nuclear security in ways that undermine the rights of all NPT members to access peaceful nuclear technology. To date, Indonesia maintains the view that multilateral export-control mechanisms, including the Nuclear Suppliers Group and Australia Group are part of global cartels that seek to restrict technological transfer to the developing countries.

In the role of peacekeeping, Indonesia seeks to enhance its profile and commitment by increasing its troop contribution and undertaking additional international peacekeeping missions. Recently, it has sent warships to join in the Maritime Task Force of the United Nations Interim Force in Lebanon (UNIFIL), and transport helicopters to assist the United Nations Mission in Darfur (UNAMID). The Indonesian government also encourages an increased role of civilian personnel to support development and rehabilitation programs in post-conflict areas. In addition, the country's peacekeeping centre is expected to become the training ground and regional hub for peacekeeping troops in the Asia Pacific. Although peacekeeping is regarded by Indonesia as a crucial and expanding responsibility in international affairs, cooperative security mechanisms and peaceful conflict settlement remain central to Indonesia's foreign policymaking.

INDONESIA'S DEFENCE POLICY DIRECTION

Regarding military and defence measures, the Indonesian government seeks to attain strategic autonomy through five policy actions. First, it enhances the country's military capabilities through the process of defence modernisation. Based on Indonesia's long-term development plan, 2005–25, the key purpose of defence planning is to develop the armed forces with 'a respectable deterrence effect' to serve the nation's diplomatic agenda.⁹ In the period of 2010–24, the defence ministry aims to build the so-called 'minimum essential force' – a force structure with key military capabilities and an adequate level of operational readiness in order to achieve the country's immediate interests and defence objectives.¹⁰

7 See 'Indonesia Rejects US Request for Proliferation Security Initiative', *Xinhuanet*, 7 March 2006, available at: http://news.xinhuanet.com/english/2006-03/17/content_4313679.htm, accessed 15 March 2013.

8 See 'Statement by H.E. Mr Suharna Supratna, Minister for Research and Technology of the Republic of Indonesia', at the 54th Annual Regular Session of the General Conference of the International Atomic Agency in Vienna, 20 September 2010, available at: <http://www.iaea.org/About/Policy/GC/GC54/Statements/indonesia.pdf>, accessed 15 March 2013.

9 See Indonesia's Law No. 17/2007 on Long-Term Development Plan – 2005–2025.

10 See 'Minimum Essential Force 'Komponen Utama'', (Jakarta: Indonesia's Ministry of Defence, 2010), p. 7.

To that end, the armed forces have been conducting organisational reforms and arms modernisation programs. The latter includes the implementation of 'zero-growth' manpower policy and 'right-sizing' of military units. Indonesia's defence modernisation program will expand or upgrade the existing military platforms, continuing its ongoing acquisition of refurbished F-16 tactical fighters and C-130H airlifters. It will also selectively procure new weapon systems. The military's shopping wish-list also includes missile-guided frigates, tactical submarines, main battle tanks, self-propelled artillery systems, anti-air defence systems, and multi-role jet-fighters.

Second, thanks to the country's positive economic growth, the Indonesian government has gradually increased its annual defence budget to support its military modernisation plans. The top leadership has repeatedly promised to boost the country's defence spending to 1.5 per cent of Gross Domestic Product.¹¹ A recent forecast suggests that Indonesia's defence budget could reach US\$12.3 billion by 2017.¹² This budget projection certainly corresponds with Indonesia's defence planning to complete the 'minimum essential force' structure by 2024. From 2010 to 2014, for instance, the defence ministry is expected to spend a total of US\$17 billion for weapons procurement and maintenance programs.

Third, Indonesia's defence officials seek to avoid the path of dependence on a single source for arms and military materials. Recently, Russia and China have become the country's emerging arms suppliers. While the latter sold C-705 and C-802 anti-ship missiles, Russia has recently signed arms deals to supply additional Su-30MK2 jet-fighters and BMP-3F amphibious infantry fighting vehicles to the Indonesian Air Force and Marines. South Korea is also another beneficiary of Indonesia's expanded procurement strategy. In 2011, for instance, it purchased Korean-made T-50 Golden Eagle advanced jet-trainers to replace the existing Hawk Mk-53 fleet.

Despite the past experience of arms embargoes, it is unlikely that Indonesia would ignore its defence relationship with the United States and European countries. In addition to 24 refurbished F-16 jet-fighters, the US government has recently approved Indonesia's request for the purchase of AGM-65K2 Maverick and FGM-148 Javelin anti-tank missiles. Indonesian defence officials have also finalised plans to procure and upgrade the German Army's surplus Leopard 2 main battle tanks and three light frigates from existing BAE Systems.

Fourth, the Indonesian government is seeking to reduce gradually its reliance on arms imports by rebuilding its defence industrial base. In recent years it has undertaken a number of policy initiatives, including restructuring programs and financial assistance packages. These initiatives were critical in resolving mismanagement issues lingering for more than a decade in state-owned defence firms. In 2011, for instance, the Indonesian parliament approved legislation to commit US\$1 billion to the country's aerospace manufacturer (PT DI), naval shipbuilder (PT PAL), and land system manufacturer (PT PINDAD).¹³

More importantly, a new law for the defence industry was passed in 2012. It outlines a range of requirements, including a commitment to prioritise local sources in any state acquisitions, the potential for partial privatisation of state-owned defence firms, and the provision of offset-structured industrial collaboration in all defence imports. Moreover, the law underlines that the government is committed to procure from indigenous defence firms unless the required defence article is not resident in Indonesia.¹⁴

Fifth, Indonesia promotes its national interests through defence cooperation and diplomacy with multiple strategic partners. The Indonesian government is very keen to forge defence industry collaboration. Indonesia and South Korea have recently launched a joint development project of the 4.5th generation jet-fighter (KFX/IFX), in which Indonesia contributes 20 per cent of the overall costs in return for technologies and licences to procure the aircraft.¹⁵ Having signed the strategic partnership in 2005, Indonesia and China are now planning to establish a collaborative defence industrial facility for the development of surveillance and electronic warfare systems.¹⁶

Indonesia's defence firms have also taken advantage from the offset programs linked to its major arms imports. The purchase of nine C-295 air carriers, for instance, has benefited PT DI through the offset program provided by Airbus Military.¹⁷ Through the on-going procurement of a Sigma 105-class frigate and three Type 209/1300 diesel-electric submarines, PT PAL has acquired relevant knowhow and technologies necessary for manufacturing the Navy's future guided missile frigates and undersea naval platforms.¹⁸ Moreover, under a technological transfer agreement, Indonesia could indigenously manufacture Chinese-developed anti-ship missile systems to equip the Navy's 24 KCR-40 fast attack crafts.¹⁹

11 See 'Presiden: Saatnya Anggaran Pertahanan Naik Signifikan', *Kompas* (5 May 2010).

12 See 'Russia, Indonesia Agree to Expand Cooperation', *Jane's Defence Weekly* (30 January 2013).

13 See 'Resuscitating the Long-neglected State Defence Industries', *The Jakarta Post* (5 October 2011).

14 See Indonesia's Law No. 16/2012 on Defence Industry.

15 See 'South Korea and Indonesia Launch Joint Fighter Aircraft Programme', *Jane's Defence Weekly* (3 August 2011).

16 See 'Indonesia, China Plan Joint C4ISR Military Electronics Facility', *Jane's Defence Weekly* (9 May 2012).

17 See 'Indonesia and Airbus Military Reach C-295 Production Agreement', *Jane's Defence Weekly* (26 October 2011).

18 See 'Ministry, Daewoo Sign \$1B Contract for 3 Submarines', *The Jakarta Post* (21 December 2012).

19 See 'Indonesia and China Confirm C-705 Missile Production Collaboration', *Jane's Defence Weekly* (28 September 2011).

Aside from defence industrial cooperation, Indonesia also expands its military-to-military relationship with key countries. With Southeast Asian counterparts, Indonesia has developed extensive military exchange programs, regular bilateral exercises and coordinated maritime patrols. In cooperation with Malaysia and Singapore, it has recently expanded the scope of the coordinated Malacca Straits Patrol with the inclusion of hotline communication, aerial surveillance, and the participation of Thailand.

As part of the 'comprehensive partnership', the Indonesian government has recently intensified its military ties with the United States through bilateral and multilateral frameworks. These include International Military Education and Training (IMET), Cooperation Afloat Readiness and Training (CARAT), the Rim of the Pacific (RIMPAC) military exercises, and 'Garuda Shield' military exercises. Even during the period of arms embargoes, Indonesia continued to benefit from US-sponsored counter-terrorism training programs, Joint Combined Exchange Training (JCET), and 'Cobra Gold' multilateral exercises.

Equally significant are the 'Sharp Knife' counter-terrorism exercises that Indonesia and China are currently discussing, with the potential for conducting a coordinated maritime patrol and joint naval exercise. In addition to the Lombok Treaty, Indonesia and Australia have recently signed a defence cooperation agreement. In 2012, four Indonesian Su-30MK2 jet-fighters took part in the 'Pitch Black' air-combat exercise in northern Australia. These developments highlight the growing defence and military relationships between Indonesia and strategic partners in the region.

CONCLUDING REMARKS

With steady economic growth for the foreseeable future, Indonesia will confront new domestic and external challenges. In a democratic climate, a wide array of domestic security problems will complicate the Indonesian government's decision-making processes. No less significant is the on-going geopolitical change in East Asia, which has exerted external pressure upon Indonesia. As competition among the major powers will always remain, Indonesia has begun to devote considerable resources to the future direction of regional politics. These strategic developments have been fostered by a burgeoning apprehension of the importance of strategic autonomy among the country's strategic policymakers.

Indonesia's complex security outlook suggests that it requires a coherent strategic framework. The Indonesian government has given preference to two sets of policy approaches: liberal-institutionalist foreign policy and classical-realist defence policy. The former stresses confidence-building measures, cooperative security mechanisms, and peaceful means of conflict settlement so as to build a cohesive international order. Hence, Indonesian foreign policy officials actively engage in ASEAN-centred regional processes and the UN multilateral framework to promote the country's strategic interests as well as aspirations for global order.

In relation to issues of security, Indonesia's defence officials maintain a realistic, if not pessimistic view of the future geostrategic environment. Indonesia's long-term defence planning suggests that the armed forces will need to increase the acquisition of sophisticated military technology and expand military power projection within Indonesia's region of influence. Moreover, the defence ministry's ongoing plans to rebuild the indigenous base for its defence industry will contribute to lessening Indonesia's reliance on arms imports.

The adoption of two diverse policy trajectories unnecessarily represents a disconnection within Indonesia's strategic thinking. Despite this, defence cooperation and military diplomacy remain key instruments of the country's foreign policy. Indonesia's military modernisation not only serves the purpose of deterrence, but also closes the loopholes of multilateral cooperative security strategy and anticipates the less likely event of major international conflict.

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Security fault lines: Unresolved issues and new challenges

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National Security College Issue Brief
No 5 May 2014

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National Library of Australia Cataloguing-in-Publication entry

Authors: Lowry, Robert.
Title: Security fault lines: Unresolved issues and new challenges [electronic resource] / Robert Lowry.
ISSN/ISBN: ISBN 978-1-925084-07-8
ISSN 2203 - 4935 (print)
ISSN 2203-5842 (online)
Series: National Security College issue brief (Online)
Notes: Includes bibliographical references.
Subjects: National security--Australia--21st century.
Military planning--Australia.
Political leadership--Australia--21st century.
Australia--Politics and government--21st century.
Other Authors/Contributors: Australian National University, National Security College
Dewey Number: 355.0330994

INTRODUCTION

For the purposes of this issue brief, 'security fault lines' are defined as political cleavages that have the propensity to be expressed violently in extreme conditions. The focus is on the premeditated and systematic use of violence for political ends, while acknowledging that criminality is an inevitable companion of such action. Cathartic outbreaks of violence, such as that following the recent regime change in Indonesia, are mentioned only peripherally, as they derive primarily from frustration and the inability of governments to adapt effectively or quickly enough to changing domestic or international circumstances, rather than from sustained, willful attempts to overthrow a government or split the nation.

The key security fault lines in Indonesia have been religious, ideological, social, racial, ethnic, and regional.¹ Since independence was declared Indonesia has struggled to reconcile the competing tensions inherent in and across these fault lines.² In the midst of the war of independence (1945–49) the nascent state had to combat two internal rebellions: one undertaken by the communists; and another by Darul Islam seeking to establish an Islamic state.

Having achieved independence, Indonesia endured a number of rebellions—many involving mutinous military officers and units—and other conflicts, until the Aceh peace agreement was signed in 2005.³ The annexation and liberation of East Timor was unique because it was never part of the colonial inheritance, nor was it recognised by the United Nations.

The two current intractable fault lines are constituted by Papua and Islamic extremism. No new fault lines are evident but some old ones could become more attractive or be revived. For example, should modernisation not succeed, or not succeed fast enough, or exacerbate structural inequalities, then support might grow for alternatives that could include the adoption of an Islamic state (Sharia Law), populist nationalism, or separatism, or a combination of these potential outcomes. Although it currently appears unlikely, in this context political revival by the army—the only organisation to usurp state power successfully—could not be ruled out.

MILITANT ISLAM

Although 90 per cent of Indonesians profess Islam, adoption of an Islamic state or Islam as the official religion of the state was rejected by the founding fathers, who feared that it would alienate non-Muslims and incite separatist movements.⁴ The Muslim community was also divided on the issue depending on the extent of orthodoxy or syncretism in their adherence to the tenets of the faith.⁵ Consequently, a number of groups resorted to violence to force the adoption of Islamic law, even though a democratic forum for this program existed in the early 1950s.⁶

Darul Islam was the most prominent expression of this type of movement. When its demands for an Islamic state were rejected in 1949 it launched a guerrilla campaign that lasted until its leader, Kartosuwiryo, was captured and executed in 1962. In the early years, defeating Darul Islam was impeded by tensions between the government and the military and sympathisers in the Islamic parliamentary parties who shared its demand for Islamic law.⁷ Nevertheless, in the constitutional debates curtailed by the declaration of Guided Democracy in 1959, Islamic parties could only muster 43 per cent of the vote in the Constituent Assembly for the inclusion of Islamic Law in the constitution. Thereafter, the major Islamic parties were outlawed or corralled during Guided Democracy and the New Order, and after 1998 the major parties abandoned the quest for Islamic law, leaving the field open to smaller, more radical parties.⁸

The internationalisation of Islamic extremism and the broadening of its agenda by some groups to include a Caliphate have added another dimension to the challenge of countering extremism in Muslim communities. Real and perceived injustices at home and abroad combined with the mobilising power of extremist interpretations of the Koran makes a powerful rationale for the use of violence. Advances in social media have also made it easier for such groups to disseminate messages and to conduct operations.

Consequently, although perpetrators of Islamic extremist violence have been suppressed and their doctrinal justifications countered, periodic acts of violence are likely to continue for many years to come. Because of its historical origins in Indonesia, this conclusion is unlikely to be affected by the reduction of US forces in the Middle East and Central Asia or democratisation in these regions.

1 For a recent iteration of this see *Perkembangan Lingkungan Strategis Tahun 2012*, (Lemhannas: Jakarta, April 2012).

2 For a historical perspective on the creation of Indonesian identity and its inherent tensions see R.E. Elson, 'Problems of Identity and Legitimacy for Indonesia's Place in the World', in Anthony Read, Ed., *Indonesia Rising: The Repositioning of Asia's Third Giant*, (Singapore: ISEAS, 2012).

3 See Harold Crouch, *The Army and Politics in Indonesia*, (Cornell: Ithaca, 1988), and *Political Reform in Indonesia after Suharto*, (ISEAS: Singapore, 2010).

4 M.C. Recklefs, *A History of Modern Indonesia Since c.1200* Third Edition, (Palgrave: Basingstoke, 2001), p. 262, and Azyumardi Azra, 'Islam, Indonesia and Democracy', *Strategic Review*, vol.1, no.1, August 2011, p. 73-80.

5 Herbert Feith, *The Decline of Constitutional Democracy in Indonesia*, (Cornell: Ithaca, 1962), p. 31

6 Personal ambition and regional issues were also interwoven with the declared aims in these revolts.

7 Feith, *The Decline*, p.412.

8 Mietzner, *Military Politics, Islam and the State in Indonesia*, (ISEAS: Singapore, 2009), p. 341.

SEPARATISM

There have only been two serious and prolonged secessionist movements in Indonesia: one in Aceh, the other in Papua. An earlier separatist revolt in Maluku was quickly defeated, although ineffectual remnants persisted until the early 1960s.⁹ This issue was revived when Maluku exploded in sectarian violence after the fall of Suharto, but it was a peripheral phenomenon raised for political advantage by both sides. After the fall of Suharto there were murmurings of possible independence movements, but the advent of democracy and decentralisation of government functions and revenue along with the proliferation of regional governments quickly defused these.¹⁰

ACEH

The revolt in Aceh erupted in 1953, seeking the adoption of Shari'a law, respect for local leaders, and recognition of Aceh as a Province. Compromises eventually resulted in a settlement by the early 1960s, but the centralising impulse of the New Order and its failure to involve the locals in resource exploitation sparked a renewed rebellion in 1976 demanding independence.¹¹

The rebellion by the Aceh Liberation Movement (*Gerakan Aceh Merdeka*, or GAM) was quickly contained and the leaders forced into exile, but the movement adapted and endured despite repressive measures taken by the New Order.¹² When Suharto resigned in 1998 the rebels and their sympathisers thought their hour had come and reinvigorated the campaign for independence. However, when in 2005 it became evident that Indonesian society was not going to disintegrate in Suharto's absence; that GAM could not win militarily, and that the international community was not coming to its assistance; under the pall of the Tsunami, GAM accepted the compromise of regional autonomy that Suharto had not been prepared to offer.¹³

9 Ramadhan KH, A.E., *Kawilarang: Untuk Sang Merah Putih*, (Pustaka Sinar Harapan: Jakarta, 1988), p.241.

10 The resource-rich provinces of Riau and East Kalimantan were mentioned but Riau was quickly split into two provinces, and North Kalimantan was split from East Kalimantan in 2013.

11 For a full account of the revolt in Aceh see Edward Aspinall, *Islam and Nation: Separatist Rebellion in Aceh, Indonesia*, (Stanford University Press: Stanford, 2009).

12 Robin Simanullang, *Sutiyoso The Field General: Totalitas Prajurit Para Komando*, (Pustaka Tokoh Indonesia: Jakarta, 2013), pp.153–65 gives a first-hand account of the hunt for the GAM leadership in 1978.

13 Aceh, like Jogjakarta, previously had special status but no meaningful autonomy.

PAPUA

Papua is the only other case where a serious long-term, but fragmented independence movement emerged and continues to wage a low-key, persistent struggle for independence.¹⁴ Papua was part of the Netherlands East Indies, but its accession to the new state of Indonesia was delayed by Dutch politics. The Dutch finally surrendered the region when Sukarno, under pressure from the PKI and the military, mounted a concerted diplomatic offensive backed by the infiltration of guerrilla forces and the threat of invasion. Pressure from the United States was crucial in averting military confrontation. Dutch victory would have discredited the Indonesian military and advanced the cause of the PKI; while Dutch defeat would have further demoralised a NATO ally.

The agreement brokered by the United States involved face-saving measures for the Dutch that included interim nominal United Nations administration for six months before Indonesia assumed governmental control in May 1963, and a plebiscite to be held within five years to gauge Papuan support for incorporation within Indonesia. The 1969 plebiscite produced an almost unanimous vote for incorporation from the representative body set up for that purpose. Although all parties, except Indonesia, admitted that the Act of Free Choice had not been free, the results were accepted by the UN and the international community.

The newly arrived Indonesian administration swept aside Papuan political and economic interests and the military plundered the province, setting the repressive standard for ensuing years.¹⁵ Small-scale armed resistance quickly emerged and has continued sporadically at a low scale ever since. There is no doubt that an act of free choice would result in almost unanimous support from the Papuans for independence, but Indonesia has repeatedly rejected this option. Successive governments have attempted to mollify the Papuans in various ways, none of which have succeeded.¹⁶

The Papuans do not possess the political cohesion to mount an effective challenge to Indonesian authority; their small numbers, divided allegiances and geographic fragmentation make it unlikely that they will be successful in the future.¹⁷ Meanwhile, the proportion of migrants to Papua is increasing, which inevitably and simultaneously weakens the political and economic clout of the Papuans and strengthens their sense of exclusion, neglect, and racial and religious identity.¹⁸ This can only compound the challenge of pacifying Papuan grievances.¹⁹

14 See Robin Osborne, *Indonesia's Secret War: The Guerilla Struggle in Irian Jaya*, (Allen & Unwin: North Sydney, 1985), and various International Crisis Group reports for the background and current assessments of the problems of managing Papua.

15 Jusuf Wanandi, *Shades of Grey: A Political Memoir of Modern Indonesia 1965–1998*, (Equinox: Jakarta, 2012), p. 99.

16 Eddie Walsh, 'Peace and stability in Papua requires a comprehensive policy approach', *Strategic Review*, vol.2, no.2, April-June 2012, pp. 68–77.

17 For a description of the effects of political fragmentation see 'Carving Up Papua: More Districts, More Trouble', *IPAC Report* No. 3, Jakarta, 9 October 2013.

18 Walsh, 'Peace and stability in Papua requires a comprehensive policy approach', p. 72.

19 *Ibid.*, p. 73.

Consequently, it is unlikely that Indonesia will be capable of eliminating periodic bouts of armed resistance; it faces the continuing challenge of managing the modernisation of Papua in a way that will incorporate Papuan political, economic and social aspirations and perhaps blunt the demand for independence.²⁰ While this conflict in itself is unlikely to threaten national unity, it is a continuing reminder of the tensions inherent in Indonesia's construction of nationhood, and diminishes its international credentials accordingly.

CATHARTIC VIOLENCE

Cathartic violence occurs intermittently across the archipelago, but by definition it is localised and generally short-lived. In a limited number of cases, such as Poso, unresolved tensions simmer and explode periodically.²¹ Such circumstances often arise from seemingly minor incidents such as accidents, the eviction of squatters, fights between individuals over rents, gambling, or access to women, but then take on larger dimensions because of underlying ethnic or religious tensions or conflicting economic interests resulting from land disputes, access to surface mining resources, electoral competition, or other forms of economic and social inequality. In many cases national political and economic interests are engaged and the police and military are compromised.

Individually such incidents do not represent a direct challenge to the state unless their frequency and intensity is sufficient to worry investors or undermine the government's legitimacy.²² The issuing of Presidential Instruction Number 2 of 2013 relating to the management of communal disturbances is an indication that such incidents have reached this threshold, especially in the lead-up to the 2014 elections, and that better leadership and coordination is needed to deal with such incidents and their causes.

TNI

The Indonesian National Armed Forces (*Tentara Nasional Indonesia* – TNI) has been a key political actor since the revolution and the only organisation to usurp the authority of the state successfully. It conducted a staged withdrawal from formal politics between 1998 and 2004, but continues to play an informal political role and has yet to complete the transition to full democratic control.²³ It also maintains a legislated supporting role in internal security and counter-terrorism under Police direction.

Issuance of the presidential instruction mentioned above was necessitated by ineffective political and institutional leadership and coordination in pre-empting and overcoming incidents of violent political or social unrest. It was also made necessary, in part, by the refusal of parliament over several years to pass a draft bill on national security designed to outline the division of responsibilities between the various departments, levels of government, and agencies for maintaining national security. The bill has been rejected by community groups fearful that it allows the army to return to national politics; and it has also been rejected by the police, who fear that the army will try to usurp its responsibility for internal security.

The purposes of the bill could be achieved by identifying shortcomings in existing legislation and instituting specific amendments, rather than by pushing for an umbrella law. However, delays in passing the bill are as much about competition for resources – public and private – between the police and the military as they are about fears of a political revival by the army.²⁴ Until this problem is resolved and the funding for both forces is provided solely by the state, fundamental reform of the police and the military will remain stalled.

THE FUTURE

In their book 'Why Nations Fail', Acemoglu and Robinson posit that it is the absence of inclusive political and economic institutions that entrenches poverty and tyranny.²⁵ Their thesis is that plural inclusive political and economic structures of power, accompanied by effective government, are essential to fostering the 'creative destruction' that unleashes the genius of the people to create and sustain prosperity. They warn that the predictive power of their thesis is limited because of the variability of 'small differences' and 'contingencies'. The book is not without its critics, but it has not been substantively rebutted and for the purposes of this issue brief its thesis will be used to explore where Indonesia stands in this regard, and what its current condition might tell us about its future prospects for sustaining peace and security.

Indonesia began its journey back to democracy in 1998 and has recovered from the 1997–8 Asian Financial Crisis, posting growth rates of over six per cent in recent years. However, it confronts a number of obstacles that it will need to overcome before it can be said have created sustainable and inclusive political and economic institutions supported by effective government.

20 For proposals in this regard, see Bambang Darmono, 'Solving Papua's problems', *Strategic Review*, vol.2, no.2, April–June 2012, pp. 78–84; see 'Otsus Plus: The Debate over Enhanced Special Autonomy for Papua', IPAC Report No. 4, Jakarta, 25 November 2013.

21 The tensions in Poso have also been exacerbated by its use as a haven for terrorist training or terrorists on the run, see 'Weak, Therefore Violent: The Mujahidin of Western Indonesia', IPAC Report No. 5, Jakarta, 2 December 2013.

22 The Wahid Institute reported that there were 274 incidents of religious intolerance in 2012 compared to 121 cases in 2009. 'Public blames Yudhoyono for rising religious intolerance', *The Jakarta Post*, 11 November 2013.

23 Mietzner, *Military Politics, Islam, and the State in Indonesia*, p. 380; and Crouch, *Political Reform in Indonesia after Suharto*, p. 177.

24 Passage of the draft law was also complicated by the inclusion of provision for establishing a National Security Council. It should have been the subject of a separate bill or administrative arrangement.

25 Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity and Poverty*, (Profile Books: London, 2012).

Access to politics remains restricted by the way in which political parties function as personal fiefdoms or private companies, rather than as open organisations reliant upon membership in which aspiring leaders can emerge based on merit.²⁶ The source of party finances is often unclear; becoming a party candidate and running for election requires resources that are often obtained with strings attached. The only way such debts can be repaid is through corruption or by supporting policies inimical to the public interest.²⁷ On the positive side, such political parties need to maintain broad geographic representation, which restricts their ability to represent particular sectional interests and forces them to adopt relatively centrist policies.²⁸

Economic institutions also continue to exhibit traces of their past reliance on resource and wealth extraction rather than seeking to establish a sustainable economic environment. In general terms the economy comprises a large state enterprise sector, large Chinese conglomerates, large indigenous conglomerates, a mixed small and medium business sector, and a broad micro informal and subsistence farming sector. Only the first three have decisive political impact, although the other sectors rely upon political connections, especially outside Jakarta, and the micro informal sector constitutes an index of those living on the margins.

State enterprises retain many active business functions that create opportunities to syphon off funds – either directly or through out-sourcing arrangements – for the benefit of individuals or political parties. Although the Indonesian Chinese community represents less than four per cent of the population, it is over represented in the large private sector. The advent of democracy has seen most of the restrictions on Indonesian Chinese cultural and religious life lifted, but its economic dominance feeds economic nationalism and contributes to the retention of 141 state enterprises, many of which are inefficient loss-making entities that oblige Chinese businesses to pay protection money to the police, military, politicians, and other state agencies.²⁹

As with the rest of the business sector, indigenous business conglomerates were badly affected by the Asian Economic Crisis, but more especially by the loss of political patronage when Suharto was forced from office. Many of these businesses have since been revived or restructured and have established new political patronage networks linking the elite through political parties, the bureaucracy, the judiciary, state enterprises, and the security services.

The Corruption Eradication Commission (*Komisi Pemberantasan Korupsi* – KPK) has shone a light on many of these illicit practices and jailed a number of offenders in senior positions of power.³⁰ However, although an anti-corruption strategy was released in December 2012, it has so far had little impact on what is an endemic problem.³¹

A telling cipher for the myriad deficiencies in the political and economic spheres is that members of the TNI are not subject to civil law for civil offences, are not subject to investigation by the KPK, and are effectively immune to charges of abuse of human rights. Unsurprisingly, this bastion of the authoritarian past will not become subject to recent democratising norms until the military is fully funded by the state, freeing it from the necessity of competing with the police and others to obtain illicit funding, and closing the gap between what the state provides and what its members think they need.³² Although the TNI no longer operates formal business structures beyond those associated with its cooperatives, many of its members maintain additional sources of income, some of which are illicit and hidden, or complicitly shared to preclude exposure.

Apart from tensions arising from these transitional obstacles, there are a number of contingent factors that could cause a breakdown of social order; some of these are beyond human control, such as natural cataclysms and pandemics, and others are embedded in the social structure, or could arise as a consequence of modernisation.

Fortunately, Indonesian Islam is overwhelmingly Sunni: as a consequence intra-Muslim violence is not a major fault line. Nonetheless, the violence inflicted on its small minorities is a measure of continuing intolerance, political cynicism, and ineffective law enforcement. In the absence of challenges to domestic Islam there is little impetus for the Islamic community to unite. It can also afford to be tolerant of other minorities, although this is more often observed in the breach than in the observance.³³

26 A recent court ruling relating to the allocation of votes within parties might help to loosen the grip of party bosses.

27 Mahfud MD, a 2014 presidential hopeful, has described the process of political recruitment as being based on 'dirty politics', 'Pemimpin Indonesia Lahir Dari System Transaksional', *Antaraneews*, 21 January 2013.

28 Jon Fraenkel and Edward Aspinall, 'Comparing Across Regions: Parties and Political Systems in Indonesia and the Pacific Islands', *CDI Policy Papers on Political Governance*, 2013/02, (ANU: Canberra, 2013).

29 'Laba bersih 141 BUMN tidak capai target', *Antaraneews*, 28 December 2012.

30 Since 2002, 'At least 360 Indonesians jailed for corruption: VP', *The Jakarta Post*, 31 October 2013.

31 'Indonesia ranking 118 negara bebas korupsi', *Antaraneews*, 9 December 2013.

32 General Moeldoko surprised many when he freely disclosed his personal wealth to be about \$3.6 million in parliamentary hearings examining his suitability to be promoted to chief of the TNI in 2013. This included contributions from businesses during the New Order arranged by one of his former superiors; 'Selamat Datang, Panglima Tajir', *Tempo*, 2 September 2013.

33 'Indonesia: Defying the State', *International Crisis Group Asia Brief No. 138*, Jakarta/Brussels, 30 August 2012.

Should economic modernisation falter, or fail to meet expectations fast enough, or fail to breakdown glaring inequalities for whatever reason, then the political reaction could be to seek alternatives.³⁴ Economic nationalism continues to have some attraction across the political spectrum, despite grudging surrender to a more liberal trading and investment climate since the beginning of the New Order. Although it will be difficult for any political party or presidential candidate to claim ownership of economic nationalism, some will try forcing others to follow.³⁵ In the absence of class-based parties it is unlikely that a leftist party of the Hugo Chavez variety will arise, but economic nationalism could be combined with calls for a more Islamic agenda, or nationalist parties could claim the mantle of both.

Separatism could be revived either by rebellion or, as Robert Cribb has canvassed, by Java declaring independence from the rest of Indonesia.³⁶ Cribb was not suggesting that the latter option is imminent, but was outlining the costs and benefits of running a geographically fragmented and racially and ethnically diverse empire and the conditions under which elites might decide that the costs are not worth the benefits. There are no signs of this eventuating and there are no signs, apart from Papua and possibly Aceh, of a revival of historically based or new separatist movements.³⁷

At first glance Indonesia's geographic fragmentation and ethnic diversity appears to make it a prime candidate for separatist movements, but this is illusory. Indonesia's strength is that it has only one large geographically confined ethnic group, the Javanese, located in Central and East Java (41 per cent of the population). The next largest is the Sundanese of West Java (15 per cent). All the other large islands comprise substantial numbers of much smaller ethnic groups. Consequently, although no other group has the strength to compete with the Javanese, their geographic concentration, despite domestic migration, means that the Javanese need to give due quarter to all the minorities if Indonesia is to remain united.

None of the separatist movements to date have had any real prospect of success, and in all cases emerged as a consequence of the failure of the central government to appreciate the political and economic interests of the regions concerned, rather than from any innate passion to break away.

The most prominent racial cleavage in Indonesia has been that of the Indonesian Chinese. They have not initiated violence, but have been the victims of it when larger political fault lines have arisen over political power, or economic rent, or both.³⁸ Rarely has anyone been brought to account in these instances. This fault line is and will continue to have an impact on Indonesia's modernisation for several reasons: as political eunuchs the Indonesian Chinese possess little power to change the overall political and economic arrangements of the country. They are therefore forced into alliance with the existing rent-seeking elites, further weakening the impetus for reform.

There is no indication that generational tensions, urbanization, or labour militancy will produce major fault lines in themselves, but they could give rise to occasional episodes of cathartic violence and add to other pressures promoting political reform or political alternatives. The use of social media could increase the frequency and intensity of these events, but it is equally likely that people will become more discriminating and cautious in responding to such incitement, and governments more adept at countering it.³⁹

Indonesia's fate depends on the extent to which the current political stasis can be attributed to either structure or leadership. An example of how effective leadership could challenge the status quo is the recent political renaissance in Jakarta, where the new gubernatorial team elected in 2012 has opened the budget and contracts to public scrutiny and greatly accelerated improvements in public administration, social services, and public works. Whether this reformative zeal can be implemented nationwide has yet to be seen, but it will inevitably encounter resistance.

Perhaps the best measure of when Indonesia has completed its democratic consolidation is not when power can be handed over peacefully after free and fair elections, which has happened, but when the government can subject the TNI to legal redress for civil offences, open it to investigation by the KPK, and end its de facto immunity from prosecution for contemporary, if not past, human rights abuses. That can only occur when the military is totally funded by the government and the justice sector is judged to be effective, fair, and impartial. Until that time there is always the potential for the siren call of the authoritarian past to be heard again.

In conclusion, Indonesia's time might have come and the security fault lines of the past relegated to the dustbin of history. However, reinvigorating the democratic reform agenda, managing Papua, and containing terrorism will be continuing challenges. Until Indonesia completes its democratic transition and provides the services that open and sustain inclusive political and economic institutions, the potential for various forms of civil unrest, including violent fringes accompanied by the resurgence of authoritarian impulses, are possibilities that cannot be ignored.

34 For example, a Centre for Strategic and International Studies economist has warned of increasing disparities and relatively low employment creation despite high growth rates: 'Pande Radja Silalahi, 'Pertumbuhan Semu', *Suara Karya Online*, 4 March 2013.

35 For example, the Deputy Chairman of the Regional Representatives Council (DPD) has urged the government to restrict foreign ownership in the mining industry: 'Government told to restrict foreign ownership in mining industry', *The Jakarta Post*, 20 February 2013.

36 Robert Cribb, 'Independence for Java? New National Projects for an Old Empire', in Grayson Lloyd and Shannon Smith (eds.), *Indonesia Today: Challenges of History*, (ISEAS: Singapore, 2001), pp. 298–307.

37 The International Crisis Group has cautioned against complacency in Aceh. 'How will Partai Aceh Govern?', *Tempo*, 19 April 2012. For the challenges in Papua see 'Indonesia: Dynamics of Violence in Papua', *International Crisis Group Asia Report No.232*, Jakarta/Brussels, 9 August 2012.

38 See Purdey, *Anti-Chinese Violence in Indonesia, 1996–1999*, (University of Hawaii Press: Honolulu, 2006) for analysis of the ambiguous status of Chinese-Indonesians and the origins of violence against them.

39 David Clemente, 'Compelled to control: conflicting visions of the future of cyberspace', (ASPI: Canberra, Special Report, October 2013) discusses various views on the utility and control of cyberspace.

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The foreign policy nexus: National interests, political values and identity

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National Security College Issue Brief
No 6 May 2014

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National Library of Australia Cataloguing-in-Publication entry

Authors: Poole, Avery.
Title: The foreign policy nexus: National interests, political values and identity [electronic resource] / Avery Poole.
ISSN/ISBN: ISBN 978-1-925084-02-3
ISSN 2203 - 4935 (print)
ISSN 2203-5842 (online)
Series: National Security College issue brief (Online)
Notes: Includes bibliographical references.
Subjects: National security--Australia--21st century.
Military planning--Australia.
Political leadership--Australia--21st century.
Australia--Politics and government--21st century.
Other Authors/Contributors: Australian National University, National Security College
Dewey Number: 355.0330994

INTRODUCTION

Indonesian foreign policy has changed substantially since the fall of Suharto in 1998. Early post-Suharto governments were preoccupied with the business of democratic transition—establishing democratic institutions, withdrawing the military from politics, and resisting the various threats to reform. In more recent years, however, foreign policy has attracted more attention, and the government—under President Susilo Bambang Yudhoyono, first elected in 2004—has tried to improve Indonesia's international image and enhance its role in Southeast Asia and in the world. The foreign policy priorities for 2013, set out by current Foreign Minister Marty Natalegawa,¹ reveal plans for what *The Jakarta Post* calls a more 'activist' approach to Indonesia's foreign relations.² This approach emphasises peace, prosperity and stability—in both the immediate region and globally—and Indonesia's role in pursuing these goals. Natalegawa argued that these aspirations reflected Indonesia's approach of 'dynamic equilibrium': the notion that 'dynamic changes in the region' can be managed but also embraced, thereby recognising the nexus between 'security, common interest and partnership'.³

There is an instrumental dimension to Indonesia's growing focus on foreign policy given the material benefits of a greater influence on the world stage. Obvious benefits derive from developing strategic relationships with major powers and seeking stability in the immediate region. Moreover, a higher international profile may boost economic growth through foreign investment and negotiated trading arrangements. However, the evolution of Indonesia's foreign policy also reflects shifting domestic political roles and interests. The changes associated with Indonesia's democratic transition have broadened the range of voices in the foreign policymaking process. The 'democratisation' of this process has revealed a genuine desire by many actors—parliamentarians, activists, representatives of nongovernmental organisations (NGOs)—to advance democracy and human rights as central political values in contemporary Indonesia.

To what extent, then, is Indonesian foreign policy shaped by these various factors? What impact does Indonesia's emerging 'democratic identity' have on its foreign relations, and does this represent a shift in political values? Moreover, to what extent might its foreign policy ambitions be constrained by continuing domestic challenges, such as corruption, terrorism and communal tensions? This article explores these questions by reviewing the recent development of Indonesian foreign policy, and analysing the roles of different actors and interests. I argue that Indonesia's 'democratic identity'—reflecting a set of democratic *values*—is certainly an important factor in its foreign policy, and thus influences Indonesia's changing role in the world. The democratisation of foreign policymaking—that

is, reflecting a democratic process—also shapes Indonesia's role, as a broader range of domestic actors are able to express their views and influence the decisions of political elites. However, domestic constraints are likely to continue to hinder Indonesia's foreign policy ambitions, and remind us that while Indonesia's democratic transition bodes well for its future, there are segments of the population who are not engaged in the democratic project, and/or do not benefit from the country's rising international status.

A 'MORE ACTIVIST' FOREIGN POLICY

In his annual press statement delivered on 4 January 2013, Marty Natalegawa set out Indonesia's foreign policy priorities. He outlined nine specific objectives for 2013, which are, in summary: to improve bilateral cooperation with strategic partners; to expand Indonesia's non-traditional export markets; to intensify border diplomacy with Indonesia's neighbours; to enhance protection of Indonesians overseas; to maintain peace and stability in the region; to 'consolidate democracy and human rights values in the region and at the global level'; to strengthen regional economic resilience and growth; to contribute to global peace, security, and justice; and to promote a 'just global economic and development order'.⁴

The statement thus set out Indonesia's vision as a positive force for regional stability – for example, in encouraging a resolution to the South China Sea disputes – but also as an increasingly vocal player in *global* issues, such as violent conflict and economic problems. Natalegawa refers to Indonesia's role in 'high-level forums' such as ASEAN; APEC, which Indonesia chairs in 2013; the G20; the WTO; and the UN.⁵ He argues that 'Indonesian foreign policy always makes [a] clear and concrete contribution' in the face of 'transnational and global issues...from natural disasters, food and energy security, to transnational crimes such as terrorism, trafficking and other types of threats'. Indeed, 'whatever the source of challenge...Indonesia has projected itself as part of the solution'.⁶ Clearly the Indonesian Foreign Ministry seeks to position Indonesia as an important actor in multilateral diplomacy. A few days after Natalegawa's statement, an editorial in *The Jakarta Post* described it as having 'outlined the nation's more activist foreign policy approach for 2013'.⁷

1 Marty M. Natalegawa, 'Speech of the Minister of Foreign Affairs: 2013 Annual Press Statement', (Jakarta, 4 January 2013), available at: <http://kemlu.go.id/Pages/SpeechTranscriptionDisplay.aspx?Name1=Pidato&Name2=Menteri&IDP=791&=en>.

2 *The Jakarta Post*, 'Editorial: RI's activism on Syria', (9 January 2013).

3 Marty Natalegawa, 'Speech of the Minister of Foreign Affairs'.

4 *Ibid.*

5 He also mentions the Pacific Island Forum (PIF), the Melanesian Spearhead Group (MSG), the Organisation for Islamic Cooperation, and the Non-Aligned Movement.

6 Marty Natalegawa, 'Speech of the Minister of Foreign Affairs'.

7 *The Jakarta Post*, *Editorial*.

In addition to these various security and economic concerns, the 2013 foreign policy objectives include what we may refer to as Indonesia's 'democracy agenda'. As mentioned, consolidating democracy and human rights values 'in the region and at the global level' form one of the nine priorities for 2013. Natalegawa's comments do not explicitly mention Indonesia's own democratic transition, but focus instead on Indonesia's role in encouraging 'democracy and political transformation in the region'.⁸ This involves advancing democracy and human rights as priorities in the ASEAN Political and Security Community – the creation of which was an Indonesian initiative; encouraging the development of the ASEAN Intergovernmental Commission on Human Rights and ASEAN Human Rights Declaration; and founding and hosting the Bali Democracy Forum. Indonesia also encourages democratic transition in Myanmar and—to a degree—in the Middle East following the Arab Spring. These initiatives reflect the promotion of democracy as a value, as well as a particular regime type.

'DEMOCRATIC IDENTITY' IN FOREIGN POLICY

This democracy agenda in contemporary Indonesian foreign policy must be seen in the light of the state's profound political changes since 1998.⁹ These changes have contributed to the promotion of a 'democratic identity' which is based on democratic values. While there is little scholarship that precisely defines the concept of 'democratic identity', Jarrod Hayes notes that 'the norms that inform democratic identity are agreed to include non-violent conflict resolution, rule of law, compromise, and transparency'.¹⁰ Similarly, in relation to Indonesia specifically, R. E. Elson argues that:

The strengthening of Indonesia's democratic identity...should become evident in the non-arbitrary exercise of the rule of law, a gradual decline in official corruption, an acceptance that universal norms of human rights are to be taken seriously and enforced, and the growth of a more vibrant civil society.¹¹

Thus, the political values associated with democratic systems are evident in the concept of democratic identity. While this identity may be perceived as constructed by political elites, researchers find that the underlying values resonate with the majority of the Indonesian public. For example, a 2012 poll undertaken by the Lowy Institute finds that 'Indonesians overwhelmingly believe in core democratic values'.¹² They have also embraced the opportunities afforded by greater political freedoms and participation; for example, civil society organisations increased sevenfold in the decade following the fall of Suharto.¹³

8 Marty Natalegawa, 'Speech of the Minister of Foreign Affairs'.

9 Since the fall of Suharto's 'New Order' regime in 1998, competitive elections have been held in 1999, 2004, and 2009; at the time of writing, the next elections are scheduled for 2014. There is now a separation of powers among the executive, legislature and judiciary, and the military is under civilian rule, albeit with some continued political influence, and no longer holds seats in parliament. There is a genuine multi-party system in which many political parties engage in free and fair contests. A series of changes to the 1945 Constitution – four since 1999 – have increased the power of the House of Representatives (DPR) and introduced a number of checks and balances. Robust debate among parliamentarians indicates the desire of the DPR to engage in debate, in contrast with its previous rubber-stamp role under Suharto. In terms of civil liberties, Indonesians now enjoy a free press and relative freedom of assembly and organisation. Civil society organisations have flourished. See, for example, Dewi Fortuna Anwar, 'The Impact of Domestic and Asian Regional Changes on Indonesian Foreign Policy', *Southeast Asian Affairs*, vol.2010 (2010), pp. 126–41.

10 Jarrod Hayes, 'Identity and Securitization in the Democratic Peace: The United States and the Divergence of Response to India and Iran's Nuclear Programs', *International Studies Quarterly*, vol.53, (2009), p. 982.

11 R. E. Elson, 'Problems of Identity and Legitimacy for Indonesia's Place in the World', in Anthony Reid (ed), *Indonesia Rising: The Repositioning of Indonesia's Third Giant*, (Singapore: Institute of Southeast Asian Studies, 2012), p.183.

12 The Lowy poll reports that 'almost every Indonesian adult (97 per cent) agrees that 'the right to a fair trial' is important in Indonesia. There is a similar near-universal agreement over 'the right to freely express yourself' (96 per cent), and 'the right to vote in national elections' (95 per cent). Notably, these views are powerfully held, with considerable majorities saying they 'strongly agree' with these rights. Of the four democratic values presented, the only one over which Indonesians are split is 'the right to a media free from censorship' (52 per cent agree and 43 per cent disagree), perhaps owing to concerns over media integrity in Indonesia picked up in other polling. However, we should also note that only 34 per cent of Indonesians believe that 'promoting democracy in other countries' is a 'very important' foreign policy goal: Fergus Hanson, 'Shattering Stereotypes: Public Opinion and Foreign Policy', Lowy Institute Indonesia Poll 2012 (Sydney: *The Lowy Institute for International Policy*, 2012), available at: <http://www.lowyinstitute.org/publications/indonesia-poll-2012-shattering-stereotypes-public-opinion-and-foreign-policy>.

13 Alan Collins, 'A People-Oriented ASEAN: A Door Ajar or Closed for Civil Society Organisations', *Contemporary Southeast Asia*, vol.30, no.2, (2008), p. 320.

This democratic identity is seen by political elites as beneficial to Indonesia's international image. As Don Emmerson notes, President Yudhoyono seeks to 'leverage his country's stature as the world's third largest democracy' in its foreign affairs.¹⁴ This stature is bolstered by Indonesia's global ranking as the fourth most populous nation. Indonesia is often seen as the most successful democratising state in Southeast Asia.¹⁵ Further, it is the most populous Muslim state in the world. As Greg Barton points out, Indonesia's recent political development demonstrates that—contrary to a widespread assumption—secular democracy and Islam are not incompatible.¹⁶ Indeed, the fact that Indonesia is a secular democratic state with a majority Muslim population places it in a rare position in international relations. Hassan Wirajuda, former foreign minister (2001–09), emphasised this as 'an important asset for Indonesia's foreign relations'.¹⁷ As President Yudhoyono argues, it enables Indonesia to be a 'problem-solver' and a 'peace-builder'.¹⁸ Indonesia is, notes Rizal Sukma, 'projecting itself as a moderating voice in the Muslim world, and as a bridge between the Muslim world and the West'.¹⁹

In international organisations and regional forums, post-Suharto Indonesian foreign ministers have advanced the notion that democratic values in Indonesia contribute to its growing international role. For example, in September 2006, Wirajuda told the UN General Assembly that Indonesia's international role had grown as a result of the inclusion of democratic values in foreign policy.²⁰ More recently, after succeeding Wirajuda, Natalegawa referred in a speech to the UN General Assembly in September 2011 to the political transitions in the Middle East and North Africa as a result of the Arab Spring. He reiterated Indonesia's support for democratic transformation in these states, pointing out that:

A decade or so ago now, Indonesia too went through a tumultuous process of democratic change. Today, as the third largest democracy, Indonesia is reaping the democratic dividends of such change. That is why we believe that political development, democratization, should constitute a priority item on our agenda.²¹

Natalegawa noted that Indonesia's creation of the Bali Democracy Forum—'the only intergovernmental forum for sharing of experience and cooperation in political development in Asia'—was part of this prioritisation.²²

Indonesia's democratic values are also promoted as part of its *regional* role. For example, in Natalegawa's statement at the UN Human Rights Council's Universal Periodic Review for Indonesia in May 2012, he argued that it was 'not without coincidence' that Indonesia's democratic transformation had been paralleled by change within ASEAN:

In 2003, while undergoing internal reform, Indonesia, as then Chair of ASEAN, introduced the concept of an ASEAN Community that is fully committed to democratic values and the promotion and protection of human rights. Since then, ASEAN has adopted its Charter, by virtue of which the member states committed themselves to democratic values and to the promotion and protection of human rights.²³

14 Donald K. Emmerson, 'Is Indonesia Rising? It Depends', in Anthony Reid (ed), *Indonesia Rising: The Repositioning of Indonesia's Third Giant*, (Singapore: Institute of Southeast Asian Studies, 2012), p. 59.

15 For example, Larry Diamond, 'Indonesia's Place in Global Democracy' in Edward Aspinall and Marcus Mietzner (eds), *Problems of Democratisation in Indonesia: Elections, Institutions and Society*, (Singapore: Institute of Southeast Asian Studies, 2010), pp. 23–4.

16 Greg Barton, 'Indonesia: Legitimacy, Secular Democracy, and Islam', *Politics & Policy*, vol.38, no.3, (2010), pp.471–96. Barton also refers to Turkey as challenging this assumption.

17 Rizal Sukma, 'Indonesia Finds a New Voice', *Journal of Democracy*, vol.22, no.4, (2011), p. 113.

18 Susilo Bambang Yudhoyono, '*Indonesia and the World*', *Keynote Address to the Indonesian Council on World Affairs (ICWA)*, (Jakarta: 19 May 2005), available at <http://www.presidentri.go.id/index.php/pidato/2005/05/19/332.html>.

19 Rizal Sukma, 'Domestic Politics and International Posture: Constraints and Possibilities', in Anthony Reid (ed), *Indonesia Rising: The Repositioning of Indonesia's Third Giant*, (Singapore: Institute of Southeast Asian Studies, 2012), pp. 81–2.

20 Michael J. Green & Daniel Twining, 'Democracy and American Grand Strategy in Asia: The Realist Principles Behind an Enduring Idealism', *Contemporary Southeast Asia* vol.30, no.1, (2008), pp.18.

21 Marty Natalegawa, 'Statement By H.E. DR. R. M. Marty M. Natalegawa Minister For Foreign Affairs Republic Of Indonesia At The General Debate Of The 66th Session Of The United Nations General Assembly', (New York: 26 September 2011), available at: <http://www.kemlu.go.id/Pages/SpeechTranscriptionDisplay.aspx?Name1=Pidato&Name2=Menteri&IDP=725&l=en>.

22 *Ibid.*

23 Marty Natalegawa, '*Statement by H.E. Dr. R.M. Marty M. Natalegawa, Minister for Foreign Affairs, Republic of Indonesia, at the 13th Session of the Working Group Meeting on the Universal Periodic Review for Indonesia*', (Geneva, 23 May 2012), available at: <http://www.kemlu.go.id/Pages/SpeechTranscriptionDisplay.aspx?Name1=Pidato&Name2=Menteri&IDP=769&l=en>.

Despite the political diversity of ASEAN states—among them democratic, ‘soft authoritarian’, socialist, and quasi-military regimes—Wirajuda asserted in 2006 that ‘we must envision an ASEAN that is democratic and respects human rights’.²⁴ Indonesia sees itself as the natural leader of ASEAN—given that it is the largest, most populous state and one of the founding member states—and seeks to promote its values at the regional level. At the same time, Indonesia represents the region to an extent in its growing global roles – for example, in its membership of the G20.²⁵ Thus, Indonesian foreign ministers advance the notion that Indonesia’s democratic transition and democratic values directly contribute to both its regional and international roles.

MOTIVATIONS AND CONSTRAINTS IN THE FOREIGN POLICY NEXUS

There has, then, been a profound change in Indonesia’s international image since the fall of Suharto. However, one may ask whether the ‘democratic identity’ forming part of Indonesia’s foreign policy objectives is an image constructed and projected for instrumental reasons, for example, to improve foreign relations, investment opportunities and so on. Or does this projected identity reflect genuine political values in Indonesia? In a sense, both are true. Rizal Sukma, a prominent Indonesian analyst and advisor in foreign policy, argues that:

The initial embrace of democracy was driven by considerations of national image, but as matters stabilized and *reformasi* began to produce more positive results, the levels of national conviction and confidence behind the ‘democracy talk’ began to grow.²⁶

Thus, while Wirajuda, Natalegawa and Yudhoyono have advanced the notion that Indonesia’s democratic transition could benefit its international image, the *political value* of democracy was gaining traction internally. This is apparently the case not only among political elites, but also within the general public, the majority of which continue to indicate their support for the democratic project.²⁷ Democracy has become both a political system and a projected identity.

When we consider Indonesia’s projection of a democratic identity in its own *region*, it seems even clearer that it is being motivated by more than mere instrumentalism. The political diversity of the ASEAN states has traditionally underpinned a regional norm of noninterference, including refraining from commenting on or criticising each other’s political circumstances. It is difficult to conceive of clear material gains vis-à-vis Indonesia’s relations with its neighbours from advancing democratic ideas within ASEAN. It seems that genuinely held political values in regard to democracy and human rights are behind Indonesia’s recent ‘norm entrepreneurship’ in the region. Sukma argues that ‘Indonesia now views its own regional neighbourhood through the lens of democracy’.²⁸ It promotes the inclusion of references to democracy and human rights in ASEAN’s core documents, such as the Charter, despite the tensions that this has caused at times with other ASEAN states.²⁹ This reflects Indonesia’s new political identity. Interestingly, Sukma claims—based on his interviews with foreign ministry officials—that Indonesia’s support for democracy in a regional context is ‘also a tactical move to help deter antidemocratic forces inside Indonesia from reversing political reform’.³⁰

24 Hassan Wirajuda, quoted in *Sinar Harapan* (Jakarta: 22 August 2006), cited in Sukma, *Indonesia Finds a New Voice*, p. 113.

25 As the only ASEAN state to be a member of the G20 (the Group of Twenty Finance Ministers and Central Bank Governors), Indonesia can potentially represent its neighbours on certain issues, especially when it is acting as chair of ASEAN. In February 2011, for example, *Reuters* reported that Indonesia had asked the other G20 members ‘to pressure financial market players to not speculate on food prices after rising costs for staples such as rice drove inflation in Southeast Asia’s biggest economy to a 21-month high last month’: *Reuters*, ‘Indonesia wants G20 to pressure mkts not to speculate on food’, 16 February 2011.

26 Sukma, *Indonesia Finds a New Voice*, p.113.

27 For example, the International Foundation for Electoral Systems found in 2010 that 75 per cent of those surveyed believe that Indonesia is a democracy, and 72 per cent prefer democracy as a system of government. Further, ‘a sizeable majority of Indonesians strongly (74 per cent) or somewhat (4 per cent) agree that voting gives them a chance to influence decision-making in Indonesia’: International Foundation for Electoral Systems, ‘IFES Indonesia: Electoral Survey 2010’, Washington, D.C., pp.15 and 34, available at: http://www.ifes.org/Content/Publications/Survey/2011/~media/Files/Publications/Survey/2010/20110119_Indonesia_Electoral_Survey.pdf

28 Sukma, *Indonesia Finds a New Voice*, p.113.

29 Avery Poole, *Institutional Change in Regional Organizations: The Emergence and Evolution of ASEAN Norms*, PhD dissertation, The University of British Columbia, Vancouver, Canada, (2013).

30 Rizal Sukma, ‘Political Development: A Democracy Agenda for ASEAN?’ in Donald K. Emmerson (ed), *Hard Choices: Security, Democracy and Regionalism in Southeast Asia*, (Stanford, CA: Walter H. Shorenstein Asia-Pacific Research Center, 2008), p.144.

The motivations for promoting Indonesia's status as a Muslim-majority democracy reflect both a constructed image and demonstrable change in political values. Particularly since the terrorist attacks in the United States on 11 September 2001 and the Bali bombings in 2002, many Indonesians have sought to resist the negative stereotypes of political Islam. In demonstrating its commitment to counterterrorism—for example, by attempting to eradicate terrorist groups such as Jemaah Islamiyah—the Yudhoyono government has sought to improve Indonesia's international image and capitalise on its positive example. The projection of its democratic identity is also partly an attempt to overcome the damage to Indonesia's international image, given the actions by the Indonesian military and militias following the independence vote in East Timor in 1999, and in other sites of separatist turmoil such as West Papua. The Indonesian government has sought to demonstrate that the military has now come under civilian rule, through the creation of democratic institutions.³¹

'DEMOCRATISING' FOREIGN POLICY

Thus, the nexus among domestic factors and foreign policy is complex and multifaceted. In large part, this is because of the democratisation of policymaking itself. Domestic politics has opened up to an increasingly wide range of views, and the number of actors participating outside government has increased. As Dewi Fortuna Anwar notes, the political changes in Indonesia since 1998:

Have led to a re-structuring of relations between state and society, between the central government and the regional governments, and between the various institutions of the state, which in turn has transformed the ways that decisions are made.³²

More specifically, democratisation has 'opened both the conduct of international relations and *foreign* policymaking to a larger number of actors' than were involved when Indonesia was authoritarian.³³ There is a broader range of voices attempting to influence foreign relations.

In the 2000s, elites recognised the need for wider public consultations and participation in the foreign policymaking process. Hassan Wirajuda made:

A conscious effort...to democratize the process of foreign policy making by actively consulting and engaging with think tanks, academics, religious groups, the media, and civil society organizations as well as with members of Parliament.³⁴

Marty Natalegawa later reiterated in one of his early speeches as Foreign Minister that he would continue this effort to democratise the foreign policymaking process, and incorporate the interests of various stakeholders.³⁵ During the ASEAN Charter process, for example, Indonesia was apparently the only member state that conducted extensive consultations with civil society groups, academics and politicians. Dian Triansyah Djani, the Indonesian representative to the ASEAN High Level Task Force which drafted the Charter, argues that these consultations shaped Indonesia's official position that democracy and human rights must be included in the Charter.³⁶

Of course, democratic reforms mean that the Foreign Ministry is more open to public scrutiny as well as public contribution. Moreover, democratic transition inevitably gives way to some instability as communal tensions and intolerance movements that were previously repressed by an authoritarian regime are able to gain more leeway. The establishment of democratic institutions and civil liberties may facilitate the expression of anti-reform views. For this reason democracy as a process may *undermine* democracy as a set of values. Sukma notes that Indonesia's 'democratic credentials' have been challenged by such problems as corruption, terrorism, communal tensions, weak law-enforcement and religious intolerance. He argues that 'these domestic challenges often threaten to undermine the democratic identity that Indonesia has carefully tried to project to the international community'.³⁷ However, relative to the immediate post-Suharto period, such problems have been addressed in the context of increasingly stable domestic politics. This has enabled the government to focus on foreign policy.³⁸

31 Anwar is a prominent Indonesian analyst and, at the time of writing, advisor to Vice President Boediono: see Dewi Fortuna Anwar, 'The Impact of Domestic and Asian Regional Changes on Indonesian Foreign Policy', pp.126–7.

32 *Ibid.*

33 *Ibid.*, Anwar was also an adviser to former President Habibie during his administration (1998–99). She has various roles in Indonesian foreign relations, research and academia: see Dewi Fortuna Anwar.

34 Anwar, *The Impact of Domestic and Asian Regional Changes on Indonesian Foreign Policy*, p. 131.

35 *Ibid.*

36 Dian Triansyah Djani, 'A Long Journey' in T. Koh, R.G. Manalo & W. Woon (eds), *The Making of the ASEAN Charter*, (Singapore: World Scientific, 2009), pp. 141–2.

37 Rizal Sukma, '*Indonesia Finds a New Voice*', p. 118.

38 Emmerson, 'Is Indonesia Rising?', p. 60–61; Anwar, *The Impact of Domestic and Asian Regional Changes*, pp. 126–7.

Moreover, Indonesia's economic growth and increasingly visible role in economic diplomacy are enhancing its international profile and providing incentives for other states to engage with Indonesia.³⁹ In recent years, strong economic growth rates—at more than 5 per cent since 2004 and 6.4 per cent in 2011⁴⁰—together with expanding trade have underpinned claims that Indonesia is an emerging economic power. It has also facilitated Indonesia's economic recovery from regional and global financial crises. As in other areas of foreign policy, there is an increasing number of actors with an interest in advancing economic diplomacy.⁴¹ Of course, widespread poverty and infrastructure problems persist,⁴² providing a challenge to Indonesia's future growth and to the equitable distribution of its growing wealth, and thereby to economic diplomacy. However, as Emerson points out, 'Indonesia's perceived ascent is largely a product of its interaction with, and its portrayal by, the outside world'.⁴³ Enthusiasts who are 'encouraging investment in Indonesia because they believe it has a promising future...help to ensure the very rise that they anticipate'.⁴⁴ Thus, perceptions play an important role in Indonesia's foreign policy nexus and prospects for its ascent.

Indonesia's contemporary foreign policy is influenced by a burgeoning range of actors, some of whom are advancing 'democratic identity' as a crucial aspect of Indonesia's international image. Democratic transition and economic growth have contributed to Indonesia's self-confidence in its foreign policy, and to perceptions that it is a rising power—potentially even the 'first Muslim and democratic superpower'.⁴⁵ The objectives of Indonesia's more activist foreign policy are more likely to be achieved as a result, demonstrating the benefits of promoting democracy as a set of values. However, we must also consider the impact of Indonesia's evolving democratic processes, which shape foreign policymaking. The projection of Indonesia's 'democratic identity' faces possible constraints. Some Indonesians seek to challenge the domestic democratic project; many have not yet benefited from its economic growth or rising international status. It is unclear whether the increased salience of democratic values in the polity can counteract the effect of these constraints in the long term. As we move closer to the elections in 2014, the foreign policy nexus will no doubt continue to evolve.

39 Peter McCawley notes that President Yudhoyono 'has made it clear to his ministers that he wants Indonesia to be an effective player in the G20'. He is also promoting Indonesia's role in economic diplomacy by nominating ministers for key positions in international organisations. In 2010, he successfully nominated his then Minister for Finance, Dr Sri Mulyani, for the position of Managing Director in the World Bank group. In December 2012 he unsuccessfully nominated Dr Mari Pangestu, a former trade minister and current Minister for Tourism and Creative Economy, as a candidate for the position of Director General of the World Trade Organization (WTO). Peter McCawley, 'Indonesia's WTO Candidate', Interpreter, Lowy Institute for International Policy, 16 January 2013, available at: <http://www.lowyinterpreter.org/post/2013/01/16/Indonesias-WTO-candidate.aspx>.

40 The World Bank, 'Indonesia', available at: <http://www.worldbank.org/en/country/indonesia>.

41 I. B. Made Bimanta, 'Seizing the year of economic diplomacy, now or never', *The Jakarta Post*, 13 March 2013, p.6.

42 The World Bank estimates that 12.5 per cent of the population were living below the national poverty line during 2011. This represents the continuation of a decline in poverty rates since 2003 (17.4 per cent), but remains high relative to developed countries: The World Bank, 'Indonesia'. Moreover, income inequality is not narrowing as poverty rates decline. President Yudhoyono reiterated in January 2013 that alleviating poverty and narrowing the wealth gap are priorities for his government: Ezra Sihite, 'SBY turns to KEN for advice on wealth gap', (*The Jakarta Globe*, 23 January 2013.)

43 Emerson, *Is Indonesia Rising?*, p. 49.

44 *Ibid.*, p. 58.

45 Joshua E. Keating, 'The stories you missed in 2010'. *Foreign Policy*, December 2010, available at: http://www.foreignpolicy.com/articles/2010/11/29/the_stories_you_missed_in_2010.

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Normative priorities and contradictions in Indonesia's foreign policy: From Wawasan Nusantara to democracy

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National Security College Issue Brief
No 7 May 2014

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National Library of Australia Cataloguing-in-Publication entry

Authors: Habir, Ahmad D; Gunawan, Aditya Batara; Andika, Muhammad Tri.
Title: Normative priorities and contradictions in Indonesia's foreign policy: From Wawasan Nusantara to democracy [electronic resource] / Habir, A., et al.
ISSN/ISBN: ISBN 978-1-925084-13-9
ISSN 2203 - 4935 (print)
ISSN 2203-5842 (online)
Series: National Security College issue brief (Online)
Notes: Includes bibliographical references.
Subjects: National security--Australia--21st century.
Military planning--Australia.
Political leadership--Australia--21st century.
Australia--Politics and government--21st century.
Other Authors/Contributors: Australian National University, National Security College
Dewey Number: 355.0330994

INTRODUCTION

Indonesia is the world's third largest democracy, and the largest country in Southeast Asia. We are passionate about our independence, moderation, religious freedom and tolerance. And far from being hostile, we want to create a strategic environment marked by 'a million friends and zero enemies'.

Indonesians are proud people who cherish our national unity and territorial integrity above all else. Our nationalism is all about forging harmony and unity among our many ethnic and religious groups...¹

Since the end of the Suharto regime in 1998, Indonesia has experienced a significant political transformation. Over time, the associated political reforms have moved from a procedural to a more substantive democratisation process. The electoral process, for example, now occurs by direct vote every five years. Three electoral cycles have now passed without any serious dispute or violence. By constitutional amendment the directly elected President is limited to two terms; and in 2014, for the first time in Indonesia's history, a two-term incumbent will step down and hand over the presidency to the winner of the presidential election.

In the wake of the tragedy of 9/11, Indonesia's foreign policy also confronted challenges of the 'global war on terror' waged by the United States. This campaign influenced Indonesia's interaction with the international community. As a newly emerging democratic country, Indonesia could position itself as a tolerant and moderate nation in which Islam and democracy were able to coexist. Indonesia's international stature has consequently risen due to its standing as a stable democracy with a majority Muslim population.

President Susilo Bambang Yudhoyono's speech to the Australian parliament in 2010, cited above, lists some of the main normative priorities behind Indonesia's foreign policy: democracy nationalism; independence; moderation; tolerance; and religious freedom. However, there are contradictory elements to the policy that weakens its message. To explore the implications of these contradictions, this issue brief makes three interrelated claims. The first claim, as discussed in the next section, is that Indonesia's current policy elite, for the most part continues to adhere to the narrow and nationalistic inward-looking norms inherited from the New Order regime, as represented by the Archipelagic Outlook (*Wawasan Nusantara*) and National Resilience (*Ketahanan Nasional*). The second claim, as analysed in the section that follows, is that Indonesia has undergone political transformation that allows it to present itself as a leading normative proponent of democracy, tolerance and human rights; thus linking the key normative priority of nationalism to those international norms. The third claim, the focus of the final section, is that the gap in rhetoric and action is a result of the contradiction between Indonesia's predominantly inward-looking nationalism and its evolving democracy.

NATIONALISM AND THE ARCHIPELAGIC STATE

The geography of the archipelago has played a defining role in the history of Indonesia. For one, it is the largest archipelagic state in the world. Its sheer size is magnified by its strategic location within the Asia Pacific region, which controls four of out of the seven major maritime chokepoints in the world. The rich natural resources residing within the archipelago, including oil and gas, heightens the strategic importance of Indonesia. Yet paradoxically, the size of the country and its resources also induces insecurities in Indonesian policy makers as they seek to ward off external threats and to control internal security threats to the unity of the country.²

On one hand, the vast archipelago is seen as a strong buffer that can effectively protect the country from outside threats. It also could provide the wherewithal to become a major power, particularly if its natural resources and workforce could be harnessed. On the other hand, the often contentious relationship between the central government and the regions, together with the level of ethnic, economic, and religious diversity have made the geographic scope of the archipelago the source of a vulnerable and weak Indonesia. Because of these considerations, Indonesian policy makers have been predisposed towards a land-based perspective, while practicing benign neglect of the more outward-focused maritime perspective.

¹ Susilo Bambang Yudhoyono, 'Speech before the Australian Parliament', Great Hall, Parliament House, Canberra, March 10 2010, available from <http://www.presidentri.go.id/index.php/eng/pidato/2010/03/10/1353.html>

² Evan A. Laksmana, 'The Enduring Strategic Trinity: Explaining Indonesia's Geopolitical Architecture', *Journal of the Indian Ocean Region*, Vol.7, No.1, June 2011, pp. 95-116, available at <http://ssm.com/abstract=1979860>

This perspective has been influenced by a history of the archipelago that featured – with few exceptions such as the pre-colonial kingdoms of Sriwijaya and Majapahit – geographically limited land-based powers. The consolidation of the archipelago into the colonial Netherlands East Indies, buttressed by a focus on internal security threats, strengthened the land-based perspective that has continued mostly unabated to the present. On 28 October 1929, young Indonesian nationalists at a conference in the then Netherlands East Indies planted the seeds of nationalism and the geopolitical unification of modern Indonesia with the declaration of the Youth Pledge or *Sumpah Pemuda*. The pledge proclaimed three ideals – one motherland; one nation; and one language – that clearly demarcated the notion of an archipelagic state. Ironically, those young nationalists were, for the most part members of a small, Western-educated multilingual elite that shared a cosmopolitan outward view. That international outlook gradually withered as the new nation of Indonesia took a decidedly nationalist inward-looking turn after its declaration of independence in 1945.³

After independence, Indonesia derived its territorial claim from the Netherlands 1939 Ordinance on Territorial Waters and Maritime Zones, which had separated the archipelago into several areas. These territorial divisions and the three-mile extent of its territorial sovereignty were later perceived as making Indonesia vulnerable to foreign maritime encroachment in the archipelago. Increased smuggling and growing regional unrest were other concerns related to the extent of the archipelagic boundaries. In December 1957, in response to those concerns then Prime Minister Juanda Kartawidjaja abolished the 1939 Ordinance and declared Indonesia an ‘archipelagic state’. The archipelagic state referred to a belt of baselines (islands and water between islands) that contained the territory of the Indonesian modern state.⁴ Based on the Juanda Declaration, the new government of President Suharto’s New Order formulated the Archipelagic Outlook or *Wawasan Nusantara* in 1966.

With the formalised commitment to the *Wawasan Nusantara* concept, the New Order government campaigned for acceptance of the Archipelagic State concept in the United Nations Conference on the Law of the Sea and other international forums. Finally, in 1982 the archipelagic state terminology was adopted in the third United Nations Convention on the Law of the Sea (UNCLOS III). Indonesia ratified the UNCLOS in 1985 through Law No. 17/1985.⁵ Within the country, citizenship and national resilience education across the country spread the concept of the archipelagic state.⁶ Despite these domestic and international developments, the spirit of the *Wawasan Nusantara* has been predominantly inward-looking, characterised by continued concerns regarding the strategic geographical location of Indonesia, a distrust towards potentially exploitive external powers wishing to take advantage of the location and Indonesian resources, and a concern for national unity in the face of separatist threats.

POLITICAL TRANSFORMATION AND INTERNATIONAL NORMS

With the post-New Order emergence of democracy, President Yudhoyono steered Indonesia’s foreign policy to an active and outward orientation based on democratic and idealistic values. In May 2005, in what he termed his first foreign policy speech since he was elected president, he defined Indonesian nationalism as ‘a brand of nationalism that is open, confident, moderate, tolerant, and outward looking’.⁷ On many other occasions the president emphasised the same themes, stressing tolerance as an important ingredient of freedom and democracy. For example, when he opened the 2011 Bali Democracy Forum, he stated, ‘we believe that freedom must be coupled with tolerance and rule of law, for without them freedom leads to unbridled hatred and anarchy’.⁸ On another occasion, at a speech given in London in 2012, the president said that Indonesia would be increasingly active in setting the norms related to overlapping territorial claims that would guide regional countries and would emphasise ‘the importance of having a set of norms and rules that could prevent violence and conflict caused by hatred and intolerance’.⁹

3 R. E. Elson, ‘Problems of Identity and Legitimacy for Indonesia’s Place in the World’, in Anthony Reid (ed.), *Indonesia Rising, the Repositioning of Asia’s Third Giant*, (ISEAS Singapore: 2012), p. 172.

4 For more details, see John G. Butcher, ‘Becoming an Archipelagic State: The Juanda Declaration of 1957 and the “Struggle” to Gain International Recognition of the Archipelagic Principle’, in Robert Cribb and Michele Ford (eds.), *Indonesia Beyond the Water’s Edge: Managing an Archipelagic State*, (ISEAS: Singapore, 2009), pp. 28-48.

5 Hasjim Djalal, ‘Regime of Archipelagic States’, Manila, Philippines, March 2011, p. 9, available at <http://aseanregionalforum.asean.org/files/Archive/18th/ARF%20Seminar%20on%20UNCLOS,%20Manila,%208-9Mar2011/Annex%20K%20-%20Prof%20Hasjim%20Djalal%20-%20Regime%20of%20Arch%20States.pdf>

6 Ermaya Suradinata, ‘Hukum Dasar Geopolitik dan Geostrategi dalam Kerangka Keutuhan NKRI’, (Suara Bebas: Jakarta, 2005), p. 20.

7 Susilo Bambang Yudhoyono, ‘Speech before The Council on World Affairs (ICWA)’, Jakarta, 19 May 2005, available at <http://www.presidentri.go.id/index.php/pidato/2005/05/19/332.html>

8 Susilo Bambang Yudhoyono, ‘Opening Statement at the Bali Democracy Forum IV’, Bali, 8 December 2011, available at <http://www.presidentri.go.id/index.php/eng/pidato/2011/12/08/1762.html>

9 Susilo Bambang Yudhoyono, Speech on ‘Indonesia’s Role as Regional and Global Actor’, *Wilton Park Annual Address*, 2 November 2012, available at www.presidentri.go.id/index.php/eng/pidato/2012/11/02/2001.html

In the practice of these norms, the traditionally independent and active foreign policy of Indonesia – as formulated by the first Indonesian Vice President Mohammad Hatta – has been adapted to the present globalisation period. Where Hatta used the metaphor of ‘rowing between the two reefs’ of the Eastern Communist and Western Capitalist blocs, President Yudhoyono used the metaphor of ‘navigating a turbulent ocean’. In order to achieve this, he advocated Indonesia’s adoption of a ‘constructive approach’ as an instrument with which to interact with global and regional actors. This constructivism would use Indonesia’s independence and activism as a peace maker, confidence builder, problem solver, and bridge builder.¹⁰

One of the more successful public diplomacy initiatives to emerge from this approach has been the Bali Democracy Forum (BDF). Established in 2008 as an intergovernmental forum to share experiences, lessons learned, and best practices of democracy, it has grown from 32 participating countries at its commencement to 86 countries in the sixth BDF in 2013.¹¹ Along with the growth in participant numbers, the forum’s credibility and prestige has also burgeoned. The forum has been emblematic of Indonesia’s transformation from an authoritarian past under the Suharto regime to one of the largest democracies in the world actively advocating political reform and democracy.

Globally, an important step by Indonesia was its membership in the G20 and its associated attempt to represent the voice of the developing world through that forum. Regionally, Indonesia also sought to enhance its role as one of the leaders in the Association for Southeast Asian Nations (ASEAN). For example, it succeeded in obtaining a consensual statement on the South China Sea dispute after the failure of the ASEAN foreign ministers’ 2012 annual meeting to issue a joint communique. Indonesia also mediated the conflict between Thailand and Cambodia over a disputed temple site.¹² It has also emerged as a major player in environmental diplomacy after successfully holding the UN Conference on Climate change in Bali in 2007. Following the conference, Indonesia pledged to reduce emissions by 26 per cent by 2020. In May 2009, Indonesia hosted the World Ocean Conference.¹³

The success of these foreign policy initiatives is interlinked with substantial advances in democracy at home. As pointed out in the introduction, Indonesia has made substantial advances in electoral democracy and peaceful transitions of government through elections. Other notable achievements have been in military reform, freedom of the press, decentralisation of the regions, and an easing of past ethnic tensions, particularly between indigenous Indonesians and ethnic Chinese Indonesians. Ethnic Chinese representatives occupying cabinet posts – deputy Governor of Jakarta, and a vice president candidate on a prospective ticket for the 2014 presidential elections – are only a few examples of the many instances of the latter. While these advances are still evolving, they have placed Indonesia as one of the more democratic countries in the region. At the same time, however, evolving democracy has provided space for hard-line political groups to vent their prejudices and ill-will, often by violent means, a contradiction examined in the next section.¹⁴

10 Susilo Bambang Yudhoyono, ‘Speech before The Council on World Affairs (ICWA)’, Jakarta, 19 May 2005 available at <http://www.presidentri.go.id/index.php/pidato/2005/05/19/332.html>

11 ‘Participants praise Indonesia for Bali Democracy Forum’, *The Jakarta Post*, November 9 2013, available at <http://www.thejakartapost.com/news/2013/11/09/participants-praise-indonesia-bali-democracy-forum.html>

12 Michael Vatikiotis, ‘Indonesia’s Quiet Diplomacy’, August 10 2012, available at <http://michaelvatikiotis.com/?p=180>

13 ‘Indonesian President makes speech at CIFOR on sustainable growth with equity’, Center for International Forestry Research, 13 June 2012, pp. 4-5 available at <http://blog.cifor.org/9657/indonesian-president-makes-speech-at-cifor-on-sustainable-growth-with-equity/#.UM8wL9iJ9KC>

14 Colin Brown, ‘Democratisation in Indonesia’, presented to the Australian Institute of International Affairs, Brisbane, 23 October 2012.

CONTRADICTIONS IN NORMATIVE PRIORITIES

The Yudhoyono administration has been adept in combining action and rhetoric in the pursuit of foreign policy based on democratic normative priorities. However, it has been less successful in bridging the gap between foreign policy and the domestic policies that affect the democratic environment within the country. The image of tolerance, burnished by President Yudhoyono, has increasingly been viewed as paradoxical with the reality of Indonesian domestic dynamics. In particular, that image is in conflict with the trend of religious intolerance in Indonesia.

While the Indonesian Constitution guarantees freedom of religion and freedom to worship, the government officially recognises only Islam, Protestantism, Roman Catholicism, Hinduism, Buddhism, and Confucianism. However, it is not only congregations of unrecognised religions, or indeed, the minority official religions such as Christians, that face the possibility of discrimination. Increasingly, minority Muslim sects considered deviant, such as Ahmadiyya and Shiite Muslims, have also suffered from discrimination and violence.¹⁵ Government officials have often been indifferent to such acts or have responded with discriminatory state legislation that encourages further attacks. For example, in 2008 the government, through a joint decree of the Ministry of Religious Affairs, the Interior Ministry, and the Attorney General, barred Ahmadiyya Muslims from proselytising. Some local governments then issued legislation ranging from closing Ahmadiyya mosques, banning the building of Ahmadiyya religious facilities, to the banning of Ahmadiyya believers in the local area.¹⁶

A part of the reluctance to stand firm against small hard-line Muslim groups has been attributed to the nationalistic sentiment associated with the Archipelagic Outlook. According to Wiryono, former Indonesian ambassador to Australia, the reluctance of the majority Indonesian Muslim moderates to speak out is due to fear that they would be accused of siding with the West in its war against Islam. In the same way, the government is also reluctant to take action against hard-line Islamists, as it would appear it is dictated to by Western powers urging control of the hardliners.¹⁷ However, for the most part it is the radical groups, such as the Islamic Defenders Front (Front Pembela Islam or FPI), who have been effective in using the democratic environment to their advantage.¹⁸

The post-New Order democratic environment has also had an impact on government political decisions previously hostage to the inward-looking nationalism and *Wawasan Nusantara*. A primary example of this was the Aceh peace process and the resulting Aceh peace agreement in 2005, which ended the almost 30-year-long conflict between the central government and the Aceh separatist movement. The Aceh peace accord was a product of the first Yudhoyono administration. At the end of its second and final term, the Yudhoyono government has struggled to deal with the dynamics of domestic politics and the Papua separatist movement. As in the case of Aceh, the frequently repressive actions justified in the name of 'national unity and territorial integrity' paradoxically create momentum for the separatist movement to grow.¹⁹

CONCLUSION: THE LIMITS OF SOFT POWER

The presentation of the World Statesman Award for promoting religious freedom to President Yudhoyono provides a good illustration of both the advantages and limits of soft power. The Appeal of Conscience Foundation, a US-based interfaith group founded by Rabbi Arthur Schneier presented the award to the President in May 2013. The award sparked furore among human rights groups abroad and in Indonesia, protesting the award as undeserved given the spread of religious intolerance in Indonesia under Yudhoyono's watch. Yet it gave the President yet another platform to claim: that despite problems with intolerance, the country was an example of moderation, saying that 'Indonesia is an example to the world that democracy, Islam, and modernity can live in positive symbiosis'.²⁰

The domestic protests were such that the Indonesian Ambassador to the United States Dino Patti Djalal felt compelled to respond. While acknowledging limitations and flaws, he cited the President's record for increasing the global status of Indonesia as a stable democracy, improving on the record of human rights of previous Indonesian governments, ensuring effective peacekeeping diplomacy, and making Indonesia a global player in such areas as the G-20 Forum, climate change, environment and ocean conservation, and inter-faith activities. He did not discount the weaknesses that needed to be addressed, including corruption, poverty, and social conflict.²¹

15 'Indonesia' Report, Freedom House, (2013), available at <http://www.freedomhouse.org/report/freedom-world/2013/indonesia>

16 Rafendi Djamin, 'The Paradox of Freedom of Religion and Belief in Indonesia', available at www.ohchr.org/Documents/Issues/Expression/ICCPR/Bangkok/RafendiDjamin.pdf

17 S. Wiryono, 'An Indonesian View: Indonesia, Australia and the Region', in ed. John Monfries, *Different Societies, Shared Futures, Indonesia Update Series*, (Research School of Pacific and Asian Studies, the Australian National University, Institute of Southeast Asian Studies, Singapore: 2006), p. 17

18 Colin Brown, Op. cit. p. 4

19 Yanto Sugiarto, 'The Papua Problem: Seeds of Disintegration', *The Jakarta Globe*, August 18 2011, available at <http://www.thejakartaglobe.com/archive/the-papua-problem-seeds-of-disintegration/>

20 Sara Schonhardt, 'Is Indonesia still a model of religious tolerance?', *Christian Science Monitor*, May 31 2013.

21 Dino Djalal, 'Dino: The World Statesman Award for President SBY Not Surprising', 20 May 2013, available at <http://www.setkab.gi.ud/artikel-8713-seputar-pemberian-world-statesman-award-kepada-sby.html>

As a contestant in the convention established to select the presidential candidate from the Democratic Party, Dino Patti Djalal represents a new generation hopeful of taking over national leadership from the New Order generation. The outcome of the presidential election is, of course, difficult to predict. Nevertheless, whatever generation the new president represents, he or she will have the choice of foreign policy featuring the democratic norms espoused by the past administration or reverting to a nationalistic strain in line with *Wawasan Nusantara*. Domestically the new government also may choose to concentrate on issues of domestic security threats, as in the case of separatist threats in Papua, or instead emphasise policy means of resolving religious intolerance. It could cater to the narrow minority brand of intolerance and extreme nationalism in Indonesian society or strengthen democratic institutions capable of supporting the majority proponents of moderate and tolerant nationalism.

The extent of Indonesia's ascent will depend on narrowing the gap between rhetoric and action, particularly on its domestic front. Without that narrowing, and with only geographic size, a large population, and an abundance of natural resources to justify its standing as a regional power, the normative priority of tolerant democracy supporting an active foreign policy would be seen to be Indonesia's version of the 'emperor's new clothes'. Foreign policy does indeed begin at home.

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Indonesia in international institutions: Living up to ideals

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National Security College Issue Brief
No 8 May 2014

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National Library of Australia Cataloguing-in-Publication entry

- Authors:** Hermawan, Yulius Purwadi.
- Title:** Indonesia in international institutions: Living up to ideals [electronic resource] / Yulius Purwadi Hermawan.
- ISSN/ISBN:** ISBN 978-1-925084-12-2
ISSN 2203 - 4935 (print)
ISSN 2203-5842 (online)
- Series:** National Security College issue brief (Online)
- Notes:** Includes bibliographical references.
- Subjects:** National security--Australia--21st century.
Military planning--Australia.
Political leadership--Australia--21st century.
Australia--Politics and government--21st century.
- Other Authors/Contributors:**
Australian National University, National Security College
- Dewey Number:** 355.0330994

INTRODUCTION

Indonesia has been active in international institutions since its independence. It joined the United Nations in 1950 and was an early and active participant in its peace-making forces. In 1967, Indonesia was a founding member of the Association of Southeast Nations (ASEAN), created to maintain security and stability in Southeast Asia. In the post-Cold War period, Indonesia was a founding member of Asia Pacific Economic Cooperation (APEC) in 1989 and hosted the APEC Summit in 1994. More recently, in 1999, Indonesia joined the Group of Twenty (G-20), a selected group of advanced and emerging economies that has become a key forum for global economic governance.

This issue brief focuses on Indonesia's involvement in three major and uniquely different international institutions, the Non Aligned Movement (NAM), the United Nations (UN), and the G-20 respectively. Through analysis of public statements of President Yudhoyono, it will look at how the Yudhoyono government has kept the essence of the traditional narratives of Indonesian foreign policy while reshaping them in the context of Indonesia's economic and political ascent.

The first section briefly looks at the genesis of the 'independent and active' orientation of Indonesia's foreign policy and the 1955 Asia–Africa Conference in Bandung, both of which laid the ideological foundation of Indonesia's foreign policy. The next three sections will examine Indonesia's membership and role in the above three international institutions, beginning with NAM as inspired by the Bandung Conference and Indonesia as a founding member, the UN as the universal international institution, then the G-20 as a selected premium group of industrialised and emerging nations.

INDEPENDENT AND ACTIVE FOREIGN POLICY

When Indonesia declared its independence in 1945, nationalist leaders had already envisioned a nation-state active in fostering global order. Their idealism was reflected in the Preamble of the 1945 Constitution, which stated that Indonesia must take responsibility for contributing to establishment of a world order in accordance with the principles of independence, eternal peace, and social justice.¹ Not long after, in 1948, Vice President Mohammad Hatta, in what was to become a landmark speech, stressed that Indonesia should be 'a subject, not an object' in its international affairs. He advocated the 'independent and active foreign policy' that, after six presidents and major changes in government systems, remains the bedrock of Indonesia's foreign policy.²

¹ The 1945 Constitution of the Republic of Indonesia: as amended by the First Amendment of 1999, the Second Amendment of 2000, the Third Amendment of 2001 and the Fourth Amendment of 2002, available at: <http://www.embassyofindonesia.org/about/pdf/IndonesianConstitution.pdf>.

² Susilo Bambang Yudhoyono, 'Speech before The Council on World Affairs (ICWA)', Jakarta, 19 May, 2005 available at: <http://www.presidenri.go.id/index.php/pidato/2005/05/19/332.html>

The First Asia-Africa Conference held in Bandung in 1955, widely considered as a historical milestone, was a manifestation of this foreign policy philosophy. Five countries, Indonesia, India, Pakistan, Ceylon and Burma initiated the conference. Twenty-nine countries from Asia and Africa participated in the conference.³ Representing Africa were Egypt, Ethiopia, Liberia, Libya, the Sudan, and the Gold Coast, while the remaining member-states were from Asia. Despite disagreements during the course of the conference, caused in part by the fissures of the prevailing Cold War, the conference participants united in a final communique that incorporated the Ten Bandung Principles.⁴

As Shimazu argues:

This diplomatic performance lent legitimacy symbolically to the twenty-nine participating states as a new collective 'actor' in international relations. What is striking about Bandung is that it was an act of confident assertion vis-à-vis the ruling elite international society, and not a passive act of seeking acceptance. Symbolically, not a single 'white' or 'Western' state was present. Thus, it was a daring act, proud and defiant, borne out of the political momentum created by the global process of decolonization.⁵

³ Afghanistan, Burma, Cambodia, Ceylon, China (People's Republic), Egypt, Ethiopia, Gold Coast, India, Indonesia, Iran, Iraq, Japan, Jordan, Laos, Lebanon, Liberia, Libya, Nepal, Pakistan, Philippines, Saudi Arabia, Sudan, Syria, Thailand, Turkey, North Vietnam, South Vietnam, Yemen.

⁴ The principles are:

- (1) Respect for fundamental human rights and for the purposes and principles of the Charter of the United Nations,
- (2) Respect for the sovereignty and territorial integrity of all nations,
- (3) Recognition of the equality of all races and of the equality of all nations large and small,
- (4) Abstention from intervention or interference in the internal affairs of another country,
- (5) Respect for the right of each nation to defend itself singly or collectively, in conformity with the Charter of the United Nations,
- (6) Abstention from the use of arrangements of collective defence to serve the particular interests of any of the big powers and abstention by any country from exerting pressures on other countries,
- (7) Refraining from acts or threats of aggression or the use of force against the territorial integrity or political independence of any country,
- (8) Settlement of all international disputes by peaceful means, such as negotiation, conciliation, arbitration or judicial settlement as well as other peaceful means of the parties' own choice, in conformity with the Charter of the United Nations,
- (9) Promotion of mutual interests and co-operation,
- (10) Respect for justice and international obligations.

⁵ Naoko Shimazu, 'Diplomacy as Theatre: Recasting the Bandung Conference of 1955 as Cultural History', Asia Research Institute, *Working Paper Series* No. 164, October 2011.

INDONESIA AND THE NON-ALIGNED MOVEMENT (NAM)

The 1955 Bandung Conference inspired the founding of the Non-Aligned Movement in 1961.⁶ At the Belgrade Summit in September of that year, 25 countries declared their commitment to maintain independence in the context the Cold War between the Western and Eastern Blocs. When Indonesia chaired NAM in 1992, there were 113 member-states. In 2012, NAM had 119 member-states, equivalent to two thirds of the UN members. However, the Non Aligned Movement represented diverse interests and political orientations that created serious obstacles to consolidation as a single voice. Nevertheless, with the dramatic increase of membership the movement has been able to claim a continuing legitimacy.

Following the dissolution of the Soviet Union in 1991, the relevance of the movement to the world's post-cold war politics came into question.⁷ Amid ensuing skepticism Indonesia was elected to chair NAM in 1992. At the 10th NAM Summit in Jakarta, NAM leaders agreed on the Jakarta Message and a Final Document of the Tenth Summit with a realistic, inclusive, non-confrontational approach. These documents highlighted the new NAM's roles: from advocate of decolonisation in the context of the West-East confrontation to the promoter of dialogue aimed at mitigating increasing polarisation between the North and the South. The Jakarta Message defines the new objectives of NAM: to increase constructive cooperation between nations, focus on economic cooperation, and increase South-South cooperation to develop the economic potential of member-states.⁸

President Suharto ended Indonesia's term as chair in 1995 with a declaration of confidence in NAM. In his speech, delivered at the Eleventh NAM Summit in Cartagena, Columbia on 18 October 1995, he said:

The tenth Summit Meeting of our Movement has indeed been a watershed. It established beyond doubt the continuing relevance of Non-Alignment in the post-Cold War era as validated by subsequent events. Just as important, our Movement emerged from that Summit with a new orientation and a new approach in its relationships with the developed countries and with international institutions.⁹

6 The initiators of the formation of NAM were President Soekarno (Indonesia), President Joseph Broz Tito (Yugoslavia), President Kwame Nkrumah (Ghana), President Gamal Abdul Nasser (Egypt) and Prime Minister Jawaharlal Nehru (India).

7 Antoinette Handley, 'Non-Aligned Against what? South Africa and the Future of the Non-Aligned Movement.' *SAIIA Report* No.10, South African Institute of International Affairs, Johannesburg, 1998, p. 1

8 'Non-Aligned Movement', *Ministry of Foreign Affairs*, Indonesia, available at: <http://www.deplu.go.id/Pages/IFPDisplay.aspx?Name=MultilateralCooperation&IDP=3&P=Multilateral&I=en>

9 President Soeharto's Address as Chairman of the Non-Aligned Movement of the inaugural session of the Eleventh Conference of Heads of State or Government of the Non-Aligned Countries in Cartagena, Columbia, 18 October 1995.

At the 16th Ministerial Conference and Commemorative Meeting of the Non-Aligned Movement in Bali in 2011, President Yudhoyono defined three major roles that NAM could play in response to the complex challenges of the twenty-first century: contribution to the achievement of a global culture of peace and security; a vigorous advocate of political development and social justice; encouraging and strengthening democratic values and achieving good governance; and operating as a force for equitable global prosperity in regard to economic development.¹⁰

Transforming NAM to become an effective force faces similar challenges. The Non-Aligned Movement has been vocal in mobilising support for world-wide recognition, but with little effect. Indonesia has played an active role in this advocacy. At the Summit in Teheran in August 2012 the head of the Indonesian delegation, Vice President Boediono, called on NAM members to be more proactive in supporting Palestinian independence by taking action in relation to five pressing issues:

First, how to respond effectively to Israeli illegal activities. Second, how to support and promote Palestinian bid for UN membership. Third, how to promote and support the institutional capacity building of Palestine. Fourth, how to support reconciliation among Palestinians; and finally, how to effectively engage the media to raise public awareness on the Palestinian cause.¹¹

The Vice President also pointed out the need for NAM to build an effective organisation arguing that 'having 120 members means nothing if we do not have the power of collective influence, a power that we can only earn through hard work and a reputation for being reliable partners.'¹²

10 Susilo Bambang Yudoyono, 'Fighting for Peace, Justice and Prosperity in the 21st Century', Speech delivered at the inaugural address at the 16th Ministerial Conference and Commemorative meeting of the Non-Aligned Movement in Bali 25 May 2011 available at: <http://www.setkab.go.id/berita-1836-fighting-for-peace-justice-and-prosperity-in-the-21st-century.html>

11 Statement by H.E. Dr. Boediono Vice President of the Republic of Indonesia at XVI Summit of Heads of State or Government of the Non-Aligned Movement available at <http://wapresri.go.id/index/preview/pidato/158>

12 *Ibid.*

INDONESIA AND THE UNITED NATIONS

Indonesia became a member of the UN on 28 September 1950 and has been active in the organisation since that date. Indonesia chaired the UN General Assembly in 1971, the second Asian representative to chair the Assembly. Indonesia was elected as a non-permanent member of the UN Security Council in 1974, 1995 and in 2007. In 1970 and again in 2000 Indonesia was elected president of the UN Economic and Social Council (ECOSOC), the largest of the UN's six organs. It was vice president of the ECOSOC in 1969, 1999 and 2012. The country has been a member of the UN Human Rights Council since the Council was established in 2006, and in 2009 was chosen to become vice president of the Council. Besides being active in the UN organs, Indonesia has contributed actively to the UN peacekeeping forces since 1957, sending troops as part of UN missions to Congo, Vietnam, Iran, Kuwait, Bosnia, Campuchea, the Philippines, and Lebanon.¹³

Since its inception, the UN has frequently been a target of criticism from different quarters. One important organisational aspect of the UN that has perennially come under attack has been the role of the Security Council.¹⁴ As an increasing number of countries play important roles on the world stage, whether economically or politically or both, the limited number of Security Council members (five) and their composition (USA, UK, Russia, China, and France) have become increasingly anachronistic to many member states.

In a speech addressed to the General Assembly at the UN in September 2012, President Yudhoyono emphasised the importance of the UN Security Council reform in reflecting the reality of the twenty-first century:

We have moved from the era of the Cold War to an era of warm peace. In this 'warm peace', the world remains stuck with an outdated international security architecture that still reflects 20th century circumstances; in contrast with the global economic architecture that has done much better to adjust to the 21st century.¹⁵

13 Kementerian Luar Negeri Republik Indonesia, 'Perserikatan Bangsa-Bangsa', available at: <http://www.deplu.go.id/Pages/IFPDisplay.aspx?Name=MultilateralCooperation&IDP=12&P=Multilateral&l=id>; Indonesia Permanent Mission to the United States New York, 'Indonesia and the United Nations' http://www.indonesiamissionny.org/menu_atas/a2_indo_un/indonesia_unitednations.php

14 Richard Butler, 'Reform of the United Security Council', *Penn State Journal of Law & International Affairs*, Vol.1 No.1, available at: <http://elibrary.law.psu.edu/jlia/vol1/iss1/2>, 2012, pp. 23-39; Sahar Okhovat, 'The United Nations Security Council: Its Veto Power and Reform', *CPACS Working Paper* No.15/1, December 2011, available at http://sydney.edu.au/arts/peace_conflict/docs/working_papers/UNSC_paper.pdf

15 Susilo Bambang Yudhoyono, 'Speech at the General Debate of the 67th session of the United Nations General Assembly', New York, 25 September 2012 available at: <http://www.presidenri.go.id/index.php/eng/pidato/2012/09/26/1970.html>

At the opening of the fifth Bali Democracy Forum in November 2012, the President reiterated the need for Security Council reform:

We need to ensure a harmony between the aspirations of the Security Council Members and members of the General Assembly. Such harmony requires the promotion of multilateralism and rejection of unilateralism.¹⁶

He went on to say that 'an effective Security Council must be one that better represents contemporary global realities (and serves as) an intergovernmental forum for exchanging ideas and sharing experiences on democracy.'¹⁷

While calls for Security Council reform has had little impact, whether from Indonesia or otherwise, it has not prevented Indonesia from intensifying its peacekeeping involvement in the UN. In 2013, Indonesia was the 16th largest contributor to the UN peacekeeping forces, totalling 1,815 personnel deployed on six UN operations. The increased involvement was an indication of the growing national confidence arising from recent economic growth and political stability. Increased resources have allowed the country more scope to contribute to UN operations. A case in point was the establishment of a Peacekeeping Mission Education and Training Facility at the Indonesia Peace and Security Center (IPSC) in West Java in 2011. It is the largest international training facility for UN peacekeeping forces in Southeast Asia.¹⁸

INDONESIA AND THE GROUP OF TWENTY

The Group of Twenty (G-20) was established in 1999 as a forum for finance ministers and central bank governors from major economies¹⁹ to deal with the global impact of the Asian economic crisis and to prevent similar crises in the future. However, the group became prominent in 2008 when the first G-20 Leaders' Summit was convened in Washington DC to stabilise the global economy in the aftermath of the American economic crisis.²⁰ There have been eight Summit meetings since the first Washington Summit in 2008, with a continuing focus on global economic growth and emphasising job creation and open trade.²¹

16 President SBY's speech delivered at the opening of the Fifth Bali Democracy Forum in Bali 8 November 2012; 'SBY Reiterates Urgency for UN Security Council Reform', available at: <http://www.thejakartaglobe.com/home/sby-reiterates-urgency-for-un-security-council-reform/555029>

17 *Ibid.*

18 Natalie Sambhi, 'Indonesia's push for peacekeeping operations', *The Strategist*, Australian Strategic Policy Institute, 17 September 2013, available at: <http://www.aspistrategist.org.au/indonesias-push-for-peacekeeping-operations/>

19 Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, the Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States, and the European Union.

20 Yulius Purwadi Hermawan, et.al, (2011). 'The Role of Indonesia in the G-20: Background, Role and Objectives of Indonesia's Membership'. (FES: Jakarta, 2011), pp. 4-10.

21 'A short history of the Group of Twenty' September 3, 2013 available at: http://g20.org.thebricspost.com/a-short-history-of-the-group-of-twenty/#.Uwa_SIVQM-M

Indonesia's engagement in the G-20 was a breakthrough in the history of Indonesian diplomacy. On one hand, its membership in the G-20 provides an opportunity to contribute to establishing a new form of global governance – an agenda with which NAM, the UN, and the industrialised countries are seriously concerned. On the other hand, Indonesia needs to ensure that the new architecture of global governance benefits developing countries in order to assure both an international and a domestic public audience that Indonesia's membership, engagement and compliance with commitments to the G-20 remains compatible with Indonesia's commitment to other international institutions, such as the UN and NAM.

NAM reflects the expectations Indonesia has for the G-20. As expressed by President Yudhoyono, the G-20 is a 'civilizational powerhouse', not only an economic one:

The G-20 for the first time accommodates all the major civilizations – not just Western countries, but also China, South Korea, India, South Africa, and others, including significantly, three countries with large Muslim populations: Saudi Arabia, Turkey and Indonesia. The G-20 is representative of a multi-civilizational global community. Perhaps this is why the G-20 has been successful in arresting a global meltdown.²²

At the same time, with its diplomatic history and tradition taken into account, Indonesia's notion of membership in international institutions goes beyond national focus. It also considers itself as representing the interests of the developing world:

For long, within the Non-Aligned Movement as well as the G77, Indonesia has regarded the needs and interests of developing nations as a priority in its global diplomacy. We pioneered the discussion on the right to development and exerted concerted efforts to promote its global support.

Therefore, Indonesia with other emerging economies in the G20 leads the way in the discussion on the issue of development in the G20 forum. We promote financial inclusion in the forum, an issue which is increasingly critical to the economy of developing countries.²³

At the 2012 Los Cabos Summit in Mexico, Indonesia joined with Mexico and Chile in the initiative for a reciprocal learning program on financial inclusion to increase access to credit for the poor. Indonesia also proposed the funding scheme for infrastructure development, a global infrastructure initiative aimed at overcoming bottlenecks in economic development.²⁴ The initiative is in line with Indonesia's major policy initiative on the Master Plan for Planning, Extension and Accelerating Economic Development (MP3EI). It is also compatible with the interests of emerging economies, an important matter given the frequent opposition to G-20 positions from civil society organisations (CSOs) both domestic and international.²⁵

INDONESIA AND INTERNATIONAL INSTITUTIONS: BEYOND SYMBOLISM

As Hurrell²⁶ points out, foreign policy can be derived out of an 'embedded guiding narrative', an ideology born out of a country's history shaped from domestic and international trends. As this issue brief illustrates, Indonesia's guiding narrative has been its 'independent and active' foreign policy—the legacy of the first Vice President Mohammad—and the 1955 Bandung Conference, which became a symbol of that policy. That narrative has guided Indonesia's policy in its involvement in the NAM, the UN, and the G-20, for example, in its role in re-establishing ties between NAM and the industrialised countries in its calls for Security Council reform and its UN peacekeeping activities; and in joining coalitions in the G-20 to orient the Group to development concerns.

And if, as Hurrell also suggests, 'sovereignty may be increasingly defined not by the power to insulate one's state from external influences but by the power to participate effectively in international institutions of all kinds',²⁷ then history suggests that Indonesia has not acquitted itself poorly in this respect. Whether it can continue to do so in the future raises a key question: Is numerical strength, as typified by the mantra of being the third-largest democracy, the largest Muslim country, and the fourth largest population in the world—not to mention the third Asian economic giant—sufficient to shape the direction and agenda of the international institutions?

22 Susilo Bambang Yudhoyono. (2009) 'Towards Harmony among Civilizations', speech delivered at the John F Kennedy School of Government, Harvard University, Boston 29 September 2009, available at: <http://www.presidenri.go.id/index.php/eng/pidato/2009/09/30/1228.html>.

23 Susilo Bambang Yudhoyono (2012) 'Indonesia's role as a regional and global actor', speech at the 2nd Annual Address at the Foreign and Commonwealth Office, London, 2 November 2012 available at: <https://www.wiltonpark.org.uk/president-yudhoyonos-speech-at-our-annual-address/>

24 Maria Monica Wihardja, 'Indonesia and the G20: a door left half open', *East Asia Forum*, 29 June, 2012, available at: <http://www.eastasiaforum.org/2012/06/29/Indonesia-and-the-g20-a-door-left-half-open/>

25 Hermawan, et.al., *op. cit.* pp. 99-127.

26 Andrew Hurrell, 'Some Reflections on the Role of Intermediate Powers in International Institutions', in *Paths to Power: Foreign Policy Strategies of Intermediate States*, Andrew Hurrell, Andrew F. Cooper, Guadalupe Gonzalez Gonzalez, Ricardo Ubiraci Sennes, Sрни Sitaraman, (eds.), Latin American Program, Woodrow Wilson International Center for Scholars, March 2000, p. 1

27 *Ibid.*, p. 4

Assuming the necessary link between internal national strength and international power, Indonesia will face both external and internal constraints to translation of its power into influence in world politics. Internally domestic issues that require attention include rampant corruption, communal and sectarian tensions, and poor law enforcement, all within an evolving democracy.²⁸ An economy based on commodities is also vulnerable to global economic uncertainty. Externally, Indonesia faces greater powers unwilling to respond to demands for fundamental and progressive changes in international institutions.

Indonesia has repeatedly expressed its idealistic views on the roles of international institutions as agencies that can be delivered shared benefits for both industrialised and emerging countries. Calling on other nations to realise its vision of a fair and just global governance will no longer be sufficient. To emerge as a middle power, Indonesia will have to play an increasingly assertive, broader role in international institutions: to be a 'subject', as envisioned by Mohammad Hatta, and not an 'object'. This issue brief has described Indonesia's increasing engagement in three international institutions as evidence of a more confident diplomatic role on the global stage. But in the future, political and economic strengths emanating from the Indonesian domestic front will be needed in order to strengthen Indonesia's systemic influence in the NAM, the UN and the G-20.

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²⁸ Rizal Sukma, 'Domestic Politics and International Posture: Constraints and Possibilities', in Anthony Reid (ed.) *Indonesia Rising, The Repositioning of Asia's Third Giant*. (ISEAS: Singapore, 2012), pp. 82-90.

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Indonesia and the Law of the Sea: Beyond the archipelagic outlook

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National Security College Issue Brief
No 9 May 2014

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National Library of Australia Cataloguing-in-Publication entry

Authors: C Sebastian, Leonard; Supriyanto, Ristian Atriandi; Made Andi Arsana, I.
Title: Indonesia and the Law of the Sea: Beyond the archipelagic outlook [electronic resource] / Yongwook Ryu.
ISSN/ISBN: ISBN 978-1-925084-10-8
ISSN 2203 - 4935 (print)
ISSN 2203-5842 (online)
Series: National Security College issue brief (Online)
Notes: Includes bibliographical references.
Subjects: National security--Australia--21st century.
Military planning--Australia.
Political leadership--Australia--21st century.
Australia--Politics and government--21st century.
Other Authors/Contributors:
Australian National University, National Security College
Dewey Number: 355.0330994

INTRODUCTION

As the pivotal state¹ in Southeast Asia, Indonesia uses maritime diplomacy as a means of establishing cooperative regional relationships, thereby achieving two objectives: first, ensuring its security; and second—by actively resolving its border disputes—demonstrating its leadership credentials to mediate interstate boundary disputes in the region. Lacking sea power capable of projecting its maritime interests and securing its borders, the alternative of using maritime diplomacy reduces the causes of insecurity, thus augmenting Indonesia's national security. Indonesia's management of its border disputes is a classic example of implementing preventive diplomacy in the management of regional issues that involve or threaten military conflict; such an approach significantly bolsters its claim to regional leadership.

This paper analyses how a rising Indonesia may redefine the security of its maritime domain in light of the increasingly assertive presence of major powers in the sea-lanes of East and Southeast Asia. While much analysis of Indonesia's maritime security is viewed through the lens of the Archipelago Outlook (*Wawasan Nusantara*), which emphasises the importance of national unity and territorial integrity, the current geopolitical situation in the region, characterised by the rise of maritime powers in Asia and beyond, has increasingly made Indonesia's archipelagic sea-lanes (ASLs) and its associated maritime choke-points (Malacca, Sunda, Lombok, and Makassar Straits) critical, and therefore consequential to its foreign policy strategic planners. Not only are ASLs a crucial factor in global trade, but even more so than in previous decades they are becoming the flashpoints for the projection of maritime power. The consequences and therefore the contention of this paper is that Indonesia will take incremental steps to re-orient its diplomatic, legal, and security focus towards meeting potential external maritime challenges. This is a fundamental issue to address as it will shape and influence the evolution of Indonesia's ascending power.

The research we embark upon is important for several reasons. First, while much of the literature has explained Indonesia's inward-looking strategic psyche in descriptive terms, little attention has been given to the country's outward-looking orientation. With the rise of China and India, compounded by the United States' pivot to Asia with the aim of reinforcing its status as the region's principal strategic actor, Indonesia's geopolitical calculus has become more convoluted, especially in the maritime domain. Our research will be the first attempt to chart out Indonesia's strategic maritime environment in the post-Suharto era.

Second, this paper will critically examine the Archipelago Outlook concept, especially with the intention of ascertaining the extent to which it applies to Indonesia's external maritime settings. It will argue that while the Archipelago Outlook remains an identity for Indonesia as a unitary state, it provides little if any guidance for Indonesia to manoeuvre through the current geopolitical landscape characterised by competition between the major maritime powers.

Third, in light of an increasingly challenging maritime strategic environment, we then speculate how Indonesia may designate its east/west archipelagic sea lanes, particularly in terms of the opportunities and vulnerabilities they pose.

Fourth, the paper describes Indonesia's strategic maritime environment beyond the scope of the Archipelago Outlook with reference to the presence and role of major powers in the region and the implications of their maritime projections for the security of Indonesia's ASLs and choke-points.

Fifth, in the conclusion we explain how Indonesia attempts to shape, influence, and adapt to the prevailing strategic environment: specifically, how Indonesia will deal with the increasingly intertwined interests of major powers and the implications of that complexity for the security of Indonesia's maritime domain.

ARCHIPELAGO OUTLOOK: THE EVOLUTION OF A CONCEPT

Indonesians often refer to their archipelago as the 'cross-road location' (*posisi silang*) between the Indian and Pacific Oceans and between the Asian and Australian continents,² emphasising that geographical position should be viewed not only in terms of physical location, but also in terms of perceptions of status, power and national aspirations. The geopolitics of Indonesia is informed by its national identity and its aspirations. For example, considering its archipelagic nature, Indonesia is a 'maritime nation', although much less a seafaring one. The Archipelagic Outlook constitutes the self-identity of Indonesia as based on territorial integrity stretching 'from Sabang to Merauke' (*dari Sabang sampai Merauke*).³

¹ The qualities of the Republic of Indonesia, the world's fourth most populous country, the largest democracy in the Muslim world, and geo-strategically, Southeast Asia's most significant state give it the attributes of a 'pivotal state'. According to the authors of an influential study, a pivotal state is 'geo-strategically important state to the United States and its allies', and its importance is attributed to its ability not only to 'determine the success or failure of its region but also significantly affect international stability'. See Robert Chase, Emily Hill and Paul Kennedy eds., *The Pivotal States: A New Framework for U.S. policy in the Developing World* (New York: W.W. Norton & Company, Inc 1999), pp: 6 and 9.

² Evan Laksmana, 'The Enduring Strategic Trinity: Explaining Indonesia's Geopolitical Architecture', *Journal of the Indian Ocean Region* Vol.1, No.1, (2011), p. 96.

³ Sabang and Merauke are respectively Indonesia's westernmost and easternmost cities located in the Provinces of Aceh and Papua.

The Archipelagic Outlook is also constitutive of an obsession with national security, which is driven by the common perception that Indonesia is always vulnerable to stronger foreign powers using strategies that divide and rule. This is evident in its articulation of the *Wawasan Nusantara* concept, which comprises a number of elements: the prevailing concern over national disintegration; the resulting emphasis on unity; the need for economic development, particularly in the less-developed provinces; economic nationalism; an emphasis on political stability; the sanctity of national borders; and, lastly, the importance Indonesia attaches to the Law of the Sea as the means by which to ensure the *Wawasan Nusantara*.

In giving recognition to Indonesia's concept of the archipelagic state, the Law of the Sea recognizes the key element of Indonesia's national outlook. The concept of territorial and national unity which regards Indonesia as an inseparable union of land and water (*tanah-air* or homeland) was first mooted in 1957. More importantly, the extension of territorial seas to 12 nautical miles and the concept of archipelagic sea lanes that preserve international sea routes have given Indonesia greater control over the exploitation, use and security of its archipelagic waters.⁴

In the late 1950s there was general consensus among all domestic Indonesian political parties and groups that the seas of the Indonesian archipelago required increased control. For Hasyim Djalal, the pockets of high seas between Indonesian islands enabled foreign warships and submarines to traverse the archipelago unregulated; they often conducted manoeuvres visible from the coast, thereby provoking 'domestic consternation and political upheaval'.⁵ The solution was to draw baselines along Indonesia's outermost islands, from which the 12-mile territorial sea limit was drawn. On 13 December 1957 Indonesia declared that all the waters within these baselines became 'internal or national waters' and were considered 'integral parts' of the Indonesian state. In these waters, foreign vessels, civilian or military, were only entitled 'innocent passage'.

Part of the declaration was the creation of the Archipelago Outlook. As a *political* concept it bound a geographically dispersed and socio-culturally diverse chain of islands together as a single unified archipelago. On the one hand, the concept reflects a deep-seated concern bordering on paranoia towards any party—domestic or external—that could provoke, incite, assist, or endorse secessionist elements within Indonesia. On the other hand, it is indicative of Indonesia's acute sense of vulnerability towards its maritime domain.⁶ The Archipelago Outlook, therefore, has re-defined the way Indonesia views its maritime domain. It has created a sense of entitlement⁷ and ownership in the control of internal waters—territorial seas and archipelagic waters—while providing the political legitimacy necessary for Jakarta to unite the diverse archipelago.

The reaction of maritime powers such as the United States and the United Kingdom to the declaration was expeditious and resolute: Indonesia was accused of violating the sacrosanct principle of freedom of navigation and free transit, whereby no single entity could possess the sea, which—reflecting Grotian tradition—was regarded as a global commons. Regardless of this, Jakarta persisted in charting a lonely course, beginning a 25-year struggle for recognition as an archipelagic state. During these years Indonesian diplomats lobbied the international community, at times engaging the great powers in negotiations, arguing that Indonesia as an archipelago should deserve special rights in International Law. Indonesia's lobbying efforts finally bore fruit in December 1982, when the special provisions in Part IV dealing specifically with the unique requirements of archipelagic states in the United Nations Convention on the Law of the Sea (UNCLOS) came into force.⁸ According to Part IV, Indonesia is entitled to draw baselines around its archipelago, but in the process should consult with neighbouring states affected by those baselines and designate sea lanes for ships that normally transit Indonesian waters. The waters enclosed by the baselines would become archipelagic waters where Indonesia holds full sovereignty, but 'archipelagic sea lanes' may be designated for foreign vessels for normal transit.

4 Leonard C. Sebastian, 'Domestic Security Priorities, 'Balance of Interests' and Indonesia's Management of Regional Order', in Joseph Chinyong Liow and Ralf Emmers, eds., *Order and Security in Southeast Asia: Essays in Memory of Michael Leifer*, (London/New York: Routledge, 2006), p. 178.

5 Hasyim Djalal, 'Indonesia and the Law of the Sea', (Jakarta: Center for Strategic and International Studies, 1995).

6 See Michael Leifer, 'Indonesia's Foreign Policy', cited in Leonard C. Sebastian, Domestic Security Priorities, 'Balance of Interests' and Indonesia's Management of Regional Order' op.cit, p. 54.

7 *Ibid.*

8 'United Nations Convention on the Law of the Sea', Dec. 10, 1982, 1833 U.N.T.S. 397 [hereinafter UNCLOS].

ARCHIPELAGIC SEA LANES, MARITIME BOUNDARIES, AND CHOKE-POINTS

Archipelagic waters fall within the sovereignty of a state regardless of the breadth of distance between its islands.⁹ In Indonesia's case, for example, there are no longer high seas between Java and Kalimantan; maritime areas previously regarded as part of the high seas and which were used for international navigation now belong exclusively to Indonesia. To avoid situations in which such an interpretation would hinder previous freedom of navigation in archipelagic waters, it was necessary for Indonesia to designate archipelagic sea lanes. ASLs are the trade-off recognised by a state in return for being granted archipelagic state status and for being able to exercise sovereignty over archipelagic waters. Such an arrangement allows for compromise between coastal states with growing jurisdiction over maritime areas adjacent to them and other maritime states insisting on retaining their historical right to freedom of the seas.¹⁰

Indonesia determined that the concept of archipelagic sea lanes would be appropriate to its maritime domain because the archipelago is located on the major shipping routes between the Indian and Pacific Oceans. However, although designating archipelagic sea lanes in Indonesian waters would permit the government to concentrate its efforts on providing navigational safety and security in relation to foreign vessels, the promulgation of UNCLOS would not permit the government to prevent foreign vessels transiting through the routes they used to navigate. From Indonesia's perspective, the fact that vessels could continue arbitrary transit meant that the security benefits of archipelagic status were not sufficient. Foreign vessels, civilian or military, remained able to sail through Indonesia waters regarded sensitive to national security and safety, such as the Java Sea, located in close proximity to the vast majority of Indonesia's population and key economic centres.

Indonesia's effort to implement Archipelagic Sea-lane Passage (ASLP) in its archipelagic waters commenced immediately subsequent to its ratification of UNCLOS, which culminated in a National Working Group meeting in Cisarua in early 1995. The meeting managed to establish consensus on a proposal of three north-south ASLs that had been proposed during the Indonesian Navy Strategic Forum in 1991.¹¹ Puspitawati (2005) has noted that the proposal was submitted to the International Maritime

Organization (IMO)¹² in 1996 during the 67th meeting of the Maritime Safety Commission (MSC-67). Three related institutions and 22 states provided their responses, with a majority of states commenting on the lack of east-west ASLs. The proposal was reconsidered in order to address these concerns, but Indonesia subsequently failed to implement a plan that included east-west ASLs. In its London proposal to MSC-69 Indonesia maintained its original position, designating only three north-south ASLs, which were approved by the IMO on 19 May 1998. However, even though Indonesia's original ASL submission did not opt for a partial designation, its proposition was deemed only 'partially designated' since it did not include all normal passage routes used for international navigation, and in particular because it excluded east-west ASLs.¹³ During consultations with other user States – namely, the Maritime states – prior to the submission, Australia and the United States specifically proposed possible east-west ASLs that Indonesia should include in its submission to the IMO, but which it omitted. In making their own proposals concerning east-west ASLs, Australia and the United States were motivated by their concern regarding the application of innocent passage rules to east-west routes.¹⁴

HOW TO DESIGNATE EAST-WEST SEA-LANES

In order for detailed rules to be applied regarding the ASLs, Indonesia, Australia and the United States first informally agreed on several points called the '19 rules'. The 19 rules specifically govern the rights and obligations of transiting vessels in Indonesia's designated ASLs.¹⁵ An important point to deduce from the '19 rules' is that in areas where ASLs have yet to be designated, the right of ASLP 'may be exercised in the relevant archipelagic waters in accordance with the Law of the Sea Convention, 1982.' This stipulates that where ASLs have yet to be designated Indonesia agrees to permit transiting vessels to navigate through its archipelagic waters along any routes normally used for navigation, as specified by Article 53 (12) of UNCLOS.

9 UNCLOS, Article 49 (1).

10 Penny Campbell, 'Indonesian Archipelagic Sea Lanes', in *Papers in Australian Maritime Affairs* No.5.

11 NP Elio, 'Hasil Sidang IMO dan Konsultasi IHO tentang ALKI dalam rangka implementasi UNCLOS 1982' [Results of IMO Assembly and IHO Consultation on Indonesia's Archipelagic Sea Lanes in relation to the Implementation of UNCLOS 1982], cited in D. Puspitawati, 'The East/West Archipelagic Sea Lanes Passage Through the Indonesian Archipelago', *Maritime Studies*, Vol. 140, January-February (2005), p. 3.

12 IMO is considered as the 'competent international organization' as governed by UNCLOS, Article 53 (9) for the purpose of the designation of ASLs. There are views that question the legitimacy of IMO to be considered as 'competent international organization' on this matter. For an argument on this, see for example, Chris Forward, 'Archipelagic Sea-Lanes in Indonesia – Their Legality in International Law', *Australian & New Zealand Maritime Law Journal*, Vol.23, No.2, November 2009, pp. 143–156. Puspitawati, on the other hand views that 'the competence of the IMO as the organisation is appropriate'. See, Puspitawati, 2005, op. cit., p. 4.

13 Puspitawati, 2005, op. cit., p. 4.

14 Puspitawati, 2005, op. cit., p. 6.

15 For a complete documentation of the '19 rules', see: Puspitawati, 2005, op. cit., p. 9-10.

To illustrate Indonesia's detraction from international laws in relation to sea lane transit, Indonesian Government Regulation 37/2002 regarding the implementation of the ASL and ASLP does not accord with UNCLOS and the '19 rules'. The interests of Indonesia as a coastal state differ from maritime user states such as Australia and the United States, as is made clear in Indonesian government regulation. Government Regulation 37/2002 does not specifically state whether Indonesia has opted for partial ASL designation. An important point to note from the regulation is that ASLP can be exercised in any part of Indonesia's archipelagic waters 'as soon as archipelagic sea lanes have been designated in those waters.'¹⁶ This is clearly inconsistent with UNCLOS, which allows transiting vessels to navigate through normal routes used for navigation within archipelagic waters. In other words, UNCLOS prescribes that all foreign vessels can navigate through archipelagic waters with or without ASLs being designated, and that a coastal state has neither the right to prevent foreign vessels from conducting transit, nor the authority to suspend the right of transit.

By not specifying its east-west ASLs, Indonesia has only partially designated the required complement of ASLs necessary to qualify under UNCLOS. Any complete designation of ASL requires careful study and consideration so that Indonesia can balance its national interests and international obligations. Elements within the security agencies have argued that the designation of east-west ASLs will place Indonesia in a vulnerable position, with foreign vessels enjoying freedom of transit in Indonesia's archipelagic waters; others have similarly contended that Indonesia's national security may be compromised.¹⁷ Besides these issues, there are those who would point to Indonesia's role as the host state, raising concerns over its practical capacity to monitor busy navigation activity and ensure the safety and security for vessels in the ASL.¹⁸ Such reservations are valid considering Indonesia's lack of adequate equipment and facilities to conduct comprehensive surveillance.

Yet, our contention is that as Indonesia grows in confidence the issue of ASLP will be viewed prevalently from a perspective of benefit and obligation. As previously highlighted, designation of ASLs is commonly regarded as compensation for Indonesia's recognition as an archipelagic state with sovereignty over archipelagic waters. Even though coastal states do not have to designate ASLs, strategic planners of national and foreign policy in Indonesia may conclude that such action is beneficial for the following reasons. First, coastal states can focus only on particular routes when it comes to ensuring the safety and security of foreign vessel transit routes. Should ASLs not be designated, foreign vessels would then use a variety of possible routes normally used for international navigation. Such haphazard usage adds further complexity and the possibility of incidents at sea, thereby adding to the already complicated situation of navigation in archipelagic waters. Second, the designation of east-west ASLs could enhance Indonesia's diplomatic position since maritime user states will view this as a collaborative and cooperative approach on the part of Indonesia, for example, in proposing to maritime user states potential collaborative initiatives that would benefit Indonesia. Third, although there will be consequences for Indonesia when developing a strategy on how to ensure that the designation of east-west ASLs does not compromise Indonesia's national interest, future strategic planners may see such a situation not as a challenge, but as a motivation for Indonesia to enhance its ability to ensure navigational safety in its archipelagic waters—a maritime zone considered to be one of the most important waterways not only for states in the region, but also for the world.

Options for east-west ASL that Indonesia might consider could be derived from a combination of: first, the proposals of Australia and the United States, subject to modifications and enhancements; and second, the informal proposal of an east-west ASL option produced by an Indonesian Navy working group. By combining these proposals—namely, Australia's claim to 'normal international sea passages' and Indonesia's omission of east-west ASLs—it is possible to produce a relatively comprehensive proposal incorporating east-west ASLs. Figure 1(a) illustrates a combination of all proposals, views and suggestions, while Figure 1(b) depicts one possible option regarding ASLs for Indonesia, with an emphasis on the east-west routes. It has to be noted that this is not the only possibility and this option is a consequence of using an approach that prioritises the need to minimise the number of routes. Such an approach might be viewed as an appropriate option for Indonesia to strike a balance between the convenience of navigation by foreign vessels and Indonesia's obligations as a consequence of ASL designation.

16 *Government Regulation Number 37 of 2002, on The Rights and Obligations of Foreign Ships and Aircraft when Exercising the Right of Archipelagic Sea Lanes Passage through Established Archipelagic Sea Lanes*, [hereinafter *Government Regulation Number 37 of 2002*], Article 3 (1). An English translation is available at: <http://www.law.unimelb.edu.au/files/dmfile/GovernmentRegulationNo2.pdf>.

17 In an informal discussion on 15 May 2013 in Sydney, Australia, Indonesian Air Marshal (Rtd), Eris Herryanto, former Secretary General of Ministry of Defence indicated that the designation of east-west ASLs may compromise Indonesia's national security. The discussion was in conjunction with the Australian-Indonesian Next Generation Defence and Security Forum, organised by the Australian Strategic Policy Institute (ASPI).

18 Head of Commission I of the Indonesian House of Representative (DPR), Mahfuz Sidiq, stated that the primary defence weapon system (Alutsista) of the Indonesian Navy is inadequate to guard and protect Indonesia's ASLs. See, Sindonews, 27 December 2012, 'Alutsista TNI AL minim, negara rugi Rp40 T', [Navy's Alutsista inadequate, Indonesia suffers IDR 40 trillion of loss], available at: <http://nasional.sindonews.com/read/2012/12/27/14/701229/alutsista-tni-al-minim-negara-rugi-rp40-t>.

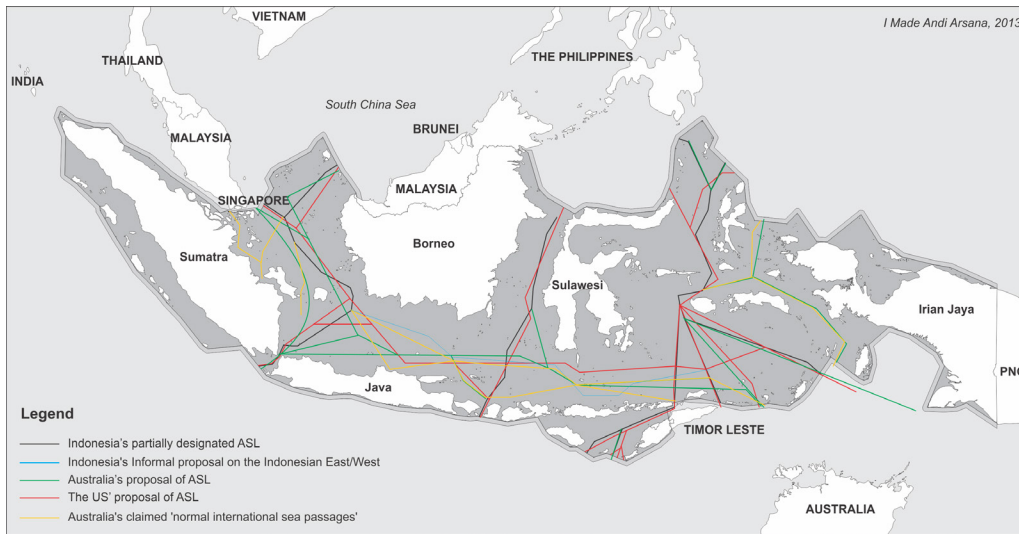


Figure 1(a) Combination of all proposals, views and suggestions

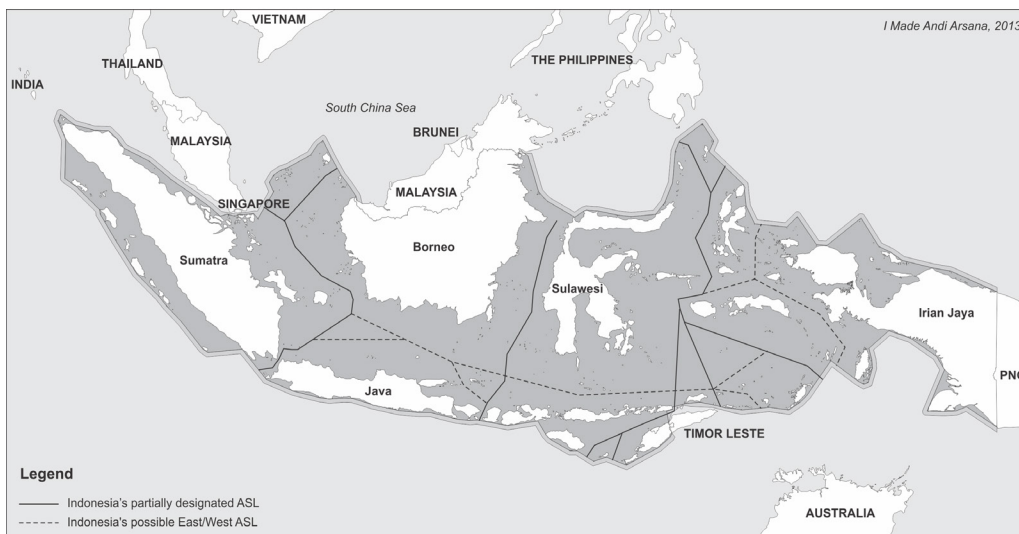


Figure 1(b) Possible option of ASLs for Indonesia, with emphasis on east–west routes

OPERATIONALISING ASL DESIGNATION

To better manage its maritime zones, Indonesia's boundary administration has to contend with three main issues:

1. illegal activities occurring at boundary areas;
2. geospatial/technical issues; and
3. information dissemination.

The challenge regarding illegal activities revolves around the need to provide an adequate number of maritime patrol vessels and sufficient staff resources. Established maritime boundaries have to be monitored by both military and civilian officials possessing adequate knowledge and the necessary equipment. To

safeguard such a large maritime boundary area, Indonesia would require substantial resources, but present levels of inventory and skilled staff remain woefully inadequate to this task.¹⁹ In addition to this, coordination is also an essential challenge.

¹⁹ Defence Minister, Purnomo Yusgiantoro, admitted the need to improve facilities for the Indonesian Armed Forces (TNI). See: *Jurnal Nasional*, 22 August 2011, 'Menhan akan Modernisasi Alutsista', [Defence Minister will modernise main weaponry system (Alutsista)]. available at: http://www.jurnas.com/news/37982/Menhan_akan_Modernisasi_Alutsista/1/Nasional/Keamanan. See also 'Buku Putih Pertahanan Indonesia 2008', [Indonesia's Defence White Paper 2008] (Jakarta: Indonesia's Ministry of Defence, 2008).

There are a variety of institutions that play an important role in safeguarding Indonesia's maritime boundaries; without proper coordination among those institutions, functional conflict occurs. Therefore, the role of the Maritime Security Coordinating Board (BIG, Bakorkamla, *Badan Koordinasi Keamanan Laut*)²⁰ is vital in facilitating coordination among existing institutions. Should Bakorkamla fail in performing its coordinating tasks, it will become yet another institution hinders an already complex matrix of competing Indonesian actors.

For geospatial/technical issues, the primary challenge lies in providing adequate geospatial information for the purposes of boundary administration. A challenge for the Geospatial Information Agency (*Badan Informasi Geospasial*, BIG)²¹ and the Indonesian Navy's Hydro-Oceanographic Office (Dishidros, *Dinas Hidro-Oseanografi TNI-AL*)²² is to provide charts with adequate technical specifications. While there is no legal requirement regarding the frequency with which charts depicting baselines and maritime boundaries should be updated, such charts need to be updated regularly to account for environmental changes so that reliable maps are available for safe navigation.²³ This necessitates expensive field surveys and cartographic processes, which of themselves are a challenge. Another challenge is how to define the right geodetic data for maritime boundary treaties already concluded between Indonesia and its neighbours.²⁴ This will require intensive geospatial research involving various parameters and assumptions. Furthermore, the fixing of data may in turn result in changes being made to existing treaties, thereby complicating the treaty making process.

Part of the challenge of information dissemination derives from the need to balance confidentiality in information use with the urgency to educate relevant parties by providing as much accurate information as possible. Added to this is the challenge to express legal and technical matters concerning maritime boundaries in accessible language in order reach as broad an audience as possible. In this case, relevant parties in the government need to be aware that the means of conveying information is as important as its content.

Apart from the aforementioned challenges, opportunities also exist in the context of boundary administration. Disputes and incidents in relation to boundary issues may be viewed as opportunities to build awareness among relevant parties in the government and the public realm. By recognising the consequences of how improper boundary administration can compromise safety and security, relevant parties involved should realise that managing boundaries is as important as establishing them. This can, to an extent, accelerate and improve Indonesia's maritime boundary management programme. Similarly, greater awareness among the public on the importance of boundary management can also generate pressure for the relevant government parties to take their job more seriously.

The establishment of the National Agency for Border Management (BNPP, *Badan Nasional Pengelolaan Perbatasan*) is the ideal recourse for the government of Indonesia to deal with boundary administration issues. However, apart from its idealistic objectives, there is considerable room for improvement of the agency's roles, particularly its coordination responsibilities for border management in Indonesia. Capacity building remains one of the most important issues for the agency to address in order to perform its coordination function effectively.²⁵

CONCLUSION: GOING BEYOND THE ARCHIPELAGO OUTLOOK

Although the Archipelago Outlook provides Jakarta with the political legitimacy to exert a level of control over Indonesia's internal waters and unite the archipelago, how is it relevant to the maritime environment beyond its shores? Despite all of its acclaims and accolades, the Archipelago Outlook is an inherently inward-looking concept. Its principal aim is to emphasise national unity out of diversity as a consequence of being an archipelagic nation; this reflects a sense of fragility and vulnerability towards centrifugal forces capable of drawing the outlying islands away from Jakarta's political control. However, this concept also ignores the fact that as Jakarta's interests expand overseas, more than unity is required to safeguard the archipelago. It also supersedes the dynamic nature of a maritime strategic environment. The rise of maritime powers, operating within and outside the region, has placed increasing stress on Indonesia's critical location at the maritime cross-roads of Asia, particularly in regard to the choke-points and archipelagic sea lanes. In this context, the Archipelago Outlook in its current state has little to offer for Indonesia in enabling it to keep pace with the regional maritime strategic environment, let alone to shape and influence it.

20 See, 'Vision, Mission, Tasks and Functions' of Bakorkamla, available at: <http://www.bakorkamla.go.id>

21 See official website of BIG: <http://www.big.go.id>

22 See official website of Dishidros: <http://www.dishidros.go.id>

23 C. Schofield and I.M.A. Arsana., 'Imaginary Islands? Options to Preserve Maritime Jurisdictional Entitlements and Provide Stable Maritime Limits in the Face of Coastal Instability'. ABLOS Conference, Monaco, (2010), available at: <http://www.gmat.unsw.edu.au/ablos/ABLOS10Folder/S2P1-P.pdf>.

24 For an example of technical analysis relating to maritime boundary geodetic datum, see S. Lokita and A. Rimayanti., 'The Solution Method for the Problem of the Geodetic Datum of the Territorial Sea Boundary between the Republic of Indonesia and the Republic of Singapore'.

25 I.M.A. Arsana and S. Lokita, 'Indonesia's New Approach to Border Management', in M.S. Zein, and IMA Arsana, *Contribution Matters! 2.0: Insights of Indonesian Students in Australia*, PPIA, Canberra, Australia, 2011, p. 168.

We contend that in the coming decades Indonesia's strategic planners of national and foreign policy will seek to address this anomaly by proactively managing their maritime environment. This is primarily because the future of Indonesia's maritime environment will be characterised by several trends. First, the rise of Asian maritime powers will affect regional stability. The rapid economic growth of Asia has meant that the region has increased its political and military might. For the first time in history, Asia has surpassed Europe in terms of defence expenditure.²⁶ In Southeast Asia, the majority of defence expenditure will be incurred building a more capable and farther reaching maritime force.²⁷ This will create new opportunities and challenges for regional security and stability.

Second, simmering regional tensions emerging out of historical grievances and territorial disputes are increasingly compounded by rising nationalism and regional interstate trust deficits. While the region has undergone rapid economic growth and interdependence, these trends have not reshaped the way regional states view sovereignty. On the contrary, regional states possess increasing military capability to entrench their hold on sovereignty, which make sensitive issues such as historical grievances and maritime disputes extremely complicated and difficult to resolve and to manage.

Third, the rise of China and the role of the United States have added to the complexity of factors affecting regional stability. The rise of China has been welcomed in the region, as it has brought with it new diplomatic and economic alternatives, providing options for regional states previously dependent on the West. This is particularly so in the case of Indonesia, whose 'free and active' foreign policy discourages tendentious alignments with any major powers. However, regional states are equally wary about growing Chinese power and intentions, as China also displays ambitions for leadership and hegemony, while being perceived as aggressive whenever it comes to protecting its interests. Meanwhile, the United States, which has officially declared China a 'peer competitor', gives the impression of exploiting the situation as an opportunity to renew its strategic military presence in Asia after a decade of being distracted and absorbed in conflicts in the Middle East. The rise of Asian maritime powers and simmering regional tensions will decide the future role of the United States in the region.

Fifth, the evolving nature of non-traditional security challenges will also affect the future of Indonesia's maritime environment. While major power competition is certainly a defining feature in the current strategic landscape, new security challenges warrant attention. The threats of piracy and sea robbery, terrorism, smuggling, and pollution remain increasingly problematic throughout the region. Multinational and cooperative efforts have sought to address such challenges, but due to their dynamic and evolving nature, new measures and initiatives must constantly be developed and implemented. For Indonesia, efforts to address non-traditional maritime security threats have often led to previously unforeseen types of regional engagement. 'Coordinated patrols' organised with neighbouring countries have multiplied regional naval diplomatic initiatives and serve as another avenue in confidence-building measures as regional navies increase in size and strength. As a consequence, the Indonesian Navy has participated in out-of-area deployments to counter piracy and illegal activities at sea in the Gulf of Aden and the Mediterranean Sea.²⁸

The last concern is that of Indonesia's growing overseas interests. According to a recent McKinsey report, Indonesia is projected to be the seventh largest economy in the world in 2030.²⁹ It is currently the sixteenth largest economy in the world, and a member of the G20. Indonesia is also one of the world's largest exporters of natural resources including coal, palm oil, and natural gas. For example, India and China have now become Indonesia's largest coal and gas export destinations.³⁰ Indonesia also consumes more energy than in the past. It became a net oil importer in 2004, shipping the bulk of its oil from the Middle East. This is a clear indication that Indonesia's economy is becoming increasingly intertwined with seaborne routes, and that disruptions to seaborne trade would deliver a severe blow to economic growth.

26 See, <http://www.voanews.com/content/asia-defense-spending/1527336.html>.
27 See, <http://www.reuters.com/article/2012/10/07/us-defence-southeastasia-idUSBRE8960JY20121007>

28 The Indonesian Navy sent a naval task force to the Gulf of Aden in April 2011 to rescue 20 Indonesian sailors held hostage by Somali pirates, while a permanent naval contingent is deployed in the Mediterranean Sea to support the UNIFIL-Maritime Task Force (UNIFIL-MTF) along the Lebanese maritime border. Available at: <http://www.voanews.com/content/somali-pirates-release-indonesian-ship---121086654/158016.html> and <http://www.antaranews.com/en/news/82154/kri-hasanuddin-366-on-peace-mission-to-lebanon>
29 http://www.mckinsey.com/insights/mgi/research/asia/the_archipelago_economy
30 <http://www.thejakartaglobe.com/bisindonesia/indonesia-to-lead-coal-export-growth-through-2020/444341>

These trends point to the outward-looking nature of Indonesia's maritime strategic environment: such a perspective exceeds the scope of the Archipelago Outlook. Although these trends persist, Indonesia is presently bereft of an equivalent concept capable of combining them in an outward-looking projection of its regional and international influence. One official has suggested the need for the adoption of an 'archipelagic foreign policy' that is reflective of Indonesian geography as well as a desire to move beyond the inward-looking Archipelago Outlook, while remaining faithful to its 'free and active' foreign policy principle.³¹ The efficacy of archipelagic foreign policy can be seen in three ways. First, it is able to define the priorities that meet archipelagic needs relating to issues of development, climate change, and food and energy security. Second, it can define the choice of foreign policy instruments by using a maritime perspective, improving maritime connectivity in support of the development of Southeast Asian regional markets, and actively contributing to UN-sanctioned naval peace support operations. Third, by locating the meeting points between national security policy and foreign policy, it is capable of recognising that Indonesia warrants defence and security arrangements peculiar to its archipelagic geography.

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³¹ Yayan Mulyana, 'Developing an archipelagic foreign policy', *The Jakarta Post*, 9 January 2012.



Indonesia and the democratic middle powers: A new basis for collaboration?

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National Security College Issue Brief
No 10 May 2014

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National Library of Australia Cataloguing-in-Publication entry

Authors: Beeson, Mark; Lee, Will.
Title: Indonesia and the democratic middle powers: A new basis for collaboration? [electronic resource] / Mark Beeson; Will Lee.
ISSN/ISBN: ISBN 978-1-925084-05-4
ISSN 2203 - 4935 (print)
ISSN 2203-5842 (online)
Series: National Security College issue brief (Online)
Notes: Includes bibliographical references.
Subjects: National security--Australia--21st century.
Military planning--Australia.
Political leadership--Australia--21st century.
Australia--Politics and government--21st century.
Other Authors/Contributors:
Australian National University, National Security College
Dewey Number: 355.0330994

INTRODUCTION

It has become fashionable in scholarly and even policymaking circles to describe Australia as a middle power.¹ Middle powers, the argument goes, have particular qualities that not only distinguish them from other states, but which may provide the basis for cooperative relationships with each other. Indeed, a preference for collaboration within multilateral organisations is widely taken to be one of the hallmarks of contemporary middle powers.² What distinguishes Australian foreign policy in this regard is that Australian policymakers have taken what was formerly a fairly obscure academic term and used it to define Australia's overall approach to international relations. After a long hiatus under the Howard Coalition government, the label was resurrected by Kevin Rudd and was enthusiastically adopted by Julia Gillard as the basis for her government's foreign policy.³

Although opinions vary about quite how useful the term 'middle power' actually is, even skeptics would have to concede that it has assumed a sudden salience in Australia. For better or worse, the fashion is spreading: one of the consequences of the remarkable economic transformation of East Asia has been a concomitant rise in the number of increasingly prosperous, potential middle powers in the region. While not actually using the term, Indonesian Foreign Minister Natalegawa's statement that 'in any international forum, including ASEAN and the G20, Indonesia will bridge different visions between nation-states and show Indonesia's moderate and strong views', captures the predilection of middle powers for multilateral cooperation.⁴ Although there is no complete agreement on what precisely makes a middle power, the position of such a power in the international hierarchy of states and its diplomatic behavior are generally thought to be pivotal. In this regard Australia is comfortably in the world's top twenty economies; it possesses a not-insignificant strategic capacity; and maintains a track record of activist, multilateral diplomacy. So, too, do a number of its neighbours.

No country is more significant in this regard than Indonesia. Not only has Indonesia rapidly joined Australia in the world's economic top twenty, and may soon overtake it, but increasingly it functions as a prominent member of the international community. Like the idea of middle powers, this phrase is less illuminating than we might wish,⁵ but it

is suggestive of those states that aspire to greater foreign policy prominence. In this context the possible importance of the middle power label is potentially even more significant for Indonesia than it is for Australia: no longer quite as preoccupied with maintaining internal stability, newly enriched, and internationally recognised as first among notional equals in Southeast Asia, Indonesia has begun to assume a more prominent international profile.⁶ The marker of its transition from a Southeast Asian power to one with global heft was, like Australia, its accession to the G20. Before trying to decide whether this will change Indonesia's relationship with Australia – or the rest of Southeast Asia, for that matter – it is useful to say something about the historical context in which the bilateral relationship has evolved.

THE EVOLVING RELATIONSHIP

The bilateral relationship between Australia and Indonesia is becoming increasingly important. In part, this reflects Indonesia's growing economic and strategic weight in the region as its most populous state, and one that is Islamic. The nightmare at the back of Australian minds—especially in the aftermath of S11 and the Bali bombings—has been that Indonesia's rather relaxed version of Islamism might become radicalised. Thus far, there are few signs of this occurring. The security cooperation between Australia and Indonesia and the success of counter-terrorism operations is testimony to deepening of the relationship, even if it reinforces unfortunate stereotypes about Australia coming to the aid of its fragile neighbour.⁷ However, things have not always been as cordial as this, and there is no guarantee that they will remain so.

It is important to remember that for most of Indonesia's relatively brief history as an independent state, middle power status looked unlikely. Although it is not clear whether aspiring middle powers need to be democratic, it plainly adds a degree of legitimacy that greases diplomatic wheels for those that are.⁸ Indonesia, by contrast, has until recently been ruled by Suharto, with whom Australian policymakers had considerable difficulty convincing a skeptical public of the merits of establishing close ties. Nevertheless, a key part of Paul Keating's 'engagement' with Asia was the attempt to 'throw in Australia's lot with Indonesia in a more committed and unreserved way than ever before'.⁹ Rejection of the Keating agenda in the 1996 election is a reminder of the difficulty of translating major foreign policy initiatives into saleable elements of domestic public policy.

1 C. Ungerer, 'The "Middle Power" Concept in Australian Foreign Policy', *Australian Journal of Politics and History*, 53(4): pp. 538–51.

2 A.F. Cooper, R.A. Higgott, and K.R. Nossal, *Relocating Middle Powers: Australia and Canada in a Changing World Order*, (Carlton, Victoria: Melbourne University Press, 1993).

3 K. Rudd, 'Advancing Australia's Global and Regional Economic Interests', *Address to the East Asia Forum*, March 26; Commonwealth of Australia (2012) *Australia in the Asian Century*, (CoA: Canberra, 2008).

4 Y. Hermawan et al., 'The Role of Indonesia in the G20: Background, Role and Objectives of Indonesia's membership', Friedrich Ebert Stiftung, available at: www.g20.utoronto.ca/biblio/role-of-indonesia-2011.pdf accessed 15 December 2012.

5 C.E. David, 'On the Possibility of "International Community"', *International Studies Review*, 11(1): 1–26.

6 E.A. Laksmana, 'Indonesia's Rising Regional and Global Profile: Does Size Really Matter?', *Contemporary Southeast Asia*, (2011), 32(2): pp. 157–183.

7 R. Chauvel, 'Australia and Indonesia: living in different strategic worlds', in D. McDougall and P. Shearman (eds.), *Australian security after 9/11: new and old agendas*, (Hampshire: Ashgate, 2006), pp. 145 and 159.

8 T.L. Chapman, 'Audience beliefs and international organization legitimacy', *International Organization* 63(04): (2009), pp. 733–764; R.B. Hall (1997) 'Moral authority as a power resource', *International Organization* 51(4): pp. 591–622.

9 R. Dalrymple, *Continental drift: Australia's search for a regional identity*, (Aldershot and Burlington: Ashgate, 2003).

The great hope now is that a democratic Indonesia—arguably more structurally integrated in capitalist markets than before—will prove to be a reliable and acceptable partner. While this may eventually prove to be the case, it is important to remember that the nature of the future relationship is far from certain and—when judged from the self-interested calculus of *realpolitik*—the old relationship has not been without its merits. Unattractive as the Suharto regime may have been in many ways, it had two great redeeming features as far as Australian policymakers were concerned: predictability and stability. For decades, Suharto maintained domestic order and thus minimised the potential threat posed by a chaotic, destabilised Indonesia. While the direct military threat posed by Indonesia may have been modest, even this could be discounted in the knowledge that its primary strategic focus was internal. Keating pragmatically noted that ‘Suharto is the best thing in strategic terms that had happened for Australia; by bringing stability to the archipelago he has minimised the Australian defence budget’.¹⁰

One of the disadvantages of Indonesia’s democratic transition from the perspective of Canberra is that policymaking in Indonesia has become more complex. More actors and potential ‘veto players’ are involved in the construction of foreign policy in democratic Indonesia, and as a consequence this necessarily makes it less predictable.¹¹ Authoritarianism in Indonesia was not without its attractions, for it dovetailed with Australia’s anxiety about Asia. It is not necessary to become bogged down in relatively arcane debates about the construction of national identities to recognise that Australia’s Western social and political heritage is a potential source of friction when juxtaposed with Asia. The focus of such tensions has often been human rights issues, about which critics argue successive Australian governments have maintained a studious silence.¹² National interests, the argument goes, routinely trump ethical principles.

Yet, the calculus of national interests is equally complex in Indonesia.¹³ Views about Australia generally and the best way to conduct bilateral ties reflect this underlying reality. Kai He argues that different calibrations of international pressure combine with the political legitimacy of the relevant post-Suharto administration to determine patterns of state behaviour across policy issues.¹⁴ Those aspects of Australia represented by its unrelenting pressure on Indonesia to contribute to programs

of deterring asylum-seekers, and as a potential ally to hedge against the rise of China, elicit different responses from within Indonesia. In this regard, Southeast Asian states are no different to their counterparts elsewhere and reflect contingent struggles for power and the expression of competing interests.¹⁵

COMPETING INTERESTS

For Indonesia and especially Australia, relations with other countries are more important than relations with each other. Despite talk about the commonalities that supposedly exist between—if not actually unite—middle powers, the reality is more prosaic and raises questions about how much the international system has changed. Although there is much animated discussion about the rise of the BRICs and the possible inclusion of Indonesia in an expanded BRICs (Brazil, Russia, India, Indonesia, China, South Africa),¹⁶ at this stage much about the international system looks surprisingly familiar and the foreign policies of Australia and Indonesia continue to reflect this.

For Australia in particular, its principal economic and strategic relations lie elsewhere. China has rapidly become Australia’s main trade partner and the United States remains its foremost security guarantor. Indeed, relations with the United States dominate all other foreign policy concerns, including how it manages its relations with China and the rest of the region.¹⁷ The recent decision to station troops in Darwin was part of Australia’s long-running policy of strategically binding itself to the dominant Western power of the era. It was not only the Chinese who predictably expressed indignation at this turn of events.¹⁸ Indonesia also expressed surprise at the development of a major military base on its doorstep,¹⁹ even though the primary intent of the base was to curb Chinese, rather than Indonesian influence. The point to emphasise is that many of Australia’s most important bilateral relationships remain subordinate to those with the United States, arguably circumscribing Australia’s policymaking autonomy as a consequence.

10 M. Boyle, ‘Policy-making and pragmatism: Australia’s management of security cooperation with Indonesia during the new order period’, *UNSW / ADFA PhD thesis*, (2002), p. 334.

11 J. Ruland, ‘Deepening ASEAN cooperation through democratization? The Indonesian legislature and foreign policymaking’, *International Relations of the Asia-Pacific*, (9) pp. 373–402; P. Sulistyanto (2010), ‘Indonesia–Australia relations in the era of democracy: the view from the Indonesian side’, *Australian Journal of Political Science*, 45 (1), pp. 117–32.

12 A. Burke, ‘Questions of community: Australian identity and Asian change’, *Australian Journal of Political Science*, 45 (1), (2010), p. 80.

13 On the construction of national interests, see J. Weldes, ‘Constructing national interests’, *European Journal of International Relations*, 2(3), (1996), pp. 275–318.

14 K. He, ‘Indonesia’s foreign policy after Soeharto: international pressure, democratization, and policy change’, *International Relations of the Asia-Pacific*, 8 (1), (2008), p. 49.

15 L. Jones (2009) ‘Democratisation and foreign policy in Southeast Asia: the case of the ASEAN Inter-Parliamentary Myanmar Caucus’, *Cambridge Review of International Affairs*, 22 (3), (2008), p. 391.

16 K. Brooks, ‘Is Indonesia bound for the BRICS? How stalling reform could hold Jakarta back’, *Foreign Affairs* 90(6), (2011), pp. 109–118.

17 M. Beeson, ‘Can Australia save the world? The limits and possibilities of middle power diplomacy’, *Australian Journal of International Affairs*, 65(5), (2011), pp. 563–577.

18 M. Sainsbury, ‘Chinese grilling has Stephen Smith on defensive over US ties’, *The Australian*, 7 June (2012).

19 S. McDonald and H. Brown, ‘China, Indonesia wary of US troops in Darwin’, ABC News, (2011), available at: <http://www.abc.net.au/news/2011-11-17/china-indonesia-wary-of-us-troops-in-darwin/3675866>, accessed 15 December 2012.

But for Indonesia, too, relations with other states complicate bilateral relations. In Indonesia's case the primary independent variable is ASEAN. For all of the states of Southeast Asia, ASEAN has had historical importance as a vehicle with which to manage sometimes fractious intra-regional relations, reinforcing domestic sovereignty, and generally raising the international profile and significance of the entire Southeast Asian region.²⁰ Recently, however, the famed ASEAN consensus has begun to unravel and the organisation has appeared increasingly unable to respond to a rapidly changing regional environment – much to the frustration of some of its more progressive members, such as Indonesia.²¹

In such circumstances, Indonesia has begun to look beyond the region to pursue its increasingly broad-ranging and ambitious foreign policy goals. Indonesia is routinely considered to be one of the more consequential actors in the region, something its growing economic presence and status as the world's largest Muslim country has reinforced. Not all Indonesians agree with this shift of emphasis or Indonesia's evolving foreign policy priorities, something that is manifest in Indonesia's inconsistent international stance. When thwarted by its more authoritarian neighbours, Jakarta has advocated internationalism in the form of a peacekeeping force in an ASEAN Security Community underpinned by liberal-democratic norms. However, its reticence in ratifying the ASEAN Transboundary Pollution Agreement, citing 'national interests', is a reminder of the continuing domestic constraints on policy.²² This is making Australia's increasingly important neighbour less predictable in some ways. For admirers of middle power theory, this may come as something of a surprise, but it is a reminder of how varied conceptions of 'national interests' can be, and just how much national priorities can be shaped by parochial concerns.

STILL STRANGE NEIGHBOURS?

One of the problems facing both Indonesia and Australia is that it is often assumed that there is a relatively clear sense of the national interest when it comes to international relations. And yet, whether we consider specific bilateral ties or a more general international role, there is often intense national debate regarding the content of foreign policy and the best venues for prosecuting it. In Australia's case, this was most evident during the Howard era, when the former prime minister and his foreign minister Alexander Downer displayed a marked preference for bilateral, rather than multilateral relationships where possible.²³ In part this reflected heightened skepticism over the role and value of institutions such as the United Nations. It was also partially an expression of the Howard government's intense strategic loyalty to and ideological affinity with the administration of George W. Bush. But even if we acknowledge that this was an especially controversial geopolitical period, the idea that Australia might have had particular interests that flowed primarily from its position as a middle power looked inherently implausible.

As we have seen, the Gillard government has continued the Howard government policy of cultivating close strategic ties with the United States. But even in an arena where we might expect Australia to take a more independent line and unambiguously establish its independent middle-power credentials, reality indicates otherwise. Australia's successful campaign to obtain a temporary seat on the UN Security Council might mark an important vote of confidence in one of the world's premier multinational organisations, but it is unlikely to result in policies that are out of kilter with an established pattern of strategic and even ideational dependency.²⁴ The idea that Australia would take a position at odds with the United States or key US allies such as Israel is almost unthinkable.

Interestingly, there are signs that newly democratic Indonesia may be more capable of assuming an independent position on key issues than Australia. In some ways Indonesia is fortunate that it is not directly involved in the growing territorial disputes with China to the extent of some of its fellow ASEAN members such as the Philippines and Vietnam.²⁵ But as noted, this has only served to highlight the differences between ASEAN members and to heighten Indonesia's growing frustration. Indonesia is also unconstrained by long-term strategic dependence of the sort that Australia maintains with the United States. Although this confers some notional freedom of action, that action is limited by Indonesia's recognised need to take the actions and preferences of the great powers inside and outside its region seriously.²⁶

20 S. Narine, *Explaining Asean: Regionalism in Southeast Asia*, (Boulder: Lynne Rienner, 2002).

21 P. Barta and C. Tejada, 'Sea dispute upends Asian summit', *Wall Street Journal*, 15 July 2012.

22 A. Acharya, *Constructing a security community in Southeast Asia: ASEAN and the problem of regional order, 2nd edition*, (Oxford and New York: Routledge, 2009), PP. 254 and 265.

23 M. Wesley, 'The Howard Paradox: Australian Diplomacy in Asia 1996–2006', (Sydney: ABC Books, 2007).

24 R. Peake, 'Council seat demands independent thinking', (*Canberra Times*, 20 October 2012).

25 I. Storey, 'Asean Is a house divided', *Wall Street Journal*, 14 June 2012.

26 D. Novotny, 'Torn between America and China: Elite Perceptions And Indonesian Foreign Policy', (Singapore: Institute of Southeast Asian Studies, 2010).

Even where we might expect the greatest potential for collaboration to exist, hegemonic priorities and expectations continue to impose limitations. The G20, which pivots on the 'compromise' between developed and 'systemically important' emerging economies,²⁷ is a new institution of which both Australian and Indonesian policymakers are delighted to be a part. Schirm's analysis of contestations within the G20 suggests that new thinking and alignments may be able to overcome divisions between industrialised and emerging states, auguring well for Australia–Indonesia cooperation if true.²⁸ Their joint convening of the 'Growth with resilience' chapter of the G20 development working group during 2011, focusing on 'social protection', is illustrative of converging expectations about how politics should govern economies: expectations that are only tepidly shared by the G7. Likewise, the G20 potentially offers a venue in which Indonesia in particular can escape the frustrations and limited scope of ASEAN. But as far as the Group's ostensible rationale of reforming the international financial system is concerned, little of consequence has changed—a circumstance that reflects the continuing influence of the United States, Wall Street, and the sheer difficulty of achieving consensus on needed reforms.²⁹ As Australian officials have also discovered, while it may be gratifying to have a seat at the international table, with the chance to put one's views, this is no guarantee that they will be taken seriously or make a difference.³⁰

There are a number of other emerging multilateral organisations that have the potential to influence the development of the region in which both Australia and Indonesia are members. In some ways, Australia has more at stake in a regional context than does Indonesia. After all, Indonesia is securely embedded in, if not the de facto leader of, the region's most established grouping: ASEAN. Australia, by contrast, is potentially an outsider, which makes the very definition of the 'the region' and its putative membership far more consequential.³¹ Although Australia has abandoned Kevin Rudd's brainchild – the Asia Pacific Community – the consolidation of the East Asian Summit achieves essentially the same goals: not only is Australia in, but so, too, is the United States.

Indonesia's policy towards the EAS, especially in retaining Washington's external balancing role, is remarkably similar to Australia's, despite a notionally independent 'free and active' (*bebas dan aktif*) foreign policy. Indeed, Canberra and Jakarta have a broadly similar view of the possible benefits of continuing American dominance and engagement in underpinning regional order. Nevertheless, they struggle to act in concert to bring this about. This is in part because of what Hugh White calls Canberra's 'strategic ambivalence' towards Indonesia, and the importance Australian policymakers attach to the alliance with the United States above all else.³² The notion of 'strategic ambivalence' conveys something important about Australian policymakers' historical attitudes towards its most immediate and consequential neighbour: whether Indonesia is strong or weak, it is a source of concern for many in Canberra. Therefore, despite Paul Keating's recent call for much closer ties with Indonesia,³³ there remain real limits to the degree of cooperation that is possible, either bilaterally or through multilateral auspices.

The point to emphasise, once again, is that Australia and Indonesia maintain considerably dissimilar priorities and foreign policy goals. This should come as no surprise, of course, to observers with a sense of the distinctive histories of the two countries. For all the fashionable talk concerning the possibilities of policy 'convergence',³⁴ which is often implicit in discussions of middle powers, it is also plain that the contemporary policymaking context and dynamics in Australia and Indonesia remain very different – the latter's transition to democracy notwithstanding. Democracies may not fight each other as often as they do other regimes,³⁵ but this is not necessarily because their leaders subscribe to similar world views. Much the same can be said of middle powers. Indeed, it is striking that Australia—a democracy and middle power of some standing—retains what Edward Luttwak describes as 'the Anglo-Saxon trait of bellicosity'.³⁶ In other words, Australia's participation in every recent war of note and Indonesia's relative quiescence cannot simply be interpreted as the result of their respective international circumstances. On the contrary, the foreign policies of middle powers—like those of any others—continue to reflect a complex, contingent amalgam of historical and contemporary influences. What distinguishes them as a group is their relatively limited ability to implement them. Similarly positioned and endowed states could collaborate; whether they will is more an expression of agency than structure.

27 S. Soederberg, 'The politics of representation and financial fetishism: the case of the G20 summits', *Third World Quarterly*, 31 (4), (2010), p. 529.

28 S. Schirm, (forthcoming), 'Global politics are domestic politics: a societal approach to divergence in the G20', *Review of International Studies*, p. 2.

29 M. Beeson, and S. Bell, 'The G-20 and International Economic Governance: Hegemony, collectivism, or both?', *Global Governance*, 15(1), (2009), pp. 67–86.

30 R.H. Wade, 'Emerging World Order? From Multipolarity to Multilateralism in the G20, the World Bank, and the IMF', *Politics & Society*, 39(3), (2011), pp. 347–378.

31 See: M. Beeson, 'American Hegemony and Regionalism: The Rise of East Asia and the End of the Asia-Pacific', *Geopolitics* 11(4), (2006), pp. 541–560; Higgott and Nossal, 'Odd man in, odd man out: Australia's liminal position in Asia revisited – a reply to Ann Capling', *Pacific Review*, 21 (5), (2008), pp. 623–634.

32 H. White, 'The New Australia–Indonesia Strategic Relationship: A Note of Caution', in J. Monfries (ed.), *Different societies, shared futures: Australia, Indonesia and the region*, (Singapore: Institute of Southeast Asian Studies, 2006), p. 45.

33 P.J. Keating, 'Asia in the New Order: Australia's Diminishing Sphere of Influence', *The Keith Murdoch Oration*, (State Library of Victoria, 14 November 2012).

34 C. Xun, 'Global Networks and Domestic Policy Convergence: A Network Explanation of Policy Changes', *World Politics* 64(03), (2012), pp. 375–425.

35 B.M. Russett, *Grasping the Democratic Peace: Principles for a post-Cold War World*, (Princeton: Princeton University Press, 1995).

36 E.N. Luttwak, *The Rise of China vs. the Logic of Strategy*, (Cambridge, Mass: The Belknap Press, 2012), p. 107.

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Australia's relations with Indonesia: Progress despite economic and socio-cultural constraints?

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National Security College Issue Brief
No 11 May 2014

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National Library of Australia Cataloguing-in-Publication entry

Authors: Roberts, Christopher B; Habir, Ahmad D.
Title: Australia's Relations with Indonesia: Progress despite Economic and Socio-cultural Constraints? [electronic resource] / Christopher B. Roberts; Ahmad D. Habir
ISSN/ISBN: ISBN 9781-1-925084-00-9 (ebook : pdf)
ISSN 2203 - 4935 (print)
ISSN 2203-5842 (online)
Series: National Security College issue brief (Online)
Notes: Includes bibliographical references.
Subjects: National security--Australia--21st century.
Military planning--Australia.
Political leadership--Australia--21st century.
Australia--Politics and government--21st century.
Other Authors/Contributors: Australian National University, National Security College
Dewey Number: 355.0330994

INTRODUCTION

At 244.5 million people, Indonesia is now ten times more populous than Australia. Moreover, Indonesia's middle class is larger than Australia's entire population and Indonesia's economy is now over thirty per cent larger than Australia's Gross Domestic Product (GDP) in Purchasing Power Parity terms (PPP). While scholars continue to debate whether Indonesia will rise to become a major power,¹ Indonesia is almost destined to become the more powerful partner in the Indonesia–Australia relationship. Importantly, the separation of Australia's mainland from Indonesia by only 240 kilometres of ocean means that the two countries share strong security interdependencies. However, such proximity also delivers added efficiencies and potential for future economic relations. While much analysis has focused on specific relational problems, such as the situation in West Papua, there has been very little recent literature on the broader relationship. Therefore, this issue brief assesses the current state-of-affairs in the relationship and the key challenges to address in the future. The first section focuses on the political and security sphere, while the second section analyses how any associated progress is underpinned (and potentially undermined) by socio-cultural and economic links. The final section examines some of the key implications for future policy.

CONTEMPORARY POLITICAL AND SECURITY RELATIONS

Despite some historically alarmist voices in Australia's public sphere,² neither Indonesia nor Australia represents a traditional security threat for the other. Rather, both the academic and policy communities of Australia have increasingly recognised Indonesia's strategic role as a buffer against future aggression and that, more broadly, 'a positive relationship with Indonesia contributes profoundly to Australia's overall security' – a contention that was explicitly recognised in Australia's 'National Security Strategy' and 'Asian Century White Paper'.³ In this vein, Australia and Indonesia negotiated the Lombok Treaty in 2006 (ratified in 2008) which commits the two countries to support each other's unity and territorial integrity and to refrain from the threat or use of force. This has since been reinforced by the September 2012 Defence Cooperation Arrangement which provides, in the words of then Minister for Defence Stephen Smith, a 'formal framework

for practical Defence cooperation under the Lombok Treaty'.⁴ Moreover, the relationship was elevated to a 'strategic partnership' in March 2010.⁵

As a partial consequence of these developments, by 2013 the level of bilateral defence engagement had reached its highest level in over fifteen years. Examples include a third Coordinated Maritime Patrol of the joint maritime borders by the Indonesian and Australian navies; Indonesia's first-time participation in the multi-nation Exercise Pitch Black;⁶ the first bilateral peacekeeping exercise (May 2013);⁷ the strengthening of search and rescue coordination;⁸ and continued officer and English language training through the Bilateral Defence Cooperation Program.⁹ Following the devastating 2004 tsunami, Australia's military worked alongside Indonesia's military in the emergency relief effort and the Australian government responded through the provision of more than \$1 billion in aid. More recently, Australia donated four C-130H Hercules transport aircraft to Indonesia and, in April 2013, Australia agreed to sell a further five of the aircraft on a discounted basis.¹⁰ Discussions have been held concerning 'possible defence industry co-operation' and Jane's Defence Weekly suggested that this is likely to include the joint development of patrol boats in addition to Australian exports of naval systems and military electronics.¹¹ Critically, should Indonesia continue to ascend, the next few decades will witness a paradigm shift in its capacity to not only participate in joint exercises but to also lead them.

1 For example, the following provides informative analysis: Donald K. Emmerson, 'Is Indonesia Rising? It Depends'. In Anthony Reid (ed.), *Indonesia Rising: The Repositioning of Asia's Third Giant* (Singapore: ISEAS, 2012), pp. 77–92.

2 For a detailed account on this subject, see: Anthony Burke, *Fear of Security: Australia's Invasion Anxiety* (Port Melbourne: Cambridge University Press, 2008); Emmerson, 'Is Indonesia Rising? It Depends'.

3 Emphasis by authors. 'Australia's National Security Strategy'. (Canberra: Department of the Prime Minister and Cabinet, 2013), p.12. 'Australia in the Asian Century: White Paper'. (Canberra: Commonwealth of Australia, 2012), p. 25.. See also: Hugh White, 'Northern Exposure: What the Rise of Indonesia Means for Australia'. *Monthly* (2013).

4 Stephen Smith, 'Australia and Indonesia: Strategic Partners'. Australian Department of Defence, <http://www.minister.defence.gov.au/2012/09/04/minister-for-defence-australia-and-indonesia-strategic-partners/>. The previous treaty between Australia and Indonesia was unilaterally revoked by Jakarta in 1999 due to tensions over Australia's support for East Timor's independence from Indonesia. See also: 'Indonesia, Australia Consent to Enhance Defence Cooperation'. *Indonesia Government News*, 4 April 2013. 'Australia-Indonesia Annual Leaders' Meeting'. Commonwealth of Australia, www.prm.gov.au/press-office/joint-communicue.

5 'Indonesia Country Brief'. Department of Foreign Affairs and Trade, http://www.dfat.gov.au/geo/indonesia/indonesia_brief.html.

6 Other participants included Singapore, Thailand, New Zealand and the United States. 'Exercise Pitch Black 12 Begins'. Australian Department of Defence, <http://www.defence.gov.au/defencenews/stories/2012/jul/0727.htm>.

7 'Australia and Indonesia Militaries Participate in the Inaugural Bilateral Peacekeeping Exercise, Garuda Kookaburra'. Australian Department of Defence, <http://news.defence.gov.au/2013/05/17/australia-and-indonesia-militaries-participate-in-the-inaugural-bilateral-peacekeeping-exercise-garuda-kookaburra/>.

8 'Minister for Defence, Minister for Infrastructure and Transport and Minister for Home Affairs – Joint Media Release – Strengthening Australia-Indonesia Search and Rescue Coordination'. Australian Department of Defence, <http://www.minister.defence.gov.au/2012/09/04/minister-for-defence-minister-for-infrastructure-and-transport-and-minister-for-home-affairs-joint-media-release-strengthening-australia-indonesia-search-and-rescue-coordination/>

9 'Defence Minister Completes Indonesia Visit'. Australian Department of Defence, <http://www.minister.defence.gov.au/2012/09/05/defence-minister-completes-indonesia-visit/>.

10 'Jakarta to Buy More Hercules'. *Flight International*, 6 August 2013.

11 'Australia and Indonesia Signal Intent to Collaborate in Defence Industry'. *Jane's Defence Weekly*, 5 September 2012.

Heightened collaboration between the two countries has been rendered all the more important due to the shifting strategic order of Southeast Asia and the broader Indo-Pacific. The future of this order is becoming increasingly uncertain due to the continuation of various disputes such as the South China Sea and an associated increase to great power rivalry (i.e., between the United States and China).¹² Consequently, Australia and Indonesia have sought to hedge against such rivalry and Australia has particularly benefited from Indonesia's strong support for its inclusion in the East Asia Summit (EAS). While there are a number of limitations to this institution, the eighteen member EAS is now the premier leaders' forum in which to discuss a broad range of security issues.¹³ Moreover, Indonesia is central to Australia's diplomacy through the Association of Southeast Asian Nations (ASEAN), and sound relations will be mutually beneficial for multilateral diplomacy in APEC, the Group of 20, and various United Nations forums.¹⁴

While the political systems in Indonesia *and in* Australia are far from perfect, the consolidation of democracy in Indonesia has led to a convergence of certain social and political values. For example, Indonesia now has a flourishing civil society and a highly active media.¹⁵ Meanwhile, the country's political elite – particularly within the President's office, Foreign Ministry (*Kemlu*), and segments of the military¹⁶ – have also firmly embraced Indonesia's new identity as a democratic nation. This identity has significantly affected the nature of Indonesia's foreign policy and the political and social values that implicitly underpin it. Today, Indonesia is a like-minded partner in many regional and global affairs including environmental activism (e.g., climate change), the promotion of interfaith dialogue, transnational crime and irregular migration (e.g., the Bali Process), the promotion of democracy and human rights (e.g., the Bali Democracy Forum), and its active and constructive diplomacy over highly volatile issues such as Iran.¹⁷

The extent to which an intersection of interests has emerged was exemplified when the Indonesian government requested that Australia ask the United States, on its behalf, whether it would be interested in receiving a battalion of Indonesian peacekeepers in Iraq. While President Bush imprudently declined the offer, Jakarta's approach provides an example of how Australia's alliance with the United States has been interpreted, in some quarters, as expedient for Indonesia.¹⁸ Jakarta had also been appreciative of broader Australian support for closer relations between the United States and Indonesia, a strategy that Australia had promoted based on Indonesia's rise as a democracy and its stature as the world's largest Muslim nation.¹⁹ These developments reflect the fact that in practice it has been difficult for Indonesia to adhere to its official policy of non-alignment.²⁰ While Indonesia has also been pursuing closer relations with China,²¹ progress in the security sphere will be difficult so long as its democratic identity renders its values and interests more compatible with Western and other democratic powers.

Through to October 2013, when various leaks about Australian intelligence surveillance emerged (discussed below), cooperation over a range of non-traditional security issues had also been rising. For example, Australia views cooperation with Indonesia on terrorism as vital to the security of its people at home and abroad, while Indonesia shares similar perceptions together with concern over the nexus between terrorist acts and anti-government and insurgency movements.²² Consequently, a Memorandum of Understanding on Counter-terrorism – with cooperation between Australia's Special Air Services (SAS) and Indonesia's Detachment 88 within *Kopassus* – was proposed just a few months after the 9/11 terrorist attacks and was reaffirmed within days of the October 2002 Bali bombings.²³

12 For an overview, see: Christopher Roberts, 'The Future of East and Southeast Asian Regionalism', in *East and Southeast Asia: International Relations and Security Perspectives*, ed. Andrew Tan (London: Routledge, 2013).

13 Its membership also includes India, Japan, South Korea, New Zealand, and all ten of the Association of Southeast Asian Nations members.

14 Ramesh Thakur, 'Australia, Indonesia Moving as Close as Perceptions Allow', *The Japan Times*, 2 May 2013. For an in-depth analysis of Indonesia's significance in ASEAN, see Christopher B. Roberts, *ASEAN Regionalism: Cooperation, Values and Institutionalisation* (Milton Park: Routledge, 2012).

15 For an overview of how Indonesia's democratic transition has affected its political values and foreign policy, see: *ASEAN Regionalism: Cooperation, Values and Institutionalisation*, pp.102-26; 'State Weakness and Political Values: Ramifications for the ASEAN Community', in *ASEAN and the Institutionalization of East Asia*, ed. Ralf Emmers (Milton Park: Routledge, 2012), pp.11-26.

16 Interviews by Christopher Roberts in Jakarta during the course of seven field trips between 2006 and 2012. In the context of the military, see also Jorn Dosch, *The Changing Dynamics of Southeast Asian Politics* (London: Lynne Rienner, 2007), pp.39-40.

17 For example, Indonesia offered to mediate on the deadlock between Iran, the United States, and the European Union concerning the alleged development of nuclear weapons. Ellen Nakashima, 'Indonesia Offers to Mediate Talks with Iran', *The Washington Post*, 11 May 2006.

18 Alexander Downer, 'Australia Retreats from Asia', *Asialink* 3, no. 4 (2011): p.2.

19 Ibid. The US and Indonesia have since entered into discussions concerning a comprehensive partnership with the potential for six agreements concerning oil and gas exploration, energy, forestry, agriculture and natural resources more broadly (check status of this). Hanson, op. cit., p. 4

20 Donald K Emmerson, 'Is Indonesia Rising? It Depends', in *Indonesia Rising: The Repositioning of Asia's Third Giant*, ed. Anthony Reid (Singapore: ISEAS, 2012) pp.65-68. See also: Ristian A. Supriyanto, 'Rebalancing and Indonesia: US Pacific Presence Will Force Jakarta to Choose', *Defence News International*, 8 July 2013.

21 This goal has been symbolised by the joint declaration on 'Building a Strategic Partnership' in April 2005 and reinforced by other developments including the first joint exercise between the special forces of Indonesia and China in June 2011. 'External Affairs, Indonesia', *Jane's Intelligence* 2013.

22 Sidney Jones, 'Papuan 'Seperatists' vs Jihadi 'Terrorists': Indonesian Policy Dilemmas', International Crisis Group, <http://www.crisisgroup.org/en/publication-type/speeches/2013/jones-papuan-seperatists.aspx>.

23 'Australia, Indonesia Agree to Joint Probe', ABC, 16 October 2002; Ian Henderson and Don Greenlees, 'Megawati, PM Frame Pact on Terrorism', *Australian*, 7 February 2002. However, due to concerns about human rights abuses, it was not until 2005 that Australia lifted its ban on joint training and military cooperation with *Kopassus*. Peter Alford, 'Anti-Terrorism Role for Indonesian Army', *Ibid.*, 19 October 2010.

Counter-terrorist (CT) cooperation also steadily matured through to October 2013, leading to 'wide ranging partnerships' between Indonesian and Australian agencies in intelligence, defence, transport and border security, CT financing, criminal justice, legal framework development, and law enforcement.²⁴ In the case of law enforcement, a key development has been establishment of the Jakarta Centre for Law Enforcement Cooperation (JCLEC). Here, Australia's Federal Police had been working alongside Indonesia's police in the development and provision of intensive law enforcement training regarding terrorism and transnational crime. By 2012, the center had trained 12,900 officials from 59 countries through 540 courses.²⁵ The increased capacity of Indonesia to combat both domestic and international terrorist threats is reflected in the fact that there has been more than 800 terrorist-related arrests and over 600 convictions since 2002.²⁶ Should Australia continue to provide comprehensive support through inter-agency collaboration and aid (discussed below), then this will further strengthen Indonesia's capacity to respond to these challenges in the future.

Notwithstanding these positive achievements, much more needs to be done before the two countries' political relations can reach their full potential. Here, Sabam Siagian and Endy Bayuni argue that Australia's own efforts have not been reciprocated by Jakarta, and this is demonstrated by the absence of a comprehensive policy on its relationship with Canberra together with its tendency to take Australia for granted until intermittent incidents when flashpoints occur.²⁷ Aside from the socio-cultural dimension discussed below, this tendency has also been reinforced by Indonesia's preoccupation with nation-building, a historical focus on security to the north and, in more recent times, increased competition by the great powers who have been vying for influence and improved relations with an ascending Indonesia.²⁸ Nonetheless, Australia's role in Timor Leste did demonstrate, for better or worse, the significance of Australia for Indonesia, and there have been subsequent signs that Jakarta is starting to adopt a more proactive role in the relationship.

A further problem concerns the nature of political discourse in Australia. During the Howard Government, some particularly provocative announcements included Australia's self-proclaimed right to launch pre-emptive strikes against terrorists in other countries, and the projection of a 1,000 mile Maritime Identification Zone into Indonesian territorial waters.²⁹ The subsequent Labor government made comparably provocative announcements, such as Prime Minister Gillard's determination that East Timor would process asylum seekers; the later 'PNG solution'; trade issues including bans on

logging and cattle exports;³⁰ and the stationing of US marines in Darwin;³¹ Foreign Minister Carr's comments concerning the killing of activists in West Papua;³² and Prime Minister Rudd's statement that the opposition's rhetoric to 'turn back the boats' could result in 'conflict'.³³ Given the 2013 Australian Federal election, a further challenge concerns the perception of some Indonesians that, in the words of the Indonesian Foreign Ministry website, the Australian Labor Party 'tends to be more liberal and hold a positive view toward Indonesia'.³⁴

While the socio-cultural dimension is addressed in the next section, a lack of understanding together with a perceived lack of consultation and respect for Australia's northern neighbour has informed many bilateral flare-ups. Thus, one government official in Jakarta referred to the announcement that Timor Leste would process asylum seekers, stating that the Australian government should know that Timor Leste does not agree to arrangements such as this without first consulting Indonesia.³⁵ Given these challenges, the combined leadership of both President Susilo Bambang Yudhoyono and Foreign Minister Marty Natalagawa has been a fortunate coincidence, as both have demonstrated a sense of affinity with Australia and have actively pursued closer relations.³⁶ For example, at the inaugural annual leader's forum, President Yudhoyono quashed a diplomatic row when he declared that Prime Minister Julia Gillard had convinced him that the stationing of US marines in Darwin did not represent a problem for Indonesia.³⁷

24 'Indonesia Country Brief'.

25 *Ibid.*

26 'Australia's National Security Strategy', p.12.

27 Sabam Siagian and Endy Bayuni, RI-Australia ties — It's more important to be nice, *Jakarta Post*, 14 November 2012

28 Jennings Peter, 'Indonesia: Priorities, Politics, Perceptions and Papua'. *Strategist*, www.aspistrategist.org.au.

29 Ali Alatas, 'Different Societies, Shared Futures'. *Jakarta Post*, 6 July 2006.

30 Rosemarie Lentini, 'Julia Gillard Halts Live Cattle Exports to Indonesia'. *Telegraph*, 8 June 2013. See 'Sour Times with a Big Neighbour'.

31 There were also allegations of an associated proposal to station US drones at Christmas Island. Mark J. Valencia, 'US Pivot Making Waves in the Region'. *Straits Times*, 3 April 2012.

32 Michael Bachelard, 'Indonesia Rebukes Carr over West Papua Call'. *Age*, 30 August 2012.

33 Alberto Gomes, 'Beyond Boats, Beef, and Bali: Reassessing Australia's Relations with Indonesia'. *Conversation*, 3 July 2013. Despite assurances from Julie Bishop that Indonesia would cooperate with Australia when it forcibly sends asylum seeker boats back to Indonesia, Indonesia's Vice President, Foreign Minister, and Ambassador to Australia have all publically declared that the policy is unacceptable. In relation to the subject, Vice President Boediono stated that the 'most important thing for the two next door neighbours would be trust. That is key, mutual understanding, mutual respect'. Lenore Taylor, 'Indonesia 'Would Co-Operate' with Coalition on Boats'. *Guardian*, 3 June 2013. George Roberts, 'Indonesia Rejects the Coalition's Asylum Seeker Policy'. *ABC News*, 14 June 2013.

34 'Australia'. Ministry of Foreign Affairs (*Kemlu*), <http://www.kemlu.go.id/Pages/IFPDisplay.aspx?Name=BilateralCooperation&IDP=56&P=Bilateral&I=en>.

35 Interview with Indonesia's Foreign Ministry (*Kemlu*), Jakarta, February 2013.

36 According to Indonesia expert from the Australian National University, Greg Fealy, 'SBY constantly hoses things down [on Australia's account] ... When Commission 1 in Parliament looks like winding up for a big attack on Australia, SBY makes calming statements and takes the heat out of certain issues', Peter Hartcher, 'Dogs of Boat War Must Learn Value of Silence'. *The Sydney Morning Herald*, 2 July 2013.

37 Abdul Khalik, 'US Base No Threat to Indonesia'. *The Jakarta Post*, 21 November 2011

The intervention by President Yudhoyono demonstrates the benefits of increased dialogue and consultation. Cognizant of this, Jakarta and Canberra have also institutionalised the annual Australia–Indonesia Foreign and Defence Ministers’ 2+2 meeting, while an annual Law and Justice Ministers’ meeting has been proposed.³⁸ At the second 2+2 meeting, Indonesia’s Defence Minister reflected on recent consultation by Australia over its 2013 Defence White Paper and made a corresponding pledge to consult with Australia in the development of Indonesia’s own White Paper.³⁹ A delegation was subsequently sent to Canberra in November 2013.⁴⁰ Since September 2007, over 130 ministerial visits between Jakarta and Canberra have occurred.⁴¹ Jakarta also appears to be devoting more energy to the relationship: a recent example is its April 2013 initiation of the Australia–Indonesia High Level Committee.⁴²

Nonetheless, the relationship continues to stand on fragile foundations. The causal dynamics behind such fragility were particularly evident in the wake of a series of leaks by whistleblower Edward Snowden regarding intelligence intercepts by the Australian Signals Directorate (formerly the Defence Signals Directorate). Between October and November 2013 there were widespread media reports concerning intelligence gathering via Australian embassies and consulates in Asia as well as a more specific leak about the tapping of the phones of Indonesian officials by Canberra and Washington at the 2007 United Nations Conference on Climate Change in Bali.⁴³ Then, in November, the ABC and the Guardian published leaked intelligence concerning a sustained campaign to monitor the phone activities of President Yudhoyono, his wife, and several key ministers.⁴⁴ While Indonesia has likely accepted and benefited from Australian intelligence during the course of the aforementioned cooperation against terrorist threats, the Australian government failed to explain how monitoring the wife of Indonesia’s President, for example, could be justified on the grounds of ‘security’ or the ‘national interest’.

The disconcerting nature of the possible motives behind some Australian intelligence intercepts was reinforced during a further scandal in February 2014 where leaked documents indicated that Australia offered to share information with Washington about a trade dispute it had with Jakarta. The response by Foreign Minister Natalegawa was that he found ‘it mindboggling, ... how can I reconcile discussions about shrimp and the impact on Australian security?’⁴⁵ Meanwhile,

Australian Prime Minister Tony Abbott did publicly apologise over revelations that Australian naval and coast guard vessels had ‘unintentionally’ entered Indonesian waters.⁴⁶ However, the advanced nature of modern global positioning systems calls into question the veracity of the Prime Minister’s statement and this, together with the manner by which the Australian government has responded to revelations about the nature of its intelligence intercepts from Indonesia, has thus far failed to satisfy Jakarta.

As a consequence of these developments, Indonesia’s ambassador to Australia was recalled on 19 November 2013, and Jakarta formerly suspended military and law enforcement cooperation a day later.⁴⁷ However, in reality the impact on bilateral cooperation is much broader, as most Indonesian ministries and agencies are delaying action and awaiting further developments before investing resources in the advancement of cooperation with Canberra.⁴⁸ Critically, President Yudhoyono’s final term in office will end when the next round of Presidential elections are held in July. Interlocutors from government and academia, in Canberra and in Jakarta, have generally agreed that the current leadership in Indonesia is likely to represent a highpoint for relations with Australia.

Therefore, Jakarta and Canberra need to resolve the current break in bilateral relations as soon as possible, and this will necessitate rapid progress in concluding a promised ‘code of ethics and protocol’ regarding future intelligence gathering.⁴⁹ One challenge involves Jakarta’s concern that the chaotic electoral climate could be worsened by further intelligence leaks after establishment of an agreed ‘code’.⁵⁰ However, a greater hurdle concerns the highly politicised and populist policies of Canberra concerning irregular migration and this is interdependent with the unnecessary but deliberate securitisation of irregular migration which, in turn, is interdependent with the socio-cultural and trade dimensions discussed below.

38 ‘Australia-Indonesia Annual Leaders’ Meeting’.

39 Peter, ‘Indonesia: Priorities, Politics, Perceptions and Papua’.

40 Indonesia’s defence delegation met with both Australian government agencies as well as academics and analysts from the ANU and ASPI.

41 ‘Indonesia Country Brief’.

42 Alan Dupont, ‘Indonesian Ties Much Tighter’. *Australian*, 8 April 2013.

43 ‘Leaked NSA Report Reveals Australia-US Spying Operations During Bali Conference.’ *ABC News*, 3 November 2013; Charles Hutzler, ‘Australian Spying Report Stirs Anger in Asia; China, Indonesia Demand Explanations for Allegations of Aid in U.S. Spy Effort.’ *The Wall Street Journal*, 2 November 2013.

44 Michael Brissenden, ‘Australia Spied on Indonesian President Susilo Bambang Yudhoyono, Leaked Edward Snowden Documents Revealed.’ *ABC News*, 18 November 2013.

45 Catriona Croft-Cusworth, ‘Spying Row: Why Indonesia Is Tougher on Canberra than on Washington.’ *The Interpreter*, 21 February 2014.

46 Brendan Nicholson and Peter Alford. ‘Back Off, Jakarta Tells Australia.’ *The Australian*, 18 January 2014.

47 ‘Jakarta in No Hurry to Fixe Ties with Australia: Indonesian Ambassador Will Not Return to Australia until Relations Have Improved.’ *Today* (Singapore), 20 February 2014; ‘Biweekly Update: Indonesia.’ *Southeast Asia from the Corner of 18th and K Streets*, CSIS vol.4, no.24 (26 November 2013), p.7.

48 Discussions with Indonesian embassy, Canberra, March 2014.

49 There is a mounting belief in certain Indonesian policy circles that Australia’s leadership is waiting until the election of the next administration in Indonesia, but this would be a mistake. As has been raised during discussions with Indonesian policy makers, there are no presidential candidates that are likely to share the same level of affinity with Australia as that shared by President Yudhoyono.

50 Brendan Nicholson, ‘Spies, Not Boats, Put Jakarta Ties on Ice.’ *The Australian*, 27 February 2014.

SOCIO-CULTURAL AND TRADE DIMENSIONS: UNDERDEVELOPED FOUNDATIONS IN THE RELATIONSHIP?

The earlier-mentioned reference to a more compatible set of political and social identities is not meant to imply the emergence of a collective identity.⁵¹ Given the numerous sources of tension outlined in the previous section, such an outcome has yet to be consolidated between the two countries' political elite and, taking into account the lack of mutual understanding currently extant, not even the seeds of a collective identity have been sown at the societal level. Both countries are well aware of this problem: the associated challenges were aptly articulated by President Yudhoyono when he addressed both houses of the Australian parliament in 2010:

...the most persistent problem in our relations is the persistence of age-old stereotypes – misleading, simplistic mental caricature that depicts the other side in a bad light. Even in the age of cable television and the internet, there are Australians who still see Indonesia as an authoritarian country, as a military dictatorship, as a hotbed of Islamic extremism or even as an expansionist power. On the other hand, in Indonesia there are people who remain afflicted with Australiaphobia – those who believe that the notion of White Australia still persists, that Australia harbours ill intention toward Indonesia and is either sympathetic to or supports separatist elements in our country.⁵²

The focus of Australia's political rhetoric and associated media coverage has either continued to reinforce misperceptions or failed to correct them. Thus, one 2013 survey commissioned by the Australian Department of Foreign Affairs and Trade indicated that as many as 53 per cent of Australians believe that Indonesia is not a democracy, 70 per cent think that Bali is not part of Indonesia, and 72 per cent believe that Indonesian law-making is based on 'Islamic codes'.⁵³ Particularly troubling was a separate survey indicating that 54 per cent of Australians believe 'Australia is right to worry about Indonesia as a military threat' and 54 per cent believe that 'Indonesia is a dangerous source of Islamic

terrorism'.⁵⁴ In an earlier 2011 survey, only 5 per cent indicated 'a great deal of trust' that 'Indonesia would act responsibly in the world'.⁵⁵ Given this climate, Prime Minister Rudd's comment that the Coalition's 'turn back the boats' rhetoric could lead to conflict, together with his reference to *konfrontasi* (confrontation),⁵⁶ was more problematic for the damage it caused to Australian perceptions than it was to Indonesian perceptions of Australia.⁵⁷

Indonesians are also well aware of Australian attitudes, with 55 per cent agreeing that 'Australia is a country suspicious of Indonesia'.⁵⁸ However, while Indonesians have maintained relatively positive perceptions of Australia, a significant proportion continues to believe that Australia 'masterminded' the independence of Timor Leste; that the independence of West Papua remains high on the Australian government's agenda,⁵⁹ and that 'Australia poses a threat to Indonesia' (31 per cent).⁶⁰ At the worst end of the spectrum, outright anger has been voiced: a recent commentary by the senior managing editor of the Jakarta Post argued that Australia 'is perceived as an arrogant neighbour with a strong sense of superiority towards Indonesia'.⁶¹ As President Yudhoyono has stated, such misperceptions must be expunged '...if we are to achieve a more resilient partnership'.⁶²

Distrust and the lack of understanding between the two countries have already resulted in a number of practical ramifications intended to improve relations. For example, a senior Australian defence official noted that defence cooperation had been evolving as fast as the Australian people would permit.⁶³

54 Alex Oliver, 'Australia and the World: Public Opinion and Foreign Policy'. Sydney: Lowy Institute Poll, 2013, pp.12-13.

55 While 41 per cent believed that they could 'somewhat' trust Indonesia to act responsibly in the world, this was below China, Russia and Egypt. Moreover, 15 per cent answered the same question 'not at all' in terms of 'trust'. Fergus Hanson, 'Australia and the World: Public Opinion and Foreign Policy'. Sydney: Lowy Institute Poll 2011, pp.15-18.

56 *Konfrontasi* was a policy that was launched by President Sukarno during the 1960s and was primarily directed against the establishment of the Federation of Malaysia, which Sukarno viewed as a 'neo-colonialist plot to perpetuate British influence'. As a member of the Five Powers Defence Agreement, Australia's military was also involved in the highly 'limited' conflict. Roberts, *ASEAN Regionalism: Cooperation, Values and Institutionalisation*, p.35.

57 These comments resulted in a broad range of hostile statements on the internet. One example includes the following: '[w]e are a sovereign state and our policies will not be dictated to by a jumped up corrupt Country like Indonesia. If they were to try it on with Australia the U.S. would pound their sorry arses into oblivion'. 'Australia Has Just Trashed the Perception of Indonesia'.

58 Fergus Hanson, 'Shattering Stereotypes: Public Opinion and Foreign Policy'. in *Lowy Institute Indonesia Poll* (Sydney: Lowy Institute, 2012), p.8.

59 *Ibid.*, p.26; Kornelius Purba, 'Patronising Approach Won't Impress Indonesia'. The Australian, 5 July 2013; Peter, 'Indonesia: Priorities, Politics, Perceptions and Papua'. On this issue, Hajriyanto Y. Thohari stated that 'I am always suspicious of the NGOs as well as the governments of Australia and the United States in responding to the separatism issue in Papua. On the one hand, the governments showed their support to Indonesia's integrity, but on the other hand their NGOs support separatists groups ... who knows [sic] all kinds of political tricks are intentionally launched under a good plan or design, so that they will eventually gain benefits from the situation', 'Australian Govt, their NGOs Collude in Responding to Papua'. *Antara News*, 13 October 2006.

60 However, 63 per cent indicated that Malaysia posed a 'threat'. Hanson, 'Shattering Stereotypes: Public Opinion and Foreign Policy'. p.11.

61 Purba, 'Patronising Approach Won't Impress Indonesia'.

62 Yudhoyono, 'Address by the President of the Republic of Indonesia'.

63 Interview, Australian Department of Defence, Canberra, April 2013.

51 A collective identity exists where people consider themselves to be, at some level, part of the same group, and this translates into a collection of positive images that are projected towards others within the group. James Cotton, 'Regional Order and the over-Determination of Regional Institutions in the Asia-Pacific' (paper presented at the UTS-Guadalajara Workshop, Guadalajara, January 2004), p.7.

52 Susilo Bambang Yudhoyono, 'Address by the President of the Republic of Indonesia'. Canberra: Commonwealth of Australia Parliamentary Debates, 2010. At an earlier conference, a former Indonesian ambassador to Australia, S. Wiryo, also highlighted the problem of public ignorance on both sides, but added that this was in contrast to a relatively better understanding between officials. Wiryo, S., 'An Indonesian View: Indonesia, Australia and the Region'. In Montries, John, ed., *Different Societies, Shared Futures: Australia, Indonesia and the Region*, Indonesia Update Series, ISEAS, 2006.

53 'Australian Attitudes Towards Indonesia'. Canberra: *Newspoll*, 2013. This 91 page report was commissioned by the Australian Department of Foreign Affairs and Trade. See also, 'Australia Has Just Trashed the Perception of Indonesia'. Scoop, 29 June 2013.

The Australian embassy in Jakarta has played a leading role in responding to such challenges by building societal interest and people-to-people connections between the two countries. These activities include invitations to media editors and journalists to visit each country, and a greater emphasis on cultural exchanges and art.⁶⁴ More broadly, Jakarta and Canberra have already been working together to promote tourism and the idea that Indonesia is far more than just 'Bali'.⁶⁵ Many of these proposals are brought together in a single document by the Australian Department of Foreign Affairs and Trade titled the 'Indonesia Country Strategy'. While the document highlights the positive achievements in bilateral relations to date, it problematically does not support its prescriptions with tangible funding commitments.⁶⁶

Despite the above efforts, bilateral relations will be increasingly challenged by Australian misperceptions and indifference to Indonesia due to a decline in education about Indonesia and Asia more broadly. In 2011, there were only 87 Year 12 students studying Indonesian language (*Bahasa Indonesia*) in New South Wales and current trends indicate that the study of Indonesian at high school will end by 2018.⁶⁷ A similar decline has occurred in the tertiary sector, as less than 1,100 university students were studying Indonesian in 2010 and since 2004 six universities have discontinued their Indonesian language courses.⁶⁸ The collapse of Australian education in Asian languages is one of the key multigenerational challenges for Australian engagement with Indonesia and broader Asia. Evidence of archaic and outdated perspectives on this issue is still visible within certain quarters of the Australian government.⁶⁹ The rapid deterioration of Asian language education followed the Howard government's early termination of the National Asian Languages and Studies in Schools Program in 2002.⁷⁰ Despite a host of high-level government declarations since – including the 2008 re-establishment of the \$62.4 million National Asian Languages and

Studies in Schools Program (concluded in 2012) and the rhetoric of the Asian Century White Paper (2012)⁷¹ – Asian language offerings and enrolments have not yet rebounded.

Problematically, the Australian government's financial commitments regarding the study of Asian languages, cultures, and histories have become increasingly inadequate and this has resulted in the loss of relevant educational capacity. A reversal of this trend will require significant and long-term reinvestment together with other practical measures such as the easing of visa restrictions for qualified teachers from Indonesia.⁷² Beyond language education, it will also be critical to build capacity for general education concerning Indonesia and Asia at the high school and tertiary levels.⁷³ Here, a 2009 study found only two per cent of final-year Victorian high school students undertook history courses with any Asian content.⁷⁴ Moreover, each year only 100–150 students from Australia study in Indonesia; however, this number is set to increase to 400 per year from 2014 under the AsiaBound program.⁷⁵ Jakarta can also assist by streamlining the visa system for Australian students.⁷⁶

64 One example includes the coordination of a visit to Indonesia by Australian art directors who had no idea how vibrant the contemporary arts scene is in Jakarta. The Australian embassy is also bringing Indonesian journalists and Islamic leaders to Australia, and Australian journalists, in turn, have been brought to Indonesia.

65 Still more can be done in order to promote greater awareness regarding strong relations with Australia: the Lowy Institute Poll indicated that the Indonesian public is now warmer towards the US than Australia and that most Indonesians do not know that Australia is its largest donor of aid. Hanson, 'Shattering Stereotypes: Public Opinion and Foreign Policy', p.11.

66 'Indonesia Country Strategy'. in *Australia in the Asian Century*. Canberra: Department of Foreign Affairs and Trade, 2013. For a concise assessment of this strategy, see Michelle Ford, 'An Indonesia Strategy in Search of a Commitment'. *Australian*, 10 July 2013.

67 Olivia Cable, 'Indonesia: Australia's Gateway into the Asia-Century'. Australian Institute of International Affairs, <http://www.aiaa.asn.au/access-monthly-access/ma-issue-19>. Meanwhile, only 300 non-Chinese heritage students studied Mandarin at year 12 level in 2009. Jenny McGregor, 'Australian Students in the Dark as Asia's Century Dawns'. *Age*, 13 April 2011.

68 David T. Hill, 'Indonesia's knowledge is dying- just when we need it most'. *The Conversation*, <https://theconversation.com>.

69 During a 2011 presentation by Christopher Roberts to Australian government officials on Australian engagement, a co-presenter and senior official from the Australian Department of Foreign Affairs and Trade strongly objected to the idea that Australia should regalanise efforts to promote Asian languages at high school. He argued that everyone knows that all you have to do is pay for a translator.

70 Louise Milligan, 'Government Drops \$30m Asian Language Program'. *Australian*, 3 May 2002.

71 This includes the \$47 million AsiaBound grants program, which is very similar to the Australian coalition's 'reverse Colombo plan' that had been announced in June 2012.

72 Cable, 'Indonesia: Australia's Gateway into the Asia-Century'.

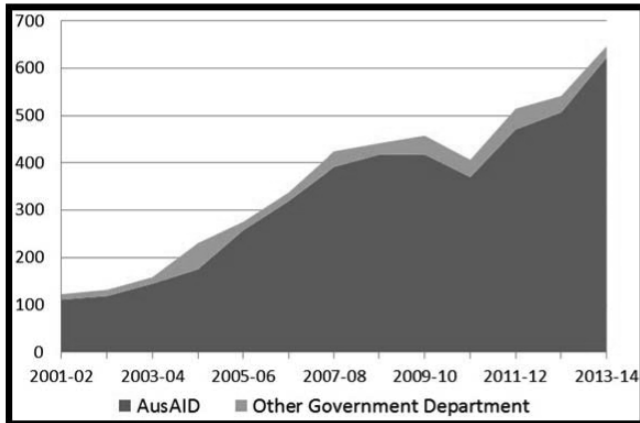
73 Following a series of education cuts during the late 1990s, only a handful of specialised Asian studies departments now exist in the tertiary sector.

74 McGregor, 'Australian Students in the Dark as Asia's Century Dawns'.

75 Julie Bishop, 'Address to Australia/Indonesia Dialogue'. <http://www.juliebishop.com.au/speeches/1223-address-to-australia-indonesia-dialogue.html>. John Hearn, 'Seeking Good RI-Australia Relations'. *Jakarta Post*, 1 May 2010. The AsiaBound Program was announced by then Prime Minister Kevin Rudd in July 2013. There remains an open question as to whether this funding will be maintained by the new coalition government beyond 2014.

76 Ross Tapsell, 'Friendship between Leaders Is Not Necessarily the Key to Good Relations'. *Ibid.*, 22 March.

Australian ODA to Indonesia, 2001–02 to 2013–14 (\$m)⁷⁷



A positive counterbalance to the above issues has been provided by Australia's extensive and long-term aid program. For the year 2014–15, it is anticipated that 525 scholarships will be awarded to Indonesians for study in Australia.⁷⁸ This is in addition to more than 17,000 Indonesian students who currently study in Australia each year.⁷⁹ Within Indonesia, Australia funded nearly half of Indonesia's school building program between 2006 and 2009, and in 2010 announced a further \$500 million to construct an additional 2,000 schools that will lead to 300,000 new school places.⁸⁰ Beyond education, Australia has provided an average of \$472.3 million in aid each year for the last five years, and this is scheduled to increase to \$646.8 million during the 2013/14 financial year.⁸¹ Australia is in fact Indonesia's largest aid donor, and Australia now provides more aid to Indonesia than to any other country. Aside from the aforementioned initiatives in the security and policing spheres, it has used this aid to strengthen, inter alia, Indonesia's long-term capacity including health, agriculture, governance, and humanitarian and disaster response.⁸² Nonetheless, it is ironic that the Australian government has invested heavily in aid to Indonesia, including funding Indonesian students to study in Australia, but has overtly neglected its duty to educate Australians about Indonesia and broader Asia.

Both Australia and Indonesia should be key trading partners. The proximity of the two countries reduces transportation costs and they both have a complementary mix of natural resources, opportunities for investment, and products for export.⁸³ In the case of Indonesia, consistent economic growth and positive

demographics – including a relatively young workforce – also reinforce the potential for and benefits from trade and investment.⁸⁴ However, a key issue raised by interlocutors in both Jakarta and Canberra was expansion of the currently slight two-way trade: in 2012, Indonesia was only Australia's twelfth largest trading partner.⁸⁵ Further, only about 250 Australian companies maintain a presence in Indonesia.⁸⁶ Yet, as argued by Australian Ambassador Greg Moriarty, strong trade relations provide a critical foundation to a stable and close long-term relationship; this is a key pillar that is missing in relations between Indonesia and Australia.⁸⁷ A stronger trading partnership will also naturally boost the level of inter-societal interaction and knowledge.

The level of bilateral trade will also be strengthened through the commencement of the ASEAN–Australia–New Zealand Free Trade Area that has significantly reduced tariffs and provided greater certainty to businesses from both countries. Australia and Indonesia have also proposed the establishment of an Indonesia–Australia Comprehensive Economic Partnership Agreement (IA-CEPA) and a preliminary round of negotiations were held in March 2013.⁸⁸ The successful conclusion of this agreement would result in even greater liberalisation in trade, heightened foreign direct investment, and strengthened economic cooperation more broadly.

Nonetheless, further challenges remain. Mounting economic nationalism in Indonesia combined with a vexed record of resource exploitation by Australian firms threatens to undermine long-term commitments for investment.⁸⁹ These challenges compound the lack of mutual understanding between the societies of the two countries and the various politicians and ministries whose portfolios do not necessitate or drive strong international, regional, and bilateral understanding. Indonesia will also need to maintain progress in tackling corruption and to improve its own business and investment climate before Australian businesses will redirect their trade and investment from alternative destinations.⁹⁰

77 'Overview', AusAid website, cited at: <http://www.ausaid.gov.au/countries/eastasia/indonesia/Pages/home.aspx>

78 'Indonesia: Information for Awards Commencing in 2014'. AusAid, <http://www.ausaid.gov.au/australia-awards/documents/indonesia.pdf>.

79 'Indonesia Country Brief'.

80 'Australia's Education Partnership with Indonesia (2011–2016)'. AusAid, <http://www.ausaid.gov.au/countries/eastasia/indonesia/Pages/education-init1.aspx>.

81 Calculations based on figures provided at the AusAid, see: 'Funding', AusAid, cited at <http://www.ausaid.gov.au/countries/eastasia/indonesia/Pages/home.aspx>.

82 *Ibid.*

83 Shaun MGushin, 'Australia-Indonesia: Time for a Closer Future'. *Mondaq Business Briefing*, 28 August 2013.

84 A rising middle class (now larger than Australia's entire population) has been responsible for much of the domestic demand, in addition to an abundance of natural resources that has underpinned such growth: 'Risks that may hinder boom in Indonesia', *Straits Times*, 15 January 2013 reprinted in *Jakarta Globe*, <http://www.thejakartaglobe.com/business/risks-that-may-hinder-boom-in-indonesia/565796>. Indonesian tourism has also been another major growth industry for Australia: 'Queensland Tourism Targets Indonesia on Trade Tour'. *Mena Report*, 19 February 2013.

85 Interviews with government officials and academics in Canberra and Jakarta between October 2012 and March 2013. See also 'Australia-Indonesia: Time for a Closer Future'.

86 Despite this, Australia's trade in services increased by an average of 22 per cent per year between 2007 and 2010. David T. Hill, 'Indonesian Knowledge Is Dying - Just When We Need It Most'. *Conversation*, <https://theconversation.com>.

87 Interview with Ambassador Greg Moriarty, Jakarta, 21 January 2013. See also Alan Oxley, 'Beyond the Boats Lies Indonesia's Rising Power'. *Financial Review*, 2 July 2013.

88 'Joint Communique: Indonesia-Australia Leaders' Meeting'. Australian Embassy, Indonesia, http://www.indonesia.embassy.gov.au/jakt/JC13_001.html.

89 Zakir Hussain, 'Indonesia's Politicians Play 'Protectionist' Card'. *Straits Times*, 4 July 2012.

90 In 2012, Indonesia was ranked number 128 out of 185 countries, with a ranking of 1 being the best place to do business. 'Ease of Doing Business Index'. The World Bank, <http://data.worldbank.org/indicator/IC.BUS.EASE.XQ>.

POLICY IMPLICATIONS AND THE WAYS FORWARD

Through to October 2013, the combined leadership of President Yudhoyono and Foreign Minister Natalagawa had contributed to the best political climate yet for advancing relations between Indonesia and Australia. This had also been reinforced by the prudent policies and actions of AusAID – now part of DFAT – and the Australian Embassy in Jakarta, together with the two countries' police and defence forces. Nonetheless, recent episodes such as Australian territorial intrusions and the spy scandals demonstrate that these hard-won gains should not be taken for granted. Elite-level dynamics are all too often an extension of broader societal perspectives, and vice versa. In other words, for states that are both democratic, but which otherwise exhibit significant societal and political differences, their interactions are likely to be complicated by the increased interdependence and influence of those societal interests. Therefore, a key challenge lies in identifying an effective means of improving the relationship framework so that the flashpoints that inevitably occur do not affect sound policy formulation.

As a first step, the recent change of government in Australia, together with Indonesia's presidential elections in 2014, means that the two governments will need to be especially cautious if they are to avoid statements that could offend, be misinterpreted or hijacked by domestic politics. In this regard, the institutionalisation of increased multi-level dialogue between the elite of the two countries has been a critically important development. However, more needs to be done and this includes better coordination between various Australian departments and their subsections. For instance, recent events indicate that some intelligence officers are operating under an inappropriate and narrowly defined mandate by which they consider the end to justify the means. In reality, they and their supervisors have failed to consider adequately the broader long-term costs for Australia's soft power and moral authority. Therefore, the Australian government needs to: (a) conclude the promised 'code of ethics and protocol'; (b) improve inter-agency coordination and oversight (possibly through some sort of enquiry or review); and (c) do more than is currently the case to mend relations with Jakarta. Moreover, the latter goal needs to be achieved before President Yudhoyono's term expires.

Meanwhile, the continuation of unnecessary political rhetoric that is perceived to be disrespectful to Indonesia, together with the failure of Canberra to consult regarding matters relevant to Indonesian interests provides further evidence of a need to continue to reconfigure perceptions and attitudes in certain quarters of Australian politics and the media. In line with the prioritisation accorded to Indonesia in Australia's 'Asian Century White Paper', such a reconfiguration will be demonstrated when Australian leaders act with the same level of respect and considered assessment as they would for China, India, South Korea and Japan. A step in this direction would involve mandatory training on diplomacy and the international affairs of the region for, in the very least, politicians and senior bureaucrats. Given a range of competing demands, such training could be achieved through intensive short courses or a possible web-based interface designed to provide a more flexible and efficient learning experience.

An increased focus on developing the economic and socio-cultural spheres of interaction will also reinforce the political-security and military dimensions of the relationship. This will require heavy investment in both language and broader Asian studies education that, in real terms, exceeds the funding commitments provided under the Hawke and Keating administrations. As an interim measure, the development of special programs to support the quality of journalism reporting on Indonesia and Asia will also have a positive impact on broader societal knowledge and perceptions. Such programs could develop the recent media tours coordinated by the Australian embassy to comprise longer-term exchange and education programs, with the latter including an emphasis on education concerning opportunities for trade and investment. Nonetheless, these strategies will require a multi-decade approach in order to consolidate a strong and robust bilateral relationship; the challenge for Australia and Indonesia will be the acquisition of the political will to implement them.

Should Indonesia's current pace of ascent be maintained, then Australia will increasingly become the smaller partner in this bilateral relationship. This, in turn, will entail increased dependence by Australia on Indonesian support in order to secure its economic, political and security interests – both bilaterally and in terms of its broader engagement with Southeast Asia and the Indo-Pacific. Nonetheless, as detailed in other issue briefs from this series, Indonesia's current trajectory is anything but assured. Several complicated elements of state frailty remain including ethnic and religious divides as well as the continued potential for rapid loss of a future government's legitimacy should it fail to perform – particularly in the economic sphere. Any significant regression in Indonesia's security environment could potentially lead to dire consequences for Australia. Consequently, Australia's bilateral aid program remains critical if it is to support Indonesia's democracy, good governance, equitable development, and stability. Regardless of Indonesia's future trajectory, now is the time to consolidate, as far as is possible, the relationship between the two countries.

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Key intra-ASEAN bilateral relationships: Opportunities and challenges

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National Security College Issue Brief
No 12 May 2014

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National Library of Australia Cataloguing-in-Publication entry

Authors: Ryu, Yongwook.
Title: Key intra-ASEAN bilateral relationships: Opportunities and challenges [electronic resource] / Yongwook Ryu.
ISSN/ISBN: ISBN 978-1-925084-03-0
ISSN 2203 - 4935 (print)
ISSN 2203-5842 (online)
Series: National Security College issue brief (Online)
Notes: Includes bibliographical references.
Subjects: National security--Australia--21st century.
Military planning--Australia.
Political leadership--Australia--21st century.
Australia--Politics and government--21st century.
Other Authors/Contributors:
Australian National University, National Security College
Dewey Number: 355.0330994

INTRODUCTION

As the 'first among equals', Indonesia has been a critical player in managing intra-ASEAN relations, a role that has increased its leadership status in the region and beyond. This issue brief examines the opportunities and challenges for security cooperation between Indonesia and three of its key ASEAN neighbours: Malaysia, Singapore and Vietnam. Today, Indonesia's policy towards these three countries is largely a function of the following factors: its historical experiences; its ASEAN policy; strategic calculations; and domestic politics. Despite the existence of several challenges, Indonesia's policy of 'a thousand friends and zero enemies',¹ coupled with the shared purpose of advancing the ASEAN Community project, will exert a positive influence on how Indonesia and the nations of Malaysia, Singapore and Vietnam interact.

INDONESIA-MALAYSIA RELATIONS

Historically, Indonesia's relations with Malaysia have fluctuated considerably. When Sukarno was in power, bilateral relations were severely constrained, and Indonesia took an anti-colonialist and imperialist stance. Sukarno displayed a modicum of interest in foreign relations in forming the Maphilindo (the Greater Malayan Confederation of Malaya, the Philippines, and Indonesia), in order to hold together the Malay world in the region, but when Malaysia was established, Jakarta quickly launched a confrontation policy towards Kuala Lumpur (KL), and the Maphilindo was abandoned soon after. Sukarno perceived Malaysia as a vehicle through which Western countries could exert their influence and intervene in the region. This suspicion was also the main reason that Sukarno rejected the Association of Southeast Asia (ASA), which he saw once again as serving the interests of Western imperialists. In the aftermath of the nation's hard-fought independence, Indonesia was not ready to tolerate any potential for external intervention in the region.

When Suharto replaced Sukarno, socio-cultural relations between the two countries were restored. Symbolic of the restoration of the relations was the unification of the Malay language and Bahasa Indonesia by a common spelling system in 1972.² With the shift of political focus to domestic socio-economic development under Suharto, Indonesia sought a stable and peaceful external environment by improving its relations with neighbouring countries. As a way to promote regional cooperation, in 1967 Indonesia brought an end to its *confrontasi* with Malaysia and joined five non-communist countries of Southeast Asia to form the Association of Southeast Asian Nations (ASEAN). In addition, with Suharto's anti-communist stance, bilateral security cooperation became easier to achieve. Joint security exercises were launched in order to combat Communist activities in Sabah and Sarawak, and an agreement on the Straits of Malacca was signed by Indonesia, Malaysia and Singapore.

The convergence of external threat perceptions as well as a common security purpose constituted the main reasons for deepening bilateral security cooperation between Indonesia and Malaysia during this period. Despite the establishment of diplomatic relations with the PRC in 1974, KL's relations with Beijing were less than cordial. China was still considered a major threat to the security of Malaysia because of its support for the Malayan Communist Party.³ Indonesia, under Suharto, also harboured suspicions of Beijing and considered the PRC as a major threat to its security because of Beijing's support for the PKI. When China invaded Vietnam for retributive reasons, Jakarta strengthened its security cooperation with KL. Initially, cooperation was confined to the Joint Border Committee (JBC), which was established in 1972 to deal with communist insurgency along the borders of East Malaysia. Later, cooperation expanded to other areas, including intelligence exchange, joint exercises, and exchange of officers to attend military colleges. In 1984, the 1972 security arrangement was revised to include joint naval and air patrols along the common borders of Indonesia and Malaysia.

Tun Razak's reorientation of Malaysia's foreign policy to advocate neutralisation also accorded well with Indonesia's desire to keep the region free of external intervention. Subsequently, a Zone of Peace, Freedom and Neutrality (ZOPFAN) was established in 1971, and when three Indochinese countries became communist in 1975, ASEAN leaders held the first ASEAN summit in Bali, during which the Treaty of ASEAN Concord and the Bali Declaration were signed in 1976.

1 Irfa Puspitasari, 'Indonesia's New Foreign Policy- 'Thousand Friends, Zero Enemy'', IDSA Issue Brief (23 August 2012), available at: http://www.idsa.in/system/files/IB_IndonesiaForeignPolicy.pdf

2 For more details, see Leo Suryadinata, *Times Comparative Dictionary of Malay-Indonesia Synonyms: With Definitions in English* (KL, Times Editions, 1991)

3 Joseph Chinyong Liow, 'The Politics of Indonesia-Malaysia Relations: One Kin, Two Nations', (New York, Routledge: 2004), p. 122.

Bilateral security cooperation has developed over the years between Malaysia and Indonesia, especially in maritime patrols and counter-terrorism activities. Since 2004, both countries, along with Singapore, have cooperated on patrolling the Malacca Straits, a key sea lane through which one fourth of the world's commerce and almost half of the world's oil shipments travel. Initially, each nation deployed up to seven naval vessels and maintained a task force of security personnel that would patrol the straits in a coordinated manner, but falling short of joint patrols. Today, the Malacca Strait Patrols (MSP), which consist of both the Malacca Strait Sea Patrols (MSSP), the 'Eyes in the Sky' air patrols, and the Intelligence Exchange Group (IEG),⁴ represent the set of practical cooperative security measures undertaken by the littoral states of Southeast Asia – Indonesia, Malaysia, Singapore and Thailand. Under the arrangement, the participating states conduct coordinated naval and air patrols, while sharing of information between ships and the Monitoring and Action Agency. The International Maritime Bureau (IMB) record shows a dramatic improvement in maritime security, as the number of piracy attacks in the Malacca Strait dropped from 112 in 2000 to 2 in 2009.⁵

There is much potential for the expansion of maritime security cooperation into related areas as well as beyond the region. Indonesia and Singapore have signed a submarine rescue pact in July 2012, constituting a pioneering move amid the ongoing regional quest for submarines. Indonesia and Malaysia could attempt to emulate a similar pact in the future. Moreover, maritime security cooperation in Southeast Asia could well extend into Northeast Asia with the cooperation of Japan and South Korea, as both countries have interests in maintaining the secure sea lanes for the importation of oil and other natural resources.

Another example of bilateral security cooperation has been the decision to resolve the disputed islands of Sipadan and Ligitan through the International Court of Justice (ICJ). Initially, there was disagreement over where to send the dispute for resolution, with Malaysia preferring the ICJ, while Indonesia demanded the ASEAN High Council. In the end, the parties referred the dispute to the ICJ, which ruled that both islands belonged to Malaysia in 2002. Indonesia accepted the decision despite much domestic protest. While the outcome was no doubt disappointing to Indonesia, the action taken by the two parties has set an important precedent in the region on how best to deal with seemingly intractable disputes so that they can focus on cooperation and development.

Bilateral disputes such as territorial disputes and maritime boundary demarcation are seeds for potential conflict, and their existence is a hindrance to bilateral and regional cooperation. Indonesia's willingness to refer the dispute to the ICJ and to accept the court's decision as binding has done much to remove a key stumbling block to Indonesia–Malaysia cooperation. Not only does it reflect the liberal orientation of Indonesia's more democratic, secure and responsible foreign policy after the inception of the Reformasi period, but it also shows its desire to put ASEAN matters at the centre of its foreign policy. Only by resolving key disputes among ASEAN member states can ASEAN progress towards the construction of a genuine ASEAN Community.

Three challenges remain, and their salience could adversely affect bilateral relations and security cooperation. While these challenges can sour bilateral relations, they are not insurmountable problems and can provide new grounds for bilateral cooperation. The first challenge concerns the maritime border issue and tensions over the oil and gas-rich waters in the Ambalat block. In 2005, when the Malaysian state oil company, Petronas, granted a concession for oil and gas exploration in a part of the Sulawesi Sea, which Jakarta claims as its territory, a dispute erupted between the two nations and almost led to armed conflict. Malaysia objected to the Indonesian claim and insisted that Ambalat is within its jurisdiction following KL's successful claim of ownership of Sipadan and Ligitan. In 2009, anti-Malaysian demonstrations broke out in Jakarta due to the border dispute with Malaysia over Ambalat.

The conflicting claims over maritime territory highlight the potential risks of conflict between the two nations. While it is unlikely that Indonesia would be willing to resolve the boundary issue concerning Ambalat through the ICJ, doing so would go a long way to eliminating a major stumbling block for bilateral security cooperation and a potential source of regional tension as Indonesia continues to rise in power. Unlike the case over sovereignty of disputed Sipadan and Ligitan, the ICJ's decision this time would not be such that either party would be awarded all of the disputed maritime area, as the principle of equity and fairness is the guiding norm for the ICJ's ruling in cases concerning jurisdiction over disputed maritime boundaries.

4 For more details, see the Ministry of Defence of Singapore website, available at: <http://oceansbeyondpiracy.org/matrix/activity/malacca-strait-patrols>, accessed 10 April 2013.

5 For the trend in the frequency of piracy in the Malacca Strait, see Ada Suk Fung Ng, 'A Maritime Security Framework for Fighting Piracy', Institute of Transport and Logistics Studies Working Paper (Sydney: University of Sydney, November 2011), p. 2.

Another challenge for both countries concerns the maltreatment of migrant Indonesian workers in Malaysia. Most migrant workers are unskilled female labourers working in the informal sector, such as housemaids. It is estimated that there were more than 500,000 Indonesian workers in West Malaysia in 1990, and the total number reached close to 1.2 million by 1994. From 1999 to 2006, the number of Indonesian registered workers sent to Asian countries was over 2.7 million. In 2009, following numerous high profile cases of abuse, the Indonesian government placed a moratorium on its citizens taking up employment in Malaysia as domestic workers. These issues can quickly translate into a matter of national pride, and there is uneasiness in Jakarta that Malaysia often does not treat the country with respect. Indeed, there is a general sense among Indonesians that Malaysians look down upon them,⁶ and these deep-seated negative perceptions can quickly erupt into anti-Malaysian protest – as the alleged mistreatment of the Indonesian model Manohara by her Malaysian husband, the Prince of Kelantan in 2009, and the 2011 Southeast Asian football final demonstrate. As Indonesia's sense of self-esteem grows in the wake of continued economic and political success, such perceptions are likely to become increasingly problematic.

The last challenge relates to environmental issues, especially the problem of smoke haze caused by forest fires in Indonesia, which spreads to neighbouring countries, especially Malaysia and Singapore, and which demands proper measures to be taken by the Indonesian authorities in order to redress the situation. Since the 1990s, severe haze has blanketed both countries and resulted in economic costs of tens of millions of dollars. The ASEAN Agreement on Transboundary Haze Pollution was signed by all ten ASEAN members in June 2002, and it entered into force in November 2003. To date, Indonesia is the only ASEAN member state that has not ratified the agreement, but is expected to do so later this year. The agreement resulted in the establishment of a regional coordinating centre, which could react quickly to the haze caused by Indonesian plantation owners and farmers. Once ratified, bilateral as well as regional cooperation on the haze problem can progress with fewer impediments than before, and will provide new opportunities for interstate cooperation.

INDONESIA-VIETNAM RELATIONS

Indonesia and Vietnam share a common historical experience in that the two nations achieved their independence through revolution, and from time to time the leaders of each country have emphasised this point. Indonesia's policy towards Vietnam has been a delicate balancing act, adhering to ASEAN's collective position on the one hand and advancing its own desire to lure Vietnam away from external great powers.

During the Sukarno era, Indonesia's relations with Hanoi were close, while its relations with Saigon were far from cordial. Sukarno perceived the South Vietnamese as American puppets. When he decided to upgrade diplomatic relations with Hanoi from consulate to ambassadorial level, Saigon decided to close the Indonesian consulate. It was not until the fall of Sukarno after the 1965 coup and the rise of Suharto's anti-communist government that Indonesia adjusted its foreign policy towards Vietnam. Nevertheless, diplomatic ties between Jakarta and Hanoi were maintained during the Suharto era, while Jakarta's relations with Saigon were never reestablished.

Vietnam's invasion of Kampuchea under Soviet patronage challenged Indonesia's relations with Vietnam, but even though it went along with ASEAN's collective stance on the Kampuchea problem, criticising Vietnam for the violation of state sovereignty, it never really shared the same degree of threat perception of Vietnam as Singapore and Thailand did. As the interlocutor of ASEAN on the Kampuchea issue, Indonesia was concerned that the conflict could divide the region into two clusters: maritime ASEAN and the land power of Indochina. It feared that a bipolar Southeast Asia could pit the communist against the non-communist countries and invite external intervention by great powers. In March 1990, Suharto met with Hussein Onn and produced what was known as the Kuantan doctrine. The doctrine assumed that Vietnam was under Chinese pressure and, as a result, it was moving closer to the Soviet Union, which would be dangerous for regional stability. Hence Indonesia offered to assist the Vietnamese and aimed to lure Vietnam away from the Soviet Union. However, Thailand and Singapore held a different strategic assessment of the Kampuchea conflict, and the doctrine subsequently created friction within ASEAN.⁷

6 Marshall Clark, 'Indonesia-Malaysia Relations: Cultural Heritage and the Politics of Garuda vs Harimau', (28 August 2012), *Unpublished conference paper at Australian National University*, available at: http://indonesiasynergy.files.wordpress.com/2012/08/m_clark_2012_is_indonesiamalaysiarelation.pdf

7 Dewi Fortuna Anwar, *Indonesia in ASEAN: Foreign Policy and Regionalism*, (Singapore: Institute of Southeast Asian Studies, 1994), p. 288.

Indonesian–Vietnamese relations under Suharto have been a function of Jakarta’s policy towards both Beijing and ASEAN. It was a function of the former because Indonesia saw Vietnam as a buffer against China; it was a function of the latter because Jakarta assigned considerable importance to ASEAN and hence maintained consonance with the other ASEAN states in order to present a common stance on Kampuchea.⁸ Indonesia’s policy towards Vietnam aimed at transforming an armed and poor neighbour into a cooperative and economically oriented country in SEA. The growing rift between Hanoi and Beijing compelled Hanoi to work closer with Indonesia as a means of garnering support for its struggle against the PRC over Kampuchea.

There are areas of potential cooperation and dispute between Indonesia and Vietnam. First, Vietnam is not yet a major trading partner of Indonesia, unlike Singapore and Malaysia. When the Vietnamese Prime Minister Nguyen Tan Dung visited Indonesia in 2011, he agreed with Indonesian President Susilo Bambang Yudhoyono to elevate bilateral ties to the level of a strategic partnership. Overall this would include more intense and institutionalised functional cooperation and communication between the two countries, and bodes well for the future trajectory of the bilateral relationship. For instance, the action plan for the strategic partnership calls for increasing bilateral trade from \$2 billion to \$5 billion by 2015. In 2012, Indonesian foreign minister Marty Natalegawa led the Indonesian delegation in the first Indonesia–Vietnam Joint Commission Assembly, which stemmed from the 2012–2015 Strategic Partnership Action Plan signed in 2011. The assembly is aimed at providing a regular and systematic mechanism to study and evaluate the countries’ bilateral cooperation in all sectors, including trade and investment and maritime and defence issues.⁹ With the newly launched Ho Chi Minh–Jakarta route by Vietnam Airlines, bilateral interactions are set to grow in quantity as well as in quality.

One area of potential challenge and cooperation relates to maritime boundary demarcation. While the two countries do not have territorial disputes with one another, their Exclusive Economic Zone (EEZ) claims overlap. A small milestone was achieved in 2003 when both governments signed an agreement on the delimitation of the continental shelf boundary. The agreement defined the continental shelf boundary of the two countries as the imaginary straight line located between the two terminal points of the 1969 continental shelf agreement between Indonesia and Malaysia. Although located nearby, the border is not located in the Spratly Islands area, over which Indonesia does not have any claim. Indonesia attaches importance to the conclusion of the negotiations because of concerns with Chinese intervention and expansion in the region. The two countries also agreed to establish joint patrols of their overlapping maritime borders, and have already conducted several joint naval patrols with the aim of reducing and eliminating illegal fishing and other maritime criminal activities.

China looms large in the strategic calculations of both countries. Vietnam, which has a direct territorial dispute with China, would like to keep Indonesia on its side to reduce tensions over the Spratlys and Paracels, while Indonesia is concerned with China’s growing influence in the region. Both countries, along with other ASEAN states, can cooperate to set the guidelines on the extent and type of activities that are permitted in the South China Sea. In 2002, ASEAN and China signed a non-binding political statement known as the Declaration on Conduct of Parties in the South China Sea (DOC). However, the DOC did little to prevent tensions from escalating, and it failed to prevent the claimants from intensifying sovereignty claims over disputed areas. Progress on implementation of the DOC has been extremely slow, partly because China objected and insisted that the disputes be resolved bilaterally, and partly because several ASEAN states have conflicting interests and claims among themselves over the disputed islands.

In July 2011, the guidelines to implement the DOC were finally adopted with the agreement to promote dialogue and consultation among the parties. A new point was added that activities and projects carried out under the DOC should be reported to the ASEAN–China Ministerial Meeting. The first discussions were held in Beijing from January 13–15, 2012, and agreement was reached to set up four expert committees on maritime scientific research, environmental protection, search and rescue, and transnational crime. The initial hope of a multi-party agreement with teeth turned out to be difficult to realise, and ASEAN’s final Proposed Elements of a Regional Code of Conduct in the South China Sea was a heavily toned-down version of the original Philippine working draft, representing internal disagreement among the ASEAN member states.¹⁰ For example, the final document eliminated references to ‘the principles and norms of international law applicable to maritime space, in particular the principles on the peaceful uses and cooperative management of the oceans’ and to ‘the need to preserve the region from any form of increased militarization and intimidation.’

Indonesia occupies a unique position in the issue of the Spratlys and Paracels because it is not a direct party to the territorial claims, but has a close interest in resolution of the disputes. As it has often done historically, it could play an intermediary role in alleviating tensions by hosting workshops. More importantly, it could exercise its leadership role within ASEAN by encouraging the member states to determine a collective approach before negotiating with China. Any internal fissure within ASEAN can be easily exploited by Beijing, as the 2012 ASEAN meetings in Cambodia amply demonstrated.

8 For analysis, see Ngoc-Diep Trinh Thi, ‘Indonesia’s Foreign Policy Toward Vietnam’, (Honolulu: University of Hawaii, 1995).

9 Donald Weatherbee, ‘Global Insider: Indonesia–Vietnam Relations’, (*World Politics Review*, 26 September 2011).

10 Carlyle A. Thayer, ‘ASEAN’s Code of Conduct in the South China Sea: A Litmus Test for Community-Building?’ *The Asia-Pacific Journal* 10 (4) August 2012.

INDONESIA–SINGAPORE RELATIONS

Indonesia's relations with Singapore in the 1950s and the 1960s can be characterised as one of distrust rooted in its resentment with the predominantly ethnic Chinese state's control over trade flows in and out of Indonesia. Foreign aid transported through Singapore to the rebels involved in the Permesta revolts in the 1950s added to this negative perception of Singapore's entrepot role.¹¹ But the change of leadership in Indonesia from Sukarno to Suharto marked a fundamental transformation in bilateral relations. Formal visits and contacts between Suharto and Lee Kuan Yew deepened their personal relationship and led to an improvement in bilateral cooperation in politics and economics as well as in military and socio-cultural areas.¹² As Lee Kuan Yew recalled, 'In retrospect, no event has had a more profound influence on the development of the region than the character and outlook of President Suharto of Indonesia.'¹³

Since then, Singapore has become an important trading partner for Indonesia. The bilateral trade volume reached approximately \$70 billion in 2010, and Singapore has consistently ranked as the top foreign investor in Indonesia. Human interactions have also flourished, and both countries are the number one source of visitors for each other. In 2010, almost 1.4 million Singaporeans visited Indonesia, while close to 2.6 million Indonesians visited Singapore in the same year. The two countries have recently cooperated on demarcating their maritime boundaries, which has led to greater economic cooperation.

For instance, after almost four years of negotiation, Indonesia and Singapore agreed on a new maritime boundary in 2009. The two countries had agreed on the central segment of their territorial sea boundary in the early 1970s; the median line establishes a new boundary on the western segment. The new agreement is expected to boost economic ties between Indonesia and Singapore, as Nipah will be integrated into the development of the inter-provincial Batam, Bintan and Karimun free trade zones as well as the development of the Sijori (Singapore, Malaysia's Johor and Indonesia's Riau Islands) Growth Triangle. Singapore has also opened a consulate in Batam in 2009, in order to enhance economic ties and cooperation between the two countries. Following the successful conclusion of establishing borders on the western segment, in 2010 both countries began talks demarcating the eastern border between Changi and Batam.

As for security cooperation, the armed forces of Indonesia and Singapore regularly hold joint exercises and run exchange programs for military officials. They also cooperate closely in combating terrorism by sharing intelligence, and operate joint patrols in the Malacca Strait. As a result, the insecurity rate has significantly decreased, and in 2011 only three major incidents were reported in the Malacca Strait. Anti-piracy exercises have also been jointly held, and there are regular interactions and exchanges between the personnel of the militaries of the two nations. Both Indonesia and Singapore are working together to fight against the spread of avian influenza in Tangerang, and are cooperating in controlled land burning and forest fires. Also, Singapore has trained some 4,000 Indonesian officials under the Singapore Cooperation Program to enhance their skills and knowledge in areas such as port management, banking and finance.

There are several unresolved issues between the two countries. First, Indonesia's airspace over the Riau Islands should be returned to Indonesia. The airspace has been under Singaporean control for the past decade because of the limited capacity of Indonesia's radar systems. In May 2012, Singapore announced that it was ready to return the airspace to Indonesia, provided that the International Civil Aviation Organization approved the return. Second, both countries have attempted without success to sign an extradition deal that would allow both countries to extradite criminal suspects. In 2007, an agreement on defence was signed by the two governments, but it was later annulled by Indonesian lawmakers who rejected a term that allowed Singapore's armed forces to conduct exercises on Indonesian soil in return for Indonesia being allowed to force the return of Indonesian criminals in Singapore. Third, the two nations have shown disagreement over the admittance of Timor Leste into ASEAN. When the issue emerged during the 2011 ASEAN leaders' retreat, Singaporean Prime Minister Lee Hsien Loong insisted that ASEAN reject Timor Leste's bid for membership, lest that the addition of a new member slow down the progress of ASEAN. Indonesian president SBY differed from Lee and advocated the admittance of Timor Leste to the bloc. But these issues are relatively minor, and both countries are willing to work with one another to resolve them.

11 For details, see Terence Lee Chek Liang, 'Explaining Indonesia's Relations with Singapore During the New Order Period: The Case of Regime Maintenance and Foreign Policy', *IDSS Working Paper Series* #10 2001

12 Lau Teik Soon and Biveer Singh (eds), 'Indonesia-Singapore Relations: Problems and Prospects', (Singapore: Singapore Institute of International Affairs, 1991).

13 Lee Kuan Yew Speech 16 April 1986 cited in Liang, 'Explaining Indonesia's Relations with Singapore During the New Order Period', p. 12.

CONCLUSIONS

Indonesia's bilateral relationships with the three neighbouring countries – Malaysia, Vietnam and Singapore – are not without challenges. If not managed properly, they could result in mutual mistrust and suspicion, and would hinder bilateral and regional cooperation. The magnitude of the problem could become greater in an era of a rising Indonesia that seeks to assert its leadership role within ASEAN. Despite the challenges, however, a sense of optimism should prevail, for two reasons. First, although an ascending Indonesia is likely to become more assertive, the general direction and tone of its foreign policy has been decisively liberal and accommodating thus far, as shown by the recent resolution of a key territorial dispute with Malaysia. The consolidation of democratic governance in Indonesia will have a positive impact on the liberal orientation of her foreign policy in the future. And second, the institutional web of ASEAN will sustain engagement and regular meetings among regional elites, and deepen their mutual understanding and personal connections. These connections will prevent potential conflict from becoming actual, preserving peace and stability in Southeast Asia. Thus, Indonesia's expression of its enhanced power will take place within the institutional framework of ASEAN, and its leadership role will develop in conjunction with bilateral cooperation with neighbouring countries, which bodes well for the successful management of the challenges present in Indonesia's bilateral relations with its neighbouring countries.

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Indonesia in ASEAN: Mediation, leadership, and extra-mural diplomacy

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National Security College Issue Brief
No 13 May 2014

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National Library of Australia Cataloguing-in-Publication entry

Authors: Widyaningsih, Erlina and Roberts, Christopher B.
Title: Indonesia in ASEAN: Mediation, leadership, and extra-mural diplomacy [electronic resource] / Erlina Widyaningsih and Christopher B Roberts.
ISSN/ISBN: ISBN 978-1-925084-11-5
ISSN 2203 - 4935 (print)
ISSN 2203-5842 (online)
Series: National Security College issue brief (Online)
Notes: Includes bibliographical references.
Subjects: National security--Australia--21st century.
Military planning--Australia.
Political leadership--Australia--21st century.
Australia--Politics and government--21st century.
Other Authors/Contributors: Australian National University, National Security College
Dewey Number: 355.0330994

INTRODUCTION

This issue brief analyses the factors supporting and motivating Indonesia's leadership in ASEAN and their implications for the organisation. It discusses Indonesia's leadership in ASEAN in terms of: its role in managing crises and mediating conflicts/disputes; second, the novel proposals Indonesia has made to enhance ASEAN; and finally, Indonesia's rising global profile, which complements the significance of its leadership. Each factor results in diverse implications for the organisation in constructive and negative ways, leading to the issue brief's concluding assessments regarding the opportunities and challenges of Indonesia's leadership in ASEAN in the future.

Indonesia has long been regarded as the natural born leader or, at minimum, first among equals within the Association of Southeast Asian Nations (ASEAN). The leadership role of Indonesia dates back to the establishment of ASEAN in 1967. The end of *konfrontasi* and Indonesia's willingness to join ASEAN were critical to ASEAN's formation, which served President Soeharto's goal of portraying Indonesia to the region as a constructive neighbour.¹ As Dewi Fortuna Anwar argues in relation to the period following ASEAN's formation, 'Indonesia's restraint, plus its substantial contribution to regional cooperation, has earned the country the respect and recognition of the other members as a *primus inter pares*.'² However, the establishment of ASEAN has also been interpreted as an effort to constrain Indonesian hegemony in Southeast Asia. Therefore, Soeharto's policy towards the organisation was also influenced by a desire to reassure its regional partners.³ While Indonesia became relatively introverted following the 1997–1998 East-Asian Financial Crisis and the associated collapse of President Soeharto's New Order regime, Indonesia has once again become an active leader in ASEAN following the reconsolidation of stability, economic growth, and democratic values.

Given these considerations, this issue brief assesses the evolution of Indonesia's role in ASEAN together with the implications of a more powerful and robust Indonesia for the future of ASEAN. Although Indonesia's leadership encompasses economic and sociocultural dimensions, this issue brief primarily focuses on the nation's political and security spheres. The analysis is undertaken in three sections: the first section examines the Jakarta's role as manager and mediator of crises and conflict; the second assesses the evolving nature of Indonesia's ideational leadership (e.g., norms and values) in ASEAN; while the final section assesses the implications for ASEAN of Indonesia's rising international power and prestige. As will be demonstrated, there are both positive and negative inferences for each issue and there

are a number of opportunities and constraints for Indonesia's future leadership in ASEAN. Nonetheless, the analysis argues that Indonesia has developed a critical leadership role regarding the mediation of conflict and the management of crises in Southeast Asia and the immediate region.

INDONESIA AS MANAGER OF CRISES AND MEDIATOR OF CONFLICTS

Indonesia has had the necessary power and influence to undertake an important role in almost all conflicts and crises with the potential to jeopardise the region's stability. For instance, when diplomatic relations broke down between Malaysia and the Philippines in 1968 over allegations that Manila had been plotting to fund a separatist rebellion in Sabah (the Corregidor Affair), Indonesia's President Soeharto intervened at an ASEAN Ministerial Meeting with a proposal for a cooling-off period.⁴ As a further instance, Indonesia worked with Malaysia in formulating the March 1980 Kuantan statement⁵ in relation to the Cambodian conflict; when other attempts to resolve the crisis failed, Jakarta sent its military chief to negotiate directly with Hanoi, and ASEAN later appointed Indonesia as its official interlocutor for these negotiations.⁶ Positioning itself in a mediatory role, Indonesia was able to acquire Vietnam's trust, which led to an agreement for two informal meetings to be held between Hanoi and ASEAN.⁷ While the negotiations during these meetings stalled, the final resolution at the Paris Conference on Cambodia (chaired by Indonesia) was strongly supported by the multilateral framework created by ASEAN and Indonesia's leadership within it.⁸

1 Anthony L. Smith, 'ASEAN's Ninth Summit: Solidifying Regional Cohesion, Advancing External Linkage', *Contemporary Southeast Asia*, vol.3, no.26, December 2004, p. 419.

2 Dewi Fortuna, Anwar, 'ASEAN and Indonesia: Some Reflections', *Asian Journal of Political Science*, vol.5, no.1, 1997, p. 33.

3 Indonesia also played a leading role in supporting ASEAN's ambition to develop the Association in a manner that reinforced its resilience from external influence. Ralf Emmers, *Cooperative Security and the Balance of Power in ASEAN and the ARF*, (London. Routledge Curzon, 2003) pp. 62-63.

4 However, this attempt at preventive diplomacy did not have a lasting impact as diplomatic relations were once again suspended when, a month later, the Philippines passed a senate resolution reaffirming its claim to Sabah. Ralf Emmers, *Cooperative Security and the Balance of Power in ASEAN and the ARF* (London and New York: RoutledgeCurzon, 2003) p.16.

5 The statement drew on the philosophy of the 'Zone of Peace, Freedom and Neutrality' (ZOPFAN) and sought to find common ground by recognising the security concerns of Vietnam (e.g. previous border incursions and Beijing's support for the Khmer Rouge) while also calling for an end to Soviet influence in Vietnam. Justus M. van der Kroef, 'ASEAN, Hanoi, and the Kampuchean Conflict: Between "Kuantan" and a "Third Alternative"', *Asian Survey* 21, no.5 (1981) p.516. While the statement was engineered outside ASEAN's formal framework, its key concerns and principles were repeated in the Joint Communiqué from the June 1980 ASEAN Ministerial Meeting. 'Joint Communiqué of the Thirteenth Asean Ministerial Meeting (Kuala Lumpur)', ASEAN Secretariat, available at: <http://www.aseansec.org/3679.htm>.

6 Shaun Narine, *Explaining ASEAN: Regionalism in Southeast Asia*, (Boulder, Colorado: Lynne Rienner, 2002) p. 52.

7 Kroef, 'ASEAN, Hanoi, and the Kampuchean Conflict: Between "Kuantan" and a "Third Alternative"', p. 528.

8 Jürgen Rüländ, 'Southeast Asian Regionalism and Global Governance', *Contemporary Southeast Asia: A Journal of International and Strategic Affairs*, vol.33, no.1, 2011 p. 84.

Indonesia has been increasingly involved in crises related to human security following the consolidation of a new democratic government between 1998 and 2004.⁹ For example, when the Myanmar junta continued to block the entry of foreign aid organisations following the devastation of Cyclone Nargis in 2008, Indonesia's Foreign Minister sought to resolve the situation: at an ASEAN Ministerial meeting he 'leaned across the table and asked the Foreign Minister of Myanmar what he thought ASEAN membership meant to Myanmar and what—at that time and in those circumstances—Myanmar's membership meant to ASEAN—in terms of ASEAN's internal coherence—international profile—and its membership's shared vision for the future'.¹⁰ Having specifically outlined the stakes for Myanmar, the ASEAN foreign ministers explained 'that the crisis offered Naypyidaw a final opportunity to allow the Association a role in facilitating the military's relations with the international community'.¹¹ Ultimately, Indonesian pressure, combined with the diplomacy of the ASEAN Secretary General Surin Pitsuwan, persuaded the junta to permit foreign aid organisations into the country.

Indonesia also took the lead in responding to armed conflict between Thailand and Cambodia over the Preah Vihear temple. Following the initial eruption of hostilities in early 2011, Indonesia's Foreign Minister, Marty Natalegawa, travelled to and negotiated with the leaders of both countries and attended a meeting of the United Nations Security Council (UNSC).¹² Indonesia then convened an ASEAN Informal Foreign Ministerial Meeting in Jakarta on 22 February 2011. During this meeting the two parties agreed to accept Indonesian military and civilian observers along the border to monitor a ceasefire agreement.¹³ However, following protracted negotiations, Thailand refused to agree to the final terms of reference to enable monitors into its territory. While neither Indonesia nor ASEAN was able to resolve the dispute in the absence of arbitration by the International Court of Justice (ICJ),¹⁴ the last hostilities occurred in February 2011 and the collective pressure of Indonesia, ASEAN, and the international community have increased the perceived costs of further conflict since this time.

9 Amitav Acharya, *Constructing a Security Community in Southeast Asia: ASEAN and the Problem of Regional Order*, 2nd ed. (London: Routledge, 2009) p. 254.

10 Email Correspondence between Christopher Roberts and Ambassador to Singapore, January 2009.

11 Jurgen Haacke, 'ASEAN and Political Change in Myanmar: Towards a Regional Initiative', *Contemporary Southeast Asia* 30, no.3 (2008) p. 371.

12 'ASEAN Envoy Seeks to End Thai-Cambodia Clashes', *Voice of America*, 7 February 2011.

13 Cheang Sokha, 'ASEAN Brokers Preah Vihear Deal', *The Phnom Penh Post*, 22 February 2011.

14 However, the final decision by the ICJ on 11 November 2013 only provided a determination over the promontory where the temple was located but left the broader 4.3 square kilometres to be resolved through negotiations between Cambodia and Thailand. Hui Yee Tan, 'Analysis: Vihear Verdict Boosts Thai-Cambodia Relations', *The Straits Times*, 13 November 2013, 'Icj Ruling Likely to Lead to Intensified and Disruptive Opposition Protests against Thai Government', *IHS Global Insight Daily Analysis*, 12 November 2013.

Perhaps the most significant challenge for ASEAN unity concerns the conflicting maritime claims in the South China Sea. While Indonesia is not officially a disputant,¹⁵ it has been active in a mediatory role. For example, at the July 2012 ASEAN Ministerial Meeting, tensions quickly escalated when Foreign Minister Hor Namhong, representing ASEAN as the then Cambodian Chair, refused to issue a joint communique on behalf of the members. While a key point of objection concerned the insistence of the Philippines and Vietnam to include reference to recent instances of Chinese assertiveness,¹⁶ revelations that Hor Namhong had been simultaneously consulting with Beijing during the discussions sparked outrage in some of the ASEAN countries.¹⁷

ASEAN had never previously failed to issue a joint communique. As Foreign Minister Natalegawa commented to the press: 'I think it is utterly irresponsible if we cannot come up with a common statement on the South China Sea'.¹⁸ Natalegawa sought to resolve the impasse by travelling to Cambodia, Vietnam and Cambodia, holding meetings with leaders from the three countries. Based on discussions from the meetings Natalegawa drafted a six-point plan, which was publicly released in late July 2012. Each of the ASEAN members provided their 'approval to the six principles of "ASEAN's Common Position" on the South China Sea', in particular a commitment to the DOC and an 'early adoption of a Code of Conduct'. While this outcome falls far short of resolution to the dispute, Indonesia was pivotal in reducing tensions.

15 However, its efforts to maintain such status may represent one of the shrewdest diplomatic ploys in ASEAN's history. In reality, China's 9 dash-line (map) overlaps with Indonesia's Natuna gas field, Exclusive Economic Zone, and continental shelf. A senior official from Kemlu (Indonesia's Foreign Ministry) did acknowledge that Jakarta sent a letter of protest to Beijing over the map but did not receive a response. She stated that Jakarta then sent an envoy to ask about this and that Beijing verbally assured Jakarta that 'our interests do not conflict with yours'. Interview by Christopher Roberts with Senior Official from Kemlu (Jakarta), January 2013. See also, Christopher B. Roberts, 'China and the South China Sea: What Happened to Asean's Solidarity?', Institute of Defence and Strategic Studies, available at: <http://www.ntu.edu.sg/idss/>.

16 Donald K. Emmerson, 'ASEAN Stumbles in Phnom Penh', *PacNet*, 23 July 2012.

17 Vietnam and the Philippines wanted specific references to Chinese aggression such as the Scarborough Shoal incident and Beijing's award of hydrocarbon exploration leases within Vietnam's EEZ. Ibid. In relation to Cambodia's consultations with China, see 'Cambodia's Foreign Relations: Losing the Limelight', *The Economist*, 17 July 2012. Moreover, Cambodia's Secretary of State for Finance has publically acknowledged that it financially benefited from Beijing 'in appreciation for the part played by Cambodia as the chair of ASEAN to maintain good cooperation between China and ASEAN'. 'Brunei Carefully Pursues Binding Code to Settle South China Sea Dispute', *IHS Global Insight Daily Analysis*, 3 April 2013. These events were further reaffirmed by political elite from Cambodia during fieldwork in April 2013.

18 'ASEAN Struggles for Unity over South China Sea', *Agence France Presse*, 12 July 2012.

The willingness of Indonesia to maintain an active role in mediating disputes and crises is positive because ASEAN cannot expect this role to derive from weaker members such as Cambodia, Laos, Myanmar, or Brunei Darussalam. As Pek Koon Heng states, '[i]t's like flying geese. The lead goose goes ahead and the others follow. So, it's a matter of how quickly or how slowly the others are flying and this is very much an ASEAN process. I think that the weaker will always be helped by the stronger in ASEAN.'¹⁹ In this context, Dr Yayan Mulyana, a Senior Official from the Indonesian President's Office, argues that Indonesia has maintained a very important role as a 'consensus builder' within ASEAN and, importantly, its ASEAN counterparts have recognised this role.²⁰ Nonetheless, the continued necessity for Indonesia's ad hoc diplomacy demonstrates that ASEAN has not yet developed an effective set of binding dispute or crisis settlement mechanisms.²¹ Further, the prospects for such institutions in the future remain low due to continuing lack of trust in the ASEAN Secretariat and/or other ASEAN members to rule over a dispute appropriately.²²

INDONESIA AS AN AGENT OF INSTITUTIONAL AND NORMATIVE CHANGE?

Since the establishment of ASEAN, Indonesia has actively led and developed ASEAN's norms and institutions. Early examples include Indonesia's role in the creation of the Treaty of Amity and Cooperation (TAC), and the first Bali Concord.²³ However, as noted, the nature of Indonesia's foreign policy and leadership in ASEAN shifted following its consolidation of democracy. Consequently, Indonesia has viewed the aforementioned considerations together with a proliferation of new non-traditional security challenges in a very different light than it had previously, and this has contributed to reassessment by Jakarta of the utility of the region's existing norms and institutions. For example, from the perspective of Indonesia's Director of Public Diplomacy, Umar Hadi, the ASEAN Way represented 'a solution to a given problem in a given time, but today we need to reflect on whether this solution is still valid or is still workable for another set of problems.'²⁴

Given this new state of affairs, Indonesia's Foreign Ministry drafted a policy document entitled 'Towards an ASEAN Security Community'.²⁵ According to the document, ASEAN should commit to the creation of a regional order where its members 'share dependable expectations of peaceful change' and 'rule out the use of force as a means of problem solving'.²⁶ The central tenets of the proposal were then endorsed by all the ASEAN members through the second Bali Concord in October 2003.²⁷ The Bali Concord II also provides complementary goals for the creation of an 'economic community' and a 'socio-cultural community'. In order to reshape the regional order, the document declared that the level of 'ASEAN's political and security cooperation' would need to move 'to a higher plane' and also referred to 'conflict resolution' and 'post conflict peace building'.²⁸

While the second Bali Concord received significant international attention, the full extent of Indonesia's vision for change was encapsulated in its 'Draft Plan of Action for a Security Community'. This document contained seventy-five concrete steps for the realisation of a security community, including a regional commission for human rights and a regional peacekeeping force operating under a standby arrangement.²⁹ For reasons explained below, some of the more significant aspects of the draft were either tempered or removed entirely.³⁰ Nonetheless, the Bali Concord II and the later Vientiane Plan of Action did indicate significant normative change, including commitments to 'human rights' and a 'democratic environment'.

19 SophatSoeung, 'As Summit Opens, ASEAN Faces Test of Leadership', [cited 27 December 2012] available at: <http://www.voacambodia.com/content/as-summit-opens-asean-faces-test-of-leadership-145000845/1356>.

20 Presentation by Dr. Yayan Mulyana, ANU National Security College Workshop, 'Indonesia's Ascent: Power, Leadership and Asia's Security', Jakarta, 23 January 2013.

21 ASEAN has established, on paper, a High Council as well as an ASEAN Troika but neither mechanism can be employed unless all parties to a dispute agree and their findings are not binding.

22 Christopher B. Roberts, *ASEAN Regionalism: Cooperation, Values and Institutionalisation* (Milton Park: Routledge, 2012) pp.147-87.

23 For an overview of these developments, see *ibid.*, pp. 53-55.

24 'The Future of East and Southeast Asian Regionalism', in *East and Southeast Asia: International Relations and Security Perspectives*, ed. Andrew Tan (London: Routledge, 2013) p. 286.

25 'Towards an ASEAN Security Community', *Departemen Luar Negeri* (Department of Foreign Affairs), Deplu Paper on ASEAN Security Community, Tabled at the ASEAN Ministerial Meeting in Cambodia, 16-18 June 2003, based on concept paper: Rizal Sukma, 'The Future of ASEAN: Towards a Security Community', paper presented at the seminar; 'ASEAN Cooperation: Challenges and Prospects in the Current International Situation', Permanent Mission of the Republic of Indonesia to the United Nations, New York, 3 June 2003.

26 Roberts, *ASEAN Regionalism: Cooperation, Values and Institutionalisation*, p. 3.

27 'Declaration of ASEAN Concord II (Bali Concord II)', ASEAN Secretariat, available at: <http://www.aseansec.org/15159.htm>.

28 *Ibid.*

29 'The ASEAN Charter: A Crossroads for the Region?', IDSS, available at: <http://www.idss.edu.sg/publications/Perspective/IDSS602005.pdf>.

30 Roberts, *ASEAN Regionalism: Cooperation, Values and Institutionalisation*, p. 122.

A key outcome of these negotiations was the ASEAN Charter in 2007. The Charter was a significant achievement in that it provided ASEAN with a legal personality and, through its ratification into domestic law, bound the ASEAN members to a more formalised structure of regional governance—particularly in the economic sphere.³¹ Some noteworthy aspects included an agreement to proceed with certain economic initiatives even where the Association is short of complete consensus (e.g., the ASEAN-X principle) as well as the consolidation of conflict resolution procedures in the economic sphere. However, while the Charter also referred to principles such as democracy and human rights, it contained a number of contradictory components including reaffirmation of ASEAN's long-stated principle of non-interference and the continuation of consensus-based decision making in the political-security sphere.³² Further, the Charter did not provide any binding commitments regarding 'dispute settlement mechanisms' or 'conflict resolution'. As Ambassador Barry Desker, Dean of the S. Rajaratnam School of International Studies, argues, 'the Charter was a disappointment because it codifies existing norms and maintains its historical identity as an inter-governmental organisation'.³³

While Indonesia's proposal for establishment of a human rights commission had initially been rejected, in July 2007 ASEAN announced that its members had agreed to create what was then termed a 'human rights body' and that its specific structure and purpose would be addressed in the Charter.³⁴ However, the ASEAN members could not agree on its terms of reference in time for the final Charter. Nonetheless, Indonesia persisted and the terms of reference for what is now known as the *ASEAN Intergovernmental Commission on Human Rights* (AICHR) were concluded in October 2009. Through Indonesia's leadership, ASEAN has established a formal schedule of AICHR programs occurring between 2012 and 2015 that are designed to advance the goals of the ASEAN Charter.³⁵ The AICHR has conducted several dialogues with the *ASEAN Commission of the Promotion and the Protection of the Rights of Women and Children* in order to encourage steps towards the promotion of human rights in the region.³⁶ These achievements notwithstanding, the commission's purpose has been said to 'promote' rather than 'protect' human rights and, consequently, it does not have the power to investigate any breaches of human rights.³⁷

As with its diplomacy in the wake of Cyclone Nargis, Indonesia has also been willing to act over human security and/or human rights issues. Thus, President Yudhoyono more recently called on Myanmar President Thein Sein to resolve the deadly communal conflict between the Rakhine and Rohingya ethnic groups that have led to asylum-seekers flowing into neighbouring ASEAN countries.³⁸ While this challenge continues, earlier examples mentioned above—such as Indonesia's role in the wake of Cyclone Nargis—are indicative of times when Indonesian diplomacy has succeeded in making a critical, beneficial difference. Moreover, Indonesia's consolidation of stronger institutions for governance means that it is now better equipped than ever to exercise a leadership role should the chairmanship of other members, such as Myanmar, be less than desirable. Indonesia's broad success in democratisation also provides a model for other countries such as Myanmar. In relation to Myanmar Indonesia has been discreetly promoting political reforms and has hosted visits by the country's presidential advisory team while also sending military reformers (e.g., Agus Wijoyo) to share Indonesia's experience of democratic transition.³⁹ In this regard, some non-ASEAN states have already asked if it would be willing to assist Myanmar with its democratic transition during its chair of ASEAN.⁴⁰

Indonesia's role as an architect of ideas has made ASEAN a dynamic organisation that has been better able to adjust to—or at least to mitigate—many intra-regional and extra-regional challenges. However, the ambitious nature of Indonesia's leadership during the past decade has led to other difficulties and even resentment within some ASEAN quarters. During the course of research for a book entitled *ASEAN Regionalism: Cooperation, Values and Institutionalisation*, a broad range of complaints included that it was nothing more than an attempt to 'reassert Indonesian leadership'; that it had been induced by the United States for the purpose of its war on terror, or that the proposal had been pushed through in a very 'un-ASEAN like manner'.⁴¹

31 Tommy Koh et al., 'Charter Makes ASEAN Stronger, More United and Effective', *The Straits Times*, 8 August 2007; ASEAN, 'Charter of the Association of Southeast Asian Nations', (Jakarta: ASEAN Secretariat, 2007) pp.2, 4 & 18.

32 'Charter of the Association of Southeast Asian Nations', pp. 2-4.

33 Barry Desker, 'Where the ASEAN Charter Comes up Short', *The Straits Times*, 18 July 2008.

34 'ASEAN Overcomes Resistance, Will Set up Regional Human Rights Commission', Associated Press Newswires, 30 July 2007, Jim Gomez, 'ASEAN Agrees to Human Rights Commission', *The Irrawaddy*, available at: <http://www.irrawaddy.org>.

35 I Gusti Agung Wesaka Puja, 'Developing Cooperation with ASEAN Dialog Partner', Paper presented at the Centre for Education and Training of the Ministry of Foreign Affairs of the Republic of Indonesia, 13 October 2012.

36 *Ibid.*

37 Shaun Narine, 'ASEAN in the Twenty-First Century: A Sceptical Review', *Cambridge Review of International Affairs* 22, no. 3 (2009) p.370, 'Asean's 'Human-Rights' Council: Not Off to a Great Start', *The Wall Street Journal*, 25 October 2009.

38 Lutfia, 'Indonesia Leads From the Front on ASEAN'.

39 'Indonesia's Quiet Diplomacy Triumphs in the Region', *The Jakarta Globe*, 6 August 2012.

40 Nicholas Perpitch, 'Ausaid Myanmar Focus', *The Australian*, 27 November 2012, 'Myanmar (Burma)/ASEAN: Myanmar Gets Help with Preparations for ASEAN Chair', *Thai News Service*, 1 April 2013.

41 Roberts, *ASEAN Regionalism: Cooperation, Values and Institutionalisation*, pp. 120-21.

Despite these challenges, Indonesia has remained highly active both during its 2011 role as the ASEAN Chair and during the years that have followed.⁴² Aside from the already noted role of Indonesia in the South China Sea, Indonesia successfully pressed for the adoption of a 'human rights declaration' as well as the establishment of the ASEAN Institute of Peace and Reconciliation at the twenty-first ASEAN Summit in Phnom Penh (2012). During the chairmanship of Brunei in 2013, Indonesia launched several more initiatives including a post-2015 vision for the 'ASEAN Community'. The post-2015 vision proposes further action concerning the consolidation of the ASEAN Community: stronger regional leadership; progress in the resolution of global issues; and the promotion of regional prosperity.⁴³ As elaborated below, an additional key initiative was the proposal for an Indo-Pacific Treaty.

As to the situation in the South China Sea, Indonesia also proposed the 3+1 formulation of the objectives of a regional code of conduct in the South China Sea (COC). The formula comprises: (i) promoting trust and confidence; (ii) preventing incidents; and (iii) managing incidents when they occur. A precursor to these objectives is creating a condition conducive for the COC to take place.⁴⁴

LEADERSHIP AND INFLUENCE: INDONESIA, ASEAN, AND THE GLOBAL NEXUS

Indonesia's size, together with the pace of its economic growth, means that it is increasingly well placed to represent ASEAN's interests in the broader Indo-Pacific region. Thus, the proposal for an Indo-Pacific treaty is intended to maintain ASEAN centrality by extending and consolidating the Association's norms concerning the peaceful settlement of disputes and non-use of force in the broader Indo-Pacific region. A key outcome of its realisation would be a shift from the current 'trust deficit' to a 'strategic partnership'; a commitment to the peaceful settlement of disputes; and the capacity to respond appropriately to geopolitical change.⁴⁵ Given recent increases to the level of strategic competition and tension, Indonesia's belief is that a post-2015 ASEAN will need a treaty based arrangement that is adequately legally binding for Southeast Asia and the broader Indo-Pacific.⁴⁶

42 As a high level official from Indonesia's Foreign Ministry states, "Indonesia has been very active in almost all crises in ASEAN, if not all, both during its chairmanship or other country's chairmanship. Therefore, Indonesia believes that it will still play an important role after the chairmanship is handed over to Cambodia in 2012 and then from Cambodia to Brunei Darussalam in 2013.", *Interview by Erlina Widyaningsih with senior level officer of the Indonesian Ministry of Foreign Affairs 1*, Jakarta, 16 February 2011.

43 'Roundup: ASEAN Vows to Speed up Community Building', Philippines News Agency, 20 January 2014.

44 'Transcrip of Speech of the Minister for Foreign Affairs of Indonesia', DR. R. Marty M. Natalegawa, at the ASEAN Foreign Ministers' Retreat, Hua Hin, Thailand, 14 August 2013.

45 'Indonesian Foreign Minister Receives Honorary Doctorate Degree', Embassy of the Republic of Indonesia in Canberra, 29 August 2013.

46 *Ibid.*

The Indo-Pacific treaty proposal is in line with Natalegawa's vision to establish a 'dynamic equilibrium' in which the expanded 'regional architecture' would more actively involve a broader range of middle and great powers in a comprehensive range of sectors including those of security, politics, the environment, the economy, and the socio-cultural realm.⁴⁷ While the vision for a dynamic equilibrium pragmatically recognises the prevalence of power,⁴⁸ it acknowledges that regional order can be enhanced through multi-sectoral enmeshment—complex interdependence—and the normative constraints provided by an Indo-Pacific treaty. However, rising strategic competition between Japan and China, India and China, and the United States and China; questions concerning the legitimacy of the Chinese regime domestically; mounting resource scarcity; and continued economic instability globally, raise significant caveats against the prospects for converting these visions into reality. The limitations of ASEAN and Indonesia are even more apparent considering the possibility that the 'long peace of ASEAN' may, in the words of Mark Beeson, 'owe as much to the widely noted general decline in the level of inter-state conflict as it does to anything ASEAN itself may have done'.⁴⁹

Nonetheless, Indonesia's leadership has also been critical to the establishment of the East Asia Summit and ASEAN's inclusion of Australia and New Zealand as well as, eventually, the United States and Russia. In line with some of the motives behind the Indo-Pacific treaty, Indonesia helped to persuade countries such as Australia and the United States to accede to the TAC as a precondition to becoming members of the EAS.⁵⁰ In turn, Indonesia's leadership and involvement was a key factor behind the willingness of the United States to engage with the forum. Indonesia's ascent, combined with its demographics, location and historical role in ASEAN, has meant that the United States and China have increasingly viewed enhanced relations with Jakarta as the 'giant prize' and both have invested significant time and resources to that end in their military, security, political and economic spheres.⁵¹ For example, in September 2010 China formalised a defence industrial relationship and the United States followed, two months later, with a comprehensive partnership with Jakarta on military affairs. Economically, Indonesia is also a key emerging market for the United States and China, in 2013 strengthening a five-year program for economic and trade cooperation designed to increase bilateral trade to US\$80 billion by 2015.⁵²

47 'A Conversation with Marty Natalegawa, Minister of Foreign Affairs, Republic of Indonesia', Council on Foreign Relations, available at: <http://www.cfr.org/indonesia/conversation-marty-natalegawa-minister-foreign-affairs-republic-indonesia/p22984>.

48 Rizal Sukma, 'Friendship and Cooperation in the Indo-Pacific: Will a Treaty Help?', *The Jakarta Post*, 28 May 2013.

49 Mark Beeson, 'Hegemonic Transition in East Asia? The Dynamics of Chinese and American Power', *Review of International Studies* 35 (2009) p.339. See also Roberts, *ASEAN Regionalism: Cooperation, Values and Institutionalisation*.

50 Prashanth Parameswaran, 'Will the United States Join the East Asian Summit', *East Asia Forum*, 18 June 2010.

51 Brad Nelson, 'Can Indonesia Lead ASEAN', *The Diplomat*, 5 December 2013.

52 'External Affairs, Indonesia', *Jane's Intelligence*, 2013.

Jakarta's new democratic image has strengthened Indonesia's relations with non-ASEAN countries such as Australia and the United States. Aside from removing obstacles to cooperation with military institutions such as kopassus or the sale of lethal military equipment, Indonesia's contemporary image and role has enhanced ASEAN's image. For example, Hillary Clinton praised Indonesia's efforts in securing cooperation on the part of the ASEAN states in regard to the South China Sea, observing: '[t]hat show of unity is very important for us'.⁵³ The United States has also turned to Indonesia to assist constructively with issues such as the democratisation process in Myanmar. These developments have provided Indonesia with the status and legitimacy to act as an intermediary between ASEAN and extra-mural actors, a role that was evident in the wake of Cyclone Nargis.

The rise of Indonesia's influence beyond the territorial borders of Southeast Asia has led some analysts to depict it as a pivot state that possesses the 'resilience' and 'flexibility' to reposition itself to adapt to shifting strategic needs, i.e., 'the flexibility to pivot among potential partners'.⁵⁴ Such capacity is strengthened by its long-standing policy of 'non-alignment' ('free and active') and associated status as a founding member of the Non-Aligned Movement (NAM).⁵⁵ Indonesia's leverage and voice is also reinforced by its membership in the Organisation of Islamic Conference (OIC), the Asia-Europe Meeting (ASEM), Asia-Pacific Economic Cooperation (APEC) and, since 2008, the G20.⁵⁶ In many respects, Indonesia's gain is ASEAN's gain as Indonesia can its influence to represent the needs of ASEAN—and developing countries more broadly—as has been the case regarding President Yudhoyono's diplomacy in the G20 forum.⁵⁷ President Yudhoyono was selected to co-Chair the High-Level Panel of the Post-2015 Development Agenda together with the President of Liberia, Ellen Johnson Sirleaf, and Prime Minister of the United Kingdom David Cameron. The High-Level Panel consisted of 27 members and was tasked by the Secretary-General Ban Ki-moon to advise on the global development framework beyond 2015,

the target date for the Millennium Development Goals. The Panel submitted its report on 21 May 2013.⁵⁸

Nonetheless, Indonesia's rising global profile and activism has led to some negative implications including, for example, the perspective that Indonesia prefers 'to go it alone', and is 'acting in its own interests, not those of ASEAN'.⁵⁹ Such perspectives are inevitable given the continuation of intra-ASEAN distrust and concerns about the risk of conflict. For example, in an elite-level survey involving one hundred participants from throughout the ASEAN nations, only 40.2 per cent of interviewees said that they could trust other countries in Southeast Asia to be good neighbours. Interestingly, in a separate communal-level survey of 819 ASEAN citizens, 37.5 per cent responded 'yes' to the same question and only 26.5 per cent of the 108 Indonesian participants indicated that they could trust their neighbours.⁶⁰ The challenge of trust is reinforced by historical animosities (e.g., konfrontasi), ethnic rivalries (e.g., Singapore as a Chinese state), and more contemporary sources of tension including territorial issues such as Ambalat and the Ligitan and Sipadan Islands.

53 Ismira Lutfia, 'Clinton Applauds Indonesia's ASEAN Role', *The Jakarta Globe*, 4 September 2012.

54 Irar Nusa Bhakti and Leng C. Tan, 'Presidential Hopefuls' Checklist 2014: Resilience', *The Jakarta Post*, 12 November 2012.

55 For a contemporary example of the role of Indonesia in NAM together with the continued relevance of the NAM block in the UNGA, see Christopher B. Roberts, *Asean's Myanmar Crisis: Challenges to the Pursuit of a Security Community*, (Singapore: ISEAS, 2010), pp. 150-51.

56 Indonesia was also pivotal to the consolidation of APEC as an institution as, in the face of opposition from Malaysian Prime Minister, Mahathir bin Mohamad, President Soeharto offered to host the second summit.

57 Nani Afrida, 'Indonesia to Talk on Crisis Prevention', *The Jakarta Post*, 29 October 2011. See also Winfried Weck, 'ASEAN and G-20 – Indonesia's Foreign Policy Representatives', *Kas International Reports*, No.2, 2011, p. 22. Zamroni Salim, 'Indonesia in the G20: Benefits and Challenges Amidst National Interests and Priorities', in *G20 - Perceptions and Perspectives for Global Governance*, ed. Wilhelm Hofmeister (Singapore: Konrad Adenauer Stiftung, 2011). Further, according to BegindaPakpahan, '[i]n practice, Indonesia should be a bridge builder between ASEAN, East Asia and the G20. Indonesia can balance its role as a promoter of aspirations from the developing nations in ASEAN, the EAS and the G20. At the same time, Indonesia can further its national interests by channelling them into the policy formulations within ASEAN, the EAS and the G20'. Beginda Pakpahan, 'The Role of Indonesia in ASEAN, in East Asia Summit and in G20', *The Jakarta Post*, 4 October 2011.

58 'High Level Post-2015 Development Agenda', [cited on 18 January 2014], available at: <http://www.post2015hlp.org/about/>

59 Luke Hunt, 'Indonesia capitalizes on ASEAN Divisions', (cited 2 January 2013) available at: <http://thediplomat.com/asean-beat/2012/07/25/indonesia-capitalizes-on-asean-divisions/>. Similar perspectives were also raised by Tang Siew Mun and Ralf Emmers. Interview with Tang Siew Mun, Director of Foreign Policy and Security Studies at the ISIS Malaysia, Kuala Lumpur, 4 March 2011. 'Interview with Dr. Ralf Emmers, Associate Professor', RSIS-Singapore, Singapore, 15 March 2011.

60 Roberts, *ASEAN Regionalism: Cooperation, Values and Institutionalisation*, pp. 155-56.

The trust deficit in ASEAN and the broader Indo-Pacific is strongly interdependent with conflicting strategic alignments,⁶¹ contending identities, and/or divergent political values.⁶² This mix of factors has impeded ASEAN's progress and Indonesia's leadership. Consequently, segments of the elite in Jakarta have become increasingly frustrated and this has led to calls for a 'post ASEAN foreign policy'.⁶³ This perspective has at times found traction within Indonesia's leadership. For example, when Singapore objected to Indonesia's proposal to admit East Timor as a member of ASEAN at the 1999 informal ASEAN Summit, President Abdurman Wahid (known as Gus Dur) later suggested that ASEAN could be replaced with a new 'West Pacific Forum' with Indonesia, Malaysia and the Philippines at its heart.⁶⁴ While this was a relatively isolated perspective at the time, such calls have become increasingly prevalent within Indonesia's parliament and other sectors of the political elite.

RETROSPECT AND PROSPECTS

Indonesia has performed a role in ASEAN as a manager of crises and a mediator of disputes, proposing new ideas to enhance the Association, and strengthening the Association's global profile. Each role has positive and sometimes negative implications for Indonesia and ASEAN. Jakarta's function as a mediator has often helped to resolve, or at least mitigate, ASEAN's problems; however, it simultaneously demonstrates that ASEAN does not have effective dispute or crisis settlement mechanisms. Meanwhile, Indonesia's role as a creator of ideas is beneficial to the evolution of the Association if it is to become more effective as a coordinating and decision-making body capable of protecting the citizens of ASEAN's member states. While much remains to be done in this regard, this issue brief has provided several examples whereby Indonesia has made a tangible difference – management of responses to Cyclone Nargis; the Preah Vihear Temple; and Indonesia's lead in developing ASEAN's institutions.

The nature of Indonesia's ascent has also provided a model for other ASEAN members; it has improved ASEAN's international profile and enhanced the opportunities to promote ASEAN's interests in global fora. Despite Indonesia's utility for ASEAN, some quarters within ASEAN have resented or competed against Indonesia's leadership—or, arguably, hegemony—within ASEAN while others have resisted its new form of leadership since its consolidation of democracy. Such resistance has been strongest over the proposals that that are seen to impinge on sovereignty and regime security—e.g., the creation of a human rights body, a peacekeeping force, a changed decision-making system, and formalised conflict resolution mechanisms. Further, there have also been significant difficulties regarding the transformation of vision into reality due to an associated aversion to legally binding institutions.

The current divide in the political systems of ASEAN and the broader Indo-Pacific has other implications. For example, should other countries follow the lead of Indonesia, and more recently Myanmar, in moving towards the consolidation of democracy, then the challenge of trust and contradictory strategic alignments will be far easier to resolve. Such dynamics were evident in the recent rapprochement between Indonesia and the United States. In this context, while Indonesia's ambition to maintain 'dynamic equilibrium' for itself and ASEAN is in a material sense the optimal option, such a policy may become impossible should the actions of a major power be irreconcilable with its identity and values, e.g., China in the South China Sea.

Additional challenges concerning the degree and nature of Indonesia's future leadership include uncertainty over Indonesia's ASEAN policy following the 2014 Presidential elections as well as other domestic issues such as religious intolerance, corruption, and West Papua. However, there are many opportunities ahead for Indonesia and ASEAN including Indonesia's continued membership in the G20, the openness of some of the weaker ASEAN countries to work with and learn from Indonesia (e.g., Myanmar), and the multifaceted benefits for ASEAN should Indonesia's economy continue to grow. As revealed in many of the other issue briefs from this special edition, Indonesia's continued ascent faces many uncertainties. Nonetheless, and regardless of the pace by which Indonesia grows or declines, one thing is certain: ASEAN's future is inseparable from Indonesia's future. Therefore, it is in the interests of all the ASEAN members to do whatever possible to aid Indonesia's continued growth and stability while also trying to ensure that Jakarta remains actively engaged in Southeast Asia.

61 Thus, the aforementioned survey also indicated that Indonesia's leadership in ASEAN and beyond is further challenged by the diversity of strategic alignment where the political and academic elite from four of the ASEAN member countries listed China as one of their country's three most important strategic allies while three other ASEAN countries selected the U.S. for the same question. *Ibid.*, p. 163.

62 'State Weakness and Political Values: Ramifications for the ASEAN Community', in *ASEAN and the Institutionalization of East Asia*, ed. Ralf Emmers, (Milton Park: Routledge, 2012) pp. 11-26.

63 Pavin Chachavalpongpun, 'Indonesia to Boost Human Rights, Doubts Support from ASEAN', *The Nation*, 19 January 2011, 'A Post-ASEAN Foreign Policy for a Post-G8 World', *The Jakarta Post*, 5 October 2009.

64 Gus Dur initially made this call during a speech at the Indonesian embassy in Singapore but the idea was then repeated and escalated to formal discussions with other Pacific countries such as Australia. John McBeth, 'Indonesia - Wahid and Sukarno's Gold', *Far Eastern Economic Review*, 14 December 2000. Amit Baruah, 'Australia Backs W. Pacific Forum', *The Hindu*, 9 December 2000.

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Indonesia among the powers: Should ASEAN still matter to Indonesia?

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National Security College Issue Brief
No 14 May 2014

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National Library of Australia Cataloguing-in-Publication entry

Authors: Tan, See Seng.

Title: Indonesia among the powers: Should ASEAN still matter to Indonesia? [electronic resource] / See Seng Tan.

ISSN/ISBN: ISBN 978-1-925084-09-2
ISSN 2203 - 4935 (print)
ISSN 2203-5842 (online)

Series: National Security College issue brief (Online)

Notes: Includes bibliographical references.

Subjects: National security--Australia--21st century.
Military planning--Australia.
Political leadership--Australia--21st century.
Australia--Politics and government--21st century.

Other Authors/Contributors:
Australian National University, National Security College

Dewey Number: 355.0330994

INTRODUCTION

The contemporary rise of Indonesia, 'Asia's third giant' according to a recently released anthology on Indonesia,¹ has in recent times elicited a gush of compliments from pundits about Indonesia's prospects as an economic power—it remains the only Southeast Asian country granted membership in the Group of Twenty (G20), and is a member-designate of the soon-to-be 'BRICS' club of emerging economic titans—and as a diplomatic power.² This has coincided with the country's democratic transition in the post-Suharto era: a difficult one, by most counts.³ Coupled with its historical leadership of the Non-Aligned Movement (NAM) and its claim to fame as the world's most populous Muslim-majority nation, Indonesia's transformation has served notice to major and regional powers alike that Jakarta deserves to be courted and welcomed among the ranks of the world's most powerful and privileged nations. Indeed, Indonesia's self-awareness of its growing importance has led it to pursue what one pundit has termed 'confidence' diplomacy, as embodied in its enhanced role in the Association of Southeast Asian Nations (ASEAN), increased engagement with the great powers, active use of multilateral diplomacy, and its embrace of peace and democracy as values worth pursuing and advocating.⁴

On the other hand, Indonesia's longstanding role as 'first among equals' in ASEAN has increasingly been frustrated by the obduracy of some member nations of the organisation who resist efforts by Jakarta and others to deepen regional integration and strengthen institutional cohesion. This has led at least one eminent Indonesian political commentator to remonstrate openly about ASEAN countries that 'do not share Indonesia's passion for and commitment to ASEAN,' while urging his nation's leaders to consider the merits of a 'post-ASEAN foreign policy' for Indonesia:

If other ASEAN countries do not share Indonesia's passion for and commitment to ASEAN, then it is indeed time for us to start another round of debate on the merits of a post-ASEAN foreign policy. We have many other important foreign policy agendas to attend to other than just whining and agonizing over ASEAN's failures.⁵

Yet this sense of frustration felt by Indonesian policy elites over their nation's regional aspirations and ASEAN's poor track record of achievements is by no means new. Commenting on the contrast between Indonesia's regional vision and its limited role as 'regional spectator,' Michael Leifer once noted Indonesia's sense of frustration at 'not being able to influence events in the region [which has been] reinforced by the fact that individual members went their own way in foreign policy.'⁶ This evidently led President Suharto to 'express disappointment at ASEAN's limited progress.'⁷

There have been mounting frustrations and allusions to an Indonesian foreign policy no longer necessarily bound by an abiding commitment to ASEAN, the institution that has ostensibly played such a crucial role in Indonesia's regional and, in some ways, extra-regional relations. In view of this, what has been the Susilo Bambang Yudhoyono (SBY) government's foreign policy in regard to the extra-regional world, and more specifically the great powers? Does the concept of 'dynamic equilibrium' advocated by Indonesia's foreign minister, Marty Natalegawa, at all constitute Jakarta's new vision—and, for our purposes, a 'post-ASEAN' vision—of Indonesia's relations with the major powers, or does it reflect an inherent consistency with a more established outlook? Ultimately, how has ASEAN mattered historically in Indonesia's foreign relations, and how, if at all, might it do so in the future?

ARGUMENT

This issue brief makes three interrelated arguments against the backdrop of Indonesia's contemporary emergence as a noteworthy economic and diplomatic player in its own right, its evolving ties with the great and regional powers, and its longstanding vision of Southeast Asia as a region unmolested by external powers and managed foremost by its own residents. The arguments are as follows:

1 See, Anthony Reid, ed., *Indonesia Rising: The Repositioning of Asia's Third Giant*, (Singapore: ISEAS, 2012).

2 Santo Darmosumarto, 'Indonesia: A new 'middle power'', *The Jakarta Post*, 11 November 2012, Richard Dobbs, Fraser Thompson, and Arief Budiman, '5 Reasons to Believe in the Indonesian Miracle: Why this amazing archipelago is on track to be the world's seventh largest economy', *Foreign Policy*, 21 September 2012, accessed 12 January 2013, available at: http://www.foreignpolicy.com/articles/2012/09/21/5_reasons_to_believe_in_the_indonesian_miracle?page=full, 'Everybody's friend: Indonesia deserves a better image', *The Economist*, 11 September 2009, Hugh White, 'Indonesia's rise is the big story we're missing', *The Age*, 29 May 2012.

3 See, for example, Edward Aspinall and Marcus Mietzner, eds., *Problems of Democratization in Indonesia: Elections, Institutions and Society*, (Singapore: ISEAS, 2012).

4 Those elements are discussed in Jiang Zhida, 'Indonesia's 'Confidence' Diplomacy under the Yudhoyono Government', *China Institute of International Studies*, 31 December 2012, accessed 17 January 2013, available at: http://www.ciis.org.cn/english/2012-12/31/content_5638110.htm.

5 Rizal Sukma, 'Insight: Without unity, no centrality', *The Jakarta Post*, 17 July 2012, Rizal Sukma, 'Indonesia needs a post-ASEAN foreign policy', *The Jakarta Post*, 30 June 2009, Rizal Sukma, 'A post-ASEAN foreign policy for a post-G8 world', *The Jakarta Post*, 5 October 2009, Jusuf Wanandi, 'Indonesia's Foreign Policy and the Meaning of ASEAN', *PacNet* No.27, 15 May 2008.

6 Leifer, cited in Dewi Fortuna Anwar, *Indonesia in ASEAN: Foreign Policy and Regionalism*, (Singapore: ISEAS, 1994), p. 9.

7 *Ibid.*

1. Indonesia will continue to hedge against the major powers, especially China and the United States

First, Indonesia's perdurable concern that its regional environment should be as secure and stable as possible—in short, conditions most suited for developing an Indonesia that is 'sovereign, independent, just and prosperous'⁸ and, it might be added, democratic—has remained fundamentally unchanged. Indonesian foreign minister Marty Natalegawa's concept of 'dynamic equilibrium',⁹ which urges peaceful coexistence among the great powers in Asia, is the most recent expression of that longstanding aspiration. Nor, as a consequence of its contemporary transformation, has Indonesia's enduring predilection for strategic hedging been replaced by an explicit policy to bandwagon with or to balance against particular powers.¹⁰ According to Rizal Sukma, Indonesia's strategic partnerships with extra-regional countries such as Australia, India, Japan and South Korea 'clearly reflects Jakarta's desire to see that the emerging regional order would not be dominated only by the US and China.'¹¹ Going further, Leonard Sebastian has argued that 'Indonesia does not want to be tied to a US or China dominated security web. It wants an independent middle-power role to assert itself both regionally and globally.'¹² This implies Indonesia's long-held aim of having a 'free and active' (*Bebas-Aktif*) foreign policy, first articulated by Vice President Mohammad Hatta in a speech in September 1948 and originally designed to mitigate persistent domestic tensions between secular nationalism and religious nationalism,¹³ which continues to guide the country's approach to its external relations despite its democratic transition in the post-Suharto period.

Jakarta has held firmly to the notion that the management of regional order in Southeast Asia is best left to the region's countries themselves. As Adam Malik, former Indonesian foreign minister, observed in 1971:

The nations of Southeast Asia should consciously work toward the day when security in their own region will be the primary responsibility of the Southeast Asian nations themselves. Not through big power alignments, not through the building of contending military pacts or military arsenals but through strengthening the state of respective endurance, through effective regional cooperation with other states sharing this basic view on world affairs.¹⁴

In other words, regional security is to be achieved through intramural cooperation rather than through dependence on external powers. At the same time, the realisation of such an approach to regional security—'regional solutions to regional problems,' as the mantra goes¹⁵—has always been subject to the competing preferences of individual Southeast Asian countries, on the one hand, and the limits of national capacity on the other.¹⁶

However, not unlike its Southeast Asian counterparts, Indonesia's aspiration for regional autonomy did not prevent it from engaging, where it deemed necessary, in bilateral security relationships with an external power. In that regard, Indonesia has pursued security ties with the United States since 1951—other than Washington's suspension of the International Military Education and Training (IMET) programme for much of the 1990s into the first half of the 2000s in protest against human rights abuses perpetrated by the Indonesian military¹⁷—and with Australia since the 1990s. And while historical ties with China have in the past been complicated by Jakarta's fears over Beijing's political and ideological influence on Indonesia's Chinese minority—indeed, the project of post-Confrontation regional reconciliation through ASEAN was arguably embraced by Indonesia as a prospective bulwark against the apparent threat posed by China¹⁸—Indonesia normalised ties with China in 1990, and bilateral relations have significantly improved since 1998.¹⁹ Nor has Indonesian disdain towards collective defence systems prevented Jakarta from actively participating in wider regional security arrangements such as the ASEAN Regional Forum (ARF), whose membership includes external major powers. If anything, Indonesia's support for the ARF is, as Rizal Sukma has argued, an indication of its willingness to accommodate the legitimate security interests of extra-regional powers in regional affairs.²⁰

8 Mohammad Hatta, 'Indonesia's Foreign Policy', *Foreign Affairs*, Vol.31, No.3, April 1953, pp. 441–52.

9 Indonesia's Foreign Affairs Minister, "Dynamic Equilibrium" in the Asia Pacific: Interview with Marty Natalegawa', *Australia Network*, 23 February 2012, accessed 7 January 2013, available at: <http://australianetwork.com/focus/s3440427.htm>

10 See, Evelyn Goh, 'Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies', *International Security*, Vol.32, No.3 (2007/08), pp. 113–57, Jeongseok Lee, 'Hedging against Uncertain Future: The Response of East Asian Secondary Powers to Rising China', *International Political Science Association XXII World Congress of Political Science*, Madrid, Spain, 8–12 July 2012.

11 Rizal Sukma, 'Regional Security Order in Southeast Asia: An Indonesian View', paper presented at the Asia-Pacific Roundtable (APR), 28–30 May 2012, p. 5.

12 Leonard Sebastian, 'Indonesia's regional diplomacy: Imperative to maintain ASEAN cohesion', *RSIS Commentaries*, No.132/2012, 23 July 2012.

13 See, Anak Agung Banyu Perwita, *Indonesia and the Muslim World: Islam and Secularism in the Foreign Policy of Soeharto and Beyond* (Copenhagen: NIAS Press, 2007); Rizal Sukma, *Islam in Indonesia's Foreign Policy*, (London: Routledge Curzon, 2003).

14 Cited in Michael Leifer, *Indonesia's Foreign Policy*, (London: Allen and Unwin, 1983), pp. 148–9.

15 Michael Leifer, 'Regional Solutions to Regional Problems?', in Gerald Segal and David S. G. Goodman, eds., *Towards Recovery in Pacific Asia* (London: Routledge, 2000), pp. 108–118.

16 Rizal Sukma, 'Indonesia and Regional Security: The Quest for Cooperative Security', in See Seng Tan and Amitav Acharya, eds., *Asia-Pacific Security Cooperation: National Interests and Regional Order*, (Armonk, NY: ME Sharpe, 2004), p. 71.

17 Fabiola Desy Unidjaja, 'Indonesia looks forward to reinstatement of IMET program', *The Jakarta Post*, 30 November 2002.

18 Bernard K. Gordon and Sheldon W. Simon, among others, have emphasised this point.

19 Rizal Sukma, 'Indonesia-China Relations: The Politics of Re-Engagement', *Asian Survey*, Vol.49, Issue 4, (2009), pp. 591–608.

20 Sukma, *Indonesia and Regional Security: The Quest for Cooperative Security*, p. 72

All this suggests that Indonesia has no interest in seeing the Southeast Asian region, much less the Indonesian archipelago, become a theatre of great power competition. Nor would Indonesia seek to influence the regional balance of power by siding with either the Chinese or the Americans against the other.

2. ASEAN and its wider complex of institutions will remain relevant to Indonesia's engagement of the great powers

Second, while Indonesia's rise and its persistent frustration over the lack of cohesion and progress in ASEAN has led to renewed calls within certain Indonesian quarters for a post-ASEAN foreign policy—further buoyed by suggestions from particular Australians for a regional concert of powers which includes Indonesia but arguably sidelines ASEAN²¹—ASEAN nonetheless remains crucial to Indonesia. It is important not least as a convenient institutional platform through which Indonesia could proactively engage the great and regional powers that regularly dialogue with ASEAN and participate in wider regional arrangements led by ASEAN, such as the East Asia Summit (EAS), the ASEAN+3, the ASEAN Defence Ministers Meeting Plus (ADMM+), and—arguably less so as a consequence of this arrangement's waning relevance—the ARF. Crucially, if Sebastian were right about Indonesia's desire to play a 'middle power role' in international affairs commensurate with its rising power and influence,²² then it makes more sense for Jakarta to see ASEAN and its wider complex of region-wide institutions as ready platforms through which Indonesia can fulfil its middle power ambitions. More often than not, middle powers rely on multilateral diplomacy to achieve foreign policy goals,²³ and there is little to suggest that Indonesia will deviate from this norm.

Remarkably, for all its flaws, ASEAN continues to enjoy the support of major and regional powers, which regard ASEAN-based arrangements like the EAS, despite persistent complaints about their inefficacy, as useful frameworks for regional dialogue and interaction. If anything, such regional cooperative frameworks enable Indonesia to pursue and conceivably realise its goal of dynamic equilibrium. Granted, Indonesia's recent exertions at preventing meltdowns in ASEAN unity have no doubt frustrated Jakarta, but they also highlight the considerable lengths to which Indonesia is prepared to go to redeem the embattled organisation. At the ASEAN annual meeting of foreign ministers in Phnom Penh in July 2012, Natalegawa's frantic shuttle diplomacy in the wake of apparent disharmony helped to produce the six point 'consensus'; similarly, his work and that of his fellow ministers at the summit in November 2012²⁴ underscore the salience ASEAN still holds for Indonesia. Prior to the Phnom Penh fiasco, Indonesia had also served as mediator—and, subsequently, agreed to serve as monitor—when hostilities broke out between Cambodia and Thailand in February 2011 over the land surrounding the Preah Vihear temple near the Cambodian–Thai border.²⁵ These efforts suggest that contrary to advice urged by a number of Jakarta's policy intellectuals, the Yudhoyono government remains more or less committed to ASEAN for the foreseeable future.²⁶ If anything, the Indonesian leadership appears to hold the view that notwithstanding its nation's rising power and influence, without a strong and cohesive ASEAN, Indonesia's quest to become a middle power would be seriously hindered. As one analyst has put it, 'A turbulent and weakened ASEAN will allow a vacuum leading to great power collision thereby leaving Indonesia on its own and vulnerable.'²⁷

21 Refer here to the idea for an Asian concert of powers purportedly suggested by leading Australian security intellectuals such as Michael Wesley, among others, at a Sydney conference in December 2009 dedicated to introducing Kevin Rudd's proposal for an 'Asia-Pacific Community' to policy practitioners and intellectuals from around the Asian region and soliciting their reactions to it. For a recent analysis of the Rudd proposal and its implications for the Asia-Pacific region, refer to See Seng Tan, 'Spectres of Leifer: Insights on Regional Order and Security for Southeast Asia Today', *Contemporary Southeast Asia*, Vol.34, No.3 (2012), p. 316.

22 Sebastian, *Indonesia's regional diplomacy: Imperative to maintain ASEAN cohesion*.

23 The link between middle power diplomacy and the appropriation of multilateral institutions and initiatives through which to achieve its aims is often acknowledged. See, Sook-Jong Lee, 'South Korea as a New Middle Power: Seeking Complex Diplomacy', *EAI Asia Security Initiative Working Paper*, (Seoul: East Asia Institute, September 2012); Mark Beeson, 'Can Australia Save the World? The Limits and Possibilities of Middle Power Diplomacy', *Australian Journal of International Affairs*, Vol.65, No.5 (2011), pp. 563–77.

24 Donald K. Emmerson, 'Beyond the six points: How far will Indonesia go?', *East Asia Forum*, 29 July 2011, available at: <http://www.eastasiaforum.org/2012/07/29/beyond-the-six-points-how-far-will-indonesia-go/>, accessed 17 January 2013; Don Emmerson, 'ASEAN Stumbles in Phnom Penh', *PacNet*, No.45, 19 July 2012.

25 See, International Crisis Group, 'Waging Peace: ASEAN and the Thai-Cambodian Border Conflict', *Crisis Group Asia Report*, No.215, 6 December 2011.

26 This point is emphatically made in Jiang, 'Indonesia's 'Confidence' Diplomacy under the Yudhoyono Government'.

27 Sebastian, *Indonesia's regional diplomacy: Imperative to maintain ASEAN cohesion*.

3. Indonesian foreign policy has never been ASEAN-centric to the exclusion of other pathways and pillars

The foregoing two points emphasise the appeal of a post-ASEAN foreign policy as useful for clarifying Indonesia's strategic interests and the appropriate modalities through which to achieve its interests. However, it is necessary to recognise that this appeal is misleading because Indonesia's foreign policy has never been centred primarily on ASEAN. To be sure, the received wisdom has long presupposed, with good reason, the centrality of ASEAN to Indonesia's foreign policy. Take, for instance, the following contention by Jusuf Wanandi, a leading Indonesian policy intellectual:

If ASEAN cannot move beyond its lowest common denominator, as defined by Laos or Myanmar, it is likely that Indonesia will seek to become more independent from ASEAN. In the last 40 years, Indonesia has become too dependent on ASEAN as the instrument of its foreign policy, and has constrained its freedom of action and use of other vehicles to implement its free and independent foreign policy. This was right in the first decades of ASEAN, to enable Indonesia to get the trust back from its neighbours. And Indonesia has achieved that.²⁸

As a consequence, the logic persuasively continues, Indonesia need no longer rely solely on ASEAN, but 'for the future, [it] needs to pursue its own national interests, on top of its loyalty and solidarity with ASEAN.'²⁹

On the other hand, ASEAN's very success as a diplomatic community has long been predicated on its achieving the limited aim of ensuring the respect of member nations for one another's sovereignty through their mutual adherence to the principle of non-interference. Put differently, the organisation's *raison d'être*, defined in this minimalist way, effectively legitimated member countries' recourse to their own devices—via the nebulous doctrine of 'national resilience' (*ketahanan nasional*)—so long as their actions did not affect their fellow members' national security and sovereignty in adverse ways. To that extent, the very formation of ASEAN in 1967 was made possible as a consequence of Indonesia's assurance to the other founding member countries of the organisation that they would be able to pursue their foreign policy goals in their own ways without interference from Indonesia, with each effectively minding its own business.³⁰ Not unlike its fellow ASEAN member states, Indonesia has long relied on permutations comprising unilateral, bilateral, and multilateral strategies to its security, and has assiduously avoided placing all of its eggs in the regional basket. (Arguably, any hint of ASEAN centrality in Indonesia's past behaviour, if indeed such existed, probably reflected its lack of national capacity, rather than its will, for a more ambitious and expansive internationalism.) It is for these reasons that commentators such as van der Kroef argue that Indonesia's ASEAN membership has in fact been an insignificant concern for Jakarta.³¹ Going further, Donald McCloud has suggested that historically, Indonesia's regional actions did not reflect any 'grand design [Indonesia might have had] for working through ASEAN to gain control of a broad segment of the region.'³²

The academic debate over the importance of ASEAN to Indonesian foreign policy implies that Indonesia, despite its own political discourse about the centrality of ASEAN in Jakarta's regional affairs, likely advanced—or at least sought to advance—its foreign policy goals through a number of strategies, of which ASEAN was but one. True, ASEAN has been and remains important to Indonesia, but not singularly and unequivocally so, as the contemporary debate about a post-ASEAN foreign policy for Indonesia has unwittingly sought to portray.

28 Wanandi, *Indonesia's Foreign Policy and the Meaning of ASEAN*.
29 *Ibid.*

30 The argument is made in See Seng Tan, 'Herding Cats: The Role of Persuasion in Political Change and Continuity in the Association of Southeast Asian Nations (ASEAN)', *International Relations of the Asia-Pacific*, Vol.13, No.2, 2013, pp. 233–65.

31 Justus Maria van der Kroef, *Indonesia After Sukarno*, (Vancouver, BC: University of British Columbia Press, 1971).

32 Donald G. McCloud, *System and Process in Southeast Asia: The Evolution of a Region*, (Boulder, CO: Westview Press, 1986).

CONCLUSION: INDONESIA DRIVING AND SUFFERING THE REGION?³³

This issue brief has sought to make three interrelated points about Indonesia's contemporary engagement of the great powers in the midst of its own ascendancy to middle power status. First, this issue brief has proposed that Indonesia's longstanding concern that its regional environment should stay as secure and stable as possible has not changed. This raises the prospect that Indonesia is unlikely to alter its traditional reliance on a hedging strategy vis-à-vis China and the United States. Second, the brief contends that while Indonesia's contemporary rise and its persistent frustration over the lack of cohesion in and progress by ASEAN are undeniable, ASEAN and its wider regional cooperative frameworks nonetheless remain useful as modalities for supporting Indonesia's engagements of the great powers. Although Indonesia has long endured the frustration of dealing with fellow ASEAN countries that, in Jakarta's eyes, lack commitment to the Association, ASEAN, for all its visible flaws, still remains the region's closest thing to a 'regional solution' for regional challenges—an unfulfilled aspiration Indonesia has yet to abandon. Third, it has been argued, notwithstanding Indonesia's tireless advocacy on behalf of ASEAN, that Jakarta's foreign policy has, not least on a practical basis, relied on a host of strategies of which ASEAN regionalism has played a key but by no means exclusive modality, nor the most critical one. In this regard, recent appeals for a post-ASEAN foreign policy, while perfectly understandable in the light of Indonesia's newfound pride as a regional powerhouse vigorously courted by the great powers, are somewhat misleading if they suggest that Indonesia's foreign policy has always been principally dedicated to ASEAN.

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³³ The phrase is borrowed from the title employed by Michael Leifer in his fifth chapter of his book on Singapore's foreign policy. See, Michael Leifer, 'Driving or Suffering the Region?', in *Singapore's Foreign Policy: Coping with Vulnerability*, (London: Routledge, 2000), Ch.5.

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