



## ANALYSIS

# More talk than walk: Indonesia as a foreign policy actor

Dave McRae

February 2014

The Lowy Institute for International Policy is an independent policy think tank. Its mandate ranges across all the dimensions of international policy debate in Australia – economic, political and strategic – and it is not limited to a particular geographic region. Its two core tasks are to:

- produce distinctive research and fresh policy options for Australia's international policy and to contribute to the wider international debate.
- promote discussion of Australia's role in the world by providing an accessible and high quality forum for discussion of Australian international relations through debates, seminars, lectures, dialogues and conferences.

This Analysis was completed as part of the Lowy Institute's Engaging Asia Project which was established with the financial support of the Australian Government.

Lowy Institute Analyses are short papers analysing recent international trends and events and their policy implications.

The views expressed in this paper are entirely the author's own and not those of the Lowy Institute for International Policy.

## EXECUTIVE SUMMARY

Indonesia's population size, geographic location and economic potential all suggest that it will play a bigger role in international affairs in the future than it currently does. The truth is, however, that Indonesia is unlikely to emerge as a significantly more influential actor over the next five years in ways that set it apart from other middle powers. If Indonesia is to achieve great power status, as some observers have suggested, it will only do so in the much longer term.

Nevertheless, it is important to understand what kind of international actor Indonesia will be in the short to medium term. Indonesia's foreign policy will be defined by four key features: it will project the image of a great power despite its middle power abilities; it will remain non-aligned but leaning towards the United States; ASEAN will continue to be a key platform for Indonesia's regional and international aspirations; and it will take up Muslim concerns rather than having a distinctly Islamic foreign policy. As things stand, Indonesia's relationship with Australia is unlikely to become a foreign policy priority in coming years.

Indonesia's size is often assumed to afford the country an inevitable significance in international affairs. Indonesia is the world's third largest democracy, in the top twenty global economies, the most populous Muslim-majority country and the fourth most populous country overall. It has always been a large country, but its democratic transformation and the growth of its economy over the last fifteen years have gained Indonesia broader attention.

A visit to Jakarta features on the itineraries of various world leaders. In 2013 the Chinese premier Xi Jinping, the Indian prime minister Manmohan Singh, and the Japanese prime minister Shinzo Abe were all visitors to Indonesia's capital. Indonesia enjoys additional prominence through its involvement in multilateral forums, including the G20, where it casts itself as a representative of developing countries, as well as others such as APEC. In think tank and academic circles, much scholarly energy is devoted to the prospect of Indonesia rising.<sup>1</sup>

Indonesia is aware of its rising prominence in the world. Its new status has been a recurring theme in President Susilo Bambang Yudhoyono's address to the nation each year to mark the country's Independence Day. In 2011, Yudhoyono told the nation Indonesia had shaken off its 60 year old tag as a third world country to become an emerging economy.<sup>2</sup> The world increasingly frequently asks, "What does Indonesia think?" on global problems, the president said to Indonesians in 2012.<sup>3</sup> "Indonesia resolves to always be part of the solution to global problems", he remarked in his 2013 speech.<sup>4</sup>

In the same vein, the Indonesian public now expects Indonesia to have an influence in far-off corners of the globe, according to Indonesian foreign affairs officials. Twenty per cent of Indonesians nominated Indonesia as one of the ten most influential countries in the world in polling conducted by the Lowy Institute in 2011.<sup>5</sup> The reports in 2013 that Australia had spied on much of Indonesia's top leadership also provoked much public commentary to the effect that Australia needed Indonesia more than vice versa, and that Indonesia was stronger militarily.

Yet, the importance afforded to Indonesia as much reflects its anticipated future influence as it does its current power. At present, even in relative terms Indonesia is not a great military or economic power, a fact that Indonesian officials readily admit. "In terms of military and economic muscle ... Jakarta must rely mostly on projecting soft power", judges Dewi Fortuna Anwar, a vice-presidential advisor, although writing in her private capacity.<sup>6</sup>

Beyond discussion of Indonesia's future power it is important to understand what kind of international actor it will be in the short to medium term. This is the key focus of this paper. After a brief overview of Indonesia's political and economic development over the last decade and a half, and its implications for Indonesian influence on the regional and global stage, the paper sets out four key features that will define

*If Indonesia is to achieve great power status – and that is not clear – it will only do so in the longer term.*

Indonesia's foreign policy. Overall these features will make for an Indonesia that is vocal about the way it would like the world around it to be, but limited in its ability to bend world affairs to its will.

## A RISING INDONESIA?

There is no question that Indonesia's democratisation and its economic growth have given the country a greater prominence in regional and global affairs. However, its economic growth has not yet given the Indonesian state the resources to be a significantly more influential actor on the world stage, either diplomatically or militarily. If Indonesia is to achieve great power status – and that is not clear – it will only do so in the longer term.<sup>7</sup>

Indonesia's political transformation has allowed it to become a more outward-looking country, as has its achievement in largely overcoming rule. Democratisation has also provided Indonesia with "reformer credentials", in the words of one Indonesian official.<sup>8</sup> Accordingly, Indonesia's fifteen years of democratic rule are arguably something of a soft-power asset in its relations with other countries undergoing a political transition, and with other democratic countries.

There are clear limits to this soft power, however. In this light, one of the leading observers of Indonesian foreign policy, Rizal Sukma, highlights Indonesia's "limited ability to support democracy abroad". Sukma notes Indonesia has neither convinced its neighbours of the merits of democracy nor "launch[ed] any democracy-promotion efforts outside its Asian comfort zone".<sup>9</sup> Indonesia might claim Myanmar as an exception to this characterisation, but it is not clear that Indonesia's engagement there decisively spurred political change.

Indonesia's rapid economic growth in recent years has meant that for some observers it is no longer a question of whether Indonesia will rise but rather how high it will rise. In the last decade the Indonesian economy has grown by an average 5.7 per cent per annum.<sup>10</sup> By 2012 Indonesia had grown to become the world's 16th largest economy in 2012, up from 27th in 2000.<sup>11</sup> That growing economic weight is recognised in its membership of the G20.

The continued expansion of its economy cannot be taken entirely for granted however. Poor infrastructure, weak governance, corruption, low-quality education institutions, an unsophisticated manufacturing sector, and under-developed links to the global economy are just some of the constraints on growth.<sup>12</sup> Nevertheless, it is worth noting, Indonesia's rapid growth to date has taken place in the midst of these constraints.

Moreover, in terms of economic influence, Indonesia is rising from a low base. Indonesian diplomats more typically lament its failure to convert political diplomacy into increased market access, rather than talk of how Indonesia's trade relations or economic heft provide political leverage.

Nor is Indonesia a significant or even an emerging donor. By OECD estimates, Indonesia spent around \$10 million on overseas development aid in 2010. By comparison, the OECD estimate for China was approximately \$2 billion, Brazil \$500 million, India \$640 million and South Africa \$118 million.<sup>13</sup>

Indonesia's economic growth has enabled it to increase its military budget, but it has done so inconsistently and from a very low base. Despite its goal of increasing the defence budget to 1.5 per cent of GDP, military spending has remained consistently below 1 per cent of GDP and spending may actually have declined in real terms between 2012 and 2013.<sup>14</sup> In absolute terms Indonesia spends around a third as much annually as Australia on defence and slightly less than Singapore.<sup>15</sup> Indonesia's military strength is also constrained by questionable procurement and strategic doctrine.<sup>16</sup> Observers judge Indonesia will likely modernise only in piecemeal fashion over the next decade.<sup>17</sup>

Again, it is worth emphasising, continued economic growth would provide Indonesia with additional resources to overcome these constraints. But this is a process that will take place only over a long period.

## FOUR FEATURES OF INDONESIAN FOREIGN POLICY

Irrespective of uncertainties over its future power, Indonesia remains important both regionally, as Southeast Asia's largest country, and geographically, sitting astride key trade routes. In this regard, it is actually more important to understand what kind of regional and international actor Indonesia is likely to be in coming years, rather than engage in an irresolvable debate over whether Indonesia will be a great or middle power. Looked at from this perspective, it is possible to discern four broad features that will define Indonesian international policy over the next five years.

### PROJECTING THE IMAGE OF A GREAT POWER DESPITE MIDDLE POWER ABILITY

Two conflicting influences underpin Indonesia's foreign policy agenda. The first is an aspiration to be a global player, an ambition deriving from the country's size. The preamble to its constitution mandates Indonesia to be outward-looking, tasking the government with "contributing to a world order based on independence, permanent peace and social justice", a fact that numerous interviewees from the foreign policy community volunteered. Indonesia's public expects the government to be able to influence world events, an aspiration its democratic government must respond to. Indonesia has become more outward-looking since it has become a democracy and addressed the internal stability issues of the first years of post-authoritarian rule.<sup>18</sup>

*Indonesia's foreign policy community is well aware of the country's limitations.*

Running counter to this influence, Indonesia's foreign policy community is well aware of the country's limitations. A senior official told the author that Indonesia must accept that it does not have the resources or influence to act on a range of foreign policy issues on which the public demands action.<sup>19</sup> As the previous section underlined, Indonesia's growing economic weight is yet to translate into real diplomatic or military influence.

A clear example of this disconnect between Indonesia's aspirations and its influence is the Israeli-Palestinian conflict. There is strong public interest in the issue and a demand that the government be more active on it. But the same senior official told the author that because there were real limits to Indonesia's influence, the challenge for the government was to be seen to be doing something. The result is evident in Indonesia's diplomacy: Indonesia co-sponsored the Palestinian bid to become a full member of the United Nations and of UNESCO, it has been vocal in support of Palestinian independence, and it has made symbolic gestures of support such as capacity-building programs for Palestinians. But none of these steps have had any significant influence on the key actors in the conflict. Nor has Indonesia been able to mediate between them.<sup>20</sup>

Another senior official told the author that this inability to have any impact in the Middle East had led Indonesia to focus on issues where he asserted it could make a difference, such as nuclear non-proliferation.<sup>21</sup> Indonesia, in part through ASEAN, has pushed for the five acknowledged nuclear weapons bearing states to sign a Southeast Asia Nuclear Weapon Free Zone Treaty.<sup>22</sup>

*The interaction between Indonesia's foreign policy aspirations and its limitations results in a far-reaching (and sometimes over-reaching) international agenda that is prosecuted with limited means.*

The interaction between Indonesia's foreign policy aspirations and its limitations results in a far-reaching (and sometimes over-reaching) international agenda that is prosecuted with limited means. Unsurprisingly, a number of interviewees from Indonesia's foreign policy community cited the 'power of ideas' as one of the key ways in which Indonesia could influence world affairs. Indeed, some of the main foreign policy successes highlighted by interviewees were Indonesian ideas that were adopted over those of other countries. One example given was the East Asia Summit (EAS) being formed as an ASEAN+6 rather than ASEAN+3 member organisation, reflecting Indonesia's desire to add more countries to balance China, as opposed to China's preference to keep the forum small. In a similar vein, President Yudhoyono's appointment to the high-level panel on the post-2015 development agenda was also cited as an example of how Indonesian ideas were valued by others on the global stage.

Will a 'power of ideas' approach be sufficient to satisfy Indonesian public expectations for influence? As long as Indonesia does not face a genuine external crisis that exposes its lack of influence, the answer is almost certainly yes. Such an approach will not entirely satisfy the

electorate, but nor does it loom as the decisive factor in public perceptions of Indonesia's government. Indonesia's foreign policy effectiveness is, by and large, not going to decisively change the way Indonesians vote – at least not any time soon.

#### NON-ALIGNED, BUT LEANING TOWARDS THE UNITED STATES

Indonesia has entered into comprehensive partnerships with both the United States and China, but will not form an alliance with either. Non-alignment is a core principle of Indonesia's 'free and active' foreign policy, and a national point of pride. Illustrative of this pride, interviewees took the chance to criticise Australia's formal alliance with the United States, with one saying Indonesia did not need to bring in US Marines to secure it, in a reference to the marine deployment in Darwin.<sup>23</sup> Another advised Australia to be more independent of the United States in its foreign policy.<sup>24</sup> Non-alignment allows Indonesia to maintain the pretence that it can influence each of these larger powers, although in practice its ability to influence either is rather more limited.

Both the United States and China have a history of turbulent relations with Indonesia. Tensions with the United States were at their highest during the rule of founding president Sukarno, in power from 1945 until 1967. The United States saw Sukarno's policy of non-alignment and accommodation of communist activism in Indonesia as a threat to its interests.<sup>25</sup> It supported regional rebellions and condoned the massacre of an estimated 500,000 people accused as communists in 1965-56.<sup>26</sup> Ties with Sukarno's successor, the authoritarian president Suharto, were stronger. One former senior official claimed to the author that Indonesia was only "relatively" non-aligned during this period, owing to its closeness to Washington.<sup>27</sup> Nevertheless, the United States restricted security cooperation in the 1990s in response to the regime's human rights violations. In the case of China, the stridently anti-communist Suharto suspended diplomatic relations altogether between 1967 and 1990. Various bans on the use of the Chinese language and cultural practices within Indonesia were only lifted after Suharto fell from power in 1998.<sup>28</sup>

Since the advent of democratic rule, Indonesia has expanded and formalised ties with both countries. With the United States, the war on terror was a key driver. US restrictions on security cooperation were relaxed, culminating in a comprehensive partnership agreement in 2010.<sup>29</sup> The war on terror did however initially turn Indonesian public attitudes against the United States, reflecting a belief that America was prosecuting a war on Muslims. By the time the partnership agreement was signed, however, attitudes had softened.

Indonesia has had a strong incentive to strengthen ties with Beijing, in view of China's striking growth in economic and strategic weight. In 1990 China had a per capita GDP roughly two-thirds of Indonesia's; by 2007,



*Indonesia's foreign policy community is significantly more wary of China than the United States.*

Indonesia's per capita GDP was two-thirds of China's.<sup>30</sup> Indonesia and China concluded a strategic partnership in 2005, then upgraded this agreement to a comprehensive strategic partnership during President Xi Jinping's 2013 Jakarta visit.<sup>31</sup> Scholars have questioned the degree to which this agreement reflects an actual substantive partnership, however.<sup>32</sup> One illustration of its limits is the fact that the highest annual meeting between the two countries takes place below the heads-of-government level.<sup>33</sup>

Neither partnership agreement spells the end of bilateral tensions. Although the Indonesian government has overall not opposed the United States rebalance to Asia, Foreign Minister Marty Natalegawa's first response in 2011 to the announcement of plans to deploy 2500 US Marines to Darwin was terse. Leaked information from former NSA contractor Edward Snowden that showed that the US Embassy in Jakarta was engaging in electronic eavesdropping also caused serious tensions in the relationship. Senior cabinet ministers described the reported spying as "unfriendly" and out of step with bilateral ties.<sup>34</sup>

Nevertheless, Indonesia's foreign policy community is significantly more wary of China than the United States. This wariness of China derives in part from specific incidents, including periodic confrontations over the Indonesian arrest of Chinese fishermen or seizure of boats in its waters. The perceived contribution of Chinese meddling to disunity within ASEAN is another factor, for instance in the failure of ASEAN ministers to conclude a ministerial communiqué in their 2012 meeting in Phnom Penh.<sup>35</sup> There is also an economic dimension to this wariness. Several interviewees highlighted Chinese imports as a threat to Indonesia's economy.

Uncertainty regarding future Chinese intentions in the region also underpins Indonesia's disquiet. One senior foreign affairs official remarked that Indonesia knows *pax americana* and has no complaints about it at all, whereas things are less certain with China.<sup>36</sup> Another senior member of the foreign policy community noted that the decision to include India, Australia, and New Zealand in the East Asia Summit reflected unease at how China may act when it has economic, political, and military supremacy in the region. As one senior official noted, "China enjoys the term peaceful rise, but how long will China continue to be peaceful?"<sup>37</sup>

Such unease with China is not universal. Vice presidential adviser Dewi Fortuna Anwar, for example, expressed the opinion that mutual interdependence would render coming strategic competition less severe than in the 1950s and 1960s.<sup>38</sup> But such is the wariness of China that in interviews with the author various political opponents of current presidential election frontrunners Joko Widodo and Prabowo Subianto sought to tarnish their foreign policy credentials by claiming each would carry Indonesia closer to China.

Notwithstanding the preference for the United States, Indonesia's strategy towards Asia's established and rising powers has been to bind each in multilateral institutions. In particular, the East Asia Summit aims to balance China's heft, both in its original ASEAN+6 form (ASEAN plus China, Japan, South Korea, Australia, New Zealand, and India) and particularly since the addition of the United States and Russia in 2011. The East Asia Summit has been witheringly criticised for its ineffectiveness, but it could conceivably provide the opportunity to moderate competition between the United States and China.<sup>39</sup> The forum is unlikely to do much to moderate either power's behaviour when their core interests are at stake, however.

Indeed, one senior Indonesian official described his country's diplomacy in response to China and the United States as akin to running on the spot. It is hardly unique in this respect. Nor though would aligning formally with either power strengthen Indonesia's influence.

#### ASEAN AS A PLATFORM FOR A WIDER REGIONAL AND GLOBAL ROLE

ASEAN centrality is a permanent feature of Indonesia's foreign policy. No one the author spoke to suggested this centrality was something a new president might change. ASEAN covers Indonesia's immediate geographic region, where its interests are most directly engaged. In diplomatic terms, 'ASEAN-plus' forums such as the East Asia Summit and the ASEAN Regional Forum provide a stepping stone for Indonesia to attempt a wider regional and global role. Indeed, an adviser to President Yudhoyono described the EAS as a way for Indonesia to expand its stable surrounding environment beyond ASEAN, in a "natural progression of our interests".<sup>40</sup> Moreover, the EAS is the only forum that brings the US president to the region on an annual basis, as one official observed, and squares with Indonesia's preference for multilateral approaches to the United States and China.

ASEAN centrality does have clear drawbacks. Indonesia expects to play a leadership role within ASEAN – an expectation many external parties share. In reality, however, even as Southeast Asia's largest country it cannot dictate an agenda to the grouping. Indonesia's proposals for an ASEAN Security Community and regional human rights body were each heavily watered down prior to adoption, for instance, reflecting the fact that regional instruments must gain the agreement of the other, mostly authoritarian, member governments.<sup>41</sup> ASEAN unity is also crucial to the grouping's effectiveness, but it has struggled to remain cohesive in its stance on the South China Sea dispute. Most notably, the grouping failed for the first time to issue a joint communiqué at its ministerial meeting in Phnom Penh in 2012.<sup>42</sup> Internally, the grouping has also proved unable to resolve contentious issues. It will miss its target to establish an ASEAN community by 2015. ASEAN attempts to resolve a border dispute between Thailand and Cambodia also failed, with the two

countries asking the International Court of Justice to adjudicate.<sup>43</sup> Notably, Indonesia was chair of ASEAN at the time of the association's unsuccessful attempt to mediate this conflict.

Indonesia has few options but to persist with ASEAN-centred diplomacy, even if this constrains Indonesian diplomacy to some degree. Indonesia has been unable to exert consistent influence on a broader stage in its own right. It would be curious if it sought to step away from the East Asia Summit so soon after its expansion in 2011 to include the United States and Russia.

#### A MUSLIM FOREIGN POLICY RATHER THAN AN ISLAMIC ONE

In the same way that Indonesia is a majority Muslim country rather than an Islamic one, Indonesia's foreign policy will take up Muslim concerns rather than be driven by Islamic principles.

*Indonesia's foreign policy will take up Muslim concerns rather than be driven by Islamic principles.*

As a country in which a majority of the people are Muslims, Indonesia does pay extra attention to international conflicts involving Muslim populations, even if its diplomats do not name Muslim-majority countries in particular as among Indonesia's most important relations. For example, conflicts in the Middle East occupy a prominent place in Indonesian foreign policy rhetoric. Various foreign policy actors attribute this prominence variously to the presence of large numbers of Indonesian migrant workers in the region, Muslim solidarity, and historic ties with particular countries. Senior foreign affairs officials nominated the Middle East as a region where Indonesia would like to be influential, although it is not.<sup>44</sup> For example, President Yudhoyono devoted a third of the foreign policy section of his 2013 Independence Day speech to the Palestinian question, Syria, and Egypt.

Indonesia's status as the largest Muslim majority country in the world does not, however, provide it with any additional sway in the Middle East. As Martin van Bruinessen argues, the Muslim countries of the Middle East tend to look upon Indonesia as peripheral to the Muslim world, and no Islamic movement or scholar of international note emanates from Indonesia.<sup>45</sup> Consistent with this judgment, Indonesians who contend that Indonesia can increase its influence among Muslim-majority countries cite its democratisation as its key asset. The head of the parliament's foreign affairs commission, Mahfudz Siddiq, is one to express this view, arguing Indonesia can capitalise on its experience to forge ties with the new political actors that have emerged as a result of the Arab spring.<sup>46</sup>

Closer to home, Indonesia has also sought to intercede in regional conflicts involving Southeast Asian Muslim populations. In the Southern Philippines, Indonesia offered to broker peace talks following renewed violence in September 2013, after mediating an earlier peace agreement in the region in 1996.<sup>47</sup> Despite this offer, it has in fact been Malaysia that has acted as mediator in this conflict in recent years, playing this

role in the talks that resulted in the Bangsamoro Framework Agreement in late 2012. Malaysia is also currently mediating talks on the Southern Thailand conflict, after Indonesian-hosted talks between the parties in 2008 failed to reach a settlement.<sup>48</sup> Violence against Rohingya Muslims in Myanmar has attracted Indonesia's attention, as well as the attention of Indonesian jihadis who have attempted retaliatory terror attacks. Indonesia has been able to do little on the issue beyond making concerned statements. President Yudhoyono raised the issue during his state visit to Naypyidaw in 2013. Indonesia also prompted a joint ASEAN ministerial statement on the Rohingya in 2012.<sup>49</sup>

Dewi Fortuna Anwar characterises Islam as playing primarily a limiting role on Indonesian foreign policy, making certain positions untenable for the Indonesian government, notably diplomatic relations with Israel.<sup>50</sup> One issue where Indonesia has taken an Islamic stance has been its support for an international instrument to prevent blasphemy. President Yudhoyono used his address to the United Nations General Assembly in September 2012 to call for "an international instrument to effectively prevent incitement to hostility or violence based on religions or beliefs".<sup>51</sup> Yudhoyono made specific reference to the film "Innocence of Muslims", a 13-minute YouTube video derogatory of Islam and which spurred sometimes violent protests in a number of majority-Muslim countries.<sup>52</sup> Yudhoyono was, however, careful to phrase his support for an international instrument in secular terms, citing restrictions on the freedom of expression in the Universal Declaration of Human Rights.

The four features outlined above detail some of Indonesia's core foreign policy priorities, but the list is not meant to be exhaustive. The imperative to protect its citizens abroad, in particular, might have been included as an additional feature. Indonesia faces a particularly serious challenge in this regard, with five million of its citizens registered as living abroad and many others likely to be also living overseas, often in vulnerable circumstances.<sup>53</sup> The plight of female migrant workers has been of acute political salience. The execution of Ruyati binti Satubi in Saudi Arabia in 2011, for example, caused immediate public uproar in Indonesia and spurred the government to form an ad hoc taskforce to handle cases of Indonesians facing the death penalty overseas.<sup>54</sup> More recently, the trial in Malaysia of young migrant worker Wilfrida Soik for murder has attracted national attention, including presidential aspirant Prabowo Subianto travelling to Malaysia on multiple occasions to attend her trial.<sup>55</sup>

The great uncertainty in Indonesia's foreign policy is this year's presidential elections. Of the two frontrunners, Jakarta governor Joko Widodo is an unknown, having never held a national position. He would be unlikely to significantly shift Indonesia's foreign policy, given it is probably not a particular interest for him. Indeed, his party chairperson Megawati Soekarnoputri is widely held to have delegated her foreign policy to her foreign minister when she was president, and it may be that Widodo does the same.<sup>56</sup>

Prabowo Subianto, a former authoritarian-era general with a chequered human rights record, would be a different proposition as president. He is now a populist nationalist party head, running on his image as a firm leader.<sup>57</sup> He has engaged in a charm offensive with the international media, and as president could foreseeably make pragmatic gestures in an attempt to ameliorate international unease about himself. (Whether he would be able to visit all Western countries as president remains an open question – he is currently banned from visiting the United States on human rights grounds.) There is concern, however, that he might attempt a more assertive and uncompromising foreign policy, or try to wind back some of Indonesia's democratic reforms. But the same lack of resources that constrains Indonesia's global agenda would also prevent a Prabowo-led Indonesia from becoming a more assertive regional power.

### WILL RELATIONS WITH AUSTRALIA BECOME A FEATURE OF INDONESIAN FOREIGN POLICY?

Against the background of recent tumult in the Australia-Indonesia relationship it is worth considering where Australia is likely to sit in Indonesia's foreign policy priorities. Australia has featured in Indonesian public discourse to an uncommon degree over the past year, not always for positive reasons. The removal of a sitting prime minister by party colleagues in July 2013 piqued interest within Indonesia in Australia's political system. The change of government in Australia in September 2013 received ample media coverage and the new Australian prime minister Tony Abbott met with President Yudhoyono at the end of that month. Rows over asylum seekers and particularly over espionage also received saturation coverage in the Indonesian media in the latter half of 2013 and drew comment from the highest levels of government. Barely a month has passed in which Foreign Minister Natalegawa has not commented on bilateral ties.

*As things stand it is unlikely that the bilateral relationship with Australia will become a key feature of Indonesian foreign policy in coming years.*

Despite all this added attention, as things stand it is unlikely that the bilateral relationship with Australia will become a key feature of Indonesian foreign policy in coming years. It is an oft-cited fact that Australia maintains its largest overseas embassy in Jakarta, whereas Jakarta concentrates its diplomatic resources elsewhere. Indonesia's more immediate strategic challenges and larger trading partners lie to its north. As a result, outside of periodic bilateral spats, Australia can appear invisible in Indonesian foreign policy discussions. Meetings between the two countries' leaders typically pass without comment in the opinion and editorial pages of the Indonesian-language press, whereas they have become occasions for assessments of the bilateral relationship in the Australian media. Nor is there any equivalent in Indonesia of the centres for the academic study of Indonesia in various Australian universities.

Running counter to this trend, President Yudhoyono has been consistently open to more intensive ties with Australia during his two terms as president. Several of his most senior cabinet members undertook postgraduate study in Australia as well. Yudhoyono addressed the Australian parliament during a bilateral visit in 2010, and during his tenure the two countries have established an annual leaders' meeting, as well as an annual defence and foreign ministers' summit.

Yudhoyono has, however, now entered his final year in power, and each of his most likely prospective successors pose a challenge for ties with Australia. Joko Widodo's stance on Australia is unclear, as is his overall foreign policy, whereas Prabowo would be a controversial figure within Australia. He may even be unable to travel to Australia because of his human rights record. Compounding this in the short term at least has been the damage done to the relationship by the spying row. It has provoked widespread commentary in Indonesia (but also Australia) to the effect that Australia needs Indonesia more than vice versa. Richard Tanter, in a considered account of the spying row and its fallout, describes the relationship as fundamentally "asymmetrical", and claims that "at least some Australian senior political figures" now realise this fact.<sup>58</sup> Within Indonesia, similar claims of such an asymmetry have often been part of calls for the government to take a firm stance against Australia over the espionage revelations.

What the spying row actually exposed, however, is that neither country can exert much leverage over the other. In response to the spying crisis Indonesia swiftly suspended information and intelligence sharing, joint military exercises, and people smuggling cooperation. But doing so does not provide Indonesia with leverage, and has not elicited any meaningful concessions from Australia in the bilateral consultations that have followed the row. On security issues that are not genuine priorities for Indonesia, such as people smuggling, bilateral cooperation prior to the row was not producing the policy outcomes that Australia desired in any event. Law enforcement cooperation between Australia and Indonesia on people smuggling was not able to hold back the massive increase in asylum boat departures from Indonesia in 2012 and the first half of 2013, for example. Nor is there any evidence to suggest that law enforcement spurred the great decrease in boat arrivals since July 2013, which instead appears attributable to new Papua New Guinea- and Nauru-based policies that do not involve Indonesia. The suspension of cooperation in these areas, although unwelcome, has therefore not significantly shifted the policy landscape. On the issues that are common priorities for both Indonesia and Australia, such as terrorism, Indonesia has not ceased enforcing the law within its borders, nor would it ever do so because of a disagreement with Australia.

The fact of 'mutual non-leverage' hardly in itself makes relations with Australia a prominent feature of Indonesian foreign policy either, of course. For that to happen, Australia and Indonesia would need to forge

closer cooperation on broader issues of mutual concern. Developing such cooperation requires trust, something that the espionage row has significantly eroded.

## CONCLUSION – AN INVESTMENT FOR THE FUTURE

Indonesia clearly aspires to play an active and influential role in regional and global affairs, but in the short term lacks the resources to flex its muscles in support of its foreign policy ideas. Although its foreign policy community knows Indonesia's international limitations, its public expects broader influence. These circumstances see Indonesia voicing foreign policy stances on the Middle East and Muslim populations around the world, on democratisation, on global issues like post-Millennium Development Goals development, and generally doing so in multilateral settings.

This provides something of an opportunity for other countries seeking to engage with Indonesia. By engaging on regional and global issues that are important to Indonesia and help it be seen as a global player, prospective partner countries such as Australia can build trust and relationships that will make their overall bilateral relationship with Indonesia more robust. This is a long-term investment, however. Indonesia is not going to change over the next five years in ways that set it apart from other middle powers, even if its population size, geographic location, and economic growth potential all point to an upward trajectory. As a foreign policy actor, Indonesia is not quite the next big thing. Engagement now with Indonesia is an investment in the future. For now, when it comes to foreign policy, Jakarta is talking the talk more often than it is walking the walk.

## ACKNOWLEDGEMENTS

This paper was researched and written primarily while the author was a Research Fellow in the East Asia Program at the Lowy Institute for International Policy. Thanks to Lauren Bain, Ken Ward and Greg Fealy for their valuable feedback as external readers of the paper, as well as to various members of the Lowy Institute for their feedback and assistance.

## NOTES

<sup>1</sup> See, for example, Hugh White, "What Indonesia's Rise Means for Australia," *The Monthly* 90 (2013); Linda Quayle, "Power and paradox: Indonesia and the 'English School' concept of great powers," *International Relations of the Asia-Pacific* 13 (2013):301-30; Anthony Reid ed. *Indonesia Rising: The Repositioning of Asia's Third Giant* (Singapore: Institute of Southeast Asian Studies, 2012); Evan A. Laksmana, "Indonesia's Rising Regional and Global Profile: Does Size Really Matter?" *Contemporary Southeast Asia* 33, no. 2 (2011): 157-82.

<sup>2</sup> Susilo Bambang Yudhoyono "Pidato Kenegaraan Presiden RI Dalam Rangka HUT Ke-66 Proklamasi Kemerdekaan RI di Depan Sidang Bersama DPD dan DPR RI," [speech, Jakarta, 16 August 2011].

<sup>3</sup> Susilo Bambang Yudhoyono "Pidato Kenegaraan HUT Ke-67 Proklamasi Kemerdekaan RI di Depan Sidang Bersama DPR dan DPD RI," [speech, Jakarta, 16 August 2012].

<sup>4</sup> Susilo Bambang Yudhoyono "Pidato Kenegaraan dalam rangka HUT ke-68 Proklamasi Kemerdekaan RI," [speech, Jakarta, 16 August 2013].

<sup>5</sup> Fergus Hanson, *Shattering Stereotypes: Public Opinion and Foreign Policy* (Sydney: Lowy Institute, 2012), 22.

<sup>6</sup> Dewi Fortuna Anwar, "Indonesia's Wary Thinking on Foreign Policy," *Europe's World*, Summer (2013).

<sup>7</sup> For an overview of statements regarding Indonesia's rise by government officials and observers, see Linda Quayle, "Power and paradox: Indonesia and the 'English School' concept of great powers," *International Relations of the Asia-Pacific* 13 (2013):302-3.

<sup>8</sup> Interview with senior Indonesian official, July 2013.

<sup>9</sup> Rizal Sukma, "Indonesia Finds a New Voice," *Journal of Democracy* 22, no. 4 (2011): 117-122. For a similarly critical review of democracy promotion in Indonesia's foreign policy, see Donald E. Weatherbee, *Indonesia in ASEAN: Vision and Reality*, (Singapore: Institute of Southeast Asian Studies, 2013): 21-36.

<sup>10</sup> Figure calculated from World Development Indicators database, 2003-2012.

<sup>11</sup> World Bank development indicators [as presented on <http://en.classora.com/reports/t24369/general/ranking-of-the-worlds-richest-countries-by-gdp?edition=1990>]

<sup>12</sup> For critical assessments of the Indonesian economy and its growth prospects, see Muhammad Ehsan Khan et al, "Critical Constraints to Growth," in *Diagnosing the Indonesian Economy: Toward Inclusive and Green Growth*, (London: Anthem, 2012); Ash Institute for Democratic Governance and Innovation, *From Reformasi to Institutional Transformation: A Strategic Assessment of Indonesia's prospects for Growth, Equity and Democratic Governance*, (Cambridge, Mass., U.S.: Harvard Kennedy School, Ash Center for Democratic Governance and Innovation, 2011); Michael Buehler, "A False Hope? Indonesia's Economic Miracle," *The Diplomat*, 5 February 2013.



- <sup>13</sup> “Estimates of the development co-operation programmes of Brazil, China, India, Indonesia and South Africa,” updated December 2013, [http://www.oecd.org/dac/dac-global-relations/latestdocuments/development\\_cooperation\\_Brazil\\_China\\_India\\_Indonesia\\_South%20Africa.xls](http://www.oecd.org/dac/dac-global-relations/latestdocuments/development_cooperation_Brazil_China_India_Indonesia_South%20Africa.xls); On Indonesia’s overseas development aid, see also David Hatch, “Indonesia, emerging aid donor,” *Lowy Interpreter*, 25 July 2012, <http://www.lowyinterpreter.org/post/2012/07/25/Indonesia-emerging-aid-donor.aspx>.
- <sup>14</sup> Benjamin Schreer, *Moving Beyond Ambitions? Indonesia’s Military Modernisation* (Canberra: Australian Strategic Policy Institute, 2013), 16-17.
- <sup>15</sup> Figures sourced from Stockholm Institute for International Peace Research, *SIPRI Yearbook 2013: Armaments, Disarmament and International Security* (Oxford: Oxford University Press, 2013), 172-187.
- <sup>16</sup> Schreer, *Moving Beyond Ambitions?*, 18; Leonard Sebastian and Iis Gindarsah, “Assessing military reform in Indonesia,” *Defense and Security Analysis* 29, no. 4 (2013), 299-304.
- <sup>17</sup> Schreer, *Moving Beyond Ambitions?*; Iis Gindarsah, *Indonesia’s Security Review and Defense Development in 2012* (Tokyo: National Institute for Defense Studies, 2013).
- <sup>18</sup> Interviews with senior current and former Indonesian government officials, Jakarta, July and November 2013.
- <sup>19</sup> Interview with senior Indonesian government official, July 2013.
- <sup>20</sup> On Indonesia’s diplomacy on the Israeli-Palestinian conflict, see “RI Diplomacy Prioritizes Palestinian Independence,” *The Jakarta Post*, 20 April 2013; “Indonesia Hails Palestinian ‘Birth Certificate’ of Independence,” *Philippines News Agency*, 5 December 2012. Indonesia also reportedly planned to open an embassy in Ramallah in 2012, before backing away from the plan. See “RI Postpones Plans for Representative Office,” *The Jakarta Post*, 3 August 2012.
- <sup>21</sup> Interviews with senior Indonesian government official, July 2013.
- <sup>22</sup> “ASEAN postpones meeting with nuclear powers,” *Kyodo News*, 28 June 2013; “ASEAN Urges P-5 Nations to Sign Regional Nuclear Treaty,” *BBC Monitoring Asia-Pacific*, 12 June 2013; Stephanie Lieggi, “The Nonproliferation Tiger: Indonesia’s Impact on Nonproliferation in Asia and Beyond,” *NTI Issues Brief*, 5 March 2012.
- <sup>23</sup> Interview with Dewi Fortuna Anwar, Jakarta, July 2013.
- <sup>24</sup> Interview with Ramadhan Pohan, vice-chairperson of Indonesian parliamentary commission I, December 2013.
- <sup>25</sup> Natasha Hamilton-Hart, *Hard Interests, Soft Illusions: Southeast Asia and American Power* (Ithaca: Cornell University Press, 2012): 55-59.
- <sup>26</sup> Hamilton-Hart, *Hard Interests, Soft Illusions*: 55-59; John Roosa, *Pretext for Mass Murder* (Madison: University of Wisconsin Press, 2006), 193-6.
- <sup>27</sup> Interview with a former senior Indonesian government official, November 2013.
- <sup>28</sup> Christine Susanna Tjhin, “Indonesia’s Relations with China: Productive and Pragmatic, but not yet a Strategic Partnership,” *China Report* 48 (2012); Chang-Yau Hoon, “How To Be Chinese,” *Inside Indonesia*, Apr-Jun (2004); “China, Indonesia to Resume Relations,” *Los Angeles Times*, 4 July 1990.

- <sup>29</sup> Murray Hiebert et al, *A U.S.-Indonesia Partnership for 2020: Recommendations for Forging a 21st Century Relationship* (Washington: Center for Strategic and International Studies, 2013).
- <sup>30</sup> Calculated from Anne Booth, "China and Southeast Asia: Political and Economic Interactions," *Journal of Current Southeast Asian Affairs* 30, no. 2 (2011), 143, who charts China's rising per capita GDP in comparison to nine of the ASEAN countries.
- <sup>31</sup> "Chinese, Indonesian Presidents Agree to Lift Ties to Comprehensive Strategic Partnership," *Xinhuanet*, 2 October 2013.  
[http://news.xinhuanet.com/english/china/2013-10/02/c\\_132768806.htm](http://news.xinhuanet.com/english/china/2013-10/02/c_132768806.htm).
- <sup>32</sup> Tjhin, "Indonesia's Relations with China"; Donald E. Weatherbee, *Indonesia in ASEAN: Vision and Reality*, (Singapore: Institute of Southeast Asian Studies, 2013).
- <sup>33</sup> Interview with a foreign diplomat, Jakarta, July 2013.
- <sup>34</sup> "Indonesia Protes Keras Keberadaan Fasilitas Penyadapan di Kedutaan AS," *Antara*, 30 October 2013; "Sadap Indonesia, Amerika Dinilai Tak Bershaabat," *Koran Tempo*, 30 October 2013.
- <sup>35</sup> For an account of this meeting, see Weatherbee, *Indonesia in ASEAN*, 77-78.
- <sup>36</sup> Interview with senior Indonesian government official, July 2013.
- <sup>37</sup> Interview with senior member of Indonesian foreign policy community, November 2013.
- <sup>38</sup> Interview with Dewi Fortuna Anwar, Jakarta, July 2013.
- <sup>39</sup> For one example of such criticism, see Donald E. Weatherbee, *Indonesia in ASEAN: Vision and Reality*, (Singapore: Institute of Southeast Asian Studies, 2013), 20.
- <sup>40</sup> Interview with Teuku Faizasyah, July 2013.
- <sup>41</sup> Sukma, "Indonesia Finds a New Voice," 114.
- <sup>42</sup> Rizal Sukma, "Without Unity, No Centrality," *Jakarta Post*, 17 July 2012.
- <sup>43</sup> On this dispute, see International Crisis Group, *Waging Peace: ASEAN and the Thai-Cambodian Border Conflict*, (Jakarta/Brussels: International Crisis Group, 2011)
- <sup>44</sup> Interviews with senior foreign affairs officials, July 2013.
- <sup>45</sup> Martin van Bruinessen, "Indonesian Muslims and Their Place in the Larger World of Islam," in *Indonesia Rising: The Repositioning of Asia's Third Giant*, ed. Anthony Reid (Singapore: Institute of Southeast Asian Studies, 2012), 117-140.
- <sup>46</sup> Interview with Mahfudz Siddiq, Jakarta, December 2013.
- <sup>47</sup> Margareth Sembiring, "The Mindanao Peace Process: Can Indonesia Advance It?" *RSIS Commentaries* 200 (2013).
- <sup>48</sup> Duncan McCargo, "Southern Thai Peace Talks: Something New, Something Old," *Chatham House Expert Comment* (2013).
- <sup>49</sup> Novandre Satria and Ahmad Jamaan, "Islam dan kebijakan Luar Negeri Indonesia: Peran Indonesia Dalam Konflik di Rakhine, Myanmar", details, 10-12; "Presiden Akan Bahas Rohingya di Myanmar," *AntaraNews*, 22 April 2013.
- <sup>47</sup> Dewi Fortuna Anwar, "Foreign Policy, Islam and Democracy in Indonesia," *Journal of Indonesian Social Sciences and Humanities* 3 (2010).

<sup>51</sup> Speech By H.E. Dr. Susilo Bambang Yudhoyono President Of The Republic Of Indonesia At The General Debate Of The 67th Session Of The United Nations General Assembly New York, 25 September 2012.

<sup>52</sup> For a precis of the film, see Peter Bradshaw, "Innocence of Muslims: a dark demonstration of the power of film," Guardian film blog, 18 September 2012, <http://www.theguardian.com/film/filmblog/2012/sep/17/innocence-of-muslims-demonstration-film>.

<sup>53</sup> See Dave McRae, "Dicing with Death Penalties in Indonesia," *The World Today* 69, no. 5 (2013) for a discussion of this issue in the context of the death penalty.

<sup>54</sup> Dave McRae, *A Key Domino: Indonesia's Death Penalty Politics* (Sydney: Lowy Institute, 2012).

<sup>55</sup> "Sidang Wilfrida Soik, Prabowo Sempatkan ke Malaysia," *kompas.com*, 29 December 2013; "Prabowo ke Malaysia Urus Kasus TKW Wilfrida Soik," *kompas.com*, 16 November 2013.

<sup>56</sup> Dewi Fortuna Anwar, "Megawati's Search for an Effective Foreign Policy," 78.

<sup>57</sup> For a survey of Indonesian politics ahead of the 2014 elections, see Dave McRae "Indonesian Politics in 2013: The Emergence of New Leadership?" *Bulletin of Indonesian Economic Studies* 49, no. 3 (2013): 289-304.

<sup>58</sup> Richard Tanter, "Indonesia, Australia and Edward Snowden: Ambiguous and Shifting Asymmetries of Power," NAPSNet Special Reports, 28 November 2013, <http://nautilus.org/napsnet/napsnet-special-reports/indonesia-australia-and-edward-snowden-ambiguous-and-shifting-asymmetries-of-power/>.

## ABOUT THE AUTHOR



*Dave McRae*

Dave McRae has researched conflict, politics, democratisation and human rights issues in Indonesia for well over a decade. He is the author of *A Few Poorly Organized Men: Interreligious Violence in Poso, Indonesia* (2013) and translator of Solahudin's *The Roots of Terrorism in Indonesia* (2013). He wrote his Ph.D. at the Australian National University on post-authoritarian inter-religious violence in Indonesia, explaining why civil war intensity violence could suddenly occur in a previously quiescent region. From 2011 until January 2014 he was Research Fellow in the East Asia Program at the Lowy Institute, covering Indonesia and Southeast Asia. As Lead Researcher for the World Bank's Conflict and Development Team in Indonesia between 2008 and 2010 he led a research program on interventions to prevent conflict and address its impacts. Prior to this, he worked for the Jakarta office of the International Crisis Group between 2004 and 2006, researching and writing reports on most of Indonesia's major conflict areas. He is currently a Visiting Fellow in the Department of Political and Social Change in the School of International, Political and Strategic Studies at the Australian National University.

Dave McRae  
dgmcræ@gmail.com

**LOWY INSTITUTE**  
FOR INTERNATIONAL POLICY

31 Bligh Street  
Sydney NSW 2000 Australia

Tel: +61 2 8238 9000  
Fax: +61 2 8238 9005

[www.lowyinstitute.org](http://www.lowyinstitute.org)  
twitter: @lowyinstitute