

Strategic Analysis Paper

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Indonesia's Evolving Grand Strategy: Foreign Powers

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Key Points

- A strategy of quiet diplomacy has served Indonesia well and helped to differentiate it from countries like China and India, but domestic considerations could undermine its standing.
- Co-operation with India is becoming more important, especially since India's maritime doctrine views the entire Indian Ocean region, from the Persian Gulf to the Strait of Malacca, as its 'legitimate area of interest.'
- While Indonesia has forged closer economic relations with China, it is unnerved by the prospect of an expanded Chinese military presence.
- In the short-term, the United States is the only country Indonesia could ally itself with that could substantially influence Chinese behaviour in the South China Sea.
- Despite its ups and downs, the Australia-Indonesia relationship is anchored by a general consensus on the need to support US forward policy in the Indo-Pacific.

Summary

The emergence of the Indo-Pacific as a key geostrategic construct has given Indonesia increased importance, because of its geographic location and growing profile in the international arena. With that increased profile, Indonesia has gained an important place in the United States' forward policy in the Indo-Pacific. It has some of the most strategic sea lanes in its waters and has expanded the range and scope of its diplomatic initiatives. In the

process, Indonesia has converted itself from a primarily inward-looking, “continental” strategic orientation, to an expanding maritime profile, culminating in an effort to formulate its own Grand Strategy.

The result of this transformation has been the recognition of Jakarta as an important part of the strategic outlooks of other powers, such as India, the United States and Australia. The 2013 Australian Defence White Paper, for instance, noted that ‘Indonesia’s importance to Australia will grow as its significant regional influence becomes global. Indonesia’s success as a democracy and its economic growth will see it emerge as one of the world’s major economies.’

The rapid growth in the Indonesian economy in recent years, although it has weakened recently, means that, like China and India, Indonesia will prioritise its strategic interests and defence budget and seek to expand its reach, both militarily and diplomatically. That strategic expansion will lead to a Grand Strategy that Jakarta will want to use to improve its position in the grand strategies of other regional powers, such as China, India, Australia and the United States.

Analysis

A Surging Diplomatic Profile

Indonesia has used a low-profile diplomacy that seeks to nudge rather than demand. It has, in a way, created its own Monroe Doctrine in South-East Asia.

An example is Jakarta’s quiet diplomacy that eased tensions between Cambodia and Thailand in their border dispute over the area surrounding the eleventh-century Preah Vihear Temple. It eventually sent in a team of observers to monitor the territory. Jakarta has also played a quiet, advisory role for Burma/Myanmar, as the latter attempts the transition from military dictatorship to democracy; a change which, in many ways, mirrors Indonesia’s own transformation 15 years ago.

Indonesia’s diplomatic strength is, in large part, derived from its own experience in making the transition from an authoritarian country with frequent military intervention, into a rising regional power.

As part of its outreach to democratic countries, Indonesia holds the annual Bali Democracy Forum, a meeting that seeks to strengthen democracy in Asia. This kind of event is more often undertaken by prescriptive actors, like the European Union. But, since it comes from another Asian country, participants, even the less-democratically inclined among them, tend to be more open to listening than might otherwise be imagined: ‘We share the same culture and problems as other Asian countries which makes our opinion more relevant to them, than lectures from European countries that have a completely different context.’

As a result, Indonesia has avoided breaching the principle of non-interference in the affairs of other countries, usually a red line in that part of the world. It has emerged as the country

that talks most forthrightly about issues like human rights and was instrumental in pushing through the 2012 ASEAN Human Rights Declaration, although the final outcome was weaker than many had hoped for.

Compared to Asia's largest powers, China and India, Indonesia's foreign policy is subtle. China is widely perceived to be nationalistic and aggressive; a goliath with a club in one hand and contracts for lucrative trade deals in the other. This is a strategy that might win it some supporters, but few lasting friends. India, on the other hand, is frequently perceived as arrogant and with an inflated sense of itself; it is seen as a reluctant, and less-than-effective, actor in multilateral fora. Indonesia, however, seeks strength in alliances and values mediation away from the spotlight.

The country does, of course, have its challenges. It is difficult to be everyone's friend in a polarised world. Were conflict to break out in the South China Sea, for example, Indonesia's policy of equidistance would no longer work. Moreover, a deteriorating domestic situation, with the economy in a slump and accusations of growing intolerance against minorities, would rob Indonesia of the hard-won moral authority it has gained over the last decade. Testing times may well lie ahead for the region's quiet diplomat.¹

India in Indonesia's Grand Strategy

After having two divergent paths during much of the Cold War, New Delhi and Jakarta have found shared interests and concerns in the Indo-Pacific region.

The training of pilots, anti-submarine warfare exercises, hydrographic mapping and joint materiel production, are areas of immense potential for mutual defence co-operation. India could assist Indonesia in upgrading its Supadio air base, which is an aerial surveillance centre for meeting either traditional or non-traditional exigencies.

Deepening linkages between radical groups in Indonesia and Pakistan have caused concern in both Jakarta and New Delhi. The two need to enhance co-operation in exchanging intelligence about terror outfits and their cadres. This became more important with the appearance last year of al-Qaida in Aceh, given that Aceh is in the close vicinity of the Andaman and Nicobar Islands. India can also learn lessons from the Indonesian Anti-Terrorism Attachment (ATA) unit, in co-ordinating action and co-operation with civil society.

India and Indonesia also need to keep long-term strategic perspectives in mind, especially in the event of an increasing Chinese naval footprint in the Indian Ocean. Although unfounded, there have been rumours that China is seeking to build naval bases in Burma/Myanmar and Timor-Leste, which would have directly impinged on the strategic interests of both India and Indonesia. Co-operation is thus becoming ever more important, especially given the declaration in India's maritime doctrine that the entire Indian Ocean region, from the Persian Gulf to the Strait of Malacca, is its 'legitimate area of interest.'

¹ Aiyar, P., 'The Importance of Being Indonesia', *The Hindu*, 20 November 2013. <<http://www.thehindu.com/opinion/op-ed/the-importance-of-being-indonesia/article5368622.ece>>.

Further, the Maritime Strategy document, released in 2009, listed the Sunda and Lombok Straits as falling within the Indian Navy's area of strategic interest. According to that document, the two straits are major chokepoints of vital strategic importance for India. With a minimum channel width of 11.5 nautical miles (nm), ships too large for the Strait of Malacca can use the less congested Lombok Strait instead. An alternate route to both the Malacca and Lombok Straits is the Sunda Strait, which is 50 nm long and 15 nm wide at its north-eastern entrance. Large ships avoid passage through this strait because of depth restrictions and strong currents. Co-operation with Indonesia is a prerequisite for Indian naval operations in these waters. In fact, joint coastal monitoring has been in place since October 2010. There is also a case for increasing co-operation between the respective coastal security agencies, as well as for the conduct of joint maritime exercises; not just in Indonesian waters, but in the wider Indian Ocean as well.

Now that India has begun to acquire US weapons platforms, it can learn from the Indonesian experience of operating American military equipment. For instance, Indonesia has been operating F-16 aircraft and earlier versions of the C-130, while India has only recently procured the C-130J heavy lift aircraft and is in the process of choosing a new fighter aircraft from a list that includes the F-16.

The United States in Indonesia's Grand Strategy

Just as Indonesia is an integral part of the United States' strategic vision in the Indo-Pacific, Washington is also an important actor for Indonesia in trade and security matters. Apart from the geopolitical importance that Indonesia can enjoy in US forward policy in the region – the so-called “pivot to Asia” – deeper strategic and military co-operation with the US will enable Indonesia to improve the combat capabilities of its troops. It was for those reasons that, in July 2010, Washington lifted the ban on ties with the Indonesian Special Forces unit known as *Kopassus*. The ban was introduced in 1997 and prohibited the United States from having contact with foreign military units suspected of involvement in human rights violations.

Significantly, in September 2010, in an expression of long-standing Indonesian wariness of China, Foreign Minister Marty Natalegawa rejected China's view that the United States should not become involved in the South China Sea dispute.

Certainly, a key impetus for the US engagement is that Indonesia is becoming an increasingly important power in the Indo-Pacific. Regardless of any traditional wariness, close military, diplomatic and trade relations between Jakarta and Beijing are not in Washington's interests.

As mentioned in the US Quadrennial Defence Review of 2010, US engagement in the Indian Ocean and the western Pacific is underpinned by the need to have alliance partners as it does in East Asia and the North Pacific. The 2014 Quadrennial Defence Review underlined the importance and value to the US of countries such as Indonesia (also India and Australia) taking on greater regional leadership roles. Indonesia-US relations may therefore evolve from a strategic partnership into something more like an alliance. If that occurs, it is very likely that the years ahead will see increased co-operation between the Indonesian Navy and

the US Seventh Fleet, perhaps in an effort to curb Chinese maritime ambitions in the Indo-Pacific.

East Asia in Indonesia's Grand Strategy

Jakarta could potentially present a formidable challenge to Beijing, if the latter wished to markedly expand the range and scope of its military and diplomatic activities in the Indo-Pacific. While Indonesia may have so far walked something of a tightrope in the region between the US and China, it is also true that it forged closer economic relations with China by signing co-operative agreements in a number of areas at the October 2013 Bali APEC Summit. The two countries also agreed to upgrade their relationship to a comprehensive strategic partnership. This has allowed Indonesia to play a leadership role, not only locally (within ASEAN) and regionally (within APEC), but also globally (within the G20).

Indonesia is nonetheless aware of China's interest in the Natuna Islands and in developing the ability to project military power beyond the "Second Island Chain" (the arc extending from Japan through Guam, Northern Australia and Indonesia).

The Chinese Navy has already conducted an exercise in the Lombok Strait, the narrow strip of water linking the Java Sea with the Indian Ocean. The drills have been seen by analysts as underlining China's expanding ability to carry out operations in waters far beyond its borders. A three-ship flotilla of the South Sea Fleet conducted ten exercises, including anti-piracy, search and rescue, and damage control drills, over a five-day period from 29 January 2014. It involved the *Changbaishan*, China's largest amphibious landing craft, which is equipped with advanced weapons systems, plus the destroyers *Wuhan* and *Haikou*.

This was the first drill of this nature held in the Lombok Strait and it also marked the first time the People's Liberation Army Navy (PLAN) had, in its drills, used a new route from the South China Sea to the Indian Ocean. In earlier drills, ships sailed up the much-traversed Malacca Strait, the crucial link between the Indian Ocean and East Asia.

Hainan Island is a critical element in the "Second Island Chain" strategy, as it would provide bases for combat aircraft operating around the Indonesian archipelago, the Australian "Sea-Air Gap" and the southern approaches to Guam. Hainan Island has six airfields, three of which are semi-hardened/hardened fighter bases. The other three are dual-use civil airports, two of which have 11,000 foot runways capable of accommodating long range aircraft. Burma/Myanmar, with four runways exceeding 11,000 feet in length, supplements Hainan Island by covering the western arc out of south-east Asia through the Andaman Islands.

A further potential irritant to China-Indonesia relations is China's interest in helping Timor-Leste to build a naval base for Chinese-made patrol boats. This has raised concerns in Jakarta (and Canberra) about Beijing's military influence in Timor-Leste. Plans to develop a naval base at Betano, in the south of the country, were announced in 2009 by East Timorese Secretary of State for Defence, Julio Pinto, but little appears to have come of it so far.

In an effort to curb China's more far-reaching ambitions in the South China Sea, Indonesia has also started to court Japan as a strategic partner. Japan has much more immediate and strategic reasons for helping any South-East Asian country to counterbalance China. The

recently declared Chinese Air Defence Identification Zone (ADIZ) in the East China Sea and the dispute over the Diaoyu/Senkaku Islands have made Japan extremely sensitive about Chinese assertiveness. Japan – like China – is also nervous about the security of its energy trade routes through the South and East China Seas, but Japan’s pacifist constitution does not allow its Self-Defence Forces to do anything beyond protecting its own territory.

Prime Minister Shinzo Abe and the ruling Liberal Democratic Party would like to change the constitution, to allow the Japanese military to more actively help in protecting its allies. A change to Article IX of the Japanese Constitution would make a formal military alliance with a South-East Asian country extremely attractive. Yet the possibility that Tokyo will be able to change the constitution is not something that Indonesia can afford to hinge its military strategy upon, particularly knowing how controversial changing Japan’s military posture is, both at home and across the region.

That, therefore, leaves the US as the only other country that Indonesia could ally itself with in the short-term that could substantially influence Chinese behaviour in the South China Sea. US foreign policy is, however, stretched by fiscal pressures and the demands of having interests all over the world. For the US to initiate a real military push into the South China Sea, would require much more belligerence from China than has been seen to date. Even a new ADIZ would not be likely to significantly change the US posture, without a significant “incident” in the region to precipitate that involvement. However much Washington emphasises its “pivot” to Asia, that pivot by no means has to be immediate. In the short-term, the US can allow events to unfold as they will and then react accordingly, to maintain the balance of power in the region.

Australia in Indonesia’s Grand Strategy

Despite its ups and downs, the Australia-Indonesia relationship is anchored by a general consensus on the need to support US forward policy in the Indo-Pacific, with a subtext of containing Chinese military expansion.

The 2013 Defence White Paper was effectively Australia’s first “post-Indonesia” strategic guidance document since the 1950s. (Its replacement, yet to be released by the Abbott Government, is likely to take a similar approach.) The document does not even mention the possibility that relations between Australia and Indonesia might worsen, let alone comment on the “Indonesia threat” of the past. Instead, it casts a pretty firm vote in favour of the “Indonesia as asset” concept. This shift reflects not only Australia’s growing comfort with Indonesia as a neighbour, but also the prevailing uncertainty in the Asia-Pacific strategic environment and the attendant need for Australia to build partnerships in the region. The emergence of Indonesia as a regional power could also benefit Australia by helping to ease Canberra’s concerns about security threats from the north and north-west.

Christmas Island (490 kilometres south of Jakarta) and the Cocos Islands (2,950 kilometres north-west of Perth and 1,270 kilometres south-west of Jakarta), give Australia an added forward presence in the Indian Ocean. The Cocos Islands serve as a refuelling stop and forward base for the Royal Australian Air Force’s P-3 *Orion* Indian Ocean surveillance fleet. The existing airfield is to be upgraded to support the latest generation P8-A *Poseidon*

maritime patrol aircraft and the world's largest drone, the US-built *Global Hawk*. The possibility that the Cocos Islands could serve as a springboard for joint US-Australian operations and power projection capabilities in the Indian Ocean was mentioned in the 2012 Australian Defence Posture Review. While that could have some utility in improving security for Indonesia in the eastern Indian Ocean (not to mention the possible monitoring of Chinese military activity in the area), their closeness may possibly be disquieting for Indonesia, especially considering recent, less positive, developments in the bilateral relationship.

Those grievances have arisen against a larger strategic backdrop that focusses primarily on China's actions in the Indo-Pacific. It is therefore interesting that, while the Australian media was abuzz with coverage and analysis of China's three-ship naval exercise and tour around the Indonesian islands of Java and Bali, including reports of the scrambling of Royal Australian Air Force surveillance aircraft, there was hardly any reaction from Indonesia.

Conclusion

As an emerging Indo-Pacific power, Indonesia is obliged to further its strategic objectives by addressing its security concerns. A resilient Indonesian military with expanding maritime capabilities will work against an increased Chinese maritime presence in the Indo-Pacific, something that will be quietly welcomed by countries such as India, Japan, the United States and Australia.

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