## **FLINDERS UNIVERSITY**

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MASTER PROGRAM IN INTERNATIONAL RELATIONS

# INDONESIA'S CHINA FOREIGN POLICY UNDER PRESIDENT JOKO WIDODO: PROJECTING THE "GLOBAL MARITIME FULCRUM"

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# LIST OF ACRONYMS

AIIB Asian Infrastructure and Investment Bank

AMM ASEAN Ministerial Meeting

APEC Asia Pacific Economic Cooperation

ASEAN Association of Southeast Asia Nations

CCP Chinese Communist Party

CoC Code of Conduct

EAS East Asia Summit

EEZ Economic Exclusive Zone

FDI Foreign Direct Investment

GDP Gross Domestic Product

HSR High Speed Railway

GMF Global Maritime Fulcrum

IUU FISHING Illegal Undocumented Unreported Fishing

MoU Memorandum of Understanding

MSR Maritime Silk Road

ODA Official Development Assistance

PCA Permanent Court Arbitration

PLA People's Liberation Army

SLOC Sea Lanes of Communication

SOE State-Owned Enterprises

UNCLOS United Nations Convention on the Law of the Sea

### **ABSTRACT**

This thesis examines the implications of the vision of a "Global Maritime Fulcrum" (GMF) for Indonesia's China foreign policy under President Joko Widodo. Domestic political considerations explain how Widodo uses nationalism as a source of legitimacy by reviving the old value of the nation as an archipelagic country. Consequently, his domestic reform agenda focusses on protection of state sovereignty and an emphasis on archipelagic maritime agenda. President Widodo's foreign policy on the GMF is a function of the two features of his domestic reform agenda. In practice, economic performance is the main source of regime legitimacy. The economic-related agenda of GMF remains the most salient foreign policy goal of the GMF. However, China presents both opportunities and challenges for the GMF vision. While China appears as the source of foreign investment to fund President Widodo's infrastructure agenda, it challenges Widodo's commitment to protect Indonesian territorial integrity and sovereignty over its Exclusive Economic Zone. By adopting a "regime legitimation" approach, as defined by Cheng-Chwee, this thesis examines Indonesia's China foreign policy through two important developments in Indonesia-China relations; infrastructure projects and the Natuna Sea. This thesis argues that Indonesia's China foreign policy under President Widodo tends to be ambivalent: maintaining economic pragmatism and downplaying any security issues.

# DECLARATION OF ORIGINAL WORK

I certify that this thesis does not incorporate without acknowledgement any material previously submitted for a degree in any university; and that to the best of my knowledge and believe it does not contain any material previously published or written by another person except where due reference is made in the text.
Lidva Christin Sinaga

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## **INTRODUCTION**

The election of Joko Widodo as the seventh president of the Republic of Indonesia in October 2014 brought a new vision of Indonesia as a "global maritime fulcrum" (GMF). This vision marks a shift for Indonesia as he is the first president to publicly articulate a call to transform Indonesia into a maritime nation. Although Indonesia gained legal status as an archipelagic state in 1982, the geopolitics of Indonesia is inherently inward-looking, reflecting a sense of fragility and vulnerability as a fragmented geography. Therefore, it is important to analyse the birth of a new maritime vision, particularly the way in which this vision has the potential to impact on Indonesia's foreign policy.

The rise of the GMF vision was in the context of Indonesia's foreign policy. First of all, the GMF featured in Widodo's Election Manifesto as presidential candidate. It stated that: "We are committed to bringing forward the identity of an archipelagic state in diplomacy and international cooperation." Secondly, this vision was unveiled in the foreign policy theme of the presidential candidate's debate on 22 June 2014. Lastly, in the aftermath of Widodo's inauguration, the pillars of the GMF vision were announced during

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<sup>&</sup>lt;sup>1</sup> J.C. Liow, V. Shekhar, 'Indonesia as a Maritime Power: Jokowi's Vision, Strategies, and Obstacles Ahead', *Brookings*, 7 November 2014, <a href="https://www.brookings.edu/articles/indonesia-as-a-maritime-power-jokowis-vision-strategies-and-obstacles-ahead/">https://www.brookings.edu/articles/indonesia-as-a-maritime-power-jokowis-vision-strategies-and-obstacles-ahead/</a>, consulted 30 June 2016.

<sup>&</sup>lt;sup>2</sup> L.C. Sebastian, R.A. Supriyanto, I.M.A. Arsana, 'Indonesia and the Law of the Sea: Beyond the Archipelagic Outlook', *National Security College Issue Brief*, No. 9, May 2014, <a href="http://nsc.anu.edu.au/documents/Indonesia-Article9.pdf">http://nsc.anu.edu.au/documents/Indonesia-Article9.pdf</a>>, consulted 30 June 2016.

<sup>&</sup>lt;sup>3</sup> Joko Widodo and Jusuf Kalla, 'Jalan Perubahan Untuk Indonesia yang Berdaulat, Mandiri, dan Berkepribadian, Visi Misi dan Program Aksi Jokowi-Jusuf Kalla 2014' ('Path to Change for a Sovereign, Independent, and Distinctive Indonesia, Vision and Mission and Program of Action Jokowi-Jusuf Kalla 2014'), Jakarta, May 2014, p. 12-14, <a href="http://kpu.go.id/koleksigambar/VISI\_MISI\_Jokowi-JK.pdf">http://kpu.go.id/koleksigambar/VISI\_MISI\_Jokowi-JK.pdf</a>, consulted 26 May 2016.

<sup>&</sup>lt;sup>4</sup> Tribunnews, 'Ini akar konsep poros maritim dunia' ('This is the root of global maritime fulcrum concept', *Tribunnews*, 24 June 2014, <a href="http://m.tribunnews.com/nasional/2014/06/24/ini-akar-konsep-poros-maritim-dunia-jokowi?page=2">http://m.tribunnews.com/nasional/2014/06/24/ini-akar-konsep-poros-maritim-dunia-jokowi?page=2</a>, consulted 23 July 2016.

the East Asia Summit (EAS) in Naypyidaw, Myanmar, on 13 November 2014.<sup>5</sup> Therefore, according to Nelson, the GMF vision has the potential to become "the central foreign policy pillar of "Widodo's presidency.<sup>6</sup>

It was not without good reason that President Widodo used the EAS to launch his hallmark vision for the next five years. This forum is very strategic for Indonesia, not only because great powers such the United States and China are included, but also the significance of East Asia's geo-economics and geopolitics. Importantly, the doctrine was linked to a sense of Indonesia's regional leadership. The GMF has five main pillars:

- (1) "We will rebuild Indonesia's maritime culture. As a country of 17,000 islands, the Indonesian people must be aware of, and see themselves, as a people whose identity, prosperity, and future will be determined by how we manage the oceans."
- (2) "We will guard and manage maritime resources, with a focus on building marine food sovereignty, through the development of the fishing industry... Our maritime wealth will be used for the interests of our people."
- (3) "We will give priority to the development of maritime infrastructure and connectivity, with the development of sea corridor, deep seaports, logistics, and shipping industry and tourism industry."
- (4) "Through maritime diplomacy, we invite all Indonesian partners to cooperate in the maritime field. Together we must eliminate the source of conflicts at sea, such as illegal fishing, violations of sovereignty, territorial disputes, piracy, and marine pollution. The sea must unite, not separate, us all."
- (5) "As the country that has become the fulcrum of the two oceans, Indonesia has an obligation to establish a maritime defense force. It is necessary not only to guard our sovereignty and maritime wealth but also as a form of taking responsibility to guard the safety of shipping and maritime security."

<sup>&</sup>lt;sup>5</sup> R.A. Witular, 'Jokowi Launches Maritime Doctrine to the World', *The Jakarta Post*, 13 November 2014, < http://www.thejakartapost.com/news/2014/11/13/jokowi-launches-maritime-doctrine-world.html>, consulted 23 July 2016.

<sup>&</sup>lt;sup>6</sup> B. Nelson, Y. Sulaiman, 'The Implications of Jokowi's Global Maritime Axis', *Strategic Review*, April-June 2015, <a href="https://www.stratfor.com/the-hub/implications-jokowis-global-maritime-axis">https://www.stratfor.com/the-hub/implications-jokowis-global-maritime-axis</a>, consulted 23 July 2016.

<sup>&</sup>lt;sup>7</sup> Joko Widodo, 'The seas should unite, not separate us', *The Jakarta Post*, November 14 2014, <a href="http://www.thejakartapost.com/news/2014/11/14/the-seas-should-unite-not-separate-us.html">http://www.thejakartapost.com/news/2014/11/14/the-seas-should-unite-not-separate-us.html</a>>, consulted 12 July 2016.

<sup>&</sup>lt;sup>8</sup> Joko Widodo, Remarks to the Ninth East Asia Summit, Naypyidaw, Myanmar, 13 November 2014, available at <a href="http://www.rappler.com/world/regions/asia-pacific/indonesia/74928-pidato-jokowi-indonesia-poros-maritim-dunia">http://www.rappler.com/world/regions/asia-pacific/indonesia/74928-pidato-jokowi-indonesia-poros-maritim-dunia</a> in A.L. Connelly, 'Sovereignty and the Sea: President Joko Widodo's Foreign Policy Challenges', *Contemporary South East Asia*, Vol. 37, No. 1, 2015, pp. 1-28.

The Asia Pacific Economic Cooperation (APEC) Summit in China on 10 November 2014 was the first international meeting attended by President Widodo. He was much more concerned about promoting investment opportunities in Indonesia, especially in the projects of seaports, railway network, and mass transportation. In his speech during the summit, Widodo also promoted a maritime agenda, especially the plan to build maritime infrastructure and intra-archipelagic connectivity between western and eastern part of Indonesia, with his popular project, the so-called "maritime highways". His ultimate goal at the summit was to gain investment to fund these projects; concluding his speech by saying: "We are waiting for you to come to Indonesia. We are waiting for you to invest in Indonesia."

Infrastructure has been a key priority of Widodo's administration.<sup>12</sup> Widodo came to power with a serious problem of domestic infrastructure. Based on the 2015-2016 World Economic Forum Global Competitiveness Index on infrastructure (transportation, electricity and telephony), Indonesia is ranked 62 out of 140 countries.<sup>13</sup> Indonesia lagged behind its neighbors such as Singapore, Malaysia, and Thailand. According to Parameswaran, this infrastructure problem is a barrier to Indonesia's economic growth, especially in regards to high logistical costs.<sup>14</sup> The World Bank recorded that in 2013, Indonesia's logistics cost was 24% of Gross Domestic Product (GDP),<sup>15</sup> compared to 8%

<sup>&</sup>lt;sup>9</sup> Joko Widodo, Remarks to the APEC CEO Summit on November 10, 2014, in Beijing, China, available at <a href="http://www.rappler.com/world/regions/asia-pacific/indonesia/74620-full-speech-joko-widodo-apec-summit-beijing">http://www.rappler.com/world/regions/asia-pacific/indonesia/74620-full-speech-joko-widodo-apec-summit-beijing</a>, consulted 27 August 2016.

<sup>&</sup>lt;sup>10</sup> Joko Widodo, Remarks to the APEC CEO Summit on November 10, 2014.

<sup>&</sup>lt;sup>11</sup> Joko Widodo, Remarks to the APEC CEO Summit on November 10, 2014.

P. Parameswaran, 'Indonesia and China's AIIB', *The Diplomat*, 26 July 2016, <a href="http://thediplomat.com/2016/07/indonesia-and-chinas-aiib/">http://thediplomat.com/2016/07/indonesia-and-chinas-aiib/</a>>, consulted 27 August 2016.

<sup>&</sup>lt;sup>13</sup> World Economic Forum, *Global Competitiveness Report 2015-2016*, <a href="http://reports.weforum.org/global-competitiveness-report-2015-2016/Economies/#Economy=Idn">http://reports.weforum.org/global-competitiveness-report-2015-2016/Economies/#Economy=Idn</a>, consulted 26 August 2016.

<sup>&</sup>lt;sup>14</sup> P. Parameswaran, 'Indonesia and China's AIIB'.

<sup>&</sup>lt;sup>15</sup> The World Bank, 'Biaya Logistik Yang Tinggi Menghambat Pertumbuhan Ekonomi Indonesia', *Press Release*, 6 September 2013,

<sup>&</sup>lt;a href="http://www.worldbank.org/In/News/Press-Release/2013/09/06/High-Logistics-Costs-Impede-Higher-Economic-Growth-For-Indonesia">http://www.worldbank.org/In/News/Press-Release/2013/09/06/High-Logistics-Costs-Impede-Higher-Economic-Growth-For-Indonesia</a>, consulted 26 August 2016.

in Singapore and 14% in Malaysia. 16 Therefore, prioritizing these infrastructure projects are crucial for Widodo's target of achieving 7% economic growth. 17 In his remarks at the 2014 APEC Summit, President Widodo specifically addressed this logistics cost problem: "the price of one sack cement in Java island is \$6. But, in Papua island the price is \$150 per sack cement. Imagine, 25 times." Therefore, Widodo emphasized that 'infrastructure development is our most pressing issue. There should no longer be delays. The faster we build, the lower the cost. There should be political affirmation to speed them up'. 19

However, Widodo realized that these projects cannot rely on the state budget, but foreign investment. As identified in the National Medium Term Development Plan (2014-2019), the cost of building 24 strategic seaports supporting the development of "maritime highways" (excluding the land) is around IDR 70 trillion (US\$5.8b),<sup>20</sup> while all the infrastructure projects cost US\$436b. However, only a third of this cost is planned for in the state budget.<sup>21</sup> The remaining cost will rely on State Owned-Enterprises and foreign investment. Fully one third is expected to come from China.<sup>22</sup> Therefore, during the APEC meeting, Widodo was not only pursuing China to bolster its relations with Indonesia through "more concrete outcomes", particularly in the maritime infrastructure

<sup>&</sup>lt;sup>16</sup> P. Parameswaran, 'Indonesia and China's AIIB'.

<sup>&</sup>lt;sup>17</sup> Since presidential candidate debate, Widodo has spelled out this target. See 'Debat Calon Presiden 22 Juni ('Presidential Segmen Candidate Debate June 2014'), <a href="https://www.youtube.com/watch?v=qC5O5zHmcMg&t=1236s">https://www.youtube.com/watch?v=qC5O5zHmcMg&t=1236s</a>, consulted 28 August 2016.

<sup>&</sup>lt;sup>18</sup> Joko Widodo, Remarks to the APEC CEO Summit on November 10.

Witular. 'Jokowi Asks More of China', The Diplomat, 10 November 2014, <a href="http://www.thejakartapost.com/news/2014/11/10/jokowi-asks-more-china.html">http://www.thejakartapost.com/news/2014/11/10/jokowi-asks-more-china.html</a>>. consulted 1 September

<sup>&</sup>lt;sup>20</sup> B. Prihartono, 'Pengembangan Tol Laut dalam RPJMN 2015-2019' ('The Development of Maritime Highways in the National Medium Term Development Plan 2014-2019 and Implementation 2015'), Bappenas, undated,

<sup>&</sup>lt;a href="http://www.bappenas.go.id/files/Pengembangan%20Tol%20Laut%20Dalam%20RPJMN%202015-">http://www.bappenas.go.id/files/Pengembangan%20Tol%20Laut%20Dalam%20RPJMN%202015-</a> 2019%20Dan%20Implementasi%202015.pdf>, consulted 1 September 2016.

<sup>&</sup>lt;sup>21</sup> D. Weatherbee, 'Understanding Jokowi's Foreign Policy', Trends in Southeast Asia, ISEAS, No. 12, 2016, p. 35-36. <sup>22</sup> D. Weatherbee, p. 36.

development,<sup>23</sup> but also to state Indonesia's support for the establishment of the Asian Infrastructure Investment Bank (AIIB).<sup>24</sup>

Widodo's offering seemed to respond to a Chinese proposal before the APEC meeting. China's Foreign Minister, Wang Yi, visited Indonesia on 2 November 2014.<sup>25</sup> While he argued that the purpose of the trip was to finalise preparations for the first meeting between President's Widodo and Xi, his visit also aimed at exploring the possibility of connecting the country's development strategies.<sup>26</sup> According to Wang Yi, Xi Jinping's proposal of "Maritime Silk Road" and Joko Widodo's plan to develop the maritime economy and maritime power coincide with each other.<sup>27</sup> Therefore, "China is willing to actively participate in Indonesia's process of building a maritime power and to take Indonesia as the most important partner in 'building the Maritime Silk Road of the 21st Century.'" Then, when President Joko Widodo met with President Xi Jinping during the subsequent APEC Summit, Xi reasserted that "President Joko Widodo's proposal to build maritime power and my initiative of building the 21st Century Maritime Silk Road conform to each other to a high extent".<sup>29</sup> Some commentaries argued that Indonesia under President Widodo is moving closer to China.

<sup>&</sup>lt;sup>23</sup> R.A. Witular, 'Jokowi Asks More of China'.

<sup>&</sup>lt;sup>24</sup> Ministry of Foreign Affairs of the People's Republic of China, 'Wang Yi Holds Talks with Foreign Minister Retno Marsudi of Indonesia', 4 November 2014, <a href="http://www.fmprc.gov.cn/mfa\_eng/zxxx\_662805/t1207493.shtml">http://www.fmprc.gov.cn/mfa\_eng/zxxx\_662805/t1207493.shtml</a>, consulted 2 September 2016.

<sup>&</sup>lt;sup>25</sup> Ministry of Foreign Affairs of the People's Republic of China, 'Wang Yi Holds Talks with Foreign Minister Retno Marsudi of Indonesia'.

<sup>&</sup>lt;sup>26</sup> Ministry of Foreign Affairs of the People's Republic of China, 'Wang Yi: Forging China-Indonesia Comprehensive Strategic Partnership in Name and in Fact', 3 November 2014,

<sup>&</sup>lt;a href="http://www.fmprc.gov.cn/mfa\_eng/zxxx\_662805/t1207480.shtml">http://www.fmprc.gov.cn/mfa\_eng/zxxx\_662805/t1207480.shtml</a>, consulted 2 September 2016.

<sup>&</sup>lt;sup>27</sup> Ministry of Foreign Affairs of the People's Republic of China, 'Wang Yi: Forging China-Indonesia Comprehensive Strategic Partnership in Name and in Fact'.

<sup>&</sup>lt;sup>28</sup> Ministry of Foreign Affairs of the People's Republic of China, 'Wang Yi: Forging China-Indonesia Comprehensive Strategic Partnership in Name and in Fact'.

Ministry of Foreign Affairs of the People's Republic of China, 'Xi Jinping Meets with President Joko Widodo of Indonesia', 9 November 2014, <a href="http://www.fmprc.gov.cn/mfa\_eng/topics\_665678/ytjhzzdrsrcldrfzshyjxghd/t1209530.shtml">http://www.fmprc.gov.cn/mfa\_eng/topics\_665678/ytjhzzdrsrcldrfzshyjxghd/t1209530.shtml</a>, consulted 2 September 2016.

The US response was a bit different to China's. When President Joko Widodo first met with President Obama in a special bilateral meeting during the 2014 APEC Summit, the US President acknowledged President Widodo's agenda by stating: "I know that President Widodo has a very ambitious reform agenda. My main message here today is that the US wants to be a strong partner with Indonesia in helping achieve its goals". However, President Obama mainly highlighted security matters. As Obama said, "both our countries agree that it is important for us to maintain international norms that ensure freedom of navigation, and that all countries are treated fairly and equitably". Likewise, President Widodo responded "with regards to stability, security stability, in the region we will continue cooperation among countries in responding to security issues in the region". 32

Overall, different responses of China and the US to President Widodo's new maritime agenda at least revealed how they each define relations with Indonesia. While the US defines relations in a security sense and China in the sense of economic cooperation China becomes more important as an economic partner, while the US relation is more substantive on security matters.<sup>33</sup>

In less than two years, President Widodo met President Xi Jinping five times, in addition to his three visits to China. Indonesia joined China's initiative to set up the Asian

<sup>&</sup>lt;sup>30</sup> The White House, 'President Obama meets with the President of Indonesia', November 10 2014, <a href="https://www.youtube.com/watch?v=a33s1-z7iw8">https://www.youtube.com/watch?v=a33s1-z7iw8</a>. The White House, 'President Barack Obama delivers remarks with President Joko Widodo of Indonesia before bilateral meeting', Beijing, China, 10 November 2010, <a href="https://www.whitehouse.gov/the-press-office/2014/11/10/remarks-president-obama-and-president-widodo-indonesia-bilateral-meeting">https://www.whitehouse.gov/the-press-office/2014/11/10/remarks-president-obama-and-president-widodo-indonesia-bilateral-meeting</a>, consulted 2 September 2016.

<sup>&</sup>lt;sup>31</sup> The White House, 'President Obama meets with the President of Indonesia'.

<sup>&</sup>lt;sup>32</sup> The White House, 'President Obama meets with the President of Indonesia'.

<sup>&</sup>lt;sup>33</sup> N. Hamilton-Hart, D. McRae, 'Indonesia: Balancing The United States and China, Aiming Independence', United States Studies Centre, Sydney, November 2015, p. 3, <a href="http://ussc.edu.au/ussc/assets/media/docs/publications/Emerging-Asia-Reports/MacArthur-Indonesia-ONLINE.pdf">http://ussc.edu.au/ussc/assets/media/docs/publications/Emerging-Asia-Reports/MacArthur-Indonesia-ONLINE.pdf</a>, consulted 2 September 2016.

Infrastructure Investment Bank (AIIB) by signing the agreement on 29 June 2015.<sup>34</sup> In addition, in September 2015, China won the bid over Japan to build a high-speed railway project.<sup>35</sup> Though Widodo secured over US\$1bn in Overseas Development Aid (ODA) to build a railway network during his visit to Japan in March 2015,<sup>36</sup> China won the 140 km high-speed rail project from Jakarta to Bandung.

Such developments raised some speculation that Indonesia is tilting toward China, something rejected by Joko Widodo's former foreign policy advisor, Rizal Sukma, as "a false reading of President Jokowi's foreign policy". 37 According to Sukma:

Jokowi's policy toward China seems to reflect two organizing principles: economic/diplomatic 'rebalancing' and 'hedging' based on realistic calculations of national interests.<sup>38</sup>

He argued that economic 'rebalancing' means attempting to encourage China to tilt more toward Indonesia, while diplomatic 'rebalancing' is manifested in enhancing political and security cooperation between Indonesia and China. In this light, 'hedging' refers to strategic diplomacy in the face of regional uncertainties.<sup>39</sup>

Widodo's policy is based on two strategic calculations. First, Indonesia has only moderate economic ties with China.<sup>40</sup> In terms of investment, there is an enormous gap

<sup>&</sup>lt;sup>34</sup> According to the Indonesian Finance Ministry, Indonesia will invest USD \$672.1 million in the AIIB over the next five years and Indonesia is its eight-largest shareholder. Indonesia Investments, 'Indonesia 8th largest shareholder Asian Infrastructure Investment Bank', 1 July 2015,

<sup>&</sup>lt;a href="http://www.indonesia-investments.com/news/news-columns/indonesia-8th-largest-shareholder-asian-infrastructure-investment-bank-aiib/item5692">http://www.indonesia-investments.com/news/news-columns/indonesia-8th-largest-shareholder-asian-infrastructure-investment-bank-aiib/item5692</a>>, consulted 5 September 2016.

<sup>&</sup>lt;sup>35</sup> R. Rahadiana, 'China to build \$5 billion high-speed rail line in Indonesia ', *Bloomberg*, 16 October 2015, <a href="http://www.bloomberg.com/news/articles/2015-10-16/china-to-build-high-speed-rail-line-in-indonesia-joint-venture">http://www.bloomberg.com/news/articles/2015-10-16/china-to-build-high-speed-rail-line-in-indonesia-joint-venture</a>, consulted 5 September 2016.

Gravity Series, ANU Strategic and Defense Studies Centre, Canberra, 2015, p. 6, <a href="http://ips.cap.anu.edu.au/sites/default/files/COG%20%2320%20Web.pdf">http://ips.cap.anu.edu.au/sites/default/files/COG%20%2320%20Web.pdf</a>, consulted 5 September 2016.

<sup>&</sup>lt;sup>37</sup> R. Sukma, 'Is Indonesia Tilting to China?', *The Jakarta Post*, 11 December 2015, <a href="http://www.thejakartapost.com/news/2015/12/11/insight-is-indonesia-tilting-toward-china.html">http://www.thejakartapost.com/news/2015/12/11/insight-is-indonesia-tilting-toward-china.html</a>, consulted 5 May 2016.

<sup>&</sup>lt;sup>38</sup> R. Sukma, 'Is Indonesia Tilting to China?'.

<sup>&</sup>lt;sup>39</sup> R. Sukma, 'Is Indonesia Tilting to China?'.

<sup>&</sup>lt;sup>40</sup> T. Javadi, 'Indonesia's China Strategy: Flexible Hedging', *The National Interest*, 20 April 2016, <a href="http://nationalinterest.org/feature/indonesias-china-strategy-flexible-hedging-15843">http://nationalinterest.org/feature/indonesias-china-strategy-flexible-hedging-15843</a>, consulted 5 May 2016.

between pledges and realisation.<sup>41</sup> According to Indonesia's Investment Coordinating Board, up to 2015, the realisation of Chinese investment pledges stood at only 7-10%, far below Japan's and South Korea's investment rate which were above 70%.<sup>42</sup> In terms of investment size, China is not listed in the five leading countries for Foreign Direct Investment (FDI) in Indonesia in 2015<sup>43</sup>, unlike China's investments in other East Asian countries. Additionally, Indonesia's trade deficit with China continued to increase, from \$3.27b in 2011 to \$14.36b in 2015.<sup>44</sup>

Nonetheless, Indonesia places greater emphasis of the importance of economic relations with China. As argued by Javadi, Indonesian ties with China means that it "is willing to make several exceptions in favor of China, but not to the extent of making obvious pro-China policy in fundamental issues."<sup>45</sup> Furthermore, Hamilton-Hart and McRae argued that increasing bilateral relations between Indonesia and China reflect nothing more than Indonesia's pragmatic self-interest.<sup>46</sup> Indonesia's decision on the high-speed rail project won by China may be seen in these arguments.

Secondly, Indonesia has a higher political stake with China over the Natuna Islands.<sup>47</sup> Problems began in 1993 when a Chinese delegation, in a workshop initiated by Indonesia, produced a map, based on its nine-dash line claim in the South China Sea, that had China's "historic waters" overlapping with Natuna Islands's Exclusive Economic

<sup>&</sup>lt;sup>41</sup> Javadi and Sukma have the same view on this matter. See T. Javadi, 'Indonesia's China Strategy: Flexible Hedging' and R. Sukma, 'Is Indonesia Tilting Toward China?''.

<sup>&</sup>lt;sup>42</sup> R. Sukma, 'Is Indonesia Tilting Toward China?'.

Five leading countries of FDI source for Indonesia from January to December 2015 are: Singapore (US\$ 5.9 billion); Malaysia (US\$ 3.1 billion); Japan (US\$ 2.9 billion); Netherlands (US\$ 1.3 billion) and Korea Selatan (US\$ 1.2 billion). See: The Investment Coordinating Board, 'Press Release Investment Realization 2015
 Exceed Target', 21 January 2016,

<sup>&</sup>lt;a href="http://www9.bkpm.go.id/images/uploads/investasi">http://www9.bkpm.go.id/images/uploads/investasi</a> indonesia/file/Press Release - EN -

TW\_IV\_Final.pdf>, consulted 5 July 2016.

<sup>&</sup>lt;sup>44</sup> T. Javadi, 'Indonesia's China Strategy: Flexible Hedging'.

<sup>&</sup>lt;sup>45</sup> T. Javadi, 'Indonesia's China Strategy: Flexible Hedging'.

<sup>&</sup>lt;sup>46</sup> N. Hamilton-Hart and D. McRae, p. 24.

<sup>&</sup>lt;sup>47</sup> T. Javadi, 'Indonesia's China Strategy: Flexible Hedging'.

Zone (EEZ).<sup>48</sup> Instead of responding forcefully to China's claims at the time, Indonesia seemed to downplay the issue.<sup>49</sup> Indonesia held the official position that it has uncontested sovereignty over the Natuna Islands, regardless China's repeated encroachment to the waters off the Natuna Islands that has been continually resurfaced since 2009.<sup>50</sup> Only in 2016, for example, there are three incidents, in March, May, and June between Indonesian patrol vessels and Chinese fishermen vessels which fishing in Indonesia's EEZ in the Natuna Islands.<sup>51</sup> However, Indonesia continues to downplay the issue, not only for preserving its economic ties with China,<sup>52</sup> but also to maintain its role as "honest broker" in the South China Sea dispute which has been long played since the 1990s.<sup>53</sup>

As China presents both opportunities and challenges, Indonesia faces uneasy options between attracting foreign investment to fund President Widodo's infrastructure agenda; and protecting Indonesian territorial integrity and sovereignty over its EEZ.<sup>54</sup> This can be seen in how the government responded to the Natuna incidents and the Post-

<sup>&</sup>lt;sup>48</sup> Arsana, I.M.A., Schofield, C., 'Indonesia's "Invisible" Border with China', in Elleman, B., Kotkin, S., Schofield, C., *Beijing's Power and China's Borders*, Routledge, London, 2014, p. 68.

<sup>&</sup>lt;sup>49</sup> D. Johnson, 'Drawn into the Fray: Indonesia's Natuna Islands Meet China's Long Gaze South', *Asian Affairs: An American Review*, Vol. 24, No. 3, 2010, pp. 153-161.

<sup>&</sup>lt;sup>50</sup> In 2009, eight vessels and 75 fishermen from China were caught fishing in the northeast of Natuna Islands. While they were detained by an Indonesian patrol vessel, China through its Foreign Ministry Spokesperson argued that it was done in its traditional fishing grounds off the Spratly Islands in the South China Sea. After bilateral talks between two governments, 59 fishermen were released and the rest stayed in detention until legal process finished. In 2010, there were even two occurrences in May and June 2010. These incidents were similar in nature with the previous one. Nevertheless, in the latter incidents, the Chinese patrol vessel, while demanding to release the Chinese fishing vessels and crews, threatened Indonesia's vessels with weapons. Realizing they were in unbalance power, the Indonesian officials decided to release the Chinese fishing vessels. Likewise, the same incidents happened on 26 March 2013.

<sup>&</sup>lt;sup>51</sup> On 19 March 2016, an Indonesian Maritime Affairs and Fisheries patrol vessel arrested the Chinese trawler and its crews for illegal fishing. However, an armed Chinese coast guard ship came and hit the boat to release them. While the boat was ultimately released, Indonesian authorities detained eight Chinese fishermen. Two months later, on 27 May 2016, the Indonesian navy patrol arrested a Chinese fishing boat did the same action in the Natuna Sea. In this incidents, Indonesian authorities detained the Chinese fishing boat and its crew. Lastly, on 18 June 2016, a Chinese fishing boat being seized by an Indonesian patrol boat operating within Indonesia's EEZ in the Natuna islands. One Chinese fisherman injured, while the fishing vessel and seven other fishermen were detained by the Indonesian authorities.

<sup>&</sup>lt;sup>52</sup> C. Brummitt, 'Frantic Phone Call Failed to Halt China-Indonesia Sea Spat', *Bloomberg*, 23 March 2016, <a href="http://www.bloomberg.com/news/articles/2016-03-22/frantic-phone-call-failed-to-contain-china-indonesia-sea-spat">http://www.bloomberg.com/news/articles/2016-03-22/frantic-phone-call-failed-to-contain-china-indonesia-sea-spat</a>, consulted 5 May 2016.

<sup>&</sup>lt;sup>53</sup> D.E. Weatherbee, 'Understanding Jokowi's Foreign Policy', pp. 19-41.

<sup>&</sup>lt;sup>54</sup> A.L. Connely, 'Sovereignty and the Sea: President Joko Widodo's Foreign Policy Challenges'.

Permanent Court Arbitration (PCA)'s ruling. During the Natuna incidents in 2016, the Ministries of Foreign Affairs, Defense, and Fisheries, as well as the military, have different responses of what Indonesia's China foreign policy should be.<sup>55</sup> After the first incident in March 2016, the Minister of Foreign Affairs Retno Marsudi sent a note of protest to China, but argued that the incident was not related to the South China Sea dispute.<sup>56</sup> However, the Minister of Marine Affairs and Fisheries Susi Pudjiastuti tried to reverse Indonesia's official tendency to downplay the issue,<sup>57</sup> by saying that "We feel our efforts are being sabotaged [...] We may take it to the International Tribunal for the Law of the Sea [ITLOS]."

While the Minister of Defence Ryamizard Ryacudu stated that he sought clarification from China,<sup>59</sup> the military planned to increase its presence in the Natuna Islands.<sup>60</sup> Likewise, Joko Widodo's former foreign policy advisor, Rizal Sukma also downplayed the issue as merely the matters of fishing rights, not territorial disputes.<sup>61</sup> Additionally, in the post-PCA's ruling, President Widodo warned his Ministers that only the Foreign Affairs Minister had the authority to respond to the verdict.<sup>62</sup> Because

<sup>&</sup>lt;sup>55</sup> E.A. Laksmana, 'Here's why Jakarta doesn't push back when China barges into Indonesian waters', *The Washington Post*, 28 April 2015, <a href="https://www.washingtonpost.com/news/monkey-cage/wp/2016/04/28/heres-why-jakarta-doesnt-push-back-when-china-barges-into-indonesian-waters/?postshare=3731461861067958&tid=ss tw-bottom>, consulted 5 June 2016.

<sup>&</sup>lt;sup>56</sup> E. Prasetyo, 'Indonesia: Natuna Incident not related to South China Sea dispute', *Jakarta Globe*, 21 March 2016, <a href="http://jakartaglobe.beritasatu.com/news/indonesia-natuna-incident-not-related-south-china-sea-dispute/">http://jakartaglobe.beritasatu.com/news/indonesia-natuna-incident-not-related-south-china-sea-dispute/</a>, consulted 5 June 2016.

<sup>&</sup>lt;sup>57</sup> R.A. Supriyanto, 'Breaking the Silence: Indonesia Vs. China in the Natuna Islands', *The Diplomat*, 23 March 2016, <a href="http://thediplomat.com/2016/03/breaking-the-silence-indonesia-vs-china-in-the-natuna-islands/">http://thediplomat.com/2016/03/breaking-the-silence-indonesia-vs-china-in-the-natuna-islands/</a>, consulted 5 June 2016

T. Salim, 'RI-China Sea Spat Continues', *The Jakarta Post*, 22 March 2016, <a href="http://www.thejakartapost.com/news/2016/03/22/ri-china-sea-spat-continues.html">http://www.thejakartapost.com/news/2016/03/22/ri-china-sea-spat-continues.html</a>, consulted 5 June 2016.

Salim, 'RI-China Sea Spat Continues', *The Jakarta Post*, 22 March 2016, 'Indonesia Sends Protest to China over Natuna Islands Standoff', *Jakarta Globe*, 21 March 2016, <a href="http://jakartaglobe.beritasatu.com/news/indonesia-sends-protest-china-natuna-islands-standoff/">http://jakartaglobe.beritasatu.com/news/indonesia-sends-protest-china-natuna-islands-standoff/</a>, consulted 5 June 2016.

<sup>&</sup>lt;sup>60</sup> S. Watanabe, 'Alarmed at China Maritime Expansion, Jakarta Bites Back', Nikkei Asian Review, 1 April 2016, <a href="http://asia.nikkei.com/Politics-Economy/International-Relations/Alarmed-at-China-maritime-expansion-Jakarta-bites-back?page=1">http://asia.nikkei.com/Politics-Economy/International-Relations/Alarmed-at-China-maritime-expansion-Jakarta-bites-back?page=1">http://asia.nikkei.com/Politics-Economy/International-Relations/Alarmed-at-China-maritime-expansion-Jakarta-bites-back?page=1">http://asia.nikkei.com/Politics-Economy/International-Relations/Alarmed-at-China-maritime-expansion-Jakarta-bites-back?page=1">http://asia.nikkei.com/Politics-Economy/International-Relations/Alarmed-at-China-maritime-expansion-Jakarta-bites-back?page=1">http://asia.nikkei.com/Politics-Economy/International-Relations/Alarmed-at-China-maritime-expansion-Jakarta-bites-back?page=1">http://asia.nikkei.com/Politics-Economy/International-Relations/Alarmed-at-China-maritime-expansion-Jakarta-bites-back?page=1">http://asia.nikkei.com/Politics-Economy/International-Relations/Alarmed-at-China-maritime-expansion-Jakarta-bites-back?page=1">http://asia.nikkei.com/Politics-Economy/International-Relations/Alarmed-at-China-maritime-expansion-Jakarta-bites-back?page=1">http://asia.nikkei.com/Politics-Economy/International-Relations/Alarmed-at-China-maritime-expansion-page=1">http://asia.nikkei.com/Politics-Economy/International-Relations/Alarmed-at-China-maritime-expansion-page=1">http://asia.nikkei.com/Politics-Economy/International-Relations/Alarmed-at-China-maritime-expansion-page=1">http://asia.nikkei.com/Politics-Economy/International-Relation

<sup>&</sup>lt;sup>61</sup> R. Sukma, 'Indonesia and China need to combat the IUU problem', *The Jakarta Post*, 31 March 2016, <a href="http://www.thejakartapost.com/news/2016/03/31/indonesia-and-china-need-combat-iuu-problem.html">http://www.thejakartapost.com/news/2016/03/31/indonesia-and-china-need-combat-iuu-problem.html</a>, consulted 1 June 2016, consulted 1 June 2016.

<sup>&</sup>lt;sup>62</sup> P. Parameswaran, 'Indonesia to Coordinate South China Sea Policy Ahead of Court Verdict', *The Diplomat*, 13 June 2016, <a href="http://thediplomat.com/2016/06/indonesia-to-coordinate-south-china-sea-policy-ahead-of-court-verdict/">http://thediplomat.com/2016/06/indonesia-to-coordinate-south-china-sea-policy-ahead-of-court-verdict/</a>, consulted 5 August 2016.

President Widodo did not take a strong stance against China's encroachment in the Natuna Sea, Laksmana argued that:

Indonesia under Jokowi is under-balancing against China... this isn't really Indonesia's style. Under-balancing hasn't always been Indonesia's China policy. In fact, this behavior departs from Indonesia's traditional approach of mixing institutional balancing (using multilateral institutions to counter threats) with hedging (aligning with great powers through positive engagement but preparing for contingencies).<sup>63</sup>

Indonesia was applying a "hedging" strategy toward China. <sup>64</sup> The term "hedging" is used extensively in the existing literature on Southeast Asia's response to the rise of China. Hedging describes a middle strategy between balancing and bandwagoning. <sup>65</sup> Balancing refers to a strategy chosen by states, especially smaller states, to counter a growing threat by either undertaking 'internal balancing' (strengthening its defense capability or armament) or 'external balancing' (alliance with another state which has the same threat). Bandwagoning is a strategy of allying with either a threatening power to avoid being attacked or with the winning side to gain economic benefit. <sup>66</sup>

Put it simply, "pure-balancing" or "pure-bandwagoning" are problematic since both are strategically risky. With "pure-balancing", smaller states lose economic gains from a rising China, while with "pure-bandwagoning they lose freedom of action since it requires acceptance of the power of the larger partner. Therefore, a middle path such as a "hedging" strategy is needed, it is argued, as an alternative to explain the strategy of smaller states responding to the rising power, particularly China. Evelyn Goh's argument is known as the most comprehensive conception of hedging. According to Goh, hedging is

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<sup>&</sup>lt;sup>63</sup> E.A. Laksmana, 'Here's why Jakarta doesn't push back when China barges into Indonesian waters'.

<sup>&</sup>lt;sup>64</sup> Rizal Sukma, "Indonesia's Response to the Rise of China: Growing Comfort amid Uncertainties" in Jun Tsunekawa (ed.), *The Rise of China: Response from Southeast Asia and Japan*, The National Institute for Defense Studies, Japan, 2009, p. 140.

<sup>&</sup>lt;sup>65</sup> E. Goh, *Meeting the China Challenge: The US in Southeast Asian Regional Security Strategies*, Policy Studies 16, East-West Center, Washington, 2005, pp. 3-4.

<sup>&</sup>lt;sup>66</sup> K. Cheng-Chwee, 'The Essence of Hedging: Malaysia and Singapore's Response to a Rising China', *Contemporary Southeast Asia*, Vol. 30, No. 2, 2008, p. 160.

<sup>&</sup>lt;sup>67</sup> K. Cheng-Chwee, p. 179.

a set of strategies aimed at avoiding (or planning for contingencies in) a situation in which states cannot decide upon more straightforward alternatives such as balancing, bandwagoning, or neutrality. Instead, they cultivate a middle position that forestalls or avoids having to choose one side [or one straightforward policy stance] at the obvious expense of another<sup>68</sup>

Goh further defined "hedging" as "the strategy when engagement policies are pursued at the same time as indirect or soft balancing policies".<sup>69</sup> Therefore, in the context of Southeast Asia, Goh identified three elements of hedging behaviour, namely indirect or soft balancing to the United States, complex engagement of China, and great power enmeshment.<sup>70</sup>

Another view from Cheng-Chwee argued that hedging is a mixed strategy combining both military and non-military options, particularly a reliance on multilateral institutions.<sup>71</sup> Cheng-Chwee argues that the state is not only seeking to reduce threats, but also pursuing goals of "Return Maximizing Options" and "Risk-Contingency Options".<sup>72</sup> He demonstrates how Malaysia and Singapore take different paths in response to China's 'rise'. While Malaysia moves closer to China by embracing limited-bandwagoning, Singapore tends to be ambivalent by maintaining warm economic and diplomatic ties, but not in the political and strategic spheres.<sup>73</sup> Different responses between the states in this spectrum of policy options, as concluded by Cheng-Chwee, are influenced mainly by

<sup>&</sup>lt;sup>68</sup> E. Goh, 'Understanding "hedging' in Asia-Pacific Security', Centre for Strategic and International Studies, *PacNet Newsletter*, No. 43, 31 August 2006, <a href="http://csis.org/files/media/csis/pubs/pac0643.pdf">http://csis.org/files/media/csis/pubs/pac0643.pdf</a>, consulted 5 June 2016.

<sup>&</sup>lt;sup>69</sup> E. Goh, Meeting the China Challenge: The US in Southeast Asian Regional Security Strategies, pp. 3-4.

<sup>&</sup>lt;sup>70</sup> E. Goh, Meeting the China Challenge: The US in Southeast Asian Regional Security Strategies.

<sup>&</sup>lt;sup>71</sup> K. Cheng-Chwee, p. 179.

Return Maximizing Options consist of economic pragmatism, binding-engagement, and limited-bandwagoning. Economic pragmatism refers to the extent to which a state is trying to maximize its economic gain, regardless of any political problems which may exist. Binding-engagement aims to socialize and institutionalize a great power in the diplomatic arrangement, limited-bandwagoning seeks to align with a great power without losing autonomy, in the form of a political partnership. Another goal, risk-contigency, consists of indirect-balancing and dominance-denial. While the previous is about "military efforts to cope with diffuse uncertainties", the latter refers to efforts to change the great power's action by an "implicitly more confrontational message". K. Cheng-Chwee, p. 167-171.

domestic factors, especially the "elites' differing pathways to legitimacy". 74

A small state's strategy towards a rising power is driven not so much by the growth of the great power's capabilities per se, rather it is motivated more by an internal process of regime legitimation in which the ruling elite evaluate – and then utilize – the opportunities and challenges of the rising power for the ultimate goal of consolidating their authority to govern at home."<sup>75</sup>

While Cheng-Chwee mentions in his conclusion that the China's rise does not have the same effect in the case of Indonesia, <sup>76</sup> he did not include Indonesia in his assessment.

This thesis examines the implications of the idea of a GMF for Indonesia's China foreign policy under President Widodo. By adopting a "regime legitimation" approach, as defined by Cheng-Chwee, this thesis examines Indonesia's China foreign policy through two important developments in Indonesia-China relations; infrastructure projects and the Natuna Sea.

The regime legitimisation approach is based on three core assumptions.

First, foreign policy choices are made by ruling elites, who are concerned primarily with their own political survival.<sup>77</sup>

Second, the representation of risks – which risks will be *identified* and *prioritized* as foreign policy "problems" – is neither given nor fixed, but is constantly shaped by the way in which elites seek to justify their domination by acting in accordance with the very foundations of their authority at a given time.<sup>78</sup>

Third, such foundations do not merely refer to elite compliance with liberal-democratic norms, but also their ability to preserve security and internal cohesion, to deliver economic growth, to uphold the sovereignty and to promote a rationalized ideal that is peculiar to a particular country.<sup>79</sup>

This framework is relevant for Indonesia for three important reasons. First, as argued by Sukma, domestic politics has always been a significant factor in Indonesia's policy towards China. 80 Second, Widodo is more concerned with domestic economy-related pillars of the GMF, especially maritime infrastructure. Mantong argues that the main

<sup>75</sup> K. Cheng-Chwee, p. 159.

<sup>&</sup>lt;sup>74</sup> K. Cheng-Chwee, p. 180.

<sup>&</sup>lt;sup>76</sup> K. Cheng-Chwee, p. 179-181.

<sup>&</sup>lt;sup>77</sup> K. Cheng-Chwee, p. 161-162.

<sup>&</sup>lt;sup>78</sup> K. Cheng-Chwee, p. 161-162.

<sup>&</sup>lt;sup>79</sup> K. Cheng-Chwee, p. 161-162.

<sup>&</sup>lt;sup>80</sup> R. Sukma, 'Indonesia's Response to the Rise of China: Growing Comfort amid Uncertainties', p. 139.

calculation of Widodo's presidency is economic.<sup>81</sup> It is in Widodo's interests to secure funds for infrastructure projects, since it will be valuable for maintaining his legitimacy.<sup>82</sup> The increasing emphasis on economic performance as a source of legitimacy, as argued by Almuttaqi and Arif, is a changing nature of regime legitimacy in Southeast Asia.<sup>83</sup> Third, the President is the main determinant for foreign policy making in Indonesia. Laksmana argues that "foreign policy remains strongly, perhaps even idiosyncratically, a presidential affair."<sup>84</sup> However, since President Widodo is more domestic-oriented and less interested in foreign affairs,<sup>85</sup> his domestic economic growth-oriented foreign policy gives new policy roles to functional ministries, not the Foreign Affairs Ministry.<sup>86</sup>

Overall, the domestic economy orientation of the GMF shaped Indonesia's foreign policy toward China. As Cheng-Chwee argues "if the elite's current legitimation relies more on the imperative of prosperity maximizing than security-seeking, then the state is expected to highlight economic and political benefit that can be tapped from the power, while downplaying any security concerns it may have about the giant". 87 Consequently, this thesis argues that Indonesia's China foreign policy under President Widodo tends to be ambivalent: maintaining economic pragmatism and downplaying any security issues.

<sup>&</sup>lt;sup>81</sup> A.W. Mantong, 'Insiden Natuna, Penyanderaan Nelayan Indonesia, dan Kebijakan Luar Negeri Indonesia', *Analisis CSIS*, Vol. 45, No. 2, 2016, p. 137.

<sup>82</sup> A.W. Mantong, p. 137.

<sup>&</sup>lt;sup>83</sup> I. Almuttaqi, M. Arif, 'Regional Implications of Indonesia-China Ambivalent Relations', *The Indonesian Quarterly*, Vol. 44, No. 2, 2016, p. 93.

<sup>&</sup>lt;sup>84</sup> E.A. Laksmana, 'Jakarta Left All at Sea by Islands Clash with China', *New Mandala*, 5 April 2016, <a href="http://www.newmandala.org/jakarta-left-all-at-sea-by-island-clash-with-china/">http://www.newmandala.org/jakarta-left-all-at-sea-by-island-clash-with-china/</a>, consulted 5 June 2016.

<sup>85</sup> A.L. Connelly, p. 1.

<sup>&</sup>lt;sup>86</sup> D. Weatherbee, p. 9.

<sup>&</sup>lt;sup>87</sup> K. Cheng-Chwee, p. 162-163.

#### THESIS STRUCTURE

Chapter 1 provides an overview of the emergence of GMF as the centrepiece of Widodo's Presidency. This chapter argues that President Widodo's vision of the GMF is best understood through the lens of his domestic political priorities. The chapter begins by analyzing the emergence of the GMF as a vision of President Widodo's presidency. Domestic political considerations explain how Widodo tries to raise nationalism as his source of legitimacy by reviving the old value of the nation as an archipelagic country in the GMF vision. Consequently, his domestic reform seems to focus on protection of state sovereignty and an emphasis on archipelagic maritime agenda. Since elements of domestic policy inform foreign policy, President Widodo's foreign policy emerges as a function of the two domestic reform agendas. However, in practice, economic performance is still regarded as the main source of regime legitimacy. The economic-related agenda of GMF is its the most salient foreign policy goal.

Chapter 2 assesses Indonesia-China relations in the era of President Widodo. This chapter begins with an analysis of how China engages with the GMF vision. The emergence of infrastructure projects in Indonesia, particularly the case of Jakarta-Bandung high-speed railway project is explored to examine how Indonesia is pushed to involve in China's new infrastructure diplomacy. This case is important for two reasons. First, while the project is the first realisation of both countries commitment in the economic field, it was perceived as an attempt by President Widodo to move closer to China. Second, despite the controversy and different domestic responses, President Widodo plays a game of pragmatic self-interest toward China, hoping to improve the economic performance of his presidency. The chapter concludes by arguing that Indonesia's China foreign policy is very much concerned about gaining financial support for President Widodo's infrastructure

agenda, downplaying the likelihood that investing in infrastructure projects are more in China's strategic interests and go beyond economic matters.

Chapter 3 examines how China challenges Widodo's vision of the GMF, especially Widodo's commitment to protect state sovereignty. This chapter begins by explaining the development of 'China's claims' in the Natuna Sea. Three incidents in 2016 were nothing new, but solving the problem, or at least having a firm stance toward China on this issue, is very critical for Widodo's presidency. First, the incidents challenge the way in which Indonesia protects its sovereignty over its territorial waters and natural resources in its EEZ. Secondly, a strong assertion of state sovereignty, in the end, clashes with Indonesia's priority of attracting FDI for its maritime agenda, especially when both of these goals are related inextricably to China. The chapter concludes that China's economic leverage influenced Indonesian foreign policy making in critical areas. At least this can be inferred from the cases of the Natuna incidents and post-PCA's verdict.

#### **CHAPTER 1**

# INDONESIA AS A "GLOBAL MARITIME FULCRUM"

"We are a fulcrum, not simply an axis. A fulcrum is, if you look at a wheel, something around which the wheel rotates, so it is very important." 88

#### Introduction

As a centrepiece of Widodo's presidency, it is important to unpack the "global maritime fulcrum" (GMF) as a concept. While it emerged only during the 2014 presidential election campaign, some scholars have discussed whether it is a change from or continuity with President Widodo's predecessors.<sup>89</sup> This chapter begins by analysing the emergence of the GMF as a vision of President Widodo's presidency. Domestic political considerations explain how Widodo uses nationalism as a source of legitimacy by reviving the old value of the nation as an archipelagic country. Consequently, his domestic reform agenda focusses on protection of state sovereignty and an emphasis on archipelagic maritime agenda. President Widodo's foreign policy on the GMF is a function of the two features of his domestic reform agenda. In practice, economic performance is the main source of regime legitimacy. The economic-related agenda of GMF remains the most salient foreign policy goal of the GMF. Thus, President Widodo's vision of the GMF is best understood through the lens of his domestic political priorities.

<sup>&</sup>lt;sup>88</sup> D.F. Anwar (an Indonesian Eminent International Relations Expert and Adviser of Vice President Jusuf Kalla) in D. Heriyanto, 'Five Questions: Dewi Fortuna Anwar', *Strategic Review-Indonesia*, 14 July 2015, <a href="http://www.sr-indonesia.com/web-exclusives/view/five-questions-dewi-fortuna-anwar">http://www.sr-indonesia.com/web-exclusives/view/five-questions-dewi-fortuna-anwar</a>, consulted 5 June 2016.

<sup>&</sup>lt;sup>89</sup> For example, Saha argued that, Jokowi's vision is an old one as it derives from his predecessors' visions. See: P. Saha, 'Indonesia's New Maritime Doctrine: Continuity and Change', in V. Sakhuja, G.S. Khurana, *Maritime Perspectives 2015*, National Maritime Foundation, New Delhi, 2016, p. 79. Another view by Goh stated that "President Jokowi continues the trend of widening Indonesia's strategic outlook". See: E. Goh, 'Indonesia's New Strategic Policy Under Jokowi: Change, Continuity, and Challenges', *The Centre of Gravity Series A Strategy Towards Indonesia*, Strategic & Defence Studies Centre ANU College of Asia & The Pacific, Canberra, May 2015, p.4.

#### The Emergence of "Global Maritime Fulcrum"

The idea of a GMF was first articulated during the third round of presidential debates, 22 June 2014. Widodo stated that:

We, Jokowi - JK, believe that geopolitical shift from the West to Asia is the opportunity for us to be a great nation. We must win this fight, in the ocean, in maritime, we want Indonesia to be a global maritime fulcrum, we want this country to be respected.<sup>90</sup>

The statement spelt out the maritime vision that was addressed in his Election Manifesto as a presidential candidate; "realising Indonesia as a maritime country which is independent, advanced, powerful, and based on national interests." The GMF vision was a "trademark" of Joko Widodo's presidential campaign, along with "maritime highways", which together were infrastructure solutions to the problem of intra-archipelagic connectivity between the western and eastern parts of Indonesia. 92

The strategy of highlighting maritime issues in a presidential campaign platform was politically daring, not only in terms of the specific issue, but also the timing. Though an archipelagic state, maritime issues have been long neglected. During the New Order regime (1966-1998), national economic development and defence strategy were very terrestrially based, with maritime aspects of development and security receiving less political attention. Marine resources were under-utilized, affecting the way government supervised and secured the seas, and developed infrastructure. With very limited control of its archipelagic territory, Indonesia faced several challenges related to its maritime

<sup>&</sup>lt;sup>90</sup> Presidential Debate, Third Round, 22 June 2014, <a href="https://www.youtube.com/watch?v=hEtUNOBPqyw">hEtUNOBPqyw</a>, consulted 5 June 2016.

<sup>&</sup>lt;sup>91</sup> Joko Widodo and Jusuf Kalla, 'Jalan Perubahan Untuk Indonesia yang Berdaulat, Mandiri, dan Berkepribadian, Visi Misi dan Program Aksi Jokowi-Jusuf Kalla 2014' ('Path to Change for a Sovereign, Independent, and Distinctive Indonesia, Vision and Mission and Program of Action Jokowi-Jusuf Kalla 2014'), Jakarta, May 2014, p. 12-14.

<sup>&</sup>lt;sup>92</sup> A. Abdussalam, 'People await realization of maritime toll road', *Antara News*, 15 July 2014, <a href="http://www.antaranews.com/en/news/94838/people-await-realization-of-maritime-toll-road">http://www.antaranews.com/en/news/94838/people-await-realization-of-maritime-toll-road</a>, consulted 5 July 2016.

<sup>&</sup>lt;sup>93</sup> Kementerian PPN/Bappenas (Ministry of National Development Planning), Konsep Mainstreaming Ocean Policy ke Dalam Rencana Pembangunan Nasional (The Concept of Mainstreaming Ocean Policy into National Development Planning), Kementerian PPN/Bappenas (Ministry of National Development Planning), Jakarta, December 2014, p. 3.

security, in addition to illegal fishing, such as smuggling and illegal trade, and shipping through its archipelagic waters. 94

Formally, maritime development was firstly incorporated into The Sixth Five Year Plan in 1994.<sup>95</sup> In 1999, during Abdurrahman Wahid's presidency, a Department of Sea Exploration and Fisheries was established.<sup>96</sup> Later, in 2000, it was renamed the Department of Marine Affairs and Fisheries, in response to the rapid growth in illegal fishing.<sup>97</sup> While the establishment of the department helped in reducing illegal fishing, it did not eliminate it. According to the Ministry of Maritime Affairs and Fisheries of Indonesia, annually, illegal fishing costs the country about US\$3.11b.<sup>98</sup> Reducing such losses was a decisive political move for President Widodo as a new leader.

The presidential election in July 2014 was highly unusual.<sup>99</sup> It was the first time since political reform in 1998 that there was a candidate not from the country's political or military elite.<sup>100</sup> Joko Widodo was a furniture entrepreneur and later Governor of Jakarta (2012-2014).<sup>101</sup> His popularity was based largely on the way he represented himself as an antithesis to his opponent, Prabowo,<sup>102</sup> as well as the previous president, Susilo Bambang

<sup>&</sup>lt;sup>94</sup> H. Djalal, 'Maritime Dimensions of a New World Order: Security Experiences in South East Asia', in C.M. Yusuf (ed.), *Negara Kepulauan Menuju Negara Maritim*, Lembaga Laut Indonesia, Jakarta, 2010, p. 100-103.

<sup>&</sup>lt;sup>95</sup> Kementerian PPN/Bappenas (Ministry of National Development Planning), Konsep Mainstreaming Ocean Policy ke Dalam Rencana Pembangunan Nasional (The Concept of Mainstreaming Ocean Policy into National Development Planning), p. 3.

<sup>&</sup>lt;sup>96</sup> L.M. Hidayat, Reformasi Administrasi Kajian Komparatif Pemerintahan Tiga Presiden (Administration Reform Comparative Study of Three Presidents), Jakarta, Gramedia, 2007, p. 95.

<sup>&</sup>lt;sup>97</sup> Since 2009, it changed into the Ministry of Marine Affairs and Fisheries, up to now.

<sup>&</sup>lt;sup>98</sup> Heriyanto, 'Illegal Fishing Costs Indonesia 3 Billion Dollars A Year', *Reporting Development in ASEAN*, IPS Asia-Pacific, 2016, <a href="http://www.aseannews.net/illegal-fishing-costs-indonesia-3-billion-dollars-a-year/">http://www.aseannews.net/illegal-fishing-costs-indonesia-3-billion-dollars-a-year/</a>, consulted 5 September 2016.

<sup>&</sup>lt;sup>99</sup> R.L. Pattiradjawane, 'The Indonesian Perspective toward rising China: Balancing the National Interest', *Asian Journal of Comparative Politics*, 2016, p. 2.

<sup>100</sup> R.L. Pattiradjawane, p. 2.

<sup>&</sup>lt;sup>101</sup> Before serving as a Governor of Jakarta, Joko Widodo was a Mayor of Solo, a small town in the Central Java, for two periods since 2005. But, he did not complete his second term since he ran for governor of Jakarta's candidacy in 2012.

<sup>&</sup>lt;sup>102</sup> Prabowo is a retired Lieutenant-General and son in law of President Soeharto who ran for presidential candidate in 2014. He is the leader of the Gerindra (Gerakan Indonesia Raya/ Great Indonesia Movement) Party.

Yudhoyono, whose term was widely perceived to have left political stagnation, which resulted in great popular dissatisfaction during his second term.<sup>103</sup> People were dissatisfied mostly with the conspicuous corruption that overwhelmed his presidency, both by leaders within the executive and legislative branches.

In these circumstances, Widodo's decision to choose the Indonesian Democratic Party of Struggle (PDIP) as his nominating party was a good political move, since it was outside executive and legislative power after 2004. In order to win the hearts and minds of the PDIP leaders and cadres Widodo transformed himself into PDIP's icon. Widodo began to refer to party ideology and Sukarno, Indonesian founding father. As argued by Pattiradjawane: For President Jokowi, there is a need to re-establish the idea of the Indonesian founding fathers... as the central theme during his presidential campaign. Weatherbee also argued that the approving reference to Sukarno was also a nod to Jokowi's political patroness Megawati. Widodo borrowed Sukarno's vision of the Three Power Principles, the so-called TRISAKTI, which are to make Indonesia sovereign in its politics, independent in its economy, and distinct in its cultural character, as his vision of future government. In this light, the vision of GMF is a concept that represents TRISAKTI in the contemporary era. As argued by Saha, The central idea of GMF is to reassert the age-old archipelagic identity that recognises the link between the country's geography, identity, and livelihood.

M. Mietzner, 'Rise of a polite populist', *Inside Indonesia*, April-June 2014, <a href="http://www.insideindonesia.org/jokowi-rise-of-a-polite-populist">http://www.insideindonesia.org/jokowi-rise-of-a-polite-populist</a>, consulted 5 August 2016.

<sup>&</sup>lt;sup>104</sup> M. Mietzner, 'Rise of a polite populist'.

<sup>&</sup>lt;sup>105</sup> R.L. Pattiradjawane, p. 6.

<sup>&</sup>lt;sup>106</sup> D.E. Weatherbee, p. 10.

Joko Widodo and Jusuf Kalla, 'Jalan Perubahan Untuk Indonesia yang Berdaulat, Mandiri, dan Berkepribadian, Visi Misi dan Program Aksi Jokowi-Jusuf Kalla 2014' ('Path to Change for a Sovereign, Independent, and Distinctive Indonesia, Vision and Mission and Program of Action Jokowi-Jusuf Kalla 2014').

<sup>&</sup>lt;sup>108</sup> P. Saha, 'Indonesia's New Maritime Doctrine: Continuity and Change', p. 79.

presidential election campaign to build nationalism as his source of legitimacy by reviving the old value of an archipelagic nation, with references to Indonesia's founding fathers.

Since the GMF concept seeks to reinvigorate Indonesia's age-old identity as an archipelagic state, it is not fully new. Widodo revived principles first stated by Prime Minister Djuanda in 1957. The "Djuanda Declaration" defined Indonesia's national interests as those of an archipelagic state in the areas of law, politics, economy, culture and the protection of territorial integrity and national unity. It was a "declaration of territorial unity that comprised the unity between the land, the sea, its seabed and subsoil area, the airspace and all the resources contained therein". Later, President Soeharto formulated an Archipelagic Outlook, the *Wawasan Nusantara*, in 1966 and started campaigning for the acceptance of archipelagic status in the United Nations Convention on the Law of the Sea (UNCLOS). Together, the "Djuanda Declaration" and *Wawasan Nusantara* became core maritime policy principles guiding Indonesia's strategic thinking.

Beside these principles, some scholars also argue that Widodo's ideas are more an extension of previous government initiatives. First, the idea of building "maritime highways" resembles the pre-existing concept of "Sea Pendulum/Pendulum Nusantara" which was formulated by Indonesia Port Corporations (PT. Pelabuhan Indonesia/Pelindo)

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<sup>&</sup>lt;sup>109</sup> N. Wisnumurti, 'Legal Regimes of Archipelagic States', *The Jakarta Post*, 27 March 2014, <a href="http://www.thejakartapost.com/news/2014/03/27/legal-regimes-archipelagic-states.html">http://www.thejakartapost.com/news/2014/03/27/legal-regimes-archipelagic-states.html</a>, consulted 5 June 2016.

H. Djalal, 'Regime of Archipelagic States', 2011, <a href="http://aseanregionalforum.asean.org/files/Archive/18th/ARF%20Seminar%20on%20UNCLOS,%20Manila,%208-9Mar2011/Annex%20K%20-%20Prof%20Hasjim%20Djalal%20-">http://aseanregionalforum.asean.org/files/Archive/18th/ARF%20Seminar%20on%20UNCLOS,%20Manila,%208-9Mar2011/Annex%20K%20-%20Prof%20Hasjim%20Djalal%20-

<sup>%20</sup>Regime%20of%20Arch%20States.pdf>, consulted 15 August 2016.

E.A. Laksmana, 'The Enduring Strategic Trinity: Explaining Indonesia's Geopolitical Architecture', *Journal of the Indian Ocean Region*, Vol. 7, No. 1, 2011, p. 100.

<sup>&</sup>lt;sup>112</sup> R. Supriyanto, 'Developing Indonesia's Maritime Strategy Under President Jokowi', 22 February 2016, <a href="http://www.theasanforum.org/developing-indonesias-maritime-strategy-under-president-jokowi-1/">http://www.theasanforum.org/developing-indonesias-maritime-strategy-under-president-jokowi-1/</a>, consulted 5 August 2016.

in 2012.<sup>113</sup> This initiative was intended to connect six main ports as part of a National Logistic System, to solve the problem of disparity between the western and eastern parts of Indonesia, where the latter lags behind.<sup>114</sup> Secondly, the maritime infrastructure agenda of President Widodo, according to Supriyanto, is only a revised version of the Master Plan for Accelerating and Expansion Indonesia's Economic Development (MP3EI/Masterplan Percepatan dan Perluasan Pembangunan Ekonomi Indonesia) from Yudhoyono's presidency.<sup>115</sup> Both are related to each other. The "Sea Pendulum" was a part of accelerating MP3EI,<sup>116</sup> which is an ambitious plan to accelerate the Indonesian economy into a developed country by cultivating the whole potentials of all provinces.<sup>117</sup> The difference between Widodo and his predecessors is the way in which he maintains recognition and adopts a more proactive approach to implement the vision.<sup>118</sup>

Though the idea of a GMF was launched during the presidential campaign, the concept was never clearly articulated. Connelly argues that Widodo did not clearly explain the 'vision' during the debate. The explanation came later when his foreign policy adviser, Rizal Sukma, fleshed out the idea in Indonesia's leading broadsheet, *Kompas*, with a piece entitled 'The idea of maritime fulcrum' ("Gagasan Poros Maritim") in August 2014. Sukma offered a three-pronged approach to the GMF:

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<sup>&</sup>lt;sup>113</sup> R. Supriyanto, 'Developing Indonesia's Maritime Strategy Under President Jokowi'.

<sup>114</sup> T. Diela, 'Lino: Tol Laut Jokowi Mirip Pendulum Nusantara Pelindo/Lino: Jokowi's Sea-toll Resembles Pelindo's Sea Pendulum', *Kompas*, 4 September 2014, <a href="http://bisniskeuangan.kompas.com/read/2014/09/04/115316326/Lino.Tol.Laut.Jokowi.Mirip.Pendulum.Nusantara.Pelindo">http://bisniskeuangan.kompas.com/read/2014/09/04/115316326/Lino.Tol.Laut.Jokowi.Mirip.Pendulum.Nusantara.Pelindo</a>, consulted 14 August 2016.

<sup>&</sup>lt;sup>115</sup> R. Supriyanto, 'Developing Indonesia's Maritime Strategy Under President Jokowi'.

<sup>&</sup>lt;sup>116</sup> T. Diela, 'Lino: Tol Laut Jokowi Mirip Pendulum Nusantara Pelindo/Lino: Jokowi's Sea-Toll Resembles Pelindo's Sea Pendulum'.

<sup>&</sup>lt;sup>117</sup> T.K. Giap et al., *Competitiveness Analysis and Development Strategies for 33 Indonesian Provinces*, World Scientific Publishing, Singapore, 2013, p. 28.

<sup>&</sup>lt;sup>118</sup> P. Saha, 'Indonesia's New Maritime Doctrine: Continuity and Change', p. 83.

<sup>&</sup>lt;sup>119</sup> A.L. Connelly, p. 7.

<sup>120</sup> R. Sukma, 'Gagasan Poros Maritim' ('The Idea of Maritime Fulcrum'), *Kompas*, 21 August 2014, <a href="http://bisniskeuangan.kompas.com/read/2014/08/21/080000726/Gagasan.Poros.Maritim">http://bisniskeuangan.kompas.com/read/2014/08/21/080000726/Gagasan.Poros.Maritim</a>, consulted 5 August 2016.

As a goal, 'global maritime fulcrum' can be seen as a call to back to national identity as an archipelagic country. Hopefully, it will manifest in form of Indonesia as a unified, prosperous and dignified maritime power.

As a doctrine, 'global maritime fulcrum' is understood as a guidance of a sense of communal purpose. This doctrine emphasises on Indonesia's geographic, geostrategic and geoeconomic realities in which its future will depend on and simultaneously influence the dynamics in Pacific and Indian Oceans.

Finally, this conceptual idea must be realized as part of national development agenda, such as development of "sea toll" to ensure interinsular connectivity, development of shipping industry and fishery, improvement of sea transportation, and a focus on maritime security.<sup>121</sup>

The concept of GMF was explained further during the East Asia Summit (EAS) in Naypyidaw, Myanmar on 13 November 2014 when the newly elected president Widodo announced the GMF's five main pillars.<sup>122</sup>

While these pillars comprise both domestic and foreign policy aspects, they address existing problems faced by the maritime sector in Indonesia and the growing pressure to solve them. According to Quirk and Bradford,

while the first pillar relates to national pride, the second and third pillar are aimed to boost economic growth and the last two pillars are for securing Indonesia's borders and resources. 123

Another view is offered by Connelly;

the top three pillars are primarily domestic, focusing on culture, fisheries and infrastructure. Only the latter two pillars, dealing with diplomacy and defence, are truly foreign policy issues. 124

The lack of maritime infrastructure connecting the islands, especially the eastern part of Indonesia was the primary focus. Connelly again:

When Jokowi speaks of "returning to the seas", as he urged his compatriots to do in his inaugural address, he means the country's vast archipelagic waters, not the high seas. The heart of the policy, then, appears, to be Jokowi's detailed plans for the investment of billions dollar in port and shipping infrastructure and improved management of fisheries, which are intended to lower costs for trade between Indonesia's western and eastern islands, and to ensure that fisheries are managed to the benefit of the nation. <sup>125</sup>

<sup>&</sup>lt;sup>121</sup> R. Sukma, 'Gagasan Poros Maritim/The Idea of Maritime Fulcrum'.

<sup>122</sup> The five pillars have been mentioned in the previous chapter.

<sup>&</sup>lt;sup>123</sup> S. Quirk, J. Bradford, 'Maritime Fulcrum: A New US Opportunity to Engage Indonesia', *Issues and Insights*, Vol. 15 No. 9, 6 October 2015, p. 2, <a href="https://www.csis.org/analysis/issues-and-insights-vol-15-no-9-maritime-fulcrum-new-us-opportunity-engage-indonesia">https://www.csis.org/analysis/issues-and-insights-vol-15-no-9-maritime-fulcrum-new-us-opportunity-engage-indonesia</a>, consulted 2 September 2016.

<sup>&</sup>lt;sup>124</sup> A.L. Connelly, p. 9.

<sup>&</sup>lt;sup>125</sup> A.L. Connelly, p. 9.

Building maritime infrastructure, particularly the development of "maritime highways", is the programme he actively pushed. Developing "maritime highways" means providing fixed and regular sea transportation networks by organizing sea transportation services and improving port facilities. <sup>126</sup> In Figure 1, we see that this programme is aimed at improving logistics between regions in Indonesia, with plans to build 24 seaports, 5 of which are 'hubs' (red dots) and 19 are 'feeders' (yellow dots).

Figure 1 Maritime Highway Development

Figure removed due to copyright restriction

Source: Indonesia's National Medium Term Development Plan (RPJMN) 2014-2019

In 2016, articulation of the global maritime fulcrum's five pillars confirmed that Joko Widodo's focus was on domestic reform. If his vision has any global-orientation, it is important to determine the extent to which Indonesia projects itself as a maritime power and whether this is manifest in his foreign policy.

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<sup>&</sup>lt;sup>126</sup> B. Prihartono, Pengembangan To Laut dalam RPJMN 2015-2019 dan Implementasi 2015 (The Development of Sea-Toll in the National Medium 2015-2019 and Implementation 2015), Kementerian PPN/Bappenas (Ministry of National Development Planning), 2015, Bappenas, undated, <a href="http://www.bappenas.go.id/files/Pengembangan%20Tol%20Laut%20Dalam%20RPJMN%202015-2019%20Dan%20Implementasi%202015.pdf">http://www.bappenas.go.id/files/Pengembangan%20Tol%20Laut%20Dalam%20RPJMN%202015-2019%20Dan%20Implementasi%202015.pdf</a>, consulted 1 September 2016.

#### Global Maritime Fulcrum as Foreign Policy

It is not without political symbolism that President Widodo announced the five pillars of the GMF at the 9th EAS in November 2014. He was communicating the idea that Indonesia, through the GMF, was reviving a crucial but neglected element of Indonesia's foreign policy, which is its geographical position and identity as a maritime country.

The GMF contains foreign policy elements, not only because the pursuit of these goals will naturally affect the interest of other states, but also, importantly, the idea of GMF cannot be separated from Indonesia's geographical position which has also been a primary determinant of its foreign policy. Anwar argues that the GMF is global in the sense of Indonesia's strategic position at the "cross-roads" between the Pacific and Indian Oceans, and due to the international sea lanes within Indonesian territorial waters. 127 Anwar concludes:

Whatever our policy is, it cannot be simply national. It has to take into account the strategic interests of other countries...So precisely because of our location, our maritime policy has to have global elements; we cannot afford to pretend that we are alone here. If we are somewhere in the Arctic, maybe there are less global elements, but precisely because we are located in the middle of a sea navigation area, whatever we do must have global elements. 128

The foreign policy elements of the GMF can be traced back to the Widodo's Election Manifesto. In particular, it stated that an archipelagic state-oriented foreign policy will be pursued in five key areas: First, promoting "maritime diplomacy" to accelerate the resolution of the country's border disputes; second, ensuring the country's territorial integrity, maritime sovereignty, safety and social welfare in its outer islands; third, securing national resources and the exclusive economic zones (EEZ); fourth, intensifying defence diplomacy; and fifth, diminishing maritime rivalries among major powers and

<sup>128</sup> D.F. Anwar in D. Heriyanto, 'Five Questions: Dewi Fortuna Anwar'.

<sup>&</sup>lt;sup>127</sup> D.F. Anwar in D. Heriyanto, 'Five Questions: Dewi Fortuna Anwar'.

promoting territorial dispute resolution in the region.<sup>129</sup> Overall, a sense of strengthening political sovereignty over Indonesia's archipelagic rights and jurisdictions in its maritime zones, as well as a global maritime role, were featured highly by Widodo.

The promise of strengthening political sovereignty cannot be separated from three fundamental problems highlighted in Widodo's Election Manifesto. As written, one of the problems faced by Indonesia is the degradation of state authority, especially incapacity to detect threats to its territorial sovereignty. Therefore, it follows that he sought to "bring diplomacy back to earth" (*diplomasi membumi*) as a way of demonstrating his promise as a domestic reformer, in contrast to Yudhoyono who was known as international statesman. In foreign policy, it manifests in the strong emphasis on state sovereignty. As argued by Connelly, President Widodo's foreign policy is based on assumptions that:

Indonesia is an archipelagic state whose identity and prosperity is tied to its insular water, and his conviction that Indonesia's dignity depends upon the state's ability to defend itself from multifarious attempts to weaken it from within and without.<sup>133</sup>

In early 2015, in her Annual Press Statement, Foreign Minister Marsudi put forward three priorities for Indonesia's foreign policy: First, maintaining Indonesia's sovereignty, especially the intensification of border diplomacy; secondly, enhancing the protection of Indonesian citizens and legal entities abroad, including the protection for Indonesian migrant workers; and thirdly, intensifying economic diplomacy, especially in the fields of

<sup>&</sup>lt;sup>129</sup> Joko Widodo and Jusuf Kalla, 'Jalan Perubahan Untuk Indonesia yang Berdaulat, Mandiri, dan Berkepribadian, Visi Misi dan Program Aksi Jokowi-Jusuf Kalla 2014' ('Path to Change for a Sovereign, Independent, and Distinctive Indonesia, Vision and Mission and Program of Action Jokowi-Jusuf Kalla 2014'), p. 12.

<sup>&</sup>lt;sup>130</sup> Joko Widodo and Jusuf Kalla, 'Jalan Perubahan Untuk Indonesia yang Berdaulat, Mandiri, dan Berkepribadian, Visi Misi dan Program Aksi Jokowi-Jusuf Kalla 2014' ('Path to Change for a Sovereign, Independent, and Distinctive Indonesia, Vision and Mission and Program of Action Jokowi-Jusuf Kalla 2014'), p. 1-2.

<sup>&</sup>lt;sup>131</sup> A.L. Connelly, p. 1.

<sup>&</sup>lt;sup>132</sup> A.L. Connelly, p. 7.

<sup>&</sup>lt;sup>133</sup> A.L. Connelly, p. 6.

maritime infrastructure, energy, fishery and the protection of the marine environment. 134 Marsudi concludes that Indonesia's diplomacy during Widodo's presidency will orient to its character as a maritime nation, serving the needs of the people, will be pragmatic and conducted in a firm and dignified manner. 135 To reinforce the point, the conclusion drawn is that foreign policy is a function of two features of President Widodo's domestic reform agenda, which are protection of state sovereignty and an emphasis on a maritime development agenda. 136

Two years into his presidency, Widodo's maritime vision remained unclear. He had not formulated, or directed his ministers to formulate a grand strategy for the GMF. Critics argue that he must ask, "what is it that we want?" Marzuki and Priamarizki argues that it works "as a reference point for related stakeholders to fulfil the vision." <sup>137</sup> Nonetheless, the GMF's pillars were not followed by a clear grand strategy. 138 The only progress was institutional, with the establishment of a Coordinating Ministry for Maritime Affairs in 2015. 139 It was assigned to "coordinate, synchronise and control" ministries with responsibilities in maritime affairs, which are the Ministries of Maritime Affairs and Fisheries, Transportation, Energy and Mineral Resources, and Tourism. 140 The absence of a grand strategy, however, made it difficult for the Ministry to make progress. In two

<sup>134</sup> The Ministry of Foreign Affairs Republic of Indonesia, Annual Press Statement Minister for Foreign of Indonesia, 8 Republic January 2015, <a href="http://www.indonesia-ottawa.org/wp-">http://www.indonesia-ottawa.org/wp-</a> content/uploads/2015/01/PPTM-2015-en.pdf>, consulted 5 August 2016.

<sup>135</sup> The Ministry of Foreign Affairs Republic of Indonesia, Annual Press Statement Minister for Foreign Affairs Republic of Indonesia. <sup>136</sup> A.L. Connelly, p. 6.

<sup>&</sup>lt;sup>137</sup> K.I. Marzuki, A. Priamarizki, 'Indonesia's maritime ambitions remain rudderless', East Asia Forum, 2 <a href="http://www.eastasiaforum.org/2016/09/02/indonesias-maritime-ambitions-remain-ambition-a rudderless/>, consulted 12 October 2016.

<sup>&</sup>lt;sup>138</sup> L. Agustino, 'Satu Tahun Pemerintahan Jokowi: Transaksional dan Transformasional', Analisis CSIS, Vol. 44 No.4, 2015, 385-400.

<sup>139</sup> Presidential Regulation No 10 of 2015 on Coordinating Ministry for Maritime Affairs, <a href="http://sipuu.setkab.go.id/PUUdoc/174381/Perpres%20Nomor%2010%20Tahun%202015.pdf">http://sipuu.setkab.go.id/PUUdoc/174381/Perpres%20Nomor%2010%20Tahun%202015.pdf</a>, consulted 5

<sup>&</sup>lt;sup>140</sup> Presidential Regulation No 10 of 2015 on Coordinating Ministry for Maritime Affairs.

years, the Coordinating Minister of Maritime Affairs underwent three changes.<sup>141</sup> While the Ministry set 37 prioritised issues,<sup>142</sup> the absence of a grand strategy meant it was preoccupied with bureaucratic frictions in coordinating the programmes. One case in point was development of a gas project in the Masela Block which was in dispute between the Coordinating Minister for Maritime Affairs and Minister of Energy and Mineral Resources. Both Ministers were reshuffled in July 2016.<sup>143</sup>

Equally importantly, the lack of a grand strategy saw government ministries and agencies individually define and implement the GMF concept.<sup>144</sup> This is because there were no prior consultation with relevant ministries and agencies before the concept of GMF was conceived.<sup>145</sup> Four key ministries are responsible for institutional support for Widodo's maritime policy: the Coordinating Ministry for Maritime Affairs, the Ministries of Foreign Affairs, Marine Resources and Fisheries, and Defence.<sup>146</sup> The Minister of Marine Affairs and Fisheries concentrates separately on managing marine resources, especially illegal fishing, while the Minister of Defence seeks a more prominent role for the military in foreign policy. The Minister of Foreign Affairs, as argued by Fealy and

<sup>&</sup>lt;sup>141</sup> The first minister was Indroyono Soesilo, from January until August 2015. He was a former director of the Fisheries and Aquaculture Resources Use and Conservation Division, Food and Agricultural Organization, United Nations (2012). However, in the first cabinet reshuffle in August 2015, President Widodo replaced him with Rizal Ramli, a former Finance Minister in Megawati's Presidency. In his leadership, Ramli added the ministerial nomenclature into the Coordinating Ministry for Maritime Affairs and Resources. However, until his replacement, this new nomenclature was not finalised due to a disagreement of Vice President, Jusuf Kalla. In the second cabinet reshuffle, July 2016, the minister was again replaced by Luhut Binsar Pandjaitan, a retired general who before served as Coordinating Minister of Politics, Law and Security.

<sup>&</sup>lt;sup>142</sup> Coordinating Ministry for Maritime Affairs, 'Program Kerja', <a href="http://maritim.go.id/program-kerja/">http://maritim.go.id/program-kerja/</a>, consulted 11 September 2016.

<sup>&</sup>lt;sup>143</sup> I. Fadil, '22 Bulan, Kemenko Maritim tiga kali ganti menteri/ In 22 months Coordinating Ministry for Maritime Affairs, three ministerial changes', *Merdeka*, 27 July 2016, <a href="http://www.merdeka.com/politik/22-bulan-kemenko-maritim-tiga-kali-ganti-menteri.html">http://www.merdeka.com/politik/22-bulan-kemenko-maritim-tiga-kali-ganti-menteri.html</a>, consulted 15 August 2016.

<sup>&</sup>lt;sup>144</sup> R. Supriyanto, 'Developing Indonesia's Maritime Strategy Under President Jokowi', 22 February 2016, <a href="http://www.theasanforum.org/developing-indonesias-maritime-strategy-under-president-jokowi-1/">http://www.theasanforum.org/developing-indonesias-maritime-strategy-under-president-jokowi-1/</a>, consulted 15 August 2016.

<sup>&</sup>lt;sup>145</sup> N. Hamilton-Hart and D. McRae, 'Indonesia: Balancing the United States and China, Aiming for Independence'.

<sup>&</sup>lt;sup>146</sup> J.C. Liow and, V. Shekhar, 'Indonesia as a Maritime Power: Jokowi's Vision, Strategies, and Obstacles Ahead'.

White, "seems content to mimic her president's lines". 147 Consequently, when a crosscutting issue appears, different ministers lack coordination, and define and respond to the problem according to their respective programmes. This was on display in the Natuna Seas incidents in 2016, which are analysed in the next chapter.

President's Widodo's commitment seemed not to go too far beyond his original internally oriented maritime vision. Without a background in diplomacy and international politics, Widodo positioned himself as a domestic reformer first and foremost, with a particular emphasis on enhancing maritime infrastructure and strengthening state sovereignty. His international view, or foreign policy content, depended on a team of foreign policy advisers, which sought to internationalize the GMF vision. As explained by Connelly, the team comprised academics that prepped Widodo for his foreign policy debate and formulated the foreign policy sections of Widodo's vision-mission statement. One of the leading foreign policy advisers was Rizal Sukma, Executive Director of the Centre for Strategic and International Studies (CSIS) in Jakarta. Connelly dubbed Sukma as President Widodo's closest foreign policy adviser, who wrote his speeches and comments at major international summits, including the five pillars of the global maritime fulcrum. In December 2015, Sukma was appointed Ambassador to the United Kingdom, Ireland and the International Maritime Organization. After Sukma left, there was no obvious successor.

<sup>&</sup>lt;sup>147</sup> G. Fealy, H. White, 'Indonesia's 'Great Power' Aspirations: A Critical Review', Asia and The Pacific Policy Studies, Vol. 3 Issue 1, January 2016, p. 92-100, <a href="http://onlinelibrary.wiley.com/doi/10.1002/app5.122/full">http://onlinelibrary.wiley.com/doi/10.1002/app5.122/full</a>, consulted 25 August 2016.

<sup>&</sup>lt;sup>148</sup> A.L. Connelly, p. 10-11.

<sup>&</sup>lt;sup>149</sup> A.L. Connelly, p. 10-11.

<sup>&</sup>lt;sup>150</sup> A.L. Connelly, p. 12.

<sup>&</sup>lt;sup>151</sup> 'Jokowi Inaugurates Ambassadors at State Palace', *Tempo*, 23 December 2015 <a href="http://en.tempo.co/read/news/2015/12/23/055730208/Jokowi-Inaugurates-Ambassadors-at-State-Palace">http://en.tempo.co/read/news/2015/12/23/055730208/Jokowi-Inaugurates-Ambassadors-at-State-Palace</a>, consulted 25 August 2016.

Another leading foreign policy adviser is Luhut Pandjaitan, a retired General who had greater influence over Widodo's foreign policy. Luhut relationship with President Widodo goes back further than any of Widodo's advisers on foreign policy, especially Luhut's financial contribution during presidential campaign. 152 During the stages of Widodo's administration, he held dual positions as Coordinating Minister of Politics, Law, and Security and Presidential Chief of Staf. In his latter position, he requested a career diplomat to serve as a deputy for international affairs in his office. 153 The placement of this deputy, as argued by Connelly, enabled Luhut potentially to have greater influence over foreign policy.<sup>154</sup> Luhut had important roles in consolidating Widodo's political powerbase, within his cabinet and in relations with the most prominent political party, GOLKAR (the Functional Groups Party). His connection with GOLKAR's newly elected leader has overturned the party's neutral position to be one of government's coalition. 155 However, in the July 2016 cabinet reshuffle, Luhut was moved to the post of Coordinating Minister for Maritime Affairs and Resources. Syailendra argues that his appointment to a less prestigious position, appeared to show that Widodo "is still the man in charge of his administration" and as a way to stay loyal to his nominating party, PDIP. 156

At the same time, the role of Foreign Affairs Minister has diminished under Widodo. As pointed out earlier, Widodo's domestic economic growth-oriented foreign policy directed new policy roles to functional ministries, not the Foreign Affairs Ministry. Consequently, the task of Foreign Minister was "mainly representational and technical, not policy making." With a limited Foreign Affairs Ministry and foreign policy advisors

<sup>&</sup>lt;sup>152</sup> A.L. Connelly, p. 11.

<sup>&</sup>lt;sup>153</sup> A.L. Connelly, p. 10-11.

<sup>&</sup>lt;sup>154</sup> A.L. Connelly, p. 10-11.

E.A. Syailendra, 'Jokowi and the Luhut Factor', *East asia Forum*, 27 August 2016, <a href="http://www.eastasiaforum.org/2016/08/27/jokowi-and-the-luhut-factor/">http://www.eastasiaforum.org/2016/08/27/jokowi-and-the-luhut-factor/</a>, consulted 2 October 2016.

<sup>&</sup>lt;sup>156</sup> E.A. Syailendra, 'Jokowi and the Luhut Factor'.

<sup>&</sup>lt;sup>157</sup> D.E. Weatherbee, p. 9.

behind President Widodo, focussed on domestic economy affairs. President Widodo found it more difficult to translate the idea of the GMF into a global strategy than anticipated by his foreign affairs team.

# **Consequences for Indonesia's Foreign Policy**

Since domestic policy informs President Widodo's foreign policy, the GMF was a function of two features of his domestic reform agenda; protection of state sovereignty and a maritime development agenda. In his inauguration speech as a President, October 2014, Widodo argued that Indonesia's future is at sea, as long as Indonesia benefits from its economic potential.<sup>158</sup>

This is no simple task. He highlighted illegal fishing, where Indonesia lost approximately IDR300 trillion (US\$3b) annually. In 2014, there were 5,400 illegal fishing vessels operating in Indonesian waters. Additionally, as an archipelagic state comprising 18,108 islands stretching 7.9 million square kilometres (including its exclusive economic zone), annually are many, especially the outer islands, face the problem of unconnectedness. Successive Indonesian governments were slow to develop efficient interisland passenger

<sup>&</sup>lt;sup>158</sup> President Joko Widodo stated in his inaugural speech, October 2014, and in many occasions. E. Prasetyo, 'Indonesia's Future is at sea, Maritime Development Crucial: Jokowi', *Jakarta Globe*, 15 June 2016, <a href="http://jakartaglobe.beritasatu.com/news/indonesias-future-sea-maritime-development-crucial-jokowi/">http://jakartaglobe.beritasatu.com/news/indonesias-future-sea-maritime-development-crucial-jokowi/</a>, consulted 15 August 2016.

<sup>&</sup>lt;sup>159</sup> H. Widhiarto, 'Jokowi Declares War Illegal Fishing', *The Jakarta Post*, 18 November 2014, < http://www.thejakartapost.com/news/2014/11/18/jokowi-declares-war-illegal-fishing.html>, consulted 25 August 2016.

<sup>&</sup>lt;sup>160</sup> R. Cribb, M. Ford, 'Indonesia as an Archipelago: Managing Islands, Managing the Seas', in R. Cribb, M. Ford, *Indonesia Beyond the Water's Edge*, ISEAS, Singapore, 2009, p. 1.

<sup>&</sup>lt;sup>161</sup> J.C. Liow, V. Shekhar, 'Indonesia as a Maritime Power: Jokowi's Vision, Strategies, and Obstacles Ahead', Brookings, 7 November 2014, <a href="https://www.brookings.edu/articles/indonesia-as-a-maritime-power-jokowis-vision-strategies-and-obstacles-ahead/">https://www.brookings.edu/articles/indonesia-as-a-maritime-power-jokowis-vision-strategies-and-obstacles-ahead/</a>, consulted 19 August, 2016.

network and cargo services. 162 Consequently, Indonesia suffers from poor port infrastructure and management, 163 and cannot benefit from its own geoeconomy.

The economic-related agenda of the GMF was the most salient foreign policy goal of the GMF. Widodo's foreign agenda concentrated on developing maritime infrastructure and combating illegal fishing. In regards to the first, he realised that Indonesia cannot rely on state budget alone. As pointed out earlier, China was targeted as a reliable funding. During President Widodo's second visit to China in March 2015, President Xi promised to support Indonesia in developing maritime infrastructure, both by encouraging Chinese firms to invest and by sponsoring projects through the AIIB and Silk Road Fund. Growing ties with China are a consequence, it can be argued, of Widodo's foreign policy goal of intensifying economic diplomacy. Parameswaran argues that "this (goal) may be taken to a whole new level in the Jokowi years", especially in regards to Indonesia's need for infrastructure, foreign investment and new sources of growth.

Because illegal fishing was priority of President Widodo's maritime agenda, Indonesia could not avoid heightened tension with its neighbours and China. Accordingly, Indonesia's tougher stance on illegal fishing was perceived as an assertive Indonesia. The Ministry of Marine Affairs and Fisheries adopted a "sink the vessels" policy when implementing the GMF. While the policy against illegal fishing was adopted after Yudhoyono's Presidency, President Widodo's administration with its minister, Susi Pudjiastuti, applies a tougher stance by adopting a "sink the vessels" policy. 166 This new

<sup>&</sup>lt;sup>162</sup> R. Cribb, M. Ford, 'Indonesia as an Archipelago: Managing Islands, Managing the Seas', p. 20.

<sup>&</sup>lt;sup>163</sup> D. Ray, 'Indonesian Port Sector Reform and the 2008 Shipping Law', in R. Cribb, M. Ford, 'Indonesia as an Archipelago: Managing Islands, Managing the Seas', p. 104-105.

<sup>&</sup>lt;sup>164</sup> S. Tiezzi, 'Indonesia, China Seal 'Maritime Partnership'', *The Diplomat*, 27 March 2015, <a href="http://thediplomat.com/2015/03/indonesia-china-seal-maritime-partnership/">http://thediplomat.com/2015/03/indonesia-china-seal-maritime-partnership/</a>, consulted 15 August 2016.

<sup>&</sup>lt;sup>165</sup> P. Parameswaran, 'The Trouble with Indonesia's Foreign Policy Priorities Under Jokowi', *The Diplomat*, 9 January 2015, <a href="http://thediplomat.com/2015/01/the-trouble-with-indonesias-foreign-policy-priorities-under-jokowi/">http://thediplomat.com/2015/01/the-trouble-with-indonesias-foreign-policy-priorities-under-jokowi/</a>, consulted 15 August 2016.

<sup>&</sup>lt;sup>166</sup> R. Supriyanto, 'Developing Indonesia's Maritime Strategy Under President Jokowi'.

policy was aimed at publicly sinking illegal fishing vessels operating in Indonesia's maritime zone. President Widodo argued that this was a kind of "shock therapy" approach, delivering a message that Indonesia is determined to defend its national sovereignty. As a result, after October 2014, Indonesia sank more than 170 foreign vessels. Most were from Vietnam, the Philippines, Malaysia, and Thailand (See figure 2).

It must be noted that Indonesia did not apply this policy fairly to all foreign vessels. Parameswaran observes that "Jakarta has thus far been toughest on 'small fish' rather than vessels from bigger countries like China". <sup>169</sup> He concluded that this cannot be separated from the fact that Indonesia has limited capability "to police its own water". <sup>170</sup>

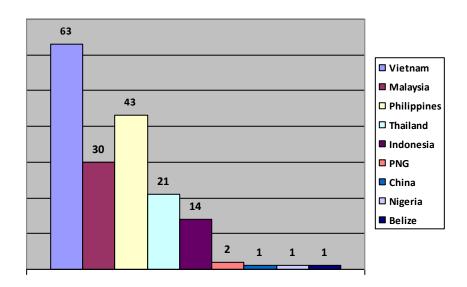


Figure 2 The Origin of Foreign Vessels Sunk Oct 2014-May 2016

Source: Ministry of Maritime Affairs and Fisheries, 2016<sup>171</sup>

<sup>&</sup>lt;sup>167</sup> P. Parameswaran, 'Explaining Indonesia's Sink the Vessels Policy Under Jokowi', *The Diplomat*, 13 January 2015, < http://thediplomat.com/2015/01/explaining-indonesias-sink-the-vessels-policy-under-jokowi/>, consulted 15 August 2016.

<sup>&</sup>lt;sup>168</sup> P. Parameswaran, 'Indonesia's War on Illegal Fishing Gets a Technology Boost', *The Diplomat*, 28 April 2016, <a href="http://thediplomat.com/2016/04/indonesias-war-on-illegal-fishing-gets-a-technology-boost/">http://thediplomat.com/2016/04/indonesias-war-on-illegal-fishing-gets-a-technology-boost/</a>, consulted 15 August 2016.

<sup>&</sup>lt;sup>169</sup> P. Parameswaran, 'Explaining Indonesia's Sink the Vessels Policy Under Jokowi'.

<sup>&</sup>lt;sup>170</sup> P. Parameswaran, 'Explaining Indonesia's Sink the Vessels Policy Under Jokowi'.

Ministry of Marine Affairs and Fisheries Republic of Indonesia, 'Data Rekapitulasi Penenggelaman Kapal Illegal Fishing Periode Oktober 2014-Desember 2015' <a href="http://djpsdkp.kkp.go.id/arsip/c/273/Data-1016">http://djpsdkp.kkp.go.id/arsip/c/273/Data-1016</a>

Apart from Parameswaran's view that unfair practices are related to Indonesia's lack of capability, China's growing influence does matter. After October 2014, only one Chinese vessel was sunk, which is shown in Chart 1. In the 2016 round of sinkings, which corresponded with Indonesia's Independence Day celebrations in August, none of the 60 foreign vessels which were sunk were Chinese. Two Chinese vessels that were impounded near the Natuna Islands in May and June were prepared to be scuttled one month before. The sinking was delayed at Jakarta's request. Ageculation was rife as to who gave the request and why it was done. Arguably, compromises were made to accommodate China's anger. It is also likely that, in order to minimise the reaction from its Southeast Asian states whose vessels were sunk, the Indonesian government avoided publicity by not making propaganda points. The media, including the national television broadcaster, was banned from the sinkings. Additionally, government officials refused to provide details on the countries of origin of the boats that were sunk.

Overall, the operating principles of Indonesia's foreign policy, "independent and active/bebas-aktif" have been unchanged. As President Widodo and his Foreign Minister asserted on many occasions, "[we] will continue to exercise our independent and

Rekapitulasi-Penenggelaman-Kapal-Illegal-Fishing-periode-Oktober-2014-Desember-

<sup>2015/?</sup>category\_id=35>, consulted 28 August 2016; Ministry of Marine Affairs and Fisheries Republic of Indonesia, 'Grafik Data Penenggelaman Kapal Illegal Fishing Tahun 2016', <a href="http://djpsdkp.kkp.go.id/arsip/c/345/grafik-data-peneggelaman-kapal-illegal-fishing-tahun-2016/?category\_id=35">http://djpsdkp.kkp.go.id/arsip/c/345/grafik-data-peneggelaman-kapal-illegal-fishing-tahun-2016/?category\_id=35>, consulted 28 August 2016.

<sup>&</sup>lt;sup>172</sup> R.L. Pattiradjawane, 'Gagal Paham Kelautan', KOMPAS, 20 August 2016.

<sup>&</sup>lt;sup>173</sup> R.L. Pattiradjawane, 'Gagal Paham Kelautan'.

<sup>&</sup>lt;sup>174</sup> R.L. Pattiradjawane, 'Gagal Paham Kelautan'.

<sup>&</sup>lt;sup>175</sup> R.L. Pattiradjawane, 'Gagal Paham Kelautan'.

<sup>176</sup> F. Syam, A. Kotarumalos, 'Indonesia Marks Independence Day by Sinking Illegal Ships', 17 August 2016, <a href="http://bigstory.ap.org/article/9aee6ed58021438e9a49644f26776ab9/indonesia-marks-independence-day-sinking-illegal-ships">http://bigstory.ap.org/article/9aee6ed58021438e9a49644f26776ab9/indonesia-marks-independence-day-sinking-illegal-ships</a>, consulted 29 August 2016; Okezone, 'Lantamal XIV Sorong Larang Wartawan Liput Pemusnahan Kapal', *Okezone News*, 18 August 2016, <a href="http://news.okezone.com/read/2016/08/18/340/1466714/lantamal-xiv-sorong-larang-wartawan-liput-pemusnahan-kapal-">http://news.okezone.com/read/2016/08/18/340/1466714/lantamal-xiv-sorong-larang-wartawan-liput-pemusnahan-kapal-</a>, consulted 29 August 2016.

<sup>177</sup> Ministry of Marine Affairs and Fisheries Republic of Indonesia, 'Hari Kemerdekaan, Pemerintah Tenggelamkan 60 Kapal Illegal Fishing (Independence Day, The Government Sank 60 Vessels)', <a href="http://kkp.go.id/2016/08/17/hari-kemerdekaan-pemerintah-tenggelamkan-60-kapal-illegal-fishing/">http://kkp.go.id/2016/08/17/hari-kemerdekaan-pemerintah-tenggelamkan-60-kapal-illegal-fishing/</a>, consulted 25 August 2016.

<sup>&</sup>lt;sup>178</sup> D. Weatherbee, p. 1.

active foreign policy dedicated for the national interest".<sup>179</sup> However, the priority to boost investment for his maritime agenda meant that President Widodo took a different path from his predecessors. As President Widodo said:

Our [foreign] policy is free and active, befriend all countries but [we will put first] those who give the most benefits to the people... what is the point of having many friends but we only get the disadvantages? Many friends should bring many benefits... if it is not beneficial, I won't do it. 180 It Widodo focuses on foreign relations as long as it helps foreign investment and trade. 181 While China is actively pursuing Indonesia and providing infrastructure funding, President Widodo will regard China as an important partner, 182 even the most important partner, compared to other ASEAN member countries. 183 Javadi argues that potential economic relations means that Indonesia "is willing to make several exceptions in favour of China, but not the extent of making obvious pro-China policy in fundamental issues". 184

#### Conclusion

Although the vision of a global maritime fulcrum is mainly domestically oriented, it has obvious regional and international dimensions. Because its 'five pillars' were announced at the EAS Summit in November 2014, it must have been projected to become a key component of Indonesia's foreign policy under Widodo. The "global" aspects of the

<sup>&</sup>lt;sup>179</sup> Jakarta Globe, 'Jokowi's Inaugural Speech as Nation's Seventh President', *Jakarta Globe*, <a href="http://jakartaglobe.beritasatu.com/news/jokowis-inaugural-speech-nations-seventh-president/">http://jakartaglobe.beritasatu.com/news/jokowis-inaugural-speech-nations-seventh-president/</a>, consulted 29 August 2016.

<sup>&</sup>lt;sup>180</sup> R. Wardhy, 'Jokowi signals break 'thousand friends' foreign policy', *Jakarta Globe*, 17 November 2014, <a href="http://jakartaglobe.beritasatu.com/news/jokowi-signals-break-thousand-friends-foreign-policy/">http://jakartaglobe.beritasatu.com/news/jokowi-signals-break-thousand-friends-foreign-policy/</a>, consulted 29 August, 2016.

<sup>&</sup>lt;sup>181</sup> J. Mcbeth, 'Indonesia has these bigger fish to fry than South China Sea', *South China Morning Post*, 6 August 2016, <a href="http://www.scmp.com/week-asia/geopolitics/article/1999595/indonesia-has-these-bigger-fish-fry-south-china-sea">http://www.scmp.com/week-asia/geopolitics/article/1999595/indonesia-has-these-bigger-fish-fry-south-china-sea</a>, consulted 25 August 2016.

<sup>&</sup>lt;sup>182</sup> C. Wong, 'Indonesian Presidents Emphasis Development Boosts China', *South China Morning Post*, 26 August 2016, <a href="http://www.scmp.com/news/china/diplomacy-defence/article/2004622/indonesian-presidents-emphasis-development-boosts-china">http://www.scmp.com/news/china/diplomacy-defence/article/2004622/indonesian-presidents-emphasis-development-boosts-china</a>, consulted 25 August 2016.

<sup>&</sup>lt;sup>183</sup> R.L. Pattiradjawane, 'Bilateral RI-RRT', Kompas, 5 September 2016.

<sup>&</sup>lt;sup>184</sup> T. Javadi, 'Indonesia's China Strategy: Flexible Hedging', *The National Interest*, 20 April 2016, <a href="http://nationalinterest.org/feature/indonesias-china-strategy-flexible-hedging-15843">http://nationalinterest.org/feature/indonesias-china-strategy-flexible-hedging-15843</a>, consulted 29 August 2016.

vision were not prioritised as one might have anticipated, to identify the way in which Indonesia, as a maritime fulcrum increased its international role or maintained itself amidst rivals, particularly in the South China Sea. In 2016, the GMF mainly defined Indonesia's foreign policies in a way that served the two features of President Widodo's domestic reform agenda: protection of state sovereignty and maritime development agenda.

The core issue of the GMF is defending state sovereignty by taking a tougher stance against illegal fishing and boosting economic diplomacy to rebuild maritime connectivity. However, both are related inextricably to the rise of China. On the one hand, President Widodo has to consider China as an important partner. On the other hand, Indonesia is uncertain over how to balance its fundamental interest in protecting sovereignty with the need to boost ties with China through enhanced economic diplomacy. The uncertainty is illustrated clearly when Indonesia had to deal with China over three incidents in the Natuna Islands in 2016, which are analysed in the next chapter.

<sup>&</sup>lt;sup>185</sup> C. Wong, 'Indonesian Presidents Emphasis Development Boosts China', South China Morning Post.

#### **CHAPTER 2**

# INDONESIA-CHINA RELATIONS IN THE ERA OF JOKO WIDODO: ECONOMIC MATTERS AND BEYOND

"The two sides held the view that the initiative of the 21st-Century Maritime Silk Road proposed by President Xi Jinping and the strategy of the Global Maritime Fulcrum initiated by President Joko Widodo are highly complementary to each other." 186

#### Introduction

The previous chapter analysed Widodo's foreign policy vision of a GMF and argued that it is a function of two features of the President's domestic reform agenda: protection of state sovereignty and maritime sector development. Both of these goals are related inextricably to China as a potential key source of necessary investment for maritime infrastructure projects; and a challenge for protecting Indonesian territorial integrity and sovereignty over its EEZ. This chapter specifically assesses Indonesia-China relations in the era of President Widodo. It begins with an analysis of how China engages with the GMF vision. The emergence of infrastructure projects in Indonesia, particularly the case of Jakarta-Bandung high-speed railway project, is explored to examine how Indonesia began to involve China in its new infrastructure diplomacy. The chapter concludes by arguing that Indonesia's China foreign policy is very much concerned about gaining financial support for President Widodo's infrastructure agenda, downplaying the likelihood that investing in infrastructure projects are more in China's strategic interests and go beyond economic matters.

<sup>186</sup> 

Ministry of Foreign Affairs of the People's Republic of China, 'Joint Statement on Strengthening Comprehensive Strategic Partnership between the People's Republic of China and The Republic of Indonesia',
27
March
2015,

<sup>&</sup>lt;a href="http://www.fmprc.gov.cn/mfa\_eng/wjdt\_665385/2649\_665393/t1249201.shtml">http://www.fmprc.gov.cn/mfa\_eng/wjdt\_665385/2649\_665393/t1249201.shtml</a>, consulted 28 September 2016.

#### China's Engagement to the GMF Vision

When President Widodo came into power in 2014, he inherited a well-established relationship with China. Is Indonesia established "a Strategic and Comprehensive Partnership" with China in 2013, upgrading the relationship from "a Strategic Partnership" in April 2005. Is According to Storey, the term "strategic partnership" is used by China to depict relation with major powers, such as the US and Russia, but it has not been applied previously to any other ASEAN states. Is The 'partnership' was a significant step for Indonesia-China relations. Relations are not only commercial, but extend to political, security, social and cultural cooperation. Public and elite perceptions of China have improved. It is no longer perceived as a threat to national security.

Public perceptions of China are always a significant factor in Indonesia-China relations. These perceptions were shaped by two factors: anti-communism and long-standing animosity towards Chinese Indonesians. <sup>192</sup> They were very influential during the Soekarno and Soeharto regimes. Under President Soeharto, China was characterized as the main source of threat. <sup>193</sup> The threats not only refer to China and the Chinese Communist Party, but also to ethnic Chinese, or what Sukma called "triangle threats". <sup>194</sup> Since the 'communist threat' was a basis for regime legitimacy during the Cold War, it is

<sup>&</sup>lt;sup>187</sup> G. Priyandita, 'Don't Expect too much from growing Sino-Indonesia Ties', *East Asia Forum*, 7 November 2015, <a href="http://www.eastasiaforum.org/2015/11/07/dont-expect-too-much-from-growing-sino-indonesia-ties/">http://www.eastasiaforum.org/2015/11/07/dont-expect-too-much-from-growing-sino-indonesia-ties/</a>, consulted 28 August 2016.

<sup>&</sup>lt;sup>188</sup> Y. Fukuoka, K. Verico, 'Indonesia-China Economic Relations in the Twenty-First Century: Opportunities and Challenges' in Y.-C. Kim (ed.), *Chinese Global Production Networks in ASEAN*, Understanding China, Springer International Publishing, Switzerland, 2016, p. 54.

<sup>&</sup>lt;sup>189</sup> I. Storey, 'Indonesia and China Ambivalent Relations', *Southeast Asia and the Rise of China: The Search for Security*, Routledge, London, 2011, p. 204.

<sup>&</sup>lt;sup>190</sup> Y. Fukuoka, K. Verico, p. 53.

<sup>&</sup>lt;sup>191</sup> I. Storey, p. 192.

<sup>&</sup>lt;sup>192</sup> I. Storey, p. 192.

<sup>&</sup>lt;sup>193</sup> R. Sukma, "Indonesia's Response to the Rise of China: Growing Comfort amid Uncertainties" in Jun Tsunekawa (ed.), The Rise of China: Response from Southeast Asia and Japan, The National Institute for Defense Studies, Japan, 2009, p. 141.

<sup>&</sup>lt;sup>194</sup> R. Sukma, p. 142.

understandable that Indonesia took more than two decades to restore relations with China. 195

Regime changes in 1998 in Indonesia paved the way for significant advances in Indonesia-China relations. <sup>196</sup> There were two important drivers for this development: the military's progressive removal from power <sup>197</sup> and an imperative for the national economy to recover in the aftermath of the 1997/98 Asian Financial Crisis. <sup>198</sup> Bilateral relations improved gradually, as can be seen in Table 1 below.

Table 1 Evolution of Indonesia-China Relations 1950-2015<sup>199</sup>

Soekarno	13 April 1950: Indonesia-China diplomatic relations		
(August 1945-March 1966)	In 1960s, China was held as an ideological ally		
Soeharto (March 1966-May 1998)	<ul> <li>9 October 1967: The suspension of Indonesia-China diplomatic relations due to September 1965 movement</li> <li>5 July 1985: Memorandum of Understanding on direct trade relations between Indonesia and China</li> </ul>		
	3 July 1990: The Resumption of the Diplomatic Relations between the Two Countries		
Habibie (May 1998-October 1999)	Ending discrimination against Chinese ethnic in Indonesia		
Abdurrahman Wahid (October 1999-July 2001)	"Look towards Asia" Policy aimed to pursue closer relations with Asian neighbours, including China		
Megawati (July 2001-September 2004)	Reopening Bank of China branch in Jakarta.  Starting cooperation in energy sectors, especially gas and oil		

<sup>&</sup>lt;sup>195</sup> R. Sukma, p. 143.

<sup>&</sup>lt;sup>196</sup> G. Nabs-Keller, 'The Impacts of Democratisation on Indonesia's Foreign Policy', *Thesis*, School of Government and International Relations, Griffith Business School, Griffith University, October 2013.

<sup>&</sup>lt;sup>197</sup> I. Storey, p. 200.

<sup>&</sup>lt;sup>198</sup> Y. Fukuoka, K. Verico, p. 53.

<sup>&</sup>lt;sup>199</sup> Collaborated by the author from I. Storey, 'Indonesia and China Ambivalent Relations', *Southeast Asia and the Rise of China: The Search for Security*, Routledge, London, 2011 and R. Sukma, 'Hubungan Indonesia-Republik Rakyat Cina: Jalan Panjang Menuju Normalisasi', in B. Bandoro, *Hubungan Luar Negeri Indonesia Selama Orde Baru*, CSIS, Jakarta, 1994.

Susilo Bambang Yudhoyono	25 April 2005: Declaration on Building Strategic			
(September 2004-October 2014)	Partnership			
	2 October 2013: Future Direction of Indonesia-China			
	Strategic and Comprehensive Partnershipf			
Joko Widodo	27 March 2015: Joint Statement on Strengthening			
(October 2014-now)	Comprehensive Strategic Partnership between the People's Republic of China and The Republic of Indonesia			

Economic imperatives drove the bilateral relationship in 2016. While Widodo's Presidency continues a strong partnership established gradually after 1998, there is a significant difference, especially the way in which both countries address their maritime vision in the bilateral relationship. The Joint Statement on Comprehensive Strategic Partnership in March 2015 strengthened maritime cooperation. If, in the "old Comprehensive Strategic Partnership", maritime cooperation dealt only with navigation safety, maritime security, naval cooperation, marine scientific research and environmental protection, maritime search and rescue, fisheries as well as blue economy,<sup>200</sup> the new maritime cooperation focussed on trade, investment, and economic development.

The two sides held the view that the initiative of the 21st-Century Maritime Silk Road proposed by President Xi Jinping and the strategy of the Global Maritime Fulcrum initiated by President Joko Widodo are <u>highly complementary</u> to each other. The two sides agreed to synergize them to each other's advantages, strengthen strategy and policy communications, advance maritime infrastructure connectivity, deepen cooperation in industrial investment and major project construction, enhance practical cooperation in maritime economy, maritime culture, maritime tourism, so as to develop a Maritime Partnership together.<sup>201</sup>

The new partnership connected Indonesia and China's maritime visions: the Global Maritime Fulcrum and Maritime Silk Road (MSR). Indonesia-China relations under

Ministry of Foreign Affairs Republic of Indonesia, 'Future Direction Of Indonesia-China Comprehensive Strategic Partnership', 2 October 2013, <a href="http://kemlu.go.id/Documents/RI-RRT/Joint%20Statement%20Comprehensive%20Strategic%20Partnership.pdf">http://kemlu.go.id/Documents/RI-RRT/Joint%20Statement%20Comprehensive%20Strategic%20Partnership.pdf</a>, consulted 28 September

Ministry of Foreign Affairs of the People's Republic of China, 'Joint Statement on Strengthening Comprehensive Strategic Partnership between the People's Republic of China and The Republic of Indonesia'.

President Widodo's Presidency cannot be separated from the "complementarity" between these maritime visions. It explains China's interest in the GMF vision.

The idea of "complementarity" was not raised when the GMF was initially proposed. China did not immediately show interest. It was triggered, it seems, by a military move on the part of the US. Two days after President Widodo announced his Cabinet on 26 October 2016, the US Secretary of the Navy, Roy Mabus, visited Medan to meet the crew of the USS Rodney M. Davis, a guided missile frigate that had just conducted a joint exercise with the Indonesian Navy. In a press briefing, Mr Mabus declared that the US supported Widodo's maritime vision: "We are very interested in the commitment of President Joko Widodo's administration. That is why we hope to improve the cooperation with Indonesia in the maritime sector." <sup>202</sup>

Days later, on 2 November 2014, Chinese Foreign Minister Wang Yi visited Jakarta. He met President Widodo and Foreign Minister Retno Marsudi. Wang stated that "the ideas of China and Indonesia coincide with each other. China is willing to actively participate in Indonesia's process of building a maritime power and to take Indonesia as the most important partner in building the Maritime Silk Road of the 21st Century". <sup>203</sup> This statement was welcomed by President Widodo who responded that "Indonesia is on

<sup>&</sup>lt;sup>202</sup> A. Gunawan, 'Us Seeks To Improve Maritime Cooperation With Indonesia', 28 October 2014, *The Jakarta Post*, <a href="http://forbes.house.gov/components/redirect/r.aspx?id=467481-69653587">http://forbes.house.gov/components/redirect/r.aspx?id=467481-69653587</a>, Consulted 28 September 2016.

<sup>&</sup>lt;sup>203</sup> Ministry of Foreign Affairs of the People's Republic of China, 'Wang Yi: Forging China-Indonesia Comprehensive Strategic Partnership in Name and in Fact', 3 November 2014,

<sup>&</sup>lt;a href="http://www.fmprc.gov.cn/mfa">http://www.fmprc.gov.cn/mfa</a> eng/zxxx 662805/t1207480.shtml>, consulted 28 September 2016.

the other way of developing into a maritime power, while China proposes to build the Maritime Silk Road of the 21st century; the two initiatives highly fit with each other". <sup>204</sup>

China announced the idea of MSR in the Indonesian Parliament in October 2013, but President Yudhoyono did not respond immediately.<sup>205</sup> Though not as central as Widodo, Yudhoyono's government was also attentive to maritime issues. It should be remembered that the MSR was announced in the context of ASEAN, not Indonesia exclusively. Xi Jinping stated that:

China is committed to greater connectivity with ASEAN countries. China will propose the establishment of an Asian infrastructure investment bank that would give priority to ASEAN countries' needs. Southeast Asia has since ancient times been an important hub along the ancient Maritime Silk Road. China will strengthen maritime cooperation with ASEAN countries to make good use of the China-ASEAN Maritime Cooperation Fund set up by the Chinese government and vigorously develop maritime partnership in a joint effort to build the Maritime Silk Road of the 21st century. China is ready to expand its practical cooperation with ASEAN countries across the board, supplying each other's needs and complementing each other's strengths, with a view to jointly seizing opportunities and meeting challenges for the benefit of common development and prosperity. 206

Bearing all this in mind, Widodo's vision of the GMF committed both countries to closer maritime cooperation. China's interest in the GMF is in infrastructure development.<sup>207</sup> It is eager to pursue possible "complementarities" between the GMF and MSR as an entry point for investment in Indonesia's maritime infrastructure projects. It is necessary to view the China's intentions with caution. China under Xi's stewardship set a slower rate of growth for the national economy, which it calls China's 'new normal'. There is major overcapacity in many infrastructure-related industries, such as steel,

<sup>206</sup> ASEAN-China Centre, 'Speech by Chinese President Xi Jinping to Indonesian Parliament', 3 October 2013, <a href="http://www.asean-china-center.org/english/2013-10/03/c\_133062675.htm">http://www.asean-china-center.org/english/2013-10/03/c\_133062675.htm</a>, consulted 28 September 2016.

<sup>&</sup>lt;sup>204</sup> L. Suryadinata, 'Indonesia to be Maritime Power? Not so fast', *Strait Times*, 11 December 2014, <a href="http://www.straitstimes.com/opinion/indonesia-to-be-maritime-power-not-so-fast">http://www.straitstimes.com/opinion/indonesia-to-be-maritime-power-not-so-fast</a>, consulted 28 September 2016.

<sup>&</sup>lt;sup>205</sup> L. Suryadinata, 'Indonesia to be Maritime Power? Not so fast'.

<sup>&</sup>lt;sup>207</sup> J.C. Liow, V. Shekhar, 'Indonesia as a Maritime Power: Jokowi's Vision, Strategies, and Obstacles Ahead', Brookings.

aluminum, cement, and coal.<sup>208</sup> During the Global Financial Crisis in 2008, these sectors were the beneficiaries of a massive government stimulus package which caused over-investment in fixed assets. China requires outward infrastructure investment to absorb this overcapacity.<sup>209</sup> It is in China's interests to take advantage of the huge market for upgrading infrastructure in Southeast Asia, including Indonesia, and beyond.

Secondly, Indonesia's maritime projects, especially its "maritime highways" and ports may become an integral part of China's MSR.<sup>210</sup> As we can see from Figure 3, the MSR is intended to promote connectivity between China and Eurasia.

Figure 3 Chinese New Silk Road

Figure removed due to copyright restriction

Source: T. Shaohui, 'Chronology of China's Belt and Road Initiative', *Xinhua*, 24 June 2016, <a href="http://news.xinhuanet.com/english/2016-06/24/c\_135464233.htm">http://news.xinhuanet.com/english/2016-06/24/c\_135464233.htm</a>, consulted 30 July 2016.

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<sup>&</sup>lt;sup>208</sup> Zhao Hong, 'China's New Maritime Silk Road: Implications and Opportunities for Southeast Asia', *Trends in Southeast Asia* No. 3, ISEAS, Singapore, 2015, p. 5.

<sup>&</sup>lt;sup>209</sup> Zhao Hong, p. 14.

<sup>&</sup>lt;sup>210</sup> C.P.F. Luhulima, 'Superimposition of China's 'Silk Road' and Indonesia's Maritime Fulcrum', *The Jakarta Post*, 13 December 2014.

Among five major areas of connectivity, which are policy coordination, infrastructure construction (including railways and highways), unimpeded trade, financial integration and people-to-people ties, infrastructure construction is the dominant feature.<sup>211</sup> Luhulima argues that "Indonesia's super maritime highway is definitely in China's interest."<sup>212</sup> When President Widodo officially revealed his five-year programme at the APEC Meeting in November 2014, one of the plans was to build 24 seaports and deep seaports in Indonesia. These include Kuala Tanjung Port (Sumatera Island), Tanjung Priok (Java Island/Jakarta), Tanjung Emas (Java Island), Makassar (Sulawesi Island), and Bitung (Sulawesi Island). If we have a look to the map (Image 3.1), Kuala Tanjung and Tanjung Priok Ports are along the planned route of the MSR. Kuala Tanjung Port, which is strategically located in the straits of Malacca,<sup>213</sup> will potentially be the largest transit hub.<sup>214</sup> With Bitung Port, it is identified as a future international Hub Port in the Master Plan for Accelerating and Expansion Indonesia's Economic Development (known as MP3EI),<sup>215</sup> as discussed in the previous chapter.

For Indonesia, gaining access to Chinese funding, especially from the AIIB and the Silk Road Fund, is the main reason why possible complementarities were mentioned.<sup>216</sup> AIIB is a multilateral financial institution to provide capital for China's One Belt One Road initiative: the Silk Road Economic Belt and 21<sup>st</sup> Maritime Silk Road. The Silk Road

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<sup>&</sup>lt;sup>211</sup> Junhua Zhang, 'What's Driving China's One Belt, One Road Initiative', East Asia Forum, 2 September 2016, <a href="http://www.eastasiaforum.org/2016/09/02/whats-driving-chinas-one-belt-one-road-initiative/">http://www.eastasiaforum.org/2016/09/02/whats-driving-chinas-one-belt-one-road-initiative/</a>, consulted 28 September 2016.

<sup>&</sup>lt;sup>212</sup> C.P.F. Luhulima, 'Superimposition of China's 'Silk Road' and Indonesia's Maritime Fulcrum'.

<sup>&</sup>lt;sup>213</sup> Port of Rotterdam, 'Port of Rotterdam Authority Wants to Construct A Deep Sea Port In Indonesia', *Press Release*, 31 August 2015,

<sup>&</sup>lt;a href="https://www.portofrotterdam.com/en/news-and-press-releases/port-of-rotterdam-authority-wants-to-construct-a-deep-sea-port-in-indonesia">https://www.portofrotterdam.com/en/news-and-press-releases/port-of-rotterdam-authority-wants-to-construct-a-deep-sea-port-in-indonesia</a>, consulted 20 September 2016.

<sup>&</sup>lt;sup>214</sup> K. Amin, 'Kuala Tanjung Port Attracts Foreign Investors', *The Jakarta Post*, 29 May 2015, <a href="http://www.thejakartapost.com/news/2015/05/29/kuala-tanjung-port-attracts-foreign-investors.html">http://www.thejakartapost.com/news/2015/05/29/kuala-tanjung-port-attracts-foreign-investors.html</a>, consulted 20 September 2016.

<sup>&</sup>lt;sup>215</sup> D. E. Weatherbee, Understanding Jokowi's Foreign Policy, *Trends in Southeast Asia*, No. 12, ISEAS, Singapore, 2016, p. 19.

<sup>&</sup>lt;sup>216</sup> D. E. Weatherbee, p. 35.

Fund is another additional funding which provides \$40 billion. Both are aimed at funding infrastructure projects in Asia.<sup>217</sup>

For China, greater participation in Indonesian infrastructure development is a strategic aim. A month after signing a joint statement between the two countries, on 23 April 2015, China and Indonesia signed a MoU for a US\$50 billion loan for infrastructure projects from China's Development Bank and the Industrial and Commercial Bank of China (ICBC).<sup>218</sup>

China won the Jakarta-Bandung high-speed railway (HSR) project over Japan. While the government argued that only economic calculations were behind th decision, Salim and Negara argued that "the HSR project cannot be understood merely from the economic angle alone", but "as a precondition to lure China to invest more in Indonesia."219

## **Politics of High Speed Railway**

The Jakarta-Bandung HSR project can be traced back to November 2014 when President Widodo visited China and experienced the Beijing-Tianjin HSR. He was attracted to build this kind of railway in Indonesia. The Jakarta-Bandung HSR project was not new. A preliminary study was completed by Japan in 2012, <sup>220</sup> which took 10 years and

<sup>218</sup> D. E. Weatherbee, p. 36.

<sup>&</sup>lt;sup>217</sup> M. Challagan, P. Hubbard, 'The Asian Infrastructure Investment Bank: Multilateralism on the Silk Road', China Economic Journal, Vol. 9 No. 2, 2016, pp. 116-139.

W. Salim, S.D. Negara, 'Why is the High-Speed Rail Project so Important to Indonesia', ISEAS Perspective, No. 16, 7 April 2016.

<sup>&</sup>lt;sup>220</sup> Yachiyo Engineering Co., Ltd., Japan International Consultants for Transportation Co., Ltd., 'Study on the High Speed Railway Project (Jakarta-Bandung Section), Republic of Indonesia', Final Report, November

<sup>&</sup>lt;a href="https://www.jetro.go.jp/ext">https://www.jetro.go.jp/ext</a> images/jetro/activities/contribution/oda/model study/infra system/pdf/h23 res ult03 en.pdf>, consulted 20 September 2016.

cost approximately US\$3m.<sup>221</sup> The plan was discontinued because the Yudhoyono government showed no political will to realise the project.<sup>222</sup> The change of government in 2014 revitalised the project with a commitment to involve China.

A MoU was signed between the Indonesia's Minister of State-Owned Enterprises (SoE), Rini Soemarno, and China's National Development and Reform Commission during President Widodo's state visit to China in March 2015.<sup>223</sup> Before this visit, Indonesian officials visited Japan and talked about foreign investment, especially in infrastructure. Through the process, China and Japan made different offerings.<sup>224</sup> China offered US\$5.27b but with a higher interest rate of 2.0%, while Tokyo offered US\$4.4b and a lower interest rate of 0.1%. China guaranteed that it would not use state funding and the offer was purely a business-to-business transaction. Conversely, Japan expected a government guarantee.<sup>225</sup> China promised to finish the job by 2019, while Japan promised 2021.<sup>226</sup> As a result, China won the bid, even without completing a feasibility study and producing modelling on the costs of HSR.<sup>227</sup> Japan was very disappointed with Indonesia's decision. The Japanese Transportation Minister stated that Japan would review its overall investment in Indonesia.<sup>228</sup>

<sup>&</sup>lt;sup>221</sup> E.A. Syailendra, 'The End of the Line for Japanese Influence in Indonesia', *East Asia Forum*, 10 December 2015, <a href="http://www.eastasiaforum.org/2015/12/10/the-end-of-the-line-for-japanese-influence-in-indonesia/">http://www.eastasiaforum.org/2015/12/10/the-end-of-the-line-for-japanese-influence-in-indonesia/</a>, consulted 20 September 2016.

S. Deny, 'Ini Cerita Awal Proyek Kereta Cepat Jakarta-Bandung', *Liputan 6*, 12 February 2016, <a href="http://bisnis.liputan6.com/read/2434749/ini-cerita-awal-proyek-kereta-cepat-jakarta-bandung">http://bisnis.liputan6.com/read/2434749/ini-cerita-awal-proyek-kereta-cepat-jakarta-bandung</a>, consulted 20 September 2016.

<sup>&</sup>lt;sup>223</sup> R.L. Pattiradjawane, 'Secepat Angin, Sekokoh Gunung', *Kompas*, 6 September 2015.

<sup>&</sup>lt;sup>224</sup> U. Lubis, 'Lini Masa Kontroversi Proyek Kereta Api Cepat Jakarta-Bandung', 9 February 2016, <a href="http://www.rappler.com/indonesia/121865-lini-masa-kontroversi-proyek-kereta-api-cepat-jakarta-bandung">http://www.rappler.com/indonesia/121865-lini-masa-kontroversi-proyek-kereta-api-cepat-jakarta-bandung</a>, consulted 20 September 2016.

<sup>&</sup>lt;sup>225</sup> W. Salim, S.D. Negara, 'Why is the High-Speed Rail Project so Important to Indonesia'.

<sup>&</sup>lt;sup>226</sup> E.A. Syailendra, 'The End of the Line for Japanese Influence in Indonesia'.

<sup>&</sup>lt;sup>227</sup> R.L. Pattiradjawane, 'Politik Kereta Cepat, Berapa Harga HSR Buatan Tiongkok?' ('The Politics of HSR, How much is Tiongkok-Made HSR?'), *Kompas*, 31 January 2016.

E.A. Syailendra, 'Indonesia's High Speed Rail: A China-Japan Scramble for Influence?', *RSIS Commentary*, No. 269, 9 December 2015, <a href="http://www.rsis.edu.sg/wp-content/uploads/2015/12/CO15269.pdf?utm\_source=getresponse&utm\_medium=email&utm\_campaign=rsis\_publications&utm\_content=RSIS+Commentary+269%2F2015+Indonesia%E2%80%99s+High+Speed+Rai

Inevitably, the HSR project was controversial, with different domestic responses. The project raised suspicions that Widodo's Ministry, especially Rini Soemarno, had a strong bias towards China and served the interests of Chinese business. The issue of Chinese workers flooding China-backed infrastructure projects was raised, deepening the suspicions. Questions were also asked by Cabinet Ministers and in the Parliament. Pattiradjawane argued that "never before has a foreign investment in Indonesia created such chaos among domestic political actors". This was especially the case with differences between Rini Soemarno and the Minister of Transportation, Ignasius Jonan, who had not issued a construction permit for the project, due to a lack of required supporting documents and disagreements over several points in the concession agreement. Besides that, critics emerged from various fields, including urban analysts, environmental activists and public policy experts. They asked President Widodo to stop the project since it contradicted his maritime agenda and development that was oriented to islands outside Java. Widodo's plan also did not gain support from his nominating party.

<sup>1%3</sup>A+A+China-Japan+Scramble+for+Influence%3F+by+Emirza+Adi+Syailendra+>, consulted 20 September 2016.

<sup>&</sup>lt;sup>229</sup> C. Setijadi, 'Ethnic Chinese in Contemporary Indonesia: Changing Identity Politics and the Paradox of Sinification', *Perspectives*, No. 12, ISEAS, Singapore, 2016, p. 9.

<sup>&</sup>lt;sup>230</sup> N. Hamilton-Hart, D. McRae, 'Indonesia: Balancing the United States and China, Aiming for Independece', The United States Studies Centre, Sydney, November 2015, p. 24.

<sup>&</sup>lt;sup>231</sup> R.L. Pattiradjawane, 'High-speed railway diplomacy, not domination', *The Jakarta Post*, 13 February 2016.

<sup>&</sup>lt;sup>232</sup> F. Susanty, A.M. Lubis, 'Opposition Grows Against Jakarta-Bandung High Speed Railway', *The Jakarta Post*, 3 February 2016, <a href="http://www.thejakartapost.com/news/2016/02/03/opposition-grows-against-jakarta-bandung-high-speed-railway.html">http://www.thejakartapost.com/news/2016/02/03/opposition-grows-against-jakarta-bandung-high-speed-railway.html</a>, consulted 27 September 2016.

<sup>&</sup>lt;sup>233</sup> F. Susanty, A.M. Lubis, 'Opposition Grows Against Jakarta-Bandung High Speed Railway'.

E. Anindita, 'High-speed Train not in line with maritime vision: House', *The Jakarta Post*, 2 February 2016, <a href="http://www.thejakartapost.com/news/2016/02/02/high-speed-train-not-line-with-maritime-vision-house.html">http://www.thejakartapost.com/news/2016/02/02/high-speed-train-not-line-with-maritime-vision-house.html</a>, consulted 27 September 2016.

<sup>&</sup>lt;sup>235</sup> A. Chew, 'Discontent in Indonesia Over High-Speed Rail Project Jointly Developed With China May Turn The Current Impasse Into A More Protracted One', *South China Morning Post*, 19 February 2016, <a href="http://www.scmp.com/news/asia/southeast-asia/article/1913995/discontent-indonesia-over-high-speed-rail-project-jointly">http://www.scmp.com/news/asia/southeast-asia/article/1913995/discontent-indonesia-over-high-speed-rail-project-jointly</a>, consulted 27 September 2016.

The refusal of the PDIP was instructive because the party was thought to support closer economic ties with China as an Asian role model.<sup>236</sup> Additionally, its party leader, Megawati Sukarnoputri, was influential in bringing China closer to Indonesia. According to Weatherbee, Megawati's sympathies for China are legend. When she was President (2001-2004), Indonesia had warm relations with China. "Dancing diplomacy" was a well-known term. Her influence on Indonesia-China relations continued after her Presidency. In October 2015, while visiting China, she not only opened the Sukarno House in Shenzhen as a Centre for Indonesia-China cooperation,<sup>237</sup> but she held a meeting with President Xi to discuss closer bilateral relations. Megawati argued that since "China has the 21st Century Maritime Silk Road project, and we have the maritime axis project. This is a very good opportunity for Indonesia to develop by considering opportunities that fit our needs". Once she returned from China, Megawati updated Widodo about her visit before the President departed for the US. <sup>239</sup>

Widodo's decision to go ahead with the HSR project seemed to prove three points. First, he wanted to demonstrate his political determination to speed up infrastructure development, as promised in 2014.<sup>240</sup> Regardless of the controversy, Widodo continued with the HSR project. The President attended the groundbreaking on 21 January 2016 and issued Presidential Regulation No. 3 of 2016 on the acceleration of national strategic

<sup>&</sup>lt;sup>236</sup> C. Wong, 'Indonesian Leader Widodo's Emphasis on Development Boosts China Ties', South China Morning Post, 25 August 2016, <a href="http://www.scmp.com/news/china/diplomacy-defence/article/2004622/indonesian-presidents-emphasis-development-boosts-china">http://www.scmp.com/news/china/diplomacy-defence/article/2004622/indonesian-presidents-emphasis-development-boosts-china</a>, consulted 27 September 2016.

<sup>&</sup>lt;sup>237</sup> M. Sinatra, 'A More Active Foreign Policy', *Merdeka Online*, 1 October 2015, <a href="http://merdeka-online.com/home/a-more-active-foreign-policy/">http://merdeka-online.com/home/a-more-active-foreign-policy/</a>, consulted 27 September 2016.

<sup>&</sup>lt;sup>238</sup> The Jakarta Post, 'National Scene: Megawati Meets Chinese Leaders in Beijing', *The Jakarta Post*, 17 October 2015, <a href="http://www.thejakartapost.com/news/2015/10/17/national-scene-megawati-meets-chinese-leader-beijing.html">http://www.thejakartapost.com/news/2015/10/17/national-scene-megawati-meets-chinese-leader-beijing.html</a>>, consulted 27 September 2016.

<sup>&</sup>lt;sup>239</sup> E. Sihite, 'Jokowi Has 'Intense' 2-Hour Talk with Megawati Ahead of US Trip', *Jakarta Globe*, 24 October 2015, <a href="http://jakartaglobe.beritasatu.com/news/jokowi-intense-2-hour-talk-megawati-ahead-us-trip/">http://jakartaglobe.beritasatu.com/news/jokowi-intense-2-hour-talk-megawati-ahead-us-trip/</a>, consulted 27 September 2016.

R.A. Witular, 'Jokowi Asks More of China', *The Diplomat*, 10 November 2014, <a href="http://www.thejakartapost.com/news/2014/11/10/jokowi-asks-more-china.html">http://www.thejakartapost.com/news/2014/11/10/jokowi-asks-more-china.html</a>, consulted 27 September 2016.

projects, in which the HSR project was one of 12 national strategic projects.<sup>241</sup> Second, he wanted to reassure China as a "precondition for wider access to Chinese credit for other infrastructure plans".<sup>242</sup> Third, Widodo wanted to reverse a view of being too aligned to the PDIP and Megawati. Widodo backed the Minister for SOEs who strongly supported infrastructure projects. The involvement of China in this project cannot be separated from pushing the mutual agreement in March 2015.<sup>243</sup>

After the project groundbreaking, Indonesia's national media raised concerns over the politics of HSR. Indonesia's economic diplomacy toward China came into a question since the HSR project seemed to be held hostage by the economic relations between the two countries.<sup>244</sup> The questions made sense because the HSR project is now regarded as China's geopolitical tool.<sup>245</sup> Pattiradjawane argues that the HSR project is part of China's transformation in foreign policy: 'big country diplomacy with Chinese characteristics'. One of its new approach is *gaotie waijiao* (iron diplomacy), which places "HSR projects as an object of international relations and an important element of China's diplomacy."<sup>246</sup> The strategic and economic values of the HSR project cannot be separated. While China is aware of the strategic importance of its periphery, especially the Southeast Asia, it realizes that its geoeconomic dominance does not translate automatically or easily into geopolitical influence and mutual trust, especially in regards to the South China Sea dispute and

<sup>&</sup>lt;sup>241</sup> Presidential Regulation No. 3 of 2016 regarding Acceleration of the Implementation of Strategic National Projects, 12 January 2016, <a href="http://ditjenbinaadwil.kemendagri.go.id/file\_upload/perundang-undangan/Peraturan%20Presiden/Peraturan%20Presiden%20no.3%20Tahun%202016/Perpres%203%202016.pdf">http://ditjenbinaadwil.kemendagri.go.id/file\_upload/perundang-undangan/Peraturan%20Presiden/Peraturan%20Presiden%20no.3%20Tahun%202016/Perpres%203%202016.pdf</a>, consulted 27 September 2016.

<sup>&</sup>lt;sup>242</sup> W. Salim, S.D. Negara, 'Why is the High-Speed Rail Project so Important to Indonesia'.

<sup>&</sup>lt;sup>243</sup> R.L. Pattiradjawane, 'The Indonesian Perspective Toward Rising China: Balancing the National Interest', *Asian Journal of Comparative Politics*, 2016, p. 4.

<sup>&</sup>lt;sup>244</sup> R.L. Pattiradjawane, 'High Speed Railway Diplomacy, Not Domination', *The Jakarta Post*, 13 February 2016, <a href="http://www.thejakartapost.com/news/2016/02/13/high-speed-railway-diplomacy-not-domination.html#sthash.sCop3Dg9.dpuf">http://www.thejakartapost.com/news/2016/02/13/high-speed-railway-diplomacy-not-domination.html#sthash.sCop3Dg9.dpuf</a>, consulted 27 September 2016.

<sup>&</sup>lt;sup>245</sup> R.L. Pattiradjawane, 'High Speed Railway Diplomacy, Not Domination'.

<sup>&</sup>lt;sup>246</sup> R.L. Pattiradjawane, 'High Speed Railway Diplomacy, Not Domination'.

China's increasing military capability.<sup>247</sup> Politically, in Beijing's view, infrastructure investment is a way to improve China's international reputation, especially in Asia.<sup>248</sup>

Economically, the market for infrastructure development in Southeast Asia is one solution to China's "new normal" economic slowdown.<sup>249</sup> As a result of the 2008 Global Financial Crisis, China encountered contracting Western market demand and a surplus of productive capacity, especially steel production.<sup>250</sup> Therefore, as argued by Pattiradjawane, creating a new economic zone outside China produces external demand for raw energy and other natural resources.<sup>251</sup> Surrounding neighbors are seen as potential partners, but with a problem of connectivity. Consequently, China had to first deal with this connectivity barrier by improving transportation, especially through the high-speed railway projects.<sup>252</sup>

The HSR project is a main project for land-based New Silk Road. For Central Asian countries and other landlocked countries, this kind of transportation is critical for economic growth.<sup>253</sup> The Joint Statement on Comprehensive Strategic Partnership between Indonesia and China in March 2015 highlighted maritime, not land-based infrastructure connectivity. Therefore, restating Salim and Negara's argument, the HSR project was a "precondition to lure China to invest more in Indonesia". 254 As a consequence, 'complementarity' is centred on the way Indonesia gains access to Chinese funding, especially from the AIIB and Silk Road Fund, while China gains greater access to infrastructure projects.

<sup>&</sup>lt;sup>247</sup> Zhao, Zhao Hong, 'China's New Maritime Silk Road: Implications and Opportunities for Southeast Asia',

G. Junxian, M. Yan, 'China's New Silk Road: Where Does It Lead?', Asian Perspective, Vol. 40, 2016, pp. 105-130.

249 R.L. Pattiradjawane, 'High Speed Railway Diplomacy, Not Domination'.

<sup>&</sup>lt;sup>250</sup> G. Junxian, M. Yan, 'China's New Silk Road: Where Does It Lead?'.

<sup>&</sup>lt;sup>251</sup> R.L. Pattiradjawane, 'High Speed Railway Diplomacy, Not Domination'.

<sup>&</sup>lt;sup>252</sup> G. Junxian, M. Yan, 'China's New Silk Road: Where Does It Lead?'.

<sup>&</sup>lt;sup>253</sup> G. Junxian, M. Yan, 'China's New Silk Road: Where Does It Lead?'

<sup>&</sup>lt;sup>254</sup> W. Salim, S.D. Negara, 'Why is the High-Speed Rail Project so Important to Indonesia', ISEAS Perspective, No. 16, 7 April 2016.

Closer commercial ties were reflected in an unlikely significant growth in the Indonesia-China trade balance and investment, as seen from Table 2.

Table 2 Trade Balance Indonesia And China

(Value: Thousands of US\$)

Descriptio n	2012	2013	2014	2015	Tren d (%) 2011-2015	Jan-Jun		Chaman
						2015	2016	Change (%) 2016/2015
TOTAL TRADE	51.045.297, 1	52.450.952,0	48.230.279,9	44.457.320,9	-2,54	22.324.065,4	21.987.536,7	-1,51
OIL & GAS	1.219.267,7	1.598.916,5	1.309.636,8	1.971.828,0	-0,55	973.477,4	945.059,7	-2,92
NON OIL & GAS	49.826.029, 5	50.852.035,5	46.920.643,2	42.485.492,9	-2,61	21.350.588,0	21.042.477,0	-1,44
EXPORT	21.659.502, 7	22.601.487,2	17.605.944,5	15.046.433,8	-9,97	7.527.959,3	6.987.933,1	-7,17
OIL & GAS	795.429,9	1.319.904,4	1.146.855,3	1.785.748,8	9,77	877.528,1	895.048,2	2,00
NON OIL & GAS	20.864.072,	21.281.582,8	16.459.089,2	13.260.684,9	11,42	6.650.431,3	6.092.884,9	-8,38
IMPORT	29.385.794, 5	29.849.464,8	30.624.335,5	29.410.887,1	2,75	14.796.106,1	14.999.603,6	1,38
OIL & GAS	423.837,7	279.012,1	162.781,5	186.079,2	31,34	95.949,4	50.011,5	-47,88
NON OIL & GAS	28.961.956, 8	29.570.452,7	30.461.554,0	29.224.807,9	3,32	14.700.156,7	14.949.592,2	1,70
BALANC E OF TRADE	7.726.291,8	-7.247.977,5	-13.018.391,0	-14.364.453,4	41,64	-7.268.146,7	-8.011.670,5	-10,23
OIL & GAS	371.592,2	1.040.892,3	984.073,8	1.599.669,6	34,58	781.578,7	845.036,8	8,12
NON OIL & GAS	8.097.884,1	-8.288.869,8	-14.002.464,9	-15.964.123,0	40,31	-8.049.725,4	-8.856.707,3	-10,02

Source: BPS, Processed by Trade Data and Information Center, Ministry of Trade, <a href="http://www.kemendag.go.id/en/economic-profile/indonesia-export-import/balance-of-trade-with-trade-partner-country?negara=116">http://www.kemendag.go.id/en/economic-profile/indonesia-export-import/balance-of-trade-with-trade-partner-country?negara=116</a>, consulted 26 September 2016.

Table 2 shows that the balance of trade between Indonesia-China declined. In 2015, Indonesia recorded a deficit of US\$14.4m with China. In 2016, it was higher than for the same period (Jan-Jun) in 2015. For China, Southeast Asia is seen as a vast market for China's exports, which perhaps explains why the trade deficit between with Indonesia was not growing significantly.

China's investment in Indonesia increased gradually. In 2014, China was the 13th largest investor in Indonesia. In the first half of 2016, according to Table 3, it was ranked 4<sup>th</sup>. However, as we can see from Table 3, Japan and Singapore were still the most important sources of investment.

Table 3 Realisation of Foreign Investment Based on Countries January-June 2016

Country	Project	Investment (US\$)
Singapore	2,675	4,891,944.9
Japan	1,725	2,896,874.3
Hongkong	519	1,104,093.9
People's Rep. of China	805	1,014,258.5
Netherlands	475	631,304.2
British Virgin Islands	913	518,235.1
Malaysia	741	495,110.1
South Korea	1,504	471,579.8
USA	263	357,997.8
Mauritius	121	232,177.6

Source: National Single Window for Investment (NSWI) Coordinating Body for Investment, 2016.

In addition, there was no significant realisation of investment in maritime infrastructure, <sup>255</sup> even though China pledged to invest in 24 seaports. Instead, on 13 October 2014 the Dutch Port of Rotterdam signed a MoU with the Indonesian Port Corporation, *Pelindo I*, in the Netherlands to cooperate in building Kuala Tanjung Port (Port Management Services Agreement/PMSA I). By 2016 the Port of Rotterdam Authority had completed and submitted a Port Analysis Model (PAM) and Port Management Program (PMP). <sup>256</sup> Development of Kuala Tanjung Port was advanced by signing a Heads of Agreement

<sup>&</sup>lt;sup>255</sup> E.C. Septarini, 'Realisasi Investasi Tiongkok Minim, Minat dengan Kenyataan 10:1', *Bisnis Indonesia*, 9 October 2016, <a href="http://bali.bisnis.com/read/20161009/16/62191/realisasi-investasi-tiongkok-minim-minat-dengan-kenyataan-101">http://bali.bisnis.com/read/20161009/16/62191/realisasi-investasi-tiongkok-minim-minat-dengan-kenyataan-101</a>, consulted 27 September 2016.

<sup>&</sup>lt;sup>256</sup> Indonesia Port Corporation I, 'Pelindo 1 dan Port of Rotterdam Authority Tanda Tangani Heads of Agreement (Hoa) Pengembangan Pelabuhan Kuala Tanjung', 28 August 2015, Press Release,

<sup>&</sup>lt;a href="http://www.pelindo1.co.id/wps/portal/Home/News/Press-Release/Press-Release-Pr

Detail/pelindo%201%20dan%20%20port%20of%20rotterdam%20authority%20%20tanda%20tangani%20he ads%20of%20agreement%20(hoa)%20pengembangan%20pelabuhan%20kuala%20tanjung/>, consulted 27 September 2016.

(HoA) in Medan, North Sumatra on 27 August 2015.<sup>257</sup> Lack of realisation of China's investment is not surprising because China pledged, but did not commit funds for Indonesia.<sup>258</sup>

The realisation of relatively little China's investment in maritime infrastructure was thought to confirm that China's intentions were beyond economic matters. As stressed by Fallon, China's New Silk Road has three important drivers: energy, security, and the market. Since China relies heavily on seaborne energy trade, the growing importance of securing unhindered access along the strategic sea lines of communication (SLOCs) came to the fore. China is rapidly deploying military capabilities along the SLOC and maritime chokepoints. Indonesia's geographical location between the Pacific and Indian Oceans, as well as the trade routes between China and Australia, is strategic for China. For China, "the support from Indonesia that sits astride most of Southeast Asia's maritime choke-points" is needed for its naval access to the Indian Ocean region. In April 2015, China proposed a MoU with Indonesia on "jointly building the 21st century MSR". According to Luhulima, this MoU would be "the instrument par excellence to clinch Indonesia's sponsorship of the project and, by implication, inviting Chinese cooperation in upholding the safety of shipping and securing Indonesian waters".

<sup>&</sup>lt;sup>257</sup> Indonesia Port Corporation I, 'Pelindo 1 dan Port of Rotterdam Authority Tanda Tangani Heads of Agreement (Hoa) Pengembangan Pelabuhan Kuala Tanjung'.

<sup>&</sup>lt;sup>258</sup> As explained by Storey, in 2006 China had pledged to fund safety projects in the Strait, including the replacement of navigational aids. However, until 2011, China had yet to commit any funds to this project. Additionally, joint agreements in defence and security cooperation between Indonesia and China had not been followed up by contractual production agreements. I. Storey, p. 208-210.

<sup>&</sup>lt;sup>259</sup> T. Fallon, 'The New Silk Road: Xi Jinping's Grand Strategy For Eurasia', *American Foreign Policy Interest*, Vol. 37, 2015, Pp. 140-147.

<sup>&</sup>lt;sup>260</sup> C. Len, 'China's 21<sup>st</sup> Century Maritime Silk Road Initiative, Energy Security And Sloc Access', *Maritime Affairs: Journal Of The National Maritime Foundation Of India*, Vol. 11 No. 1, 2015, Pp. 1-18.

<sup>&</sup>lt;sup>261</sup> G.S. Khurana, 'China's 'Maritime Silk Road': Beyond 'Economic', In V. Sakhuja, G.S. Khurana, *Maritime Perspectives 2015*, National Maritime Foundation, New Delhi, 2016, P. 135.
<sup>262</sup> G.S. Khurana, P. 135.

<sup>&</sup>lt;sup>263</sup> C.P.F. Luhulima, 'Superimposing China's Maritime Silk Road On Indonesia', The Jakarta Post, 10 June 2016, <a href="http://www.thejakartapost.com/news/2016/06/10/superimposing-china-s-maritime-silk-road-indonesia.html">http://www.thejakartapost.com/news/2016/06/10/superimposing-china-s-maritime-silk-road-indonesia.html</a>, Consulted 13 October 2016.

In February 2014, a People Liberation Army Navy (PLAN) Task Force first transited the Sunda and Lombok Straits to conduct exercises off Australia near Christmas Island.<sup>264</sup> China gave Australia advanced notice of the exercise. In May 2016, however, Chinese naval vessels conducted exercises by crossing Indonesia's sea lane of communication without prior notification. News about the exercise first appeared in the Hong Kong based newspaper, Wen Wei Po, on 27 May 2016.265 According to the vicecommander of the fleet, Zhou Xuming, the group of 20 vessels spent 23 days sailing 8,000 nautical miles crossing 6 important straits. 266 As seen in Figure 4, the PLAN sailed from Sanya on Hainan Island through the South China Sea, crossed two Indonesian archipelagic sea lanes (Alur Laut Kepulauan Indonesia/ALKI), the Karimata Strait, the Sunda and Lombok Straits, the Makassar Strait, the Pacific Ocean near the eastern part of the Philippines and back to Hainan Island.<sup>267</sup>

<sup>&</sup>lt;sup>264</sup> M. Brissenden, 'Raaf Monitored Chinese Military Exercise In Waters Between Christmas Island And Indonesia', Abc News, 13 February 2014, <a href="http://www.abc.net.au/news/2014-02-13/china-flexed-military-muscle-north-of-australia/5257686">http://www.abc.net.au/news/2014-02-13/china-flexed-military-muscle-north-of-australia/5257686>, Consulted 14 October 2016.

<sup>&</sup>lt;sup>265</sup> R.L. Pattiradjawane, "Perairan Indonesia Jangkauan Tpr Al", Kompas, 1 June 2016.

<sup>&</sup>lt;sup>266</sup> R.L. Pattiradjawane, "Perairan Indonesia Jangkauan TPR AL", *Kompas*, 1 June 2016. <sup>267</sup> R.L. Pattiradjawane, "Perairan Indonesia Jangkauan TPR AL", *Kompas*, 1 June 2016.

# Figure 4 Chinese Naval Vessels Exercise May 2016

Figure removed due to copyright restriction

Courtesy: R.L. Pattiradjawane

#### According to UNCLOS 1982:

Transit passage means the exercise in accordance with this Part of the freedom of navigation and overflight solely for the purpose of continuous and expeditious transit of the strait between one part of the high seas or an exclusive economic zone and another part of the high seas or an exclusive economic zone. However, the requirement of continuous and expeditious transit does not preclude passage through the strait for the purpose of entering, leaving or returning from a State bordering the strait, subject to the conditions of entry to that State (article 38).

Ships and aircraft, while exercising the right of transit passage shall proceed without delay through or over the strait (article 39).<sup>268</sup>

During transit passage, foreign ships, including marine scientific research and hydrographic survey ships, may not carry out any research or survey activities without the prior authorization of the States bordering straits (article 40)

United Nations, 'United Nations Convention on the Law of the Sea', <a href="http://www.un.org/depts/los/convention\_agreements/texts/unclos/unclos\_e.pdf">http://www.un.org/depts/los/convention\_agreements/texts/unclos/unclos\_e.pdf</a>, consulted 27 September 2016.

China's naval exercises confirmed two important things. First, China's MSR will go beyond maritime connectivity and infrastructure building. Second, as argued by Luhulima, "Indonesia has not yet familiarised itself with the actual embodiment of China's MSR". That Indonesia did not know about the naval exercises points to weaknesses with Indonesia maritime defence system. Luhulima warned that Indonesia had to bolster its maritime defence with the latest technologies to secure its sea lanes of communications, and supervise traffic flows in its territorial waters. President Widodo identified maritime defence as one of the GMF's main pillars by pledging to increase the state budget for defence from 0.9 to 1.5% of GDP. However, since implementation of the GMF focused on infrastructure and connectivity, the increase in defence spending had yet to occur in 2016. The "complementarity" of the MSR and GMF could potentially be seen as "the responsibility" of the Chinese navy to "maintain international order" in Indonesian waters, unless Indonesia prioritised maritime defence as per the global maritime fulcrum vision.

#### **Conclusion**

China's engagement with the GMF vision is first and foremost driven by Widodo's infrastructure projects. It was his main concern when attending the APEC Leader's Meeting in November 2014. His first state visits in March 2015 were to Japan, followed by China. President Widodo talked about his maritime agenda and offered investment opportunities. In the end, Indonesia favoured China's HSR project over Japan because

<sup>&</sup>lt;sup>269</sup> C.P.F. Luhulima, 'Superimposition China's 'Maritime Silk Road' on Indonesia', *The Jakarta Post*, 10 June 2016, <a href="http://www.thejakartapost.com/news/2016/06/10/superimposing-china-s-maritime-silk-road-indonesia.html">http://www.thejakartapost.com/news/2016/06/10/superimposing-china-s-maritime-silk-road-indonesia.html</a>, consulted 27 September 2016.

<sup>&</sup>lt;sup>270</sup> C.P.F. Luhulima, 'Superimposition China's 'Maritime Silk Road' on Indonesia'.

<sup>&</sup>lt;sup>271</sup> C.P.F. Luhulima, 'Superimposition of China's 'Silk Road' and Indonesia's Maritime Fulcrum', *The Jakarta Post*, 13 December 2014.

<sup>&</sup>lt;sup>272</sup> C.P.F. Luhulima, 'Superimposition China's 'Maritime Silk Road' on Indonesia'.

President Widodo was concerned with financial support for his infrastructure agenda. The HSR project was more in China's strategic interest. There are risks if Indonesia naively perceives "the complementarity" between the Chinese MSR and GMF only in terms of economic benefit, since China's intentions go well beyond that.

#### **CHAPTER 3**

# INDONESIA AND CHINA IN THE NATUNA SEA:

#### A CHALLENGE FOR THE GLOBAL MARITIME FULCRUM

"Indonesia could become more entangled in the South China Sea than under Yudhoyono" 273

#### Introduction

As argued in chapter 1, the GMF vision presents both opportunities and challenges for China. This chapter elaborates on how China challenges the Widodo's vision of the GMF, especially through three incidents in the Natuna Sea in 2016. These incidents are nothing new; but solving this problem, or at least having a firm stance toward China on this issue, is very critical for Widodo's presidency. First, China's actions challenge the way in which Indonesia protects its sovereignty over its territorial waters and sovereign rights over its natural resources in its Exclusive Economic Zone (EEZ). Secondly, the strong assertion of state sovereignty, in the end, has the potential to clash with Indonesia's priority of attracting Chinese funding for its maritime agenda. While Widodo faces a dilemma, he seems to choose the latter and consequently, it has limited his ability to take a firm stance against China over the Natuna Sea.

<sup>&</sup>lt;sup>273</sup> A.L. Connelly, 'Sovereignty and the Sea: President Joko Widodo's Foreign Policy Challenges', p. 21.

## The Emergence of China's Claim in the Natuna Sea<sup>274</sup>

The Natuna Islands are located at the southernmost reaches of the South China Sea. The islands are part of Indonesia's Riau Province. The area is well-known for its natural resources, such as natural gas, oil, and fish.<sup>275</sup> However, it was not until 1993 that a problem emerged. A Chinese delegation, in a workshop initiated by Indonesia, first showed a map identifying China's "historic waters". These overlap with Indonesia's EEZ in the Natuna Sea.<sup>276</sup>

Figure 5 China's Nine-Dash Lines

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<sup>&</sup>lt;sup>274</sup> The Natuna Sea, instead the Natuna Water, is used here since, according to Djalal, "the term "Indonesian seas" is used as a loose reference to the maritime areas, inland seas and straits, within and near the archipelago. However, the "Indonesian waters" denotes the territorial limit of these maritime areas, includes the 12-mile territorial limit and the internal waters inside the baselines." D.P. Djalal, *The Geopolitics of Indonesia's Maritime Territorial Policy*, CSIS, Jakarta, 1996, p. 19.

<sup>&</sup>lt;sup>275</sup> The East Natura Block or Block D-Alpha is one of the largest gas fields in the world.

<sup>&</sup>lt;sup>276</sup> I.M.A. Arsana, C. Schofield, 'Indonesia's "Invisible" Border with China', in Elleman, B., Kotkin, S., Schofield, C., *Beijing's Power and China's Borders*, Routledge, London, 2014, p. 68.

Source: United States Department of State, 'China: Maritime Claims in the South China Sea', Limits the Seas, No. 43, December 2014, <a href="http://www.state.gov/documents/organization/234936.pdf">http://www.state.gov/documents/organization/234936.pdf</a>.

As shown in Figure 5, 'the nine-dash line' is China's claim to historical rights and covers almost the entire South China Sea. The western-most dash (red line number 3), north of the Natuna Islands, cuts through the Indonesian 200-mile EEZ.<sup>277</sup>

Since then, according to Johnson, Indonesia has been "drawn into the fray" of the South China Sea dispute.<sup>278</sup> This refers to the way in which Indonesia was an "unwilling participant" in this dispute.<sup>279</sup> Consequently, Johnson queried the extent to which Indonesia retains its role as "honest broker" when there is a direct threat to its vital interests.<sup>280</sup>

The Natuna Islands uncontestably belong to Indonesia, since its archipelagic baselines were first established in 1960 through the Law No. 4/Prp/1960, <sup>281</sup> which enacted the Djuanda Declaration. After ratifying UNCLOS in 1985, Indonesia integrated all of its provisions into its national laws.<sup>282</sup> One of the results was the arrangement of base points for the Indonesian archipelagic baselines in the Natuna Sea, including a list of its geographical coordinates, of which a copy was deposited in the United Nations in 1998.<sup>283</sup> In 2009, Indonesia, through the Ministry of Marine Affairs and Fisheries, also defined and issued a map of its Fisheries Management Area (Wilayah Pengelolaan Perikanan/WPP),

<sup>&</sup>lt;sup>277</sup> Since 1953 China used the nine-dashed line (red lines) because Prime Minister Zhou Enlai eliminated two dash line near Tonkin Gulf without official explanation. Therefore, the green dash line was no longer in use when China showed its map to Indonesia in 1993.

<sup>&</sup>lt;sup>278</sup> D. Johnson, 'Drawn into the Fray: Indonesia's Natuna Islands Meet China's Long Gaze South', *Asian* Affairs: An American Review, Vol. 24, No. 3, 2010, pp. 153-161.

<sup>&</sup>lt;sup>279</sup> D. Johnson, p. 153.

<sup>&</sup>lt;sup>280</sup> D. Johnson, p.154.

<sup>&</sup>lt;sup>281</sup> I.M.A. Arsana, C. Schofield, p. 62.

<sup>&</sup>lt;sup>282</sup> The Law No. 4/1960 then was substituted by the Law No. 6/1996 on Indonesian Waters.

<sup>&</sup>lt;sup>283</sup> Government Regulation No. 61 of 1998 on the list of geographical coordinates of the base points of the archipelagic baselines of Indonesia in the Natuna Sea, National Legislation, United Nations, <a href="mailto:</a>/www.un.org/Depts/los/LEGISLATIONANDTREATIES/PDFFILES/IDN 1998 Regulation61.pdf">, consulted 23 May 2016. Notably, the last version of Indonesia's archipelagic baselines was deposited with the UN on 11 March 2009. See: I.M.A. Arsana, C. Schofield, p.62.

including maritime areas in the Karimata Strait, Natuna Sea, and South China Sea (WPP-711).<sup>284</sup> In 2010, an official map of the Republic of Indonesia was issued with the same outer limits of the Fisheries Management Area.<sup>285</sup> Therefore, as argued by Arsana and Schofield, both maps clearly reveal "Indonesia's forward position regarding maritime boundaries in the South China Sea".<sup>286</sup>

While Indonesia has a clear legal basis on the Natuna, China has made its own claims by arguing that the area is part of its "traditional fishing ground". Whether or not China's claim has any validity is not relevant because UNCLOS extinguishes such claims. China's claims are certainly rejected by Indonesia. UNCLOS 1982 only recognises traditional fishing rights (article 49), not traditional fishing grounds. Additionally, as mentioned in the convention, the exercising of such rights shall be regulated by bilateral agreements between the countries. However, there are no bilateral agreements between Indonesia and China on fishing rights. Since China ratified UNCLOS in 1996, it is likely more than aware of this rule. China simply refuses to apply UNCLOS in the South China Sea and continues to asert its right to the fishing grounds.

Indonesia has never recognised China's historical claims. Diplomatically, Indonesia officially lists ten neighboring states with which Indonesia must establish

<sup>&</sup>lt;sup>284</sup> Government Regulation No. PER.01/MEN/2009 on Fisheries Management Area, 21 January 2009 in *Indonesian Fisheries Book 2009* (Ministry of Marine Affairs and Fisheries and Japan International Cooperation Agency: Jakarta, 2009), p. 13.

<sup>&</sup>lt;sup>285</sup> I.M.A. Arsana, C. Schofield, p. 63.

<sup>&</sup>lt;sup>286</sup> I.M.A. Arsana, C. Schofield, p. 63.

<sup>&</sup>lt;sup>287</sup> At least since 2009, following the incident on 20 June when 75 Chinese fishermen were detained by Indonesian patrol ships, China's Foreign Ministry Spokesperson, Qin Gang has stated that they were detained in "China's traditional fishing grounds off the Nansha Islands in theSouth China Sea". Foreign Ministry of People's Republic of China, 'Foreign Ministry Spokesperson Qin Gang's Regular Press Conference on June 25, 2009', 26 June 2009, <a href="http://www.fmprc.gov.cn/ce/ceun/eng/fyrth/t569723.htm">http://www.fmprc.gov.cn/ce/ceun/eng/fyrth/t569723.htm</a>.

United Nations, 'United Nations Convention on the Law of the Sea', <a href="http://www.un.org/depts/los/convention">http://www.un.org/depts/los/convention</a> agreements/texts/unclos/unclos e.pdf>.

United Nations Convention on the Law of the Sea, <a href="http://www.un.org/depts/los/convention\_agreements/texts/unclos/unclos\_e.pdf">http://www.un.org/depts/los/convention\_agreements/texts/unclos/unclos\_e.pdf</a>, consulted 25 May 2016.

<sup>&</sup>lt;sup>290</sup> D.E. Weatherbee, 'Re-assessing Indonesia's Role in the South China Sea', *Perspective*, ISEAS-Yusof Ishak Institute, Singapore, 21 April 2016.

maritime boundaries, but China is not one of them.<sup>291</sup> Furthermore, after China officially proposed the nine-dashed line map to the UN in May 2009, Indonesia legally protested China by sending a diplomatic note to the UN in July 2010 stating "Indonesia's definitive rejection of the Chinese claim".<sup>292</sup> Five years later, in June 2014 China published a new map showing a ten-dash line encompassing the South China Sea and Taiwan.<sup>293</sup> In 2016, Beijing had not responded Indonesia's 2010 diplomatic note.

The problem has remained unresolved since 1993. Consequently, the opportunity is there for China to keep repeating its claims in the Natuna Islands' EEZ. On the one hand, China seems to maintain the ambiguity of its historical claim in the Natuna Sea by not responding to Indonesia's objection to its claims. On the other hand, perceiving itself to not having a territorial stake in the Spratlys Islands, Indonesia through its Foreign Ministers promotes itself as an "honest broker" in this dispute.<sup>294</sup> Indonesia seems to be reluctant to push China on its behaviour.

As "honest broker", Indonesia was actively involved in negotiations to manage the South China Sea dispute through ASEAN.<sup>295</sup> After 1990 Indonesia initiated workshops on "Managing Potential Conflicts in the South China Sea".<sup>296</sup> As second-track diplomacy, these workshops are informal in nature and attended by various participants from

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<sup>&</sup>lt;sup>291</sup> I.M.A. Arsana, C. Schofield, p. 72.

<sup>&</sup>lt;sup>292</sup> D.E. Weatherbee, p. 5.

<sup>&</sup>lt;sup>293</sup> R. O'Rourke, 'Maritime Territorial and Exclusive Economic Zone (EEZ) Disputes Involving China: Issues for Congress', *Congressional Research Service Report*, 31 May 2016, p. 23, <a href="https://www.fas.org/sgp/crs/row/R42784.pdf">https://www.fas.org/sgp/crs/row/R42784.pdf</a>>, consulted 24 May 2016.

<sup>&</sup>lt;sup>294</sup> D.E. Weatherbee, p. 4.

<sup>&</sup>lt;sup>295</sup> The rising tension in the Spratlys between Vietnam and China in the late 1980s can be argued as the momentum of ASEAN's attention to the South China Sea. ASEAN began its diplomatic track by proposing the 1992 Declaration on the South China Sea, emphasizing all parties to solve the dispute by peaceful ways. The ASEAN Secretariat, '1992 ASEAN Declaration on the South China Sea', Adopted by the Foreign Ministers at the 25th ASEAN Ministerial Meeting in Manila, Philippines on 22 July 1992, <a href="https://cil.nus.edu.sg/rp/pdf/1992%20ASEAN%20Declaration%20on%20the%20South%20China%20Sea-pdf.pdf">https://cil.nus.edu.sg/rp/pdf/1992%20ASEAN%20Declaration%20on%20the%20South%20China%20Sea-pdf.pdf</a>, consulted 26 May 2016.

<sup>&</sup>lt;sup>296</sup> G.S. Hearns, W.G. Stormont, 'Managing Potential Conflicts in the South China Sea', *Marine Policy*, Vol. 20, Issue 2, 1996, p. 353-356.

government, military officials and academics, acting in their personal capacities.<sup>297</sup> As argued by Sakhuja and Kurana, Indonesia was the first country to seek to resolve the dispute in the South China Sea through such workshops.<sup>298</sup>

Tensions in the Natunas' EEZ in 1993 did not impact on the workshops. Nonetheless, tensions impacted on the way Indonesia responded to China. As argued by Johnson, the response "was quieter than quiet".<sup>299</sup> Instead of responding vigorously to China's claims, Indonesia seemed to downplay the issue. Indonesian Foreign Minister, Ali Alatas, deemed the 'nine dash line' map as "an illustrative map not a real one".<sup>300</sup> Also, he asked the domestic public, the press, and armed forces chief not to over react to China's claims. Soon after the workshop, Alatas informally asked China about the map, but he did not get any answer.<sup>301</sup> In April 1995, Indonesia sent a formal diplomatic note to China to ask for clarification of its map.<sup>302</sup> This clarification was critical for Indonesia since the agreement of a \$35 billion contract between the Exxon Corporation and Pertamina, Indonesia's national oil company, was signed on 16 November 1994, for developing Natuna's gas field.<sup>303</sup> As required, Exxon needed to be assured that the field was in an undisputed area.<sup>304</sup> Again, there was no satisfactory response from China.

<sup>&</sup>lt;sup>297</sup> Its informal nature has made it possible to involve Taiwan as participants. While in the beginning this workshop was only attended by six of ASEAN member countries, now it has been followed by all ASEAN member states, minus Myanmar, along with China and Taiwan. These workshops are not aimed to solve the conflict, but to manage the potential conflicts into fields of cooperation,<sup>297</sup> as a confidence-building measure leading to a Track 1 diplomacy atmosphere. See: Y-H. Song, 'The South China Sea Workshop Process and Taiwan's Participation', *Ocean Development & International Law*, Vol. 41, 2010, pp. 253–269.

<sup>&</sup>lt;sup>298</sup> Sakhuja, V., Kurana, G., *Maritime Perspectives 2015*, National Maritime Foundation, New Delhi, 2016.

<sup>&</sup>lt;sup>299</sup> D. Johnson, p. 154.

<sup>&</sup>lt;sup>300</sup> D. Johnson, p. 155.

<sup>&</sup>lt;sup>301</sup> D.E. Weatherbee, p. 4.

<sup>&</sup>lt;sup>302</sup> Indonesia used the moment of ASEAN's protests to China since it occupied the Mischief Reef which claimed by the Philippines.

Andrew Pollack, 'Company News; Exxon Leads Signers Of Indonesia Gas Deal', *The New York Times*, 17 November 1994, <a href="http://www.nytimes.com/1994/11/17/business/company-news-exxon-leads-signers-of-indonesia-gas-deal.html">http://www.nytimes.com/1994/11/17/business/company-news-exxon-leads-signers-of-indonesia-gas-deal.html</a>, consulted 26 may 2016.

<sup>&</sup>lt;sup>304</sup> D. Roy, *China's Foreign Relations*, Rowman&Littlefield Publishers, Inc, Maryland, 1998, p. 188.

It was not without reason that Indonesia downplayed the issue. There are three reasons why. First, it tried to delegitimize China's nine-dash lines claims. In June 1995, China's Foreign Ministry spokesperson, Chen Jian, asserted that "it did not have any claim on Indonesia's Natuna Islands in the South China Sea... however, that China was willing to hold talks with Indonesia in order to settle demarcation in the area." China's response was ambiguous. If China asked for demarcation, it meant that China assumed it shared some borders with Indonesia. Indonesia certainly rejected China's request. Alatas stated that "On Natuna, there is no claim from China and there has never been a problem between China and Indonesia. So, there is no question to be discussed". Alatas' trip to Beijing the following month did not change China's insistence to laid the problem in delimitation instead of clarifying the dashed line as requested by Indonesia.

Indonesia was not really downplaying the significance of the issue. In December 1995, Indonesia completed a security treaty with Australia.<sup>309</sup> It was surprising since Indonesia formally holds a policy of nonalignment. However, as argued by Johnson, it happened because Indonesia was faced with China's rising power and the expected decline of US power in the region.<sup>310</sup> In addition to this, in 1996 Indonesia for the first time conducted a major military exercise in the Natuna Sea, inviting foreign military

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<sup>&</sup>lt;sup>305</sup> M.T. Fravel, 'Traditional Fishing Grounds and China's Historic Rights Claims in the South China Sea', 11 July 2016, <a href="http://maritimeawarenessproject.org/2016/07/11/traditional-fishing-grounds-and-chinas-claims-in-the-south-china-sea/">http://maritimeawarenessproject.org/2016/07/11/traditional-fishing-grounds-and-chinas-claims-in-the-south-china-sea/</a>.

The Jakarta Post, 'Alatas says no to talks on South China Sea border', 27 June 1995, <a href="http://jawawa.id/index.php/newsitem/alatas-says-no-to-talks-on-south-china-sea-border-1447893297">http://jawawa.id/index.php/newsitem/alatas-says-no-to-talks-on-south-china-sea-border-1447893297</a>, consulted 26 May 2016.

<sup>&</sup>lt;sup>307</sup> Simon Sinaga, 'No problem with China over Natuna Isles, says Alatas', *Strait Times*, 27 June 1995, in I.M.A. Arsana, C. Schofield, p. 72.

<sup>&</sup>lt;sup>308</sup> Delimitation is part of boundary making process. While some authors often refer to demarcation to define the stage that must be settled between Indonesia and China in the Natuna Sea (for example D. Johnson, p. 155), but in this paper I prefer to use a term of delimitation (I.M.A. Arsana, C. Schofield, p. 72). According to Elden, while delimitation involves the selection of specific boundary sites on the ground, demarcation emphasis on marking the boundary with pillars, cleared vistas, fences, etc. S. Elden, 'Why is the world divided territorially?' in J. Edkins, M. Zehfuss, *Global Politics A New Introduction*, Routledge, London, 2014, p. 238.

<sup>&</sup>lt;sup>309</sup> J.T. Dreyer, 'China and Its Neighbors' in E. Friedman, B.L. McCormick, *What If China Doesn't Democratize? Implications for War and Peace*, Routledge, New York, 2015, p. 175.
<sup>310</sup> D. Johnson, p. 156.

attaches.<sup>311</sup> According to Arsana and Schofield, Indonesia aimed to signal an obvious message to China that it was committed to defending its sovereignty and sovereign rights in the South China Sea.<sup>312</sup>

Second, as "honest broker" in this dispute, Indonesia it was in its interests to keep China engaged in this workshop. While the workshop agenda avoided items that might derogate China's sovereign claims, <sup>313</sup> Indonesia seemed to avoid blowing up the issue and potentially push China to retreat from the process. Though China joined the workshop in 1991, it refused the multilateral approach to the South China Sea dispute being promoted actively by Indonesia. Though China insists on handling the dispute bilaterally, it opposes bilateral talks among other the claimants.<sup>314</sup>

China maintained this position in 2016. Its refusal to accept ASEAN's multilateral approach came to a head in 2012 through its important ally in ASEAN, Cambodia. In 2012 it chaired ASEAN and provoked disunity<sup>315</sup> by refusing to incorporate the Scarborough Shoal incident,<sup>316</sup> which had occurred in April 2012, into the final text of the 45<sup>th</sup> ASEAN Ministerial Meeting.<sup>317</sup> Following this, Indonesia's Foreign Minister, Marty Natalegawa, proposed "a non-paper on possible and additional elements of the Code of Conduct (COC)"<sup>318</sup> in the South China Sea, or the so-called "zero draft"<sup>319</sup> to break the deadlock

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<sup>&</sup>lt;sup>311</sup> J.T. Dreyer, p. 175.

<sup>&</sup>lt;sup>312</sup> I.M.A. Arsana, C. Schofield, p. 68.

<sup>&</sup>lt;sup>313</sup> D.E. Weatherbee, p. 8.

<sup>&</sup>lt;sup>314</sup> D. Roy, p. 190.

<sup>&</sup>lt;sup>315</sup> R. Emmers, 'The US Rebalancing Strategy: Impact on the South China Sea', National Security College, retrieved 21 May 2016, <a href="http://nsc.anu.edu.au/documents/occasional-5-brief-8.pdf">http://nsc.anu.edu.au/documents/occasional-5-brief-8.pdf</a>>.

<sup>&</sup>lt;sup>316</sup> The incident happened when the Philippines naval vessel tried to arrest Chinese fishing boats that illegally caught fish in the Scarborough Shoal, but was blocked by two Chinese surveillance vessels. Scarborough was a disputed shoal in the South China Sea between the Philippines and China. BBC, 'Philippine warship in 'stand-off' with Chinese vessels', BBC News, 11 April 2012, <a href="http://www.bbc.com/news/world-asia-17673426">http://www.bbc.com/news/world-asia-17673426</a>.

<sup>&</sup>lt;sup>317</sup> C.A. Thayer, 'ASEAN'S Code of Conduct in the South China Sea: A Litmus Test for Community-Building?' *The Asia-Pacific Journal*, Vol 10, Issue 34, No. 4, August 20, 2012.

<sup>&</sup>lt;sup>318</sup> C.A. Thayer, 'ASEAN'S Code of Conduct in the South China Sea: A Litmus Test for Community-Building?'

after 2012, and to restore ASEAN's unity.<sup>320</sup> Though China rejected it,<sup>321</sup> and because of Indonesia's long role in mediating regional issues in Southeast Asia, especially in the South China Sea dispute, Indonesia seems unwilling to declare a potential territorial dispute with China.<sup>322</sup>

Third, domestic considerations cause Indonesia to keep the issue under wraps. It did not acknowledge publically that China first claimed Indonesia's EEZ in the Natuna Seas. China's claim in 1993 was only three years after both countries restored diplomatic relations which had been suspended since October 1967. China was still viewed with suspicion and sensitivity due to the long-standing stigma attached to China as the main source of external threats for Indonesia, actual and potential. Additionally, Indonesia's decision to normalise relations with China was driven by a desire to revitalise its economy after a sharp decline in national revenue at the time. It was in Indonesia's interest to maintain "good relations" with China.

Indonesia continued with a non-confrontational approach toward China. When the Indonesian vessel of the Ministry of Maritime Affairs and Fisheries confronted an illegal

<sup>&</sup>lt;sup>319</sup> Council on Foreign Relations, 'ASEAN's Six-Point Principles on the South China Sea', 20 July 2012, <a href="http://www.cfr.org/asia-and-pacific/aseans-six-point-principles-south-china-sea/p28915">http://www.cfr.org/asia-and-pacific/aseans-six-point-principles-south-china-sea/p28915</a>, consulted 26 May 2016

Thayer called it as a shuttle diplomacy in which Natalegawa flew to five capital cities in ASEAN (Manila, Hanoi, Bangkok, Phnom Penh and Singapore), in two days to get agreement on proposed points. C.A. Thayer, 'ASEAN'S Code of Conduct in the South China Sea: A Litmus Test for Community-Building?' 321 D.E. Weatherbee, p. 8.

<sup>&</sup>lt;sup>322</sup> Willis, D., 'Indonesia's New Geopolitics: Indo-Pacific or PACINDO?', in Chacko, P. (ed.), The New Regional Geopolitics of the Indo-Pacific: Drivers, Dynamics and Consequences, Routledge, New York and London, 2016.

<sup>&</sup>lt;sup>323</sup> D. Johnson, p. 155.

<sup>&</sup>lt;sup>324</sup> Indonesia-China diplomatic relations was established in June 1950. However, an abortive coup in September 1965 in Indonesia which was officially attributed to the Indonesian Communist Party with support from China, had deteriorated both countries relations. The New Order government under President Soeharto unilaterally suspend its relations with China in October 1967. For the sake of national security, the suspension was justified and endured for nearly 23 years. Rizal Sukma, "Indonesia's Response to the Rise of China: Growing Comfort amid Uncertainties" in Jun Tsunekawa (ed.), *The Rise of China: Response from Southeast Asia and Japan*, The National Institute for Defense Studies, Japan, 2009, p. 143.

<sup>&</sup>lt;sup>325</sup> R. Sukma, *Indonesia and China The Politics of A Troubled Relationship*, Routledge, London and New York, 1999, p. 3.

<sup>&</sup>lt;sup>326</sup> R. Sukma, p. 177.

Chinese fishing boat in 2013, President Yudhoyono handled the incident quietly.<sup>327</sup> The strategy of downplaying China's historical claims in the Natuna Islands' EEZ is like two sides of the same coin. On one side, it signals that Indonesia by ignoring China's claims, is not granting it any legitimacy. On the other side, Indonesia is ambiguous when arguing as if there has never been a border problem with China. Indonesia ignores the political fact that China's nine-dashed line marks the sea border between them in the Natuna Sea.<sup>328</sup> Therefore, not only is China maintaining the ambiguity in the Natuna Sea, but so is Indonesia.

# **Incidents in 2016: Domestic Response and Impacts**

The first incident in March 2016 was a test not only for President Widodo, but also for his maritime agenda.<sup>329</sup> On 19 March 2016, an Indonesian Maritime Affairs and Fisheries patrol vessel arrested the Chinese trawler and its crews for illegal fishing. However, an armed Chinese coast guard ship came and hit the boat to release them. While the boat was ultimately released, Indonesian authorities detained eight Chinese fishermen. Afterwards, the Indonesian Minister for Maritime Affairs and Fisheries Susi Pudjiastuti first publicized the incident and accused China of sabotaging Indonesia's attempts to preserve peace in the South China Sea. Susi told China that Indonesia would not hesitate to take it to the International Tribunal for the Law of the Sea.<sup>330</sup> Then, Foreign Minister Marsudi responded diplomatically by sending a protest note to the Chinese Foreign

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<sup>&</sup>lt;sup>327</sup> L. Suryadinata, p. 3.

<sup>&</sup>lt;sup>328</sup> L. Suryadinata, p. 3.

<sup>&</sup>lt;sup>329</sup> J. McBeth, 'Indonesia, China and the Natuna Islands: a test for Jokowi's maritime doctrine', *The Strategist*, 22 March 2016, <a href="http://www.aspistrategist.org.au/indonesia-china-and-the-natuna-islands-a-test-for-jokowis-maritime-doctrine">http://www.aspistrategist.org.au/indonesia-china-and-the-natuna-islands-a-test-for-jokowis-maritime-doctrine</a>, consulted 29 May 2016.

<sup>&</sup>lt;sup>330</sup> F. Jensen, B.C. Munthe, 'Indonesia says it feels peace efforts on South China Sea "sabotaged", *Reuters*, 21 March 2016, <a href="http://in.reuters.com/article/indonesia-southchinasea-idINKCN0WN0B7">http://in.reuters.com/article/indonesia-southchinasea-idINKCN0WN0B7</a>, consulted 29 May 2016.

Ministry asking for clarification. Likewise, Coordinating Minister for Politics, Law and Security, Luhut Pandjaitan, conducted an inter-institutional review of Indonesia's policy in the South China Sea. This was unprecedented since 2009.<sup>331</sup> At a glance, this intimated that "quite diplomacy" over the Natuna Sea could change under Widodo.

Indonesia under Joko Widodo is distinctive since it revealed publicly China's actions in the Natuna Sea. However, the Indonesian government maintained its usual approach of downplaying the incidents.<sup>332</sup> After the incident in March 2016, Joko Widodo reminded Luhut, the Coordinating Minister for Political, Legal, and Security Affairs, that China "remains Indonesia's friend".<sup>333</sup> Likewise, Joko Widodo's former foreign policy advisor, Rizal Sukma, downplayed the issue as merely a matter of fishing rights, not a territorial dispute.<sup>334</sup> The Ministry of Foreign Affairs held fast to the principle that Indonesia does not have an overlapping claim with China.

Perhaps the incidents in the Natuna Sea were all about fish. China is the largest producer, consumer, and exporter of fish.<sup>335</sup> As shown in the table 4, China is the top fisher in the world. In 2015, China consumed 35% of global marine products.<sup>336</sup>

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<sup>&</sup>lt;sup>331</sup> A.L. Connely, 'Will Indonesia, provoked, now choose to lead on the South China Sea?', *The Asia Maritime Transparency Initiative Brief*, 21 March 2016, <a href="http://amti.csis.org/will-indonesia-provoked-now-choose-lead-south-china-sea/">http://amti.csis.org/will-indonesia-provoked-now-choose-lead-south-china-sea/</a>, consulted 31 May 2016.

<sup>332</sup> R.A. Supriyanto, 'A View From Indonesia', *The ASAN Forum*, Vol. 4, No. 2, March-April 2016, <a href="http://www.theasanforum.org/a-view-from-indonesia/">http://www.theasanforum.org/a-view-from-indonesia/</a>, consulted 31 May 2016.

<sup>&</sup>lt;sup>333</sup> É. Laksmana, 'The Domestic Politics of Jakarta's South China Sea Policy', *The Interpreter*, 1 April 2016.

<sup>&</sup>lt; http://www.lowyinterpreter.org/post/2016/04/01/The-domestic-politics-of-Jakartas-South-China-Seapolicy.aspx>, consulted 31 May 2016.

<sup>&</sup>lt;sup>334</sup> R. Sukma, 'Indonesia and China need to combat the IUU problem', *The Jakarta Post*, 31 March 2016, <a href="http://www.thejakartapost.com/news/2016/03/31/indonesia-and-china-need-combat-iuu-problem.html">http://www.thejakartapost.com/news/2016/03/31/indonesia-and-china-need-combat-iuu-problem.html</a>, consulted 1 June 2016.

<sup>&</sup>lt;sup>335</sup> C. Rogers, 'The Dark Side of China's Foreign Fishing Boom', *Mongabay*, 2 June 2016, <a href="https://news.mongabay.com/2016/06/the-dark-side-of-chinas-foreign-fishing-boom/">https://news.mongabay.com/2016/06/the-dark-side-of-chinas-foreign-fishing-boom/</a>, consulted 12 August 2016

<sup>&</sup>lt;sup>336</sup> R.L. Pattiradjawane, 'Perikanan Dalam Hubungan Internasional', KOMPAS, 24 August 2016.

**Table 4 Marine Capture Fisheries: Top 18 Producer Countries** 

2012	Country	Continent	2011	2012
Ranking				
1	China	Asia	13.536.409	13.869.604
2	Indonesia	Asia	5.332.862	5.420.247
3	USA	Americas	5.131.087	5.107.559
4	Peru	Americas	8.211.716	4.807.923
5	Russian Federation	Asia/Europe	4.005.737	4.068.850
6	Japan	Asia	3.741.222	3.611.384
7	India	Asia	3.250.099	3.402.405
8	Chile	Americas	3.063.467	2.572.881
9	Vietnam	Asia	2.308.200	2.418.700
10	Myanmar	Asia	2.169.820	2.332.790
11	Norway	Europe	2.281.856	2.149.802
12	Philippines	Asia	2.171.327	2.127.046
13	Rep of Korea	Asia	1.737.870	1.660.165
14	Thailand	Asia	1.610.418	1.612.073
15	Malaysia	Asia	1.373.105	1.472.239
16	Mexico	Americas	1.452.970	1.467.790
17	Iceland	Europe	1.138.274	1.449.452
18	Morocco	Africa	949.881	1.158.474
Total 18 Major Countries			63.466.320	60.709.384
World Total			82.609.926	79.705.910
Share 18 major countries (percentage)			76.8	76.2

Source: R.L. Pattiradjawane, 'Balancing National Interests in Post-PCA Rulings', presented in the 36<sup>th</sup> Talking ASEAN on "Post-Tribunal's Ruling South China Sea Dispute", The Habibie Centre, Jakarta, 21 June 2016.

China's demand is not in balance with domestic fish stocks. According to a US-based Wilson Centre report, within China's EEZ, 30% of fisheries have collapsed, while 20% are overexploited,<sup>337</sup> stimulating growth of China's distant-water fishing (DWF) fleet, which is supported by government subsidies.<sup>338</sup> A study by the European Parliament in 2012 mentioned that China has a DWF of around 3,400 vessels, the largest in the world.

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<sup>&</sup>lt;sup>337</sup> K. Lebling, 'Fishing for Answers: Understanding Drivers and Environmental Impacts of China's Distant Water Fishing Fleet', Wilson Center China Environment Forum, <a href="https://www.wilsoncenter.org/sites/default/files/Fishing%20for%20Answers\_0.pdf">https://www.wilsoncenter.org/sites/default/files/Fishing%20for%20Answers\_0.pdf</a>, consulted 12 August 2016

<sup>&</sup>lt;sup>338</sup> C. Rogers, 'The Dark Side of China's Foreign Fishing Boom'.

It could catch around 4.6 million tons per year.<sup>339</sup> Since DWF is undocumented and unreported, it is categorized as Illegal, Unreported, and Unregulated (IUU) Fishing.<sup>340</sup>

China's justification for fishing the Natuna Seas, it will be recalled, is that it is a "traditional fishing ground", according to the nine-dash line in the South China Sea. As stated by Foreign Ministry Spokesperson Hua Chunying in responding to the 2016 incident in Natuna Seas, "Indonesia has no territorial claims over the Nansha Islands. Natuna Islands belong to Indonesia, and there is no objection from China on that". From Indonesian point of view, since UNCLOS arranges that "rights to waters are derived from rights to land", China's acknowledgement of the Natuna islands means that China also recognised Indonesia's EEZ. Hua also stated that "this incident took place in traditional Chinese fishing grounds, and the Chinese fishing vessel was carrying out normal operations in this area". This statement was ambiguous, raising questions overt how China has fishing rights in another state's EEZ.

However, uncoordinated responses from Indonesian ministers in regard to China's intervention in the Natuna signalled that President Widodo was unlikely to take an unambiguous stance.<sup>344</sup> The responses cannot be separated from two strategic options, it will be recalled; drawing foreign investment, particularly from China to finance the infrastructure agenda and protecting territorial integrity and

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<sup>&</sup>lt;sup>339</sup> Directorate General for Internal Policies, European Parliament, 'The Role of China in World Fisheries', 2012, <a href="http://www.europarl.europa.eu/meetdocs/2009\_2014/documents/pech/dv/chi/china.pdf">http://www.europarl.europa.eu/meetdocs/2009\_2014/documents/pech/dv/chi/china.pdf</a>, consulted 12 August 2016.

<sup>&</sup>lt;sup>340</sup> C. Rogers, 'The Dark Side of China's Foreign Fishing Boom'.

Ministry of Foreign Affairs of People's Republic of China, 'Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on March 21, 2016', <a href="http://www.fmprc.gov.cn/mfa\_eng/xwfw\_665399/s2510\_665401/2511\_665403/t1349416.shtml">http://www.fmprc.gov.cn/mfa\_eng/xwfw\_665399/s2510\_665401/2511\_665403/t1349416.shtml</a>, consulted 24 May 2016.

<sup>&</sup>lt;sup>342</sup> L. Suryadinata, 'Did the Natuna Incident Shake Indonesia-China Relations?', *Perspective*, ISEAS-Yusof Ishak Institute, Singapore, 26 April 2016.

<sup>&</sup>lt;sup>343</sup> Ministry of Foreign Affairs of People's Republic of China, 'Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on March 21, 2016'.

<sup>&</sup>lt;sup>344</sup> A.L. Connely, 'Sovereignty and the Sea: President Joko Widodo's Foreign Policy Challenges', p. 19.

sovereignty over its marine resources.<sup>345</sup> In 2016 President Widodo seems to have chosen the first option. The visit of the International Department Head of the Chinese Communist Party (CCP) on 13 April 2016 seems to explain this choice. After the visit, the Indonesian Cabinet Secretary stated that the Natuna problem was settled and was only a matter of misunderstanding.<sup>346</sup> The way Indonesia accepted a visit of a CCP representative, not the higher official level, to talk about the Natuna tension with President Joko Widodo, accepting that the problem was resolved, can be seen as a diplomatic defeat for Indonesia. China never meant to settle the issue. Evidently, less than two months after the visit, the same accidents were repeated on 27 May and 18 June 2016. On 27 May 2016, the Indonesian navy patrol arrested a Chinese illegal fishing boat in the Natuna Sea. In this incidents, Indonesian authorities detained the Chinese fishing boat and its crew. Lastly, on 18 June 2016, a Chinese fishing boat being seized by an Indonesian patrol boat operating within Indonesia's EEZ in the Natuna islands. One Chinese fisherman injured, while the fishing vessel and seven other fishermen were detained by the Indonesian authorities.

The last incident was an important turning point for Indonesia's position on the Natuna Sea issue. For the first time China stated officially that it had overlapping claims with Indonesia in the Natuna Seas. Foreign Ministry Spokesperson Hua Chunying told that media that:

We have stated our position over the weekend on Indonesian navy vessels harassing and shooting Chinese fishing boats and fishermen. This took place in waters which are Chinese fishermen's traditional fishing grounds and where China and Indonesia have overlapping claims for maritime rights and interests. The Indonesian vessels that harassed and shot Chinese fishing boats with a willful resort to force put the life and property of Chinese fishermen in danger and violated international laws including UNCLOS and the Declaration on the Conduct of Parties in the South China Sea (DOC). China strongly protests and condemns the abuse of force. China urges the

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<sup>&</sup>lt;sup>345</sup> A.L. Connely, 'Sovereignty and the Sea: President Joko Widodo's Foreign Policy Challenges', p. 16.

<sup>&</sup>lt;sup>346</sup> Kompas, 'Indonesia-China Sepakat Insiden di Natuna Dianggap Selesai' ('Indonesia-China agree incident in the Natuna has been settled'), *Kompas*, 13 April 2016, <a href="http://nasional.kompas.com/read/2016/04/13/17350911/Indonesia-China.Sepakat.Insiden.di.Natuna.Dianggap.Selesai">http://nasional.kompas.com/read/2016/04/13/17350911/Indonesia-China.Sepakat.Insiden.di.Natuna.Dianggap.Selesai</a>, consulted 1 June 2016.

Indonesian side to stop taking actions that complicate, exacerbate the dispute and undermine regional peace and stability, and handle the fishery issue at sea in a constructive way.

China has no territorial sovereignty dispute with Indonesia. Yet the two countries have overlapping claims for maritime rights and interests over some part of the South China Sea.<sup>347</sup>

In a previous statement, China "only" stated that there is no objection from China on the Natuna Islands.<sup>348</sup> Developments in June 2016 seemed to confirm the warning from Schofield and Storey after the incident in 2009 that South China Sea littoral states should be concerned the "the emergence of Chinese "fishing nationalism" and the potential deployment of fishermen as proxies to back up claims to maritime jurisdiction in the region".<sup>349</sup> After 2009 China used its fishermen to enforce its nine-dash claim.<sup>350</sup> The fishermen confessed to being aware of operating in Indonesia's EEZ, after the May incident, which suggests that China used them intentionally.<sup>351</sup> China did not challenge Indonesian sovereignty openly, but the way it plays fishing ground issues cannot be ignored. As argued by Laksmana, China engaged in a "salami slicing" tactic, accumulating through slow and small actions, resultung in major strategic changes.<sup>352</sup>

Maps found on a detained Chinese vessel that were revealing. After the incident between the Indonesian navy patrol and a Chinese fishing boat in the Natuna Sea, May 2016, the Indonesian Navy inspected Guibei Yu 27088, a Chinese vessel which was

<sup>347</sup> Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on June 20, 2016, <a href="http://www.fmprc.gov.cn/mfa\_eng/xwfw\_665399/s2510\_665401/2511\_665403/t1373744.shtml">http://www.fmprc.gov.cn/mfa\_eng/xwfw\_665399/s2510\_665401/2511\_665403/t1373744.shtml</a>, consulted 12 July 2016.

<sup>&</sup>lt;sup>348</sup> Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on March 21, 2016 <a href="http://www.fmprc.gov.cn/mfa\_eng/xwfw\_665399/s2510\_665401/2511\_665403/t1349416.shtml">http://www.fmprc.gov.cn/mfa\_eng/xwfw\_665399/s2510\_665401/2511\_665403/t1349416.shtml</a>, consulted 12 July 2016.

<sup>&</sup>lt;sup>349</sup> C. Schofield, I. Storey, *The South China Sea Dispute: Increasing Stakes and Rising Tensions*, The Jamestown Foundation, Washington DC, November 2009, pp. 37-38.

<sup>&</sup>lt;sup>350</sup> R.A. Supriyanto, 'Breaking The Silence: Indonesia Vs. China in The Natuna Islands', *The Diplomat*, 23 March 2016,

<sup>&</sup>lt;a href="http://thediplomat.com/2016/03/breaking-the-silence-indonesia-vs-china-in-the-natuna-islands/">http://thediplomat.com/2016/03/breaking-the-silence-indonesia-vs-china-in-the-natuna-islands/</a>, consulted 1 June 2016.

<sup>&</sup>lt;sup>351</sup> R.A. Witular, 'Detained Chinese boat captain admits to fishing in Indonesian waters', *The Jakarta Post*, 2 June 2016, < http://www.thejakartapost.com/news/2016/06/02/detained-chinese-boat-captain-admits-to-fishing-in-indonesian-waters.html>, consulted 6 June 2016.

<sup>352</sup> E. Laksmana, 'Here's why Jakarta doesn't push back when China barges into Indonesian waters', *The Washington Post*, 28 April 2016, <a href="https://www.washingtonpost.com/news/monkey-cage/wp/2016/04/28/heres-why-jakarta-doesnt-push-back-when-china-barges-into-indonesian-waters/?postshare=3731461861067958&tid=ss tw-bottom>, consulted 1 June 2016.

confiscated. The map of the South Sea's Fishing Zone (*Nansha yuchang zuoye tuji*) was published in August 1994, dividing "China's traditional fishing ground" into 24 blocks (see the squares in Figure 6).<sup>353</sup> One such fishing block southwest of the Spratly Islands (*Nansha xinan bu yuchang*) covers waters around Natuna Islands to Anambas, which are legally part of Indonesia.

Figure 6 China's Traditional Fishing Grounds

Figure removed due to copyright restriction

Courtesy Image: R.L. Pattiradjawane

According to Pattiradjawane, the existence of this map explains why Chinese fishing boats keep fishing in the waters around the Natuna Islands.<sup>354</sup> Beijing ignored Indonesia's EEZ as asserting the sees as "China's traditional fishing grounds." Since the map was published by Fisheries Bureau of Nanhai (Spratly) District-Ministry of Agriculture,<sup>355</sup> this is an official Chinese government map.

<sup>353</sup> R.L. Pattiradjawane, 'Kawasan Ikan Tradisional Potensi Konflik Maritim Berbahaya', *Kompas*, 27 June 2016.

<sup>354</sup> R.L. Pattiradjawane, 'Pencurian Ikan Indonesia Sulit Terapkan Poros Maritim Dunia', *Kompas*, 12 June 2016.

<sup>355</sup> R.L. Pattiradjawane, 'Hegemoni Laut: Menegaskan Kedaulatan Natuna', *Kompas*, 24 June 2016.

The incidents in 2016 provoked an unprecedented response occurred in Indonesia

because of different domestic circumstances. Unlike the previous incidents when the

government made no public response, the 2016 incidents provoked a strong public

reaction amidst rising patriotism. The public was stirred after the Ministry of Maritime

Affairs and Fisheries reorted to social media, especially Twitter, to explain the incident

chronologically. Supriyanto argues that the Ministry intention was to capture the public's

attention.<sup>356</sup> Indonesian parliamentarians were also vocal in criticising China's

intrusions, <sup>357</sup> as were the national media. Some of the major national newspapers editorials

were very critical of China. They condemned China's encroachment in the Natuna Sea and

urged the Indonesian government to firmly protect Indonesian territorial integrity.

KOMPAS, even released the maps found on the Guibei Yu 27088 (Figure 7), showing

clearly the location of four incidents in the Natuna Seas since 2013 (yellow dots).

Figure 7 China's Map Released in Indonesia's Newspaper

Figure removed due to copyright restriction

Courtesy Image: R.L. Pattiradjawane.

<sup>356</sup> R.A. Supriyanto, 'Breaking the Silence'.

<sup>357</sup> L. Suryadinata, p. 4.

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The map released on 16 June 2016 was entitled "Fishing Map: Assumptions of Sovereign Territory Coordinates (*Peta Perikanan: Asumsi Koordinat Wilayah Kedaulatan*)".<sup>358</sup> Kompas pushed the Indonesian government to seek diplomatic clarification from China about the intentions behind its map. Later, several articles attaching related maps were published on 24, 27 and 28 June, and on 2 July 2016. These publications showed how China used "the power of maps" to enforce its claims. Amidst different responses from the relevant government ministries the articles tried to raise public awareness and build public opinion on the issue. Laksmana argues that after political reform in 1998, there was increasing 'social space' in Indonesia for the Parliament and public to express their views in foreign policy-making and that such views cannot be ignored easily.<sup>359</sup>

Populist anti-China sentiment has to be carefully managed, not only by Indonesia but also by China because of the uneasy history of relations, as explained in chapter 3. As argued by Novotny, China's expansionist tendencies are the main concern of elite perceptions.<sup>360</sup> It makes sense then that the military responded to China's presence in the EEZ by planning to increase its military presence in the Natuna Sea.<sup>361</sup> Although this is in opposition to the Foreign Ministry's approach, the military is less-tolerant of China's behaviour.<sup>362</sup>

Since domestic politics has always been a significant factor in Indonesia's policy

<sup>&</sup>lt;sup>358</sup> R.L. Pattiradjawane, 'Peta Perikanan: Asumsi Koordinat Wilayah Kedaulatan', KOMPAS, 16 June 2016.

E. Laksmana, 'Indonesia's Rising Regional and Global Profile: Does Size Really Matter?', Contemporary Southeast Asia, Vol. 33, No. 2, 2011, pp.157-182. The same view also argued by Sukma in R. Sukma, 'Dimensi Domestik Politik Luar Negeri Indonesia', in B. Bandoro, Mencari Desain Baru Politik Luar Negeri Indonesia, CSIS, Jakarta, 2005.

<sup>&</sup>lt;sup>360</sup> D. Novotny, Torn Between America and China Elite Perceptions and Indonesian Foreign Policy, ISEAS, Singapore, 2010, pp. 228-229.

<sup>&</sup>lt;sup>361</sup> The Japan Times, 'Indonesia Set to Upgrade Military Base in Islands Perched On Edge Of South China Sea', *The Japan Times*, 29 June 2016, <a href="http://www.japantimes.co.jp/news/2016/06/29/asia-pacific/indonesia-set-upgrade-military-base-islands-perched-edge-south-china-sea/#.WBZBa\_J96Uk">http://www.japantimes.co.jp/news/2016/06/29/asia-pacific/indonesia-set-upgrade-military-base-islands-perched-edge-south-china-sea/#.WBZBa\_J96Uk</a>, consulted 29 September 2016.

<sup>&</sup>lt;sup>362</sup> A.L. Connely, 'Sovereignty and the Sea: President Joko Widodo's Foreign Policy Challenges', p. 20.

towards China,<sup>363</sup> President Widodo was pressured to visit the Natuna Islands on 23 June 2016. He held a limited cabinet meeting<sup>364</sup> on the same navy warship, KRI Imam Bonjol 383, that clashed with Chinese fishing vessels one week earlier, sending a strong message to China that Indonesia's sovereignty over the Natuna Islands is absolute.<sup>365</sup> Widodo's visit demonstrated a strong commitment to his maritime agenda, revealing a strategy to develop and defend the Natuna Islands. First, he identified improving the Island's economic development especially fisheries and gas-oil. Secondly, Indonesia began to upgrade its defence systems in the outer islands by increasing the military presence.<sup>366</sup> Finally, the strong assertion of sovereignty by President Widodo seemed to reverse the earlier official position that the Natuna Sea were only a matter of fishing issues.

It is open to be argued whether or not the three incidents in 2016 were China's attempts to deliberately provoke Indonesia into acknowledging the "nine-dash line" claim. Since 1999, China unilaterally adopted a fishing moratorium every year during May-August.,<sup>367</sup> The 2016 incidents in June and the fact the Chinese fishing boats were guarded by coastguard vessels seems to confirm this suspicion.

<sup>&</sup>lt;sup>363</sup> R. Sukma, 'Indonesia's Response to the Rise of China: Growing Comfort amid Uncertainties', p. 139.

<sup>&</sup>lt;sup>364</sup> President Widodo was accompanied by several ministers of his cabinet: Coordinating Political, Legal and Security Affairs Minister Luhut B. Pandjaitan, Foreign Minister Retno Marsudi, Energy and Mineral Resources Minister Sudirman Said, Maritime Affairs and Fisheries Minister Susi Pudjiastuti, National Development Planning Minister Sofjan Djalil, Cabinet Secretary Pramono Anung and Indonesian Military (TNI) chief Gen. Gatot Nurmayanto.

<sup>&</sup>lt;sup>365</sup> Y. Kwok, 'Indonesian President Jokowi Visits the Natuna Islands to Send a Strong Signal to China', *TIME*, 23 June 2016, <a href="http://time.com/4379401/indonesia-china-jokowi-natuna-sovereignty-maritime-fishing-dispute/">http://time.com/4379401/indonesia-china-jokowi-natuna-sovereignty-maritime-fishing-dispute/</a>, consulted 20 September 2016.

<sup>&</sup>lt;sup>366</sup> KOMPAS, 'Jokowi Perintahkan Pembangunan Natuna Fokus ke Perikanan dan Migas', *KOMPAS*, 23 June 2016.

<sup>&</sup>lt;sup>367</sup> R.L. Pattiradjawane, 'Hegemoni Laut: Menegaskan Kedaulatan Natuna', KOMPAS, 24 June 2016.

### Indonesia and the Permanent Court Arbitration's Verdict

The case heard by the Special Tribunal in The Hague was filed on 22 January 2013 when the Philippines submitted its disputes with China in the South China Sea. The Philippines filed three general and fifteen specific claims. The general claims were the 'nine-dash line' and China's claim to historic rights in the maritime areas of the South China Sea; status of certain maritime features such as above/below water at high tide and rocks/islands in the South China Sea; and Chinese activities in the South China Sea, including the Philippines' sovereign right to exercise and enjoy the rights within and beyond its economic zone and continental shelf.<sup>368</sup>

After more than three years, the South China Sea ruling was finally released on 12 July 2016 in the favour of the Philippines. There are at least two important points from this ruling:

...the Tribunal concludes that China's claim to historic rights to the living and non-living resources within the 'nine-dash line' is incompatible with the Convention to the extent that it exceeds the limits of China's maritime zones as provided for by the Convention. (para. 261)<sup>369</sup>

The Tribunal is unable to identify any evidence that would suggest that China historically regulated or controlled fishing in the South China Sea, beyond the limits of the territorial sea. (para. 270)<sup>370</sup>

The award declined all claims over the sea and features that are included in the "nine-dashed lines". However, China since the very beginning s stated that it will not participate in nor accept ant Tribunal China reiterated its position in a Position Paper released in 2014, arguing that the Philippines' initiation of the case violates the agreement between the two states and the *United Nations Convention on the Law of the Sea* (UNCLOS), and

<sup>&</sup>lt;sup>368</sup> Permanent Court of Arbitration, 'PCA Case N° 2013-19 in the Matter of the South China Sea Arbitration before an Arbitral Tribunal Constituted Under Annex VII to the 1982 United Nations Convention on the Law of the Sea between The Republic of the Philippines – and the People's Republic of China', 12 July 2016, <a href="https://pca-cpa.org/wp-content/uploads/sites/175/2016/07/PH-CN-20160712-Award.pdf">https://pca-cpa.org/wp-content/uploads/sites/175/2016/07/PH-CN-20160712-Award.pdf</a>, consulted 20 August 2016.

Permanent Court of Arbitration, <a href="https://pca-cpa.org/wp-content/uploads/sites/175/2016/07/PH-CN-20160712-Award.pdf">https://pca-cpa.org/wp-content/uploads/sites/175/2016/07/PH-CN-20160712-Award.pdf</a>.

<sup>&</sup>lt;sup>370</sup> Permanent Court of Arbitration, <a href="https://pca-cpa.org/wp-content/uploads/sites/175/2016/07/PH-CN-20160712-Award.pdf">https://pca-cpa.org/wp-content/uploads/sites/175/2016/07/PH-CN-20160712-Award.pdf</a>.

contradicts the general practice of international arbitration. As predicted, after the Tribunal's ruling, China through its Ministry of Foreign Affairs responded by restating its clear and consistent position that "the Ministry of Foreign Affairs of the People's Republic of China solemnly declares that the award is null and void and has no binding force. China neither accepts nor recognizes it".<sup>371</sup>

The verdict of the Special Tribunal is legally binding on the parties.. However, it consequences for all parties involved in the South China Sea dispute, as it provides a framework in regards to behaviour of claimants.<sup>372</sup> While Indonesia is not a claimant state in the South China Sea dispute, it is an interested party because of the Natuna Islands. The Tribunal's decision established a stronger legal base for nullifying China's claim to historical maritime rights. Therefore, any appearance of a Chinese fishing vessel in the EEZ is illegal because its claim overlapping areas with Indonesia's EEZ in the Natuna Seas is rued to be extinguished.<sup>373</sup>

Indonesia was very cautious responding to the judgement. After the PCA announced its verdict, the Indonesian Ministry of Foreign Affairs released a four points of response on its website, but not in a usual press conference.<sup>374</sup> First, Indonesia called on all parties to exercise self-restraint and refrain from any action that could escalate tensions; to protect the Southeast Asian region particularly from any military activity that could pose a threat to peace and stability; and to respect international law. Second, Indonesia called on all parties to continue their commitment to enforce peace and demonstrate amity and

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<sup>&</sup>lt;sup>371</sup> Statement of the Ministry of Foreign Affairs of the People's Republic of China on the Award of 12 July 2016 of the Arbitral Tribunal in the South China Sea Arbitration Established at the Request of the Republic of the Philippines, 12 July 2016, <a href="http://www.fmprc.gov.cn/mfa\_eng/zxxx\_662805/t1379492.shtml">http://www.fmprc.gov.cn/mfa\_eng/zxxx\_662805/t1379492.shtml</a>, consulted 20 August 2016.

<sup>&</sup>lt;sup>372</sup> R.G. Almond, 'Interview: The South China Sea Ruling', The Diplomat, 16 July 2016, <a href="http://thediplomat.com/2016/07/interview-the-south-china-sea-ruling/">http://thediplomat.com/2016/07/interview-the-south-china-sea-ruling/</a>, consulted 26 September 2016.

<sup>373</sup> Pattiradjawane, *KOMPAS*, 1 August, 2016.

K. Purba, View Point: When Jokowi's Shut Order Works, *The Jakarta Post*, 16 July 2016, <a href="http://www.thejakartapost.com/news/2016/07/16/view-point-when-jokowi-s-shut-order-works.html">http://www.thejakartapost.com/news/2016/07/16/view-point-when-jokowi-s-shut-order-works.html</a>.

cooperation, as has been well nurtured. Third, Indonesia will continue to encourage the creation of a zone of peace, freedom and neutrality in the region in order to strengthen the ASEAN Political and Security Community. Fourth, Indonesia encourages all claimant countries to resume peaceful talks on the overlapping sovereignty claims in the South China Sea in accordance with international law.<sup>375</sup> This response was not surprising since a few days previously, President Widodo had warned his ministers that only the Minister of Foreign Affairs had the authority to respond to the Tribunal's ruling.<sup>376</sup> This warning reflected President Widodo's fear that his ministers will give different responses, as they did before in the 2016 Natuna Islands incidents.

Indonesia's low key response to the Tribunal's verdict is understood in terms of its attempt to avoid jeopardising its relations with China. However, it has regional implication, as Indonesia for a long time has been known as the natural leader in ASEAN.<sup>377</sup> Indonesia actively promotes a multilateral approach in dealing with China in the South China Sea dispute. That is why Natalegawa was critical on the way the Philippines going alone to the PCA, argues that "the Philippines' action had been unhelpful, being unilateral and undermining ASEAN's diplomatic efforts to achieve a CoC for the South China Sea".<sup>378</sup> As the natural leader in ASEAN, Indonesia's leadership in facing China in this context is necessary. Almuttaqi and Arif argue that since Indonesia seems to be uncertain toward China, consequently, "there was stronger demand from the

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<sup>&</sup>lt;sup>375</sup> Ministry of Foreign Affairs, 'Indonesia Serukan Semua Pihak Untuk Menghormati Hukum Internasional Termasuk UNCLOS 1982', 12 July 2016,

<sup>&</sup>lt;a href="http://kemlu.go.id/id/berita/siaran-pers/Pages/Indonesia-Serukan-Semua-Pihak-untuk-Menghormati-Hukum-Internasional-Termasuk-UNCLOS-1982-.aspx">http://kemlu.go.id/id/berita/siaran-pers/Pages/Indonesia-Serukan-Semua-Pihak-untuk-Menghormati-Hukum-Internasional-Termasuk-UNCLOS-1982-.aspx</a>, consulted 26 September 2016.

<sup>&</sup>lt;sup>376</sup> P. Parameswaran, 'Indonesia to Coordinate South China Sea Policy Ahead of Court Verdict', *The Diplomat*, 13 June 2016, <a href="http://thediplomat.com/2016/06/indonesia-to-coordinate-south-china-sea-policy-ahead-of-court-verdict/">http://thediplomat.com/2016/06/indonesia-to-coordinate-south-china-sea-policy-ahead-of-court-verdict/</a>, consulted 26 September 2016.

<sup>&</sup>lt;sup>377</sup> R. Emmers, 'Indonesia's role in ASEAN: A Case of Incomplete and Sectorial Leadership', The Pacific Review, Vol. 27, No. 4, 2014, pp. 543-562.

<sup>&</sup>lt;sup>378</sup> D.E. Weatherbee, p. 24.

regional smaller countries for an increased and a more active presence of the US in the region."<sup>379</sup>

ASEAN is the important means through which Indonesia plays regional leadership role.<sup>380</sup> Urging ASEAN unity in this dispute has long been Indonesia's call, since ASEAN's collective voice carries more weight and it is essential to enhance the centrality and credibility of ASEAN itself.<sup>381</sup> However, preserving ASEAN's unity is more challenging for Indonesia.<sup>382</sup> Since decision making in ASEAN is by consensus, China through its "friends" will make sure that ASEAN does not directly contradict China's interests.<sup>383</sup> It uses economic leverage to downplay ASEAN's multilateral approach, eroding the ASEAN unity. During the ASEAN-China Special Foreign Ministers' Meeting in Kunming, June 2016, China successfully approached Laos as the ASEAN Chair to break the consensus document promoted by the Philippines and Vietnam regarding South China Sea developments.<sup>384</sup> Because the ASEAN Secretariat officially retracted the document, the meeting ended without any joint statements. Several ASEAN member states issued individual statements instead. In the ASEAN Ministerial Meeting in Laos, the first after the release of the Special Tribunal's ruling, China once again ensured that ASEAN did not adopt a tougher stance. Cambodia and Lao opposed the Philippines' demand that the joint statement refer to the Tribunal's ruling. Considering the prospect of deadlock, as

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<sup>&</sup>lt;sup>379</sup> A.I. Almuttagi and M. Arif, p. 108.

<sup>&</sup>lt;sup>380</sup> Jones, D.M., Jenne, N., 'Weak States' Regionalism: ASEAN and The Limits of Security Cooperation in Pacific Asia', *International Relations and the Asia Pacific*, 2015.

<sup>&</sup>lt;sup>381</sup> Karim, M.A., 'The South China Sea Disputes: Is High Politics Overtaking?', *Pacific Focus Inha Journal of International Studies*, Vol. 28, No. 1, 2013, pp. 99-119.

<sup>&</sup>lt;sup>382</sup> C. Roberts, A. Habir, L. Sebastian (eds.), *Indonesia's Ascent Power, Leadership, and the Regional Order*, Palgrave Macmillan, London, 2015, p. 342.

<sup>&</sup>lt;sup>383</sup> D.E. Weatherbee, p. 9.

<sup>&</sup>lt;sup>384</sup> C. Thayer, 'Revealed: The Truth Behind ASEAN's Retracted Kunming Statement', *The Diplomat*, 19 June 2016, <a href="http://thediplomat.com/2016/06/revealed-the-truth-behind-aseans-retracted-kunming-statement/">http://thediplomat.com/2016/06/revealed-the-truth-behind-aseans-retracted-kunming-statement/</a>.

happened in Cambodia in 2012, the AMM finally released a joint communique without mentioning China by name and only indirectly alluding to the Tribunal's ruling.<sup>385</sup>

The domestic priorities of President Widodo's administration meant that it was reluctant to play a greater role determining ASEAN's response. Instead of trying to make a breakthrough as achieved previously by Foreign Minister Natalegawa, Indonesia did nothing to push its regional leadership credentials. This is not surprising, though, as Weatherbee predicted the relative downgrading of ASEAN in Indonesian foreign policy.<sup>386</sup> He concludes that: "In ASEAN's South China Sea diplomacy, Jokowi's Indonesia has become a follower, not a leader...shows no urgency for or special attention to Indonesia's role in ASEAN". 387

Indonesia under President Widodo created its own dilemma, between responding to the tribunal's verdict on behalf of its regional leadership in ASEAN, and trying to keep silent for the sake of bilateral relations with China. Indonesia needs to be aware that to let China ignore the Tribunal' ruling and UNCLOS increases security uncertainties in the South China Sea, which is an important point of regional diplomacy as a global maritime fulcrum.

## Conclusion

The problem of the Natuna Sea cannot be separated from analysis of Joko Widodo's Presidency. It is a real challenge for his vision of the GMF, especially the way in which Indonesia protects sovereignty over its territorial waters and the natural resources

<sup>&</sup>lt;sup>385</sup> ASEAN, 'Joint Communiqué of the 49th ASEAN Foreign Ministers' Meeting Vientiane, 24 July 2016, <a href="http://asean.org/storage/2016/07/Joint-Communique-of-the-49th-AMM-ADOPTED.pdf">http://asean.org/storage/2016/07/Joint-Communique-of-the-49th-AMM-ADOPTED.pdf</a>>.

<sup>&</sup>lt;sup>386</sup> D. Weatherbee, p. 45.

<sup>&</sup>lt;sup>387</sup> D. Weatherbee, p. 62.

in the EEZ. Widodo maintained the position that Indonesia has no overlapping claim with China in the Natuna Sea. The discovery of maps which clearly show that "China is no longer unsure of its position toward Indonesia" only "changed" Indonesia's position with a "symbolic show of force" by the presence of the President in the Natuna Sea. While the Tribunal's verdict in July 2016 extinguished China's claims in the waters around the Natura Islands, the ruling has no enforcement mechanisms. Consequently, it will not stop or resolve the South China Sea dispute.

China's refusal to accept the verdict implies that the current status of the South China Sea dispute will not change for now. 389 President Widodo realised that a strong assertion of state sovereignty, in the end, clashes with Indonesia's priority to attract investment for its maritime agenda. Nothing is surprising as Indonesia avoided provoking China after the Tribunal's verdict, sacrificing its regional leadership role in ASEAN. While state sovereignty should not be compromised by economic leverage, <sup>390</sup> President Widodo failed to address this issue in Indonesia's relations with China.

<sup>&</sup>lt;sup>388</sup> C.P.F. Luhulima, 'The Hague's Verdict and South China Sea Imbroglio', *The Jakarta Post*, 14 July 2016.

<sup>&</sup>lt;sup>389</sup> C.P.F. Luhulima, 'The Hague's Verdict and South China Sea Imbroglio'. <sup>390</sup> C.P.F. Luhulima, 'The Hague's Verdict and South China Sea Imbroglio'.

### **CONCLUSION**

After an examination of Indonesia's China foreign policy in the era of President Widodo, through case studies of the infrastructure projects and the Natuna Sea, this thesis concludes that Indonesia's China Foreign Policy is largely unchanged, although President Widodo is now pursuing a new vision of the "global maritime fulcrum". He has maintained Indonesia's ambivalent approach towards China. Because his primary concern is pursuing economic development over perceptions of China. There are two dimensions of the ambivalence. First, since securing funds for infrastructure projects is valuable for maintaining legitimacy, Widodo is pragmatic towards commercial ties with China, seeking to establish a reliable source of funding for his projects. Second, because Indonesia's foreign policy making process is growing in dependence on good economic relations with China, it is reluctant to take a firm stance toward in regards to violations of state sovereignty, instead downplaying any security issues. Nonetheless, domestic politics remains a significant factor in bilateral ties.

As discussed in chapter 1, the GMF vision is domestically oriented, but emerged in the context of Indonesia's foreign policy. Its emergence cannot be separated from Widodo's domestic political priorities. He exploited an unusual moment during the Presidential election campaign in 2014 to identify nationalism as his source of legitimacy by reviving the old value of an archipelagic nation, replete with references to Indonesia's founding fathers. In this light, the GMF is a concept that reflects older values in the contemporary era. Two major domestic reform initiatives derive from this vision; protection of state sovereignty and a maritime development agenda. The GMF mainly defined Indonesia's foreign policies in a way that served these two agendas.

However, the vision is articulated in a narrower domestic economic growthoriented agenda. Widodo pays greater attention to this agenda as the most salient foreign
policy goal of the GMF. Consequently, the core issue is taking a tougher stance against
illegal fishing, and boosting economic diplomacy to gain funds for improving maritime
infrastructure. Both are expected to contribute to achieving Widodo's target of 7%
economic growth, particularly the infrastructure projects that are a key priority. Realizing
that he cannot rely on the state budget, but foreign investment instead, President Widodo is
an eager attendee at regional and\_international leadership meetings that are beneficial
economically for Indonesia.<sup>391</sup> China is a major source of potential funding, especially
since the launching of the AIIB and Silk Road Funding, which are designed for
infrastructure projects. Crucially, China expresses interest in investing in Indonesia.

As pointed out in chapter 2, China's interest in the GMF vision is driven by its infrastructure projects. The entry point for China's involvement cannot be separated from "complementarities" with China's "maritime silk road", that eagerly highlighted since the start of Widodo's Presidency. While for China possible "complementarities" centre on gaining greater access to Indonesia's infrastructure projects, gaining access to Chinese funding, especially from the AIIB and the Silk Road Fund, is in Indonesia's interest. The Jakarta-Bandung HSR project was the first infrastructure project awarded to China under President Widodo. While it is not in line with the priority on maritime infrastructure, the President held on to the project, despite controversies and different domestic responses. Widodo not only wanted to reinforce an earlier commitment that "there should no longer

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<sup>&</sup>lt;sup>391</sup> T. Salim, 'Indonesia's Foreign Policy Lack Interest or Mere Prioritizing', *The Jakarta Post*, 21 October 2016, <a href="http://www.thejakartapost.com/news/2016/10/21/indonesia-s-foreign-policy-lack-interest-or-mere-prioritizing.html">http://www.thejakartapost.com/news/2016/10/21/indonesia-s-foreign-policy-lack-interest-or-mere-prioritizing.html</a>, consulting 28 October 2016.

be delays"<sup>392</sup> for infrastructure development, he was also playing a game of pragmatic self-interest toward China, hoping to improve Indonesia's economy.

Future cooperation in infrastructure is jeopardised by bilateral economic favouring China. Its investment in Indonesia is increasing only slowly. Likewise, Indonesia favourable balance of trade is declining. It suffered a trade deficit with China in 2016. While change remains to be seen, these developments cannot be separated from China's strategic interests in infrastructure projects go beyond commercial ties.

As argued in chapter 3, Indonesia's growing commercial ties with China do not change China's insistence on its "traditional fishing grounds" in the Natuna Sea. Three incidents involving Indonesian patrol boats and Chinese fishing vessels in 2016 in the Natuna Sea revealed a game with high political stakes. <sup>393</sup> Because Widodo's GMF vision, which puts protecting state sovereignty and maritime development agenda as main priorities, the incidents were a diplomatic challenge. Instead of a coherent strategy to deal with China's encroachments in Indonesia's EEZ, Widodo and his Ministers' responses were uncoordinated. Different responses from Cabinet Ministers reflect different perceptions of China. The response of enhancing military presence in the Natuna Island, for example, reflected the Indonesian military's long standing view that threats come from "the north". As argued by Smith, over the years, China has been imagined as a threat to Indonesian sovereignty, especially as "a conventional assault by the PLA (People's Liberation Army) from the north; and Chinese pressure over sea boundaries in the South

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<sup>&</sup>lt;sup>392</sup> R.A. Witular, 'Jokowi Asks More of China'.

<sup>&</sup>lt;sup>393</sup> T. Javadi, 'Indonesia's China Strategy: 'Flexible Hedging', *The National Interest*, 20 April 2016, <a href="http://nationalinterest.org/feature/indonesias-china-strategy-flexible-hedging-15843?page=2">http://nationalinterest.org/feature/indonesias-china-strategy-flexible-hedging-15843?page=2</a>, consulted 28 August 2016.

China Sea, which affect the status of Indonesia's Natuna Island". 394 Luhut and Ryamizard's earlier views on the Natuna incidents reflect this perspective.

Widodo's main priority in infrastructure drives his pragmatism towards China, which has been apparent since the 2014 election debate. When asked about the South China Sea disputes and Indonesia's role he replied that the issue involved other states, not Indonesia. During the 2014 debate, Widodo suggested that "Indonesia should carefully consider whether or not its involvement in the conflict either will jeopardize the relations with China or we can provide the way out for the conflict". While he was not over reliant on advice from the Ministry of Foreign Affairs, nothing surprised when Indonesia's policy toward China followed Widodo's pragmatism driven by economic imperatives.

Overall, the "global maritime fulcrum" is a rationalised ideal that Widodo tried to promote during the first 2 years of his Presidency. The ideal brings together the needs to deliver economic growth and uphold sovereignty as his sources of legitimacy. Widodo focussed on domestic aspects of the GMF. He allowed only limited roles for the Foreign Affairs Ministry and foreign policy advisors in shaping policy, focusing on the foreign policy dimensions of domestic economy affairs.

The rise of Widodo and the GMF vision aligned the interests of Indonesia with China as a basis for closer maritime cooperation. While the joint statement between two countries in March 2015 stressed translating "complementarity" between the GMF MSR into "more concrete economic outcomes", the Natuna Sea incidents suggest that Indonesia-China relations are more complex than just economic relations. Indonesia should not perceive "the complementarity" between the Chinese MSR and its GMF only through the

A.L. Smith, 'From Latent Threat to Possible Partner: Indonesia's China Debate", Asia-Pacific Center for Security
 Studies,
 December
 2003,

lens of Indonesia's economic benefit. It requires a more coherent and comprehensive strategy toward China, driven not only by economic calculations since China's intentions go well beyond that. While Indonesia's China foreign policy under President Widodo tends to be ambivalent, as suggested by Tjhin, "there have to be institutional adjustments to follow up President Jokowi and President Xi Jinping's joint statement that highlighted the agreement to synergize Indonesia's Global Maritime Fulcrum and China's Maritime Silk Road". Therefore, the degree of ambivalence in Indonesia's China Policy could be gradually directed to a more balanced policy towards China, as "Indonesia needs China as much as China needs Indonesia." 396

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<sup>&</sup>lt;sup>395</sup> C.S. Tjhin, 'Engagement with China needed', *The Jakarta Post*, 28 October 2016.

<sup>&</sup>lt;sup>396</sup> K.H. Raditio, 'Insight: China: A Hegemon or Strategic Partner?', *The Jakarta Post*, 20 October 2016.

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