Indonesia's Strategic Role in a Changing Southeast Asia

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Executive Summary

Indonesia, long thought of as a basket case, has emerged as one of the key players in the Asia-Pacific. Its democracy, while young and still consolidating, has proved to be remarkably resilient. While other countries are undergoing painful recessions, thanks to the global financial crisis, Indonesia is experiencing sustained economic growth. It has emerged as a key regional player on the diplomatic stage, forging strong bilateral relationships with its neighbours and joining the influential G20 group of major economies.

The archipelagic nation is also strategically significant. Straddling the Indian and Pacific Oceans, it abuts the busy Malacca Strait—through which half of the world's commercial tonnage sails—and the contested South China Sea. Any serious assessment of Southeast Asia's security outlook must now include Indonesia.

Indonesia's overriding security concern is the rise of China. Like most of its neighbours, Indonesia sees both opportunities and threats in this emerging giant. Indonesia, which is rich in natural resources and in desperate need of foreign investment to update its inadequate infrastructure, knows its economic development is tied to China's growth. But while Indonesia wants to piggyback on China's economic ascent, it does not want China to dominate the region politically.

Instead, Indonesia would prefer to preserve the status quo. Its colonial history has made it wary of being dominated by great powers. However, it believes that the existing US-led security order is the best way to ensure China does not become the predominant security actor in the region. As long as America provides an implicit security guarantee, Indonesia

believes that a rising China is not a threat. Jakarta knows that the best way to balance China's economic and strategic rise is for America to continue to play a central role in the region.

Managing relations between these two great powers is something of a balancing act. Jakarta does not want to choose sides between the United States and China. It wants to continue pursuing a fruitful economic relationship with China, while cultivating America as its most important strategic partner. Eschewing one power over the other would force it to forgo either its security needs or its economic development. To this end, Indonesia has recommitted to regional multilateral forums, both to lock the United States into the region and to encourage China's cooperation.

Indonesia is no longer a basket case but a 'middle power' of geographic, economic and strategic significance: a nation that important players in the region call ill afford to ignore.

Introduction

When US President Barack Obama jetted into Jakarta in November 2010, he made headlines around the world. Yet the international press barely noticed another state visit, just days before. While Obama offered soaring rhetoric, Wu Bangguo, head of China's National People's Congress, provided the Indonesians with something more concrete: US$6.6 billion in infrastructure investments. It was, according to the *New York Times*, a 'not-so-subtle challenge to Mr. Obama: Show your Indonesian hosts the money.'[1]

Over the past decade, Indonesia has transformed itself from an authoritarian state to a democracy. As one of the few Asian states to survive the global financial crisis relatively unscathed, it is also emerging as a regional economic power. Indonesia's rise is peaceful: it has resumed its de facto leadership of the Association of Southeast Asian Nations (ASEAN) (and acting as chair of the body in 2011); has joined the G20; and is building solid relationships with neighbours such as India and Australia. Indonesia is cementing its 'middle power' status. As the flourish of interest shown by Washington and Beijing demonstrates, big powers are taking notice of Indonesia's increasing strategic significance.

At the same time as Indonesia's fortunes are changing, the geopolitical dynamics of the region are shifting as well. Despite assiduously building trade and investment links throughout the region, China is increasingly asserting itself in Southeast Asia. In March 2010, Beijing hinted it would elevate the hotly contested South China Sea to the level of 'core interest,' putting it on a par with Taiwan and Tibet (although the Chinese government has not officially confirmed this). With the People's Liberation Army Navy rapidly expanding in size and capability, Southeast Asian governments (including Indonesia's) worry that China may soon be able to dominate the region. Indonesia's three chief security concerns—the Malacca Straits, the South China Sea, and the Indian Ocean—are all areas where China wants to increase its presence. However, Jakarta's main security priority is keeping China *out*. This contradiction means that Indonesian strategists are closely watching China's rise.

This report will examine Indonesia's strategic outlook through the lens of these changing security dynamics. The first section looks at Indonesia's increasing strategic significance and its growing importance as an emerging economy and a consolidating democracy.

The second section focuses on Indonesia's foreign policy outlook and its preoccupation with a rising China. In the words of veteran Southeast Asia watcher Amitav Acharya, Jakarta's dealings with Beijing will be defined by a mixture of 'competition and collaboration.'[2] The

two countries may be significant trading partners, but many in Jakarta worry about China's ambitions in the region.

To assuage its worries, Indonesia is carefully building close relationships with its neighbours and with the powerful United States. While Indonesia does not want to have to 'choose sides' between China and America, it is aware that the existing US-led security order is the best way to maintain regional peace and security, and to balance China's rising influence. A close strategic relationship with America means Indonesia will have a powerful friend by its side if China's rise turns out not to be peaceful.

Indonesia's strategic significance

Indonesia is a vast archipelago of 17,000 islands, 6,000 of which are inhabited. While Indonesia only shares land borders with three countries—Malaysia, Timor Leste, and Papua New Guinea—it shares maritime boundaries with Australia, India, the Philippines, Thailand, Vietnam and Singapore. Its 55,000 kilometres of coastline stretches between the Indian and Pacific oceans, straddling some of the busiest and strategically most important sea lanes in the world.[3] The Malacca Strait, a narrow waterway separating Indonesia from Malaysia and Singapore, is one of the two main 'chokepoints' for energy transport in the world. More than 50,000 vessels travel through it every year. In 2006, 15 million barrels of oil per day were transported through the strait, the bulk being Middle-Eastern oil travelling to China and Japan.[4] Eighty percent of China's oil imports pass through the waterway.[5] Distinguished US correspondent Robert Kaplan notes:

> As sea power grows in importance, the crowded hub around Malaysia, Singapore, and Indonesia will form the maritime heart of Asia.[6]

The waters surrounding Indonesia are also militarily significant. The Malacca Strait is the fastest way to move naval vessels between the Indian and Pacific oceans.[7] The strait leads to the hotly disputed South China Sea, which lies to the north of Indonesia and borders all the littoral Southeast Asian states, as well as China and Taiwan. The Natuna Islands, in Indonesia's Riau province, lie in the South-West corner of the South China Sea. The sea is rich in oil and gas, and carries more than half of the world's super-tanker traffic. China, Taiwan, the Philippines, Vietnam, Brunei, Malaysia, Thailand, Cambodia, Singapore and Indonesia all claim parts of the South China Sea or its islands; at times, there have been brief clashes in defence of these claims. By virtue of its location, any power that wants to control the South China Sea—and by extension control maritime Southeast Asia—cannot ignore Indonesia.

A consolidating democracy and a growing economy

Recent political reform and economic growth has made Indonesia a regional power in its own right. With a population of nearly 250 million people, Indonesia is the world's fourth most populous country.[8] Moreover, it is rated by Freedom House as the only politically 'free' state in Southeast Asia.[9] Since the fall of the authoritarian Suharto regime in 1999, highly centralised political power in Jakarta has been substantially devolved to the regions. Controls on political parties, civil society, and the media have been relaxed or lifted altogether; ongoing conflicts in East Timor and Aceh have been neutralised, with East Timor granted independence and Aceh effective autonomy. The re-election of President Susilo

Bambang Yudhoyono, universally known as SBY, to a second term in mid-2009 reflects Indonesia's growing political stability.

While Indonesia is still very much a developing economy—almost half of its population lives on less than $US2 a day in PPP terms—its economic future looks bright.[10] Indonesia was one of the few economies that continued to grow throughout the global recession, experiencing GDP growth of more than 6% in the second quarter of 2010.[11] Investment bank Morgan Stanley predicts that Indonesia's economy, already ranked 18th largest in the world,[12] will continue to grow at a similar rate in 2011.[13] *The Economist* touts it as a potential member of the fast-growing BRIC (Brazil, Russia, India and China) economies,[14] and the *Financial Standard* argues that Indonesia—which accounts for 13% of global coal exports and is a major producer of palm oil—will get picked up by the rising tide of a booming China and India.[15]

Indonesia is actively seeking a bigger presence on the world stage, and is increasingly acting like a 'middle power.'[16] Yudhoyono has reinvigorated Indonesia's role as the unofficial leader of the Association of Southeast Asian Nations (ASEAN), and is building a bigger international profile as a member of the increasingly powerful G20 group of large and emerging economies. Indonesians are becoming more confident about their place in the world. In the 2006 Lowy Institute Poll, 88% of Indonesian respondents indicated it would 'be best for the future of Indonesia if we take an active part in world affairs.' [17]

Indonesia's relationships with the major powers in the region have improved, too. As well as moving closer to ASEAN, Yudhoyono has improved cooperation with large neighbours such as India and Australia, and more importantly, great powers America and China. Taken together, these trends suggest that Indonesia will become a more important part of the regional security fabric.

However, some significant problems could still derail Indonesia's progress. Its democracy is still new, and institutions such as the courts, police and parliament remain weak. Democratic reversals in neighbouring Thailand and the Philippines are a reminder that political stability is tenuous in Southeast Asia. Respected Indonesia watcher Rizal Sukma notes that Indonesia's 'democracy, while becoming more consolidated, remains a work in progress.'[18] The resignation in 2010 of reform-minded Finance Minister Sri Mulyani was widely interpreted as a sign of President Yudhoyono's weakness in the face of powerful Suharto-era cronies, many of whom are now in Parliament and oppose political and economic reform to protect their vested interests.[19] The President is coming under increasing criticism both within Indonesia and abroad, thanks to the sluggish change under his leadership.[20] Corruption is more widespread now than it was under Suharto, and is seriously impeding the functioning of the state and business investment in Indonesia.[21] Poverty remains endemic. The 2009 Jakarta hotel bombings were a reminder of the ever-present threat of terrorist attacks. Instances of religious violence have increased.[22] Any of these domestic problems could undermine Indonesia's political and economic progress.

Indonesia and China: 'competition and collaboration'

China, which has rapidly become the preponderant economic power in Asia, has also become a major focus of Indonesia's foreign and economic policies. China has long regarded itself as the natural leader of Asia. Its $5 trillion economy is 10 times the size of Indonesia's.[23] Its newfound wealth has enabled China to rapidly increase its military expenditure to nearly $100 billion in 2009, making it the second largest defence spender in

the world after America. In contrast, Indonesia and Thailand spent about $5 billion on their militaries in 2009, and Singapore about $8 billion.[24] Even though Japan and South Korea have more technologically superior militaries, China is rapidly catching up. Indonesia and its Southeast Asian neighbours worry that as China's capabilities develop, it may be able to extend its authority over the rest of the region.

China's rise also provides a conundrum for Indonesia and its neighbours because they recognise that their own economic prospects are largely dependent on China. Trade between China and ASEAN grew at an average of 19% annually between 2005 and 2009. China became ASEAN's largest trading partner in 2009, up from third in 2008.[25]

As close geographic neighbours of China, often with large ethnic Chinese populations of their own, Southeast Asian states want to ensure that China's inevitable rise is as peaceful as possible. China recognises this, too. Over the past decade, it has courted Southeast Asia with a diplomatic 'charm offensive,' giving development aid, increasing its role in multilateral forums, and improving ties by setting up language and cultural centres, called 'Confucius Institutes,' throughout the region.[26]

A rocky beginning

Indonesia's relationship with China has historically been unstable. Immediately after gaining independence from the Netherlands in 1945, Indonesia's first President, the socialist-leaning Sukarno, cultivated close links with China. However, this closeness was short lived. In 1965, a number of high-ranking generals in the Indonesian military (the Tentara Nasional Indonesia or TNI) were killed in an abortive coup. In the bloody aftermath, one surviving general, Suharto, seized power and replaced Sukarno as president in 1967. Suharto suspected the coup had been orchestrated by the Indonesian Communist Party (the PKI), backed by China. In the violent reprisals that followed, hundreds of thousands of PKI members and suspected communist sympathisers were killed. Suharto unilaterally cut diplomatic relations with China.

This episode, along with Suharto's own deeply held hostility to communism, shaped Indonesia's relationship with China for the next two and a half decades. The authoritarian Suharto justified his strong military rule as a response to the threat posed by communist China. Despite repeated requests from China to re-establish ties, the two countries did not have a formal relationship until 1990. Even after relations were restored, Suharto remained wary of China.[27] His suspicion that China would interfere in Indonesia's domestic affairs persevered until his resignation in 1998. While other ASEAN states developed closer bilateral relationships with China during the 1990s, Indonesia favoured dealing with Beijing through multilateral forums.[28]

Bilateral ties improved substantially in the post-Suharto period, although coming from a very low base. Jakarta is a lot less wary of Beijing than it used to be.[29] President Wahid, who came to power in late 1999, explicitly forged closer ties with China, India and other Asian states to counter the influence of Western countries in Indonesia, believing the United States and Australia had forced Indonesia to grant independence to East Timor.[30] President Megawati Sukarnoputri, Wahid's successor, focused on improving economic ties with China.[31] In 2005, President Yudhoyono signed a 'strategic partnership' with China. Juwono Sudarsono, former Indonesian defence minister and professor of international relations at the University of Indonesia, sums up the Indonesian view that 'lingering suspicion of China is still present but this is offset by admiration for China's successes.'[32]

Rizal Sukma argues that this thawing in relations must be seen in two separate contexts: bilateral and regional.

> Within the bilateral context, Indonesia has become increasingly comfortable dealing with China, a manifestation of which is evident in the expansion of cooperation between the two countries since 1998 and especially since 2004. Within the East Asian context, however, Indonesia's attitudes and policy are still shaped by a degree of the feeling of uncertainty regarding the long-term implications of the rise of China for the regional order.[33]

The bilateral context

The bilateral relationship is dominated by trade and investment. In 2007, China was Indonesia's third-largest trading partner, mostly on the back of Indonesian natural resources exports to the regional giant. Many expect the China-ASEAN free trade agreement, which came into force in January 2010, to further enhance economic ties. Indonesia, which is rich in natural resources, is aware that a resource-hungry China may come to see it as strategically very important.[34] Chinese state-owned resources companies and sovereign funds have begun aggressively investing in oil, coal and LNG projects in Indonesia, including the huge Natuna gas project in the South China Sea.[35] Between 2005 and 2009, two-way trade between China and Indonesia more than doubled to US$25 billion. China has invested more than $265 million in Indonesia over the past four years, mainly in infrastructure.[36] With its ambitious economic growth targets, the Yudhoyono government is keen for Chinese investment to grow.

Public attitudes towards the small but economically powerful group of ethnic Chinese living in Indonesia have also improved. Under Suharto, Chinese Indonesians were officially discriminated against.[37] Chinese businesses were the subject of violent attacks in the 1998 riots that followed the Asian Financial Crisis. President Wahid in particular saw the value in dismantling discriminatory policies and restoring the confidence of Overseas Chinese Business networks to return to Indonesia.[38] Now, a quarter of Indonesian universities teach Mandarin; Indonesian companies seeking to do business with China are increasingly looking for Indonesian-Mandarin speaking recruits. Indonesians seem much more accepting of China, with 59% saying they 'trust China to act responsibly in the world.'[39] In part, this is the result of China's diplomatic efforts over the past decade, with Beijing being quick to offer aid after both the 1997 Asian Financial Crisis and the 2004 tsunami.[40]

Despite the increasingly close economic relationship, there are limits to bilateral cooperation. Jakarta largely sees Chinese investment in Indonesia, especially in resources and infrastructure, as more of an economic benefit than a security threat. However, this may change as China becomes more powerful. As Abraham Denmark notes:

> There is concern among policy elites throughout the region that Chinese economic influence will make Indonesia more vulnerable to political pressure from Beijing.[41]

Large sections of the Indonesian population are also concerned about the impact of trade with China on domestic industries, especially the textile industry. While the Yudhoyono government was keen to get behind an ASEAN-China Free Trade Agreement, many Indonesians remain fearful it will result in jobs being lost to Chinese firms.[42]

The regional context

If there are still some lingering concerns in Indonesia about the bilateral relationship with China, there is outright anxiety about China's strategic role in the region. Sukma sums up Indonesia's fears:

> The concern with China relates first and foremost to the question of how China is going to use its new stature and influence in achieving its national interests and objectives in the region. Indonesia, like any other ASEAN member states [sic], would not want to see China seeking to dominate the region ...[43]

Jakarta's wariness means that strategic cooperation between Indonesia and China—while improved since the days of Suharto—has not progressed the same way as the economic relationship. The 2005 'strategic partnership' on security issues has not translated into action.[44] Indonesia has signalled its keenness to sell 'non-weapon military supplies' to the huge Chinese army, promising to buy Chinese weapons in return.[45] But in all likelihood, Indonesia just wants to cash in on the economic opportunity rather than build closer strategic or military links with China.

China's strategic role

As an archipelagic state, Indonesia is especially wary of China increasing its maritime presence. Indonesia tolerates and accepts America's military presence in Southeast Asia because the United States has a proven history of being a benign power that will keep the peace. But China has no such track record. As an external power, the United States is unlikely to make territorial claims in the region; China has stated its territorial ambitions beyond its current borders.[46]

It is this possibility of Chinese security dominance that largely drives Indonesia's security worries. In June 2010, Indonesian Defence Ministry spokesman Wayan Midhio confirmed that the Malacca Strait, along with the South China Sea and the Andaman and Nicobar Islands in the Indian Ocean, are Indonesia's top three security priorities.[47] Jakarta believes that keeping these waters free from external domination is the key to preserving its own security and sovereignty. If a foreign power were to gain a foothold in any of these waterways, it could be in position to deny access to commercial and naval shipping. Unfortunately, other regional powers also consider these three areas as strategically important. Beijing has affirmed both its strategic interest in the Malacca Strait and its readiness to use naval force to ensure safe passage of its ships if other powers were to deny it access.[48] And while China spent many years playing down its long-standing territorial claims against Indonesia, the Philippines, Vietnam and Taiwan, in March 2010 it indicated it would elevate the South China Sea to the level of 'core interest,' putting it on a par with Taiwan and Tibet.[49] Although China may have since backed away from this statement, the situation is deeply worrying for Indonesia.

In 1993, China quietly made a territorial claim over the waters surrounding Indonesia's Natuna Islands. While the Indonesian government (under Suharto) did not formally respond to the claim, fearing that to do so would legitimise it,[50] Chinese maps of its South China Sea claims now include an area north of the Natuna Islands that falls within Indonesia's Exclusive Economic Zone. China has never acted on its claim, but it evades questions regarding Indonesia's sovereignty over the Natunas. The dispute bubbled over in 2009 when Indonesia detained 75 Chinese fishermen operating in the area.[51]

The Natuna Islands are both strategically and economically important for Indonesia. Located between peninsular Malaysia and Borneo, the islands provide a geographical gateway between the South China Sea to the north and the Java Sea and the Malacca Strait to the south. Whoever controls the islands commands access to these sea lanes, as well as Indonesia's main islands of Java and Sumatra. Lying under the sea bed surrounding the Natunas is one of Indonesia's largest liquefied natural gas reserves. These largely

unexploited reserves may hold up to a quarter of Indonesia's recoverable gas supply.[52] Jakarta is worried that China might see the Natunas as quite a prize.

Indonesia is similarly anxious about China's interest in the strategically significant Andaman and Nicobar Islands on its Western tip. The islands, which form a barrier between the Malacca Strait on one side and the Indian Ocean and Bay of Bengal on the other, belong to India but lie only 200 kilometres off Indonesia's Sumatra province. Both Indonesia and India wish to keep the islands safe for shipping and free from external domination.[53] Jakarta is keen to build its relationship with New Delhi, hoping that close cooperation with India will prevent China from expanding its naval operations into the Indian Ocean and threatening Indonesian naval interests from the west. For its part, India has been carefully building a system of bilateral security relationships with Southeast Asian neighbours, including Indonesia, with the same aim in mind.[54]

Indonesia's most sensitive security issue is the Malacca Strait. Jakarta is unequivocal in barring any foreign power from gaining a foothold in the strait. Indonesia, along with its close neighbours, is responsible for securing the strait and ensuring the safe passage of more than half the world's commercial maritime traffic through it. In 2007, then Indonesian defence minister Juwono Sudarsono asked Japan, China and South Korea for technical assistance to help secure the strait.[55] However, Indonesia is loath to accept more than technical help. So far, it has rebuffed advances from America, India, Australia, Japan, and China to help secure the waterway.[56]

Indonesia does not want to give any of these states—especially China—the impression that it (along with its neighbours) can't manage the strait. Despite severe funding constraints, Indonesia is working assiduously to professionalise its navy and improve its capacity, particularly through the purchase of submarines.[57] Since 2004, it has joined with Malaysia and Singapore to coordinate security patrols in the area—a previously unprecedented level of security cooperation. While there is no doubt that Indonesia, along with its neighbours, sees piracy and the potential for terrorism in the strait as a serious security threat, these patrols also send a clear message to China that, should it be looking for an excuse to flex its muscles, the Southeast Asian nations are in control.

Indonesia's sensitivity about outside powers gaining too much of a foothold in the strait was made clear when, in 2004, incorrect reports suggested that America would begin sending patrol boats to the area. Indonesia (along with Malaysia) reacted quickly and angrily,[58] claiming that not only would such a move attract the attention of Islamic extremists keen to target US vessels, but that it would also infringe on their sovereignty.[59] Likewise, Jakarta has also refused New Delhi's offer to use its Andaman and Nicobar command post as a base from which to operate patrols of the Malacca Straits.[60] With sovereignty such a sensitive issue, it seems unlikely that Indonesia would ever allow foreign patrols in its territorial waters—even by a trusted partner like the United States.[61]

Indonesia and the US: 'partners in regional peace and security'

While the relationship between America and Indonesia has been on and off in the past, President Obama's visit to Jakarta in November 2010 highlighted the growing mutual connection. Under the staunchly anti-communist Suharto, Indonesia had been an important Cold War partner of the United States, with the two states maintaining close military links throughout the 1970s and 1980s. But America substantially cut military cooperation in the early 1990s after Indonesian Special Forces were filmed murdering hundreds of East

Timorese civilians mourning in a cemetery.[62] With the Cold War over, the United States was no longer willing to turn a blind eye to Indonesia's human rights infractions. When Indonesian backed militias went on a violent rampage following the East Timorese vote for independence in 1999, President Clinton cut all formal military ties; in 2000, the US Congress banned its armed forces from training with, or transferring weapons to, Indonesia until the Indonesian military improved its human rights record.[63]

Despite ongoing concerns that the TNI had not improved its human rights record (which were confirmed when Indonesian soldiers were filmed torturing Papuan civilians in October 2010), it was not long before the two states resumed contact. While the Soviet threat had passed, a new threat in the form of global terrorism had emerged. In 2002, in the aftermath of the Bali bombing, America began providing counter-terrorism assistance to Indonesia.[64] Formal security ties were restored in 2005. America resumed arms sales, as well as military training programs and bilateral military exercises.[65] It has helped Indonesia install a series of radar systems to enhance security in the Malacca and Makassar straits. In 2009, they co-hosted the Garuda Shield multilateral military exercises.[66] In 2010, the Indonesian army's notorious Special Forces unit *Kopassus* struck a training deal with the US military.

Hillary Clinton included Indonesia in her first official overseas trip in early 2009, and the two states agreed to sign a Comprehensive Partnership Agreement including defence, trade and environmental cooperation later that year. This was subsequently signed by presidents Obama and Yudhoyono in November 2010.[67] The partnership included—among a number of clauses on closer security, economic and cultural cooperation—a pledge to 'become partners in maintaining regional and international peace and security in Southeast Asia and beyond.'[68] Indonesian international relations experts agree that the strategic partnership will do much to bring Indonesia and United States closer.[69]

Limits to cooperation

Yudhoyono has stressed that Indonesia's relationship with America must be an 'equal partnership' based on 'common interests.'[70] Despite improved ties, Jakarta is increasingly concerned that it is only a junior partner to the much more powerful United States. Indonesia wants to feel like America takes it seriously, especially on matters of security cooperation. University of Indonesia international relations expert Andi Widjajanto questions America's commitment to developing Indonesia as a regional security partner at all: 'when it comes to dealing with high politics, or sensitive issues, to the United States, Indonesia does not count.'[71]

Indonesia's reluctance to become too reliant on the United States stems partly from America's recent arms embargo. Up until the beginning of the 1990s, America had been Indonesia's largest supplier of arms and military training. As concerns over Indonesia's human rights record grew, America gradually suspended the transfer of arms and weapons. In 1993, the United States even blocked the transfer of fighter jets from Jordan to Indonesia, citing human rights concerns. Other arms suppliers fell into line behind the US position.[72] Unable to purchase new equipment or spare parts (and restricted by budget constraints), Indonesia's armed forces fell largely into disrepair. In 2006, when America lifted the ban, only 15% of Indonesia's naval and law enforcement ships were operable at any one time.[73] Its first purchases after the embargo was lifted were spare parts to repair ageing US-supplied aircraft.[74] Perhaps wary of relying solely on America as an arms supplier, Indonesia now plans to purchase submarines from Russia[75] and may buy weapons from China. A desire for self-reliance and non-alignment remains at the heart of Indonesia's foreign policy.

Preserving the status quo

Despite its fierce independence, Indonesia understands the importance of the regional security architecture in ensuring its own security. For the last half century, the United States' implicit security guarantee has allowed Asian states to rise peacefully without their neighbours feeling overly threatened. Relatively weak Southeast Asian states have confidently built fruitful economic relationships with much larger neighbours to their north, including China. Indonesia is aware that, despite its anxieties about the future, China does not yet possess the military capabilities to pose a direct threat to Southeast Asia.[76] It also knows that the United States will likely remain the most important player in Southeast Asian security for the foreseeable future. Jakarta welcomed Hillary Clinton's offer in April 2010 to mediate in the South China Sea disputes, believing that having a powerful friend would give the smaller Southeast Asian states more bargaining power.[77]

Proudly non-aligned

A powerful realist urge to balance against dominant outside powers has long been at the heart of regional cooperation in Southeast Asia. Despite Suharto's anti-communist sentiments, Indonesia has always been a committed member of the Non-Aligned Movement. The formation of ASEAN in 1967 by Indonesia, Malaysia, Singapore, Brunei and Thailand (with memories of colonialism fresh in their minds) was an effort to stop either of the two Cold War superpowers from gaining too much influence in the region. ASEAN's now infamous policy of non-interference in the internal affairs of member states has long been derided as the main source of the group's impotence and inertia. But the policy stems from this urge to resist domination by any regional or outside power.

Having been so keen to avoid this fate during the Cold War, Jakarta certainly does not want to risk it again. Indonesia does not want to become a subservient ally to the United States or used in a power play against China. Some experts in Jakarta fear that America is only interested in getting close to Indonesia 'on suspicion of Chinese intentions in the South China Sea.'[78] Nor does Indonesia want China to 'define its relations with ASEAN states in terms of its competition with other major powers.'[79]

A balancing act

Despite—in fact, because of—this, Jakarta believes that maintaining relationships with both the United States and China is the best way to ensure regional peace and stability.[80] While Indonesia welcomes America's interest the South China Sea, President Yudhoyono 'conspicuously skipped' a meeting between ASEAN and the United States, probably because he knew that President Obama would pressure China to resolve the issue. As University of Indonesia political scientist Syamsul Hadi told the *New York Times*, 'The Indonesian government felt that the U.S. was putting too much pressure on Indonesia and other ASEAN nations to choose sides.'[81] Indonesia is happy to have the United States act as a counterweight to China, but does not want to be seen to be pushing China too much.

The Indonesian media are keenly aware that the United States and China are competing to gain influence in Indonesia: China announced more than $6 billion of infrastructure investment on the eve of Obama's visit to Jakarta in what seemed, according to the *Jakarta Globe*, 'an attempt to upstage the American president.'[82] In the past, Indonesian officials have 'dropped hints' that they might explore closer military ties with China as a way to push America into closer security cooperation.[83]

Crucially, Jakarta is careful to play down any suggestion of strategic competition between China and the United States. As Yudhoyono told reporters in November, 'If something bad happens between these two Group of 20 countries, the impact would be expansive, not only in Asia but in the world.'[84] Foreign minister Marty Natelagawa concurred: 'Our worldview is that China's rise is inevitable ... We must promote a paradigm that is win-win.' [85]

Multilateral institutions

Indonesia sees its leadership of ASEAN in 2011 as a way to engage both China and the United States in the region. As Abdul Khalik says in the *Jakarta Post*, Indonesia will not allow the region to fall 'into a Cold War-like environment of mutual suspicion and hostility while striving to maintain an absence of a preponderant power.'[86] China is a member of the ASEAN Regional Forum, the region's only formal multilateral security dialogue, and the East Asia Summit, an annual leadership dialogue hosted by ASEAN. By bringing China into the tent, Indonesia hopes it will be more inclined to adhere to ASEAN's rules and negotiate disputes with the region as a whole rather than picking off the relatively powerless Southeast Asian states one by one.[87]

Indonesia was also one of the more vocal proponents of the United States joining the East Asian Summit, which it did in July 2010. Most analysts interpreted this as an attempt to moderate China's growing influence and balance its disproportionate size.[88] As the *Jakarta Post* summarised, 'Now that the US has been admitted into the East Asia Summit, Washington and Jakarta [can] collaborate on building a new regional architecture that guarantees peace and prosperity for all countries in the region.'[89] In 2007, Australia, India and New Zealand joined the summit following lobbying from Jakarta.[90]

Indonesia has long regarded itself as the de facto leader of the ASEAN, but its interest waned as it became caught up in domestic turmoil at the end of the 1990s. Now, despite some suggestions that Indonesia is 'outgrowing ASEAN,'[91] Jakarta wants to claim its historical place at the centre of the group.[92] However, ASEAN's track record in managing security disputes is patchy at best. Moreover, some of its members such as Laos, Myanmar and Cambodia have become increasingly close to China. Indonesia is concerned that ASEAN alone cannot effectively manage regional security in the future, [93] and is simultaneously pursuing bilateral relationships with regional powers (as well as the United States) to hedge against this possibility.

Conclusion

Indonesia, like the United States and China, is ultimately driven by realist calculations. Its foreign policy outlook will be increasingly dominated by strategies to balance China's rising influence in the region. Jakarta is extremely wary of potential Chinese naval expansion into Southeast Asia, especially in the South China Sea, the Andaman and Nicobar Islands, and the Malacca Strait, which it views as its core—almost existential—security concerns. For now, China provides far greater economic opportunities than security threats. Even if strategic competition between America and China were to emerge, Indonesia would put off 'choosing sides' for as long as possible. But, fundamentally, Jakarta does not trust Beijing. It will hedge its bets by pursuing cooperative relationships with both the United States and China. Indonesia's interests are largely aligned with America's. Neither country would like to see China increase its military power in Southeast Asia. However, Indonesia will maintain a staunchly independent outlook: its relationship with America will be a marriage of

convenience rather than an enduring alliance. Despite Indonesia's ongoing antipathy towards what it perceives as meddling from *any* major power, Indonesia is far more likely to accept the United States as a benign hegemon than it is to accept China in such a role. The Pentagon's renewed relationship with the Indonesian military—despite ongoing problems exemplified in the latest human rights scandal—shows that Washington is aware of this, too.

Endnotes

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