

Strategic Analysis Paper

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Indonesia as a Contributor to Regional Security

Jarryd De Haan

Research Analyst

Indian Ocean Research Programme

Key Points

- Indonesia is looking to expand the capabilities of its navy in coming years through the Minimal Essential Force goal.
- Jakarta will likely focus on defence diplomacy through bilateral relations and seek to maintain a mediatory role in the South China Sea dispute.
- Indonesia's growing military expenditure is likely to attract a number of extra-regional states which could help drive Jakarta's military expansion.
- Australia should focus on the defence aspect of its relationship with Indonesia.

Summary

As an emerging maritime power, Indonesia will encounter a variety of considerations in deciding how it will project its power in the region. In the lead up to his election, Indonesian President Joko Widodo promised to strengthen Indonesia's maritime security, develop regional diplomatic ties and expand the capacity of Indonesia's navy. In his inaugural speech, Widodo envisioned Indonesia as a global maritime power, aspiring to become an integral part of a world order founded on freedom, eternal peace, and social justice. While an

inspiring ambition, Jakarta will need to overcome the challenges ahead, particularly in terms of regional security, for Widodo's Indonesia Raya (Great Indonesia) to come to fruition.

Analysis

Indonesia's Grand Strategy

Since its independence in August 1945, Indonesia has focussed on maintaining internal stability and order, addressing the threats of religious and communal violence and preserving its territorial sovereignty. The evolving geostrategic significance of the Indo-Pacific, however, has shifted Indonesia's focus from an inward-looking strategic orientation to developing an expanding maritime profile. In its growing profile, Jakarta has become an important part of the strategic outlook of other powers including India, Australia, and the United States. As noted in a previous [Future Directions Strategic Analysis Paper](#), as Indonesia's economy continues to grow, Jakarta will seek to expand its reach diplomatically and militarily by improving its position in the grand strategies of extra-regional powers. To do this, Indonesia will likely focus on developing bilateral ties with its regional countries, as well as some significant neighbours. Given China's activities in the region, countries such as Australia, India and the United States will likely welcome attempts from Indonesia to cultivate ties. Apart from this, a grand strategy for Indonesia remains unclear.

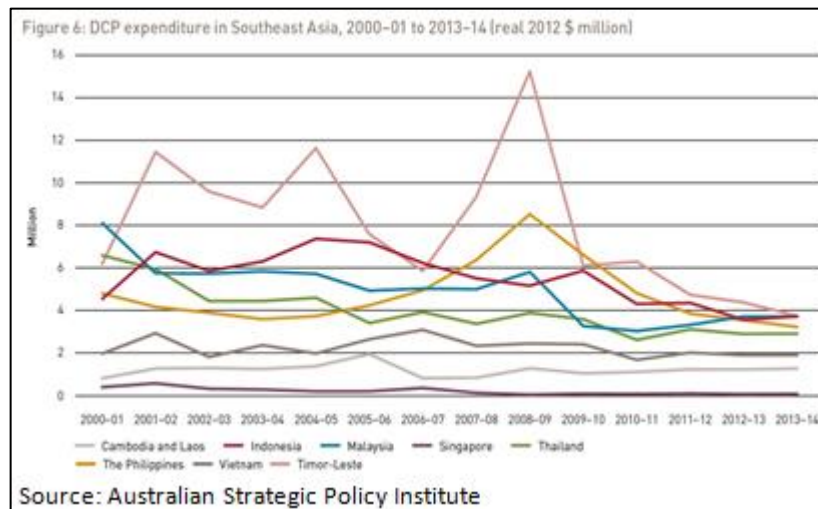
Approach to Regional Co-Operation

ASEAN was the cornerstone of Jakarta's "one million friends, zero enemies" approach to regional security under former president Susilo Bambang Yudhoyono. As a recent [FDI paper](#) observed, if Widodo continues this approach, in the coming years Indonesia is likely to have two roles to play in ASEAN: increasing its cohesion and maintaining the status quo that will provide the context in which closer collaboration can occur. This depends, however, on whether the group will be part of Widodo's foreign policy objectives. In the first months of his presidency, Widodo seemed to place greater emphasis on developing bilateral relations. This position was confirmed by Rizal Sukma, a foreign policy advisor to Widodo, who [noted](#) that the government's foreign policy focussed more on developing bilateral ties that would, first and foremost, benefit the Indonesian people. This seems to have played out in the South China Sea dispute. While China's claim issue is a key security concern for some members of ASEAN including Vietnam and the Philippines, Widodo has been cautious in his approach to the issue, suggesting that Indonesia position itself as a mediator, not siding with any party in the dispute. Disputes such as these, in conjunction with growing disunity amongst ASEAN members, suggest that Indonesia's approach to regional security will continue to be focussed on bilateral relations rather than multilateral security frameworks. That said, Jakarta will likely retain an active mediating role in ASEAN, especially when matters arise that directly threaten its regional security.

Bilateral Relations

As noted before, Indonesia has placed greater emphasis on bilateral relations than multilateral groups. This approach appears to be the better option for Jakarta. Not only does it present the opportunity for closer economic ties with its neighbours, it may also be easier to bypass territorial disputes which have impeded multilateral co-operation. For example,

while ongoing disputes with Malaysia continue to be problematic, there has been significant progress in developing security co-operation with the Philippines now that Jakarta and Manila have resolved their maritime boundary dispute. Indonesia's relationship with Vietnam also appears to be moving in a similar direction to that of the Philippines. Maintaining such regional bilateral relations will likely continue to be the focus of the Widodo government as part of "defence diplomacy", a policy outlined in the 2008 Indonesian Defence White Paper. Through the policy of defence diplomacy, Jakarta hopes to establish defence co-operation with its regional partners through building trust, preventing conflict and being able to find the best solution when a dispute arises.¹ Achieving this will be easier on a bilateral, rather than multilateral, basis.



In terms of managing its extra-regional relations, Indonesia aims to balance defence relations between both China and the US. These relations are largely focussed on developing the capabilities of the Indonesian National Armed Forces (TNI) while avoiding external interference in Jakarta's regional affairs. As noted by a high-ranking diplomat at a workshop held in Jakarta on 25 June 2013, when a comprehensive partnership between the US and Indonesia was proposed, many Indonesian officials were suspicious of the interests and priorities of Washington and were reluctant to enter into one.² This is partly due to Indonesia's past experience with external colonial powers which now underlie Jakarta's principles of sovereignty and non-intervention. For the time being, Indonesia needs to maintain productive defence relations with both China and the US if it is to successfully achieve its goals under the MEF. The Indonesian government, however, does not limit its focus to China and the US. In fact, according to statistics taken from the Stockholm International Peace Research Institute (SIPRI), the past ten years has seen Russia, Netherlands, South Korea and the UK export a greater value of conventional weapons to Indonesia than China or the US. It is also likely that India will seek to play a greater role in South-East Asia. India's growing concern over China's influence is already a driving factor behind its increasing interest in Indonesia. Japan, with similar concerns to India, may also seek closer co-operation with Jakarta having recently signed a defence agreement in March. Jakarta's modest military expenditure, which failed to attract major powers in the past, is now growing significantly and is surpassed only by Singapore in the region. With this in

¹ Buku Putih Pertahanan Indonesia 2008 (Indonesia 2008 Defence White Paper), Department of Defence, Republic of Indonesia, 2008.

² Wright J.A. 'Emerging Indonesia: Implications for World Order and International Institutions', Workshop Summary Report, Council on Foreign Relations, 2013.

mind, extra-regional relations will likely be a primary driver behind the expansion of Indonesia's military capacity.

Australia-Indonesia Relations

The Australian 2013 Defence White Paper highlighted the motives behind Canberra's defence relations with Indonesia:

The archipelago to Australia's north shapes our strategic geography... As Indonesia comprises much of this archipelago, Australia's strong partnership with Indonesia remains our most important regional strategic relationship and the partnership continues to deepen and broaden in support of our significant shared interests.'

Although undoubtedly important, Australia's relationship with Indonesia is not as strong as the white paper suggests. Recent spats over breaching territorial sovereignty, live exports, executions, and spy allegations have taken their toll and prolonged a trend of bumpy relations between Indonesia and Australia. A recent [poll](#) conducted by the Lowy Institute also noted that Australian attitudes towards Jakarta have fallen to its lowest point in eight years – on par with Russia. Military trade is also negligible, as Indonesia enjoys stronger military trade with extra-regional powers while Australia prefers to sell arms to Singapore. Despite this, there is some degree of co-operation with an aim to enhance regional security. These primarily take the form of joint naval exercises, maritime security patrols and intelligence sharing. There is ample room for improvement, however, as Australian defence co-operation spending (DCP) expenditure in South-East Asia has fallen over the past decade. Although DCP expenditure with Indonesia has remained somewhat stable, a declining DCP expenditure needs to be reversed as it does not reflect the strategic importance of the region as noted in the white paper. Both Australia and Indonesia share common interests in the region including secure sea lanes and tackling issues of piracy, illegal fishing and trafficking. Addressing this may take time, however, given the rather turbulent nature of Australian-Indonesian relations.

Protecting Indonesia's Exclusive Economic Zone

One of Jakarta's primary objectives is safeguarding its maritime resources within the bounds of its exclusive economic zone (EEZ). According to Rizal Sukma, writing in a joint research



paper published by Tokyo's Ministry of Defence core policy research arm, the Indonesian EEZ serves as the most important source for gas, oil and marine food resources. With this in mind, maritime security becomes an important factor in Indonesian resource security. A breach of Jakarta's sovereignty by external actors is, therefore, considered a serious threat

to its national security.³ In this context, China's nine-dash line – which overlaps with the Indonesian EEZ generated from Natuna Island – should then be one of Jakarta's top security concerns. This has certainly been the view of some observers. Numerous news sites ran stories in March/April 2014 that pointed to a potential maritime dispute between Indonesia and China. Central to these claims was a quote from Indonesian navy commodore Fahu Zaini who stated that:

China has claimed Natuna waters as their territorial waters. This dispute will have a large impact on the security of Natuna waters... [because] China has drawn the sea map of Natuna Islands in the South China Sea in its territorial map with nine dash lines.⁴

Indonesian Foreign Minister Marty Natalegawa, however, later dismissed these claims:

We have to be absolutely clear about this...There are three seemingly related but separate issues. Firstly, there is no territorial dispute between Indonesia and China, especially about the Natunas. In fact, we are co-operating with China in possibly bringing about foreign direct investment plans in the Natunas. Second, we are not a claimant state in the South China Sea. Third, on the nine-dash line, it is true that we do not accept that. This is why we have asked for a formal explanation from China regarding their claims' legal basis and background.⁵

This approach to the South China Sea dispute is unlike that of Indonesia's ASEAN neighbours – Jakarta's approach to regional security is not characterised by multilateral frameworks. It is likely, therefore, that Jakarta will pursue a mediatory role in the dispute and play down concerns over China's nine-dash line. In doing so, Indonesia will be careful not to inflame any dispute with China so long as Beijing does not directly impede Jakarta's access to natural resources within its EEZ. At the same time, however, precautions are being made with a recently announced [proposal](#) to build an Indonesian military base near the South China Sea.

Current Contributions to Regional Security

Given the current capacity of the TNI, many of the key regional security areas in which Jakarta plays an active role include domestic concerns such as terrorism, piracy⁶, illegal fishing, drug trafficking and human trafficking. Of these, piracy could pose the biggest threat to Indonesian regional security. Despite an overall decline in the level of piracy on a global scale, piracy attacks in Indonesian waters have more than doubled since 2010 and have accounted for 39 per cent of worldwide attacks so far this year. According to the

³ Sukma R. 'Indonesia's Security Outlook, Defence Policy and Regional Co-operation', in Asia Pacific Countries' Security Outlook and Its Implications for the Defense Sector, The National Institute for Defense Studies, 2010.

⁴ Laksmana E.A. 'Why there is no "new maritime dispute" between Indonesia and China', Cardinal Assessments, 2014. <https://thecardinal.wordpress.com/2014/04/02/why-there-is-no-new-maritime-dispute-between-indonesia-and-china/>.

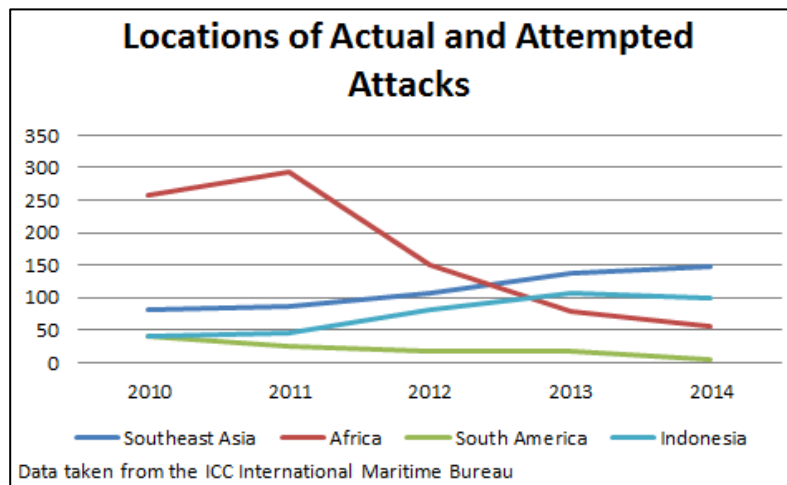
⁵ Ibid.

⁶ Although, according to Article 101 of the 1982 United Nations Convention on Law of the Sea armed robbery against ships within territorial waters is not defined as an act piracy, the term "piracy" will be used for clarity of reading.

International Chamber of Commerce (ICC) International Maritime Bureau, the overwhelming majority of incidents are low level opportunistic thefts from vessels. There is, however, a need to curb the problem before it escalates. If the issue is not addressed, piracy could become a key source of revenue for terrorist groups in the region.

Efforts from Indonesia to tackle piracy have emphasised unilateral action against maritime threats rather than multilateral solutions. As noted in a recent [FDI paper](#), issues of trust, territorial disputes and a strong commitment to sovereignty among regional states has hampered efforts to construct a co-operative solution to growing piracy in the region. This has seen both Malaysia and Indonesia, which border the Malacca Strait, resort to the “ASEAN way” in their approach to piracy – collectively taking a domestic approach with a spirit of non-interference. ASEAN efforts to foster a co-operative approach to tackling piracy have included co-ordinated naval patrols, joint aerial surveillance, and intelligence sharing. These efforts, however, have proved ineffective as not all ASEAN states prioritise piracy as a security risk. As a result, there has been no anti-piracy measure involving all ASEAN member states. Forums such as the ASEAN Maritime Forum and Maritime Security Expert Working Group have also failed to come up with any actual measures to tackle piracy that involve all ASEAN member states.

Additionally, Jakarta is also not a signatory of the Regional Co-operation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP). ReCAAP is the first regional government-to-government agreement aimed to promote and enhance co-operation



against piracy in Asia. Instead of pursuing multilateral solutions to piracy, it is likely that Widodo will continue to favour a domestic approach to tackling piracy.

The Indonesian National Armed Forces

President Joko Widodo, in his inaugural speech, signalled a policy shift towards the Indian and Pacific Oceans when he said, ‘We have far too long turned our back on the seas, the oceans, the straits, and the bays’. The current state of the TNI reflects this. As noted by the Brookings Institution, Indonesia’s naval capability remains limited in its capacity to protect its large archipelagic geography. Indonesia’s defence budget also falls well below that of Singapore’s in monetary value and takes up a lower proportion of its GDP compared to most other South-East Asian states. This is, however, expected to change with a commitment to increase Jakarta’s defence budget to 1.5% of the country’s GDP by 2020, putting the defence budget at approximately US\$17 billion. This is part of Indonesia’s plan to modernise its military force under the “Minimal Essential Force” (MEF) goal laid out under the former presidency of Susilo Bambang Yudhoyono. Key elements of the MEF include upgrading the Indonesian naval fleet to a five-fleet “green-water navy” consisting of 274 ships and twelve

diesel-electric submarines, major upgrades in air combat capability with the addition of ten fighter squadrons and the development of an indigenous defence industry as well as revamping defence research facilities. Through the MEF, Indonesia recognises the need to obtain complete control over its archipelago and to enhance the security of its waterways. Additionally, in the 2009 Strategic Defence Review process which developed the MEF plan, the concept of flash-point defence was adopted. As Evan Laksuma [notes](#), this shifts the focus away from a purely quantitative and qualitative approach to dealing with threats and adds a geographic approach by positioning forces in areas of potential conflict – predominantly around Indonesia’s outer islands. Through this, Indonesia will seek to maintain an operational defence force that will allow it to pursue defence diplomacy in the region, tackle regional threats to security, and be more equipped to face more serious threats to Indonesia’s sovereignty. A key challenge to the success of the MEF plan, however, is Indonesia’s slowing economy.

Slowing Economy

According to the most recent World Bank [report](#) on Indonesia, real GDP growth fell to its slowest rate since 2009 at 4.7% in the first quarter of 2015 – well under the forecasted 5.2%. This has continued on from a pattern of slowing growth since 2011, which has seen Indonesia’s GDP reach a plateau and begin to fall after a brief period of strong growth from 2009-11. Key sectors that have contributed to the decline include manufacturing and mining. Exports, which have been falling across the Southeast Asian region, fell most sharply in Indonesia. From January to August this year, Indonesia’s exports reached US\$102.52 billion, down 12.7% over the same period in 2014. Despite the slowing economy, foreign direct investment (FDI) inflow has increased with investment in the first quarter of 2015 reportedly 16.9% higher than in the same period last year. Increasing FDI inflow is needed to fund Widodo’s plan to improve infrastructure in an effort to boost the economy. To facilitate this, he has promised reforms to the investment process, which remains less-than-welcoming to foreign investors. The promise of reforms needs to be followed through, however, for FDI inflow to continue to increase and for the economy to improve.

Conclusion

Under Widodo, Indonesia is aiming to establish its position in the South East Asian region through expanding its naval capacities with a clear focus on safeguarding its sovereignty. In doing so, Jakarta hopes to lessen its dependency on extra-regional actors to tackle issues such as piracy, terrorism, illegal fishing, and trafficking. Whether or not Widodo will be successful in the MEF programme remains to be seen. Given the immense cost of purchasing new equipment, it seems likely that Jakarta will have to purchase second-hand equipment which is considerably cheaper. As [noted](#) by Koh Swee Lean Collin, however, Indonesia is well aware of the potential challenges posed by second-hand equipment (such as hidden costs and high maintenance fees), but is in a difficult position given the high MEF targets. The Indonesian government, therefore, will have to decide to either purchase second-hand equipment or wait for Indonesia’s economy to improve.

As part of its overall strategy to maintain regional security, Indonesia will continue to pursue a policy of defence diplomacy. This will likely be channelled through bilateral relations rather than multilateral organisations. This does not mean, however, that Widodo will abandon

groups such as ASEAN. While the organisation does have its weaknesses, it is important that Indonesia maintains its leading role in it, especially if Jakarta wishes to pursue a mediating role in the South China Sea.

Indonesian objectives in the region mostly fall in line with Australian interests. If Canberra wishes to develop its strategic relationship with Indonesia, as it notes in the 2013 Defence White Paper, there is a need to renew focus on the defence aspects of its relationship with Indonesia. Although Canberra may not be able to offer much in terms of military equipment - joint naval exercises, maritime security patrols and intelligence sharing can play an important role in the partnership.

Any opinions or views expressed in this paper are those of the individual author, unless stated to be those of Future Directions International.

Published by Future Directions International Pty Ltd.
80 Birdwood Parade, Dalkeith WA 6009, Australia.
Tel: +61 8 9389 9831 Fax: +61 8 9389 8803
E-mail: lhughes@futuredirections.org.au Web: www.futuredirections.org.au