Indonesia is not only the largest country in Southeast Asia, it is the largest Muslim-majority country and third-largest democracy in the world. The country’s population of roughly 250 million is eclipsed only by China, India, and the United States. Paired with its location at the intersection of the Indian and Pacific oceans, it’s understandable why Jakarta is considered the *primus inter pares*—the first among equals—in regional affairs.

As a founding member of ASEAN, one of the region’s oldest and most important institutions, Indonesia has assumed a leadership role in Asia going back at least to the Cambodian-Vietnamese war of the 1970s.

Two foundations have underpinned Jakarta’s approach to regional leadership since Indonesia’s “independent and active” foreign policy philosophy was formulated in the 1940s by then-vice president Mohammed Hatta: (1) the projection of a normative (or moral) voice in international affairs; and (2) support for multilateralism without being too closely aligned with one major power over another. During the Cold War, these principles were realized in Indonesia’s Non-Aligned posture, though arguably less for ideological reasons than for domestic political considerations.\(^1\)

Nevertheless, this Non-Aligned philosophy is so deeply ingrained in Indonesia’s foreign policy thinking that the country has eschewed formal alliances altogether. Even efforts to develop security partnerships short of alliances, especially with major powers like the United States and China, are closely scrutinized and can quickly generate domestic political oppositions for any administration in Jakarta. As a result, Indonesian policymakers have historically adopted a
strategy of pragmatic equidistance: fully engaging one power in various forms of cooperation—from economic engagement to defense partnerships—while simultaneously maintaining both strategic autonomy and equidistance from the other great power.  

These broad contours of Indonesia’s foreign policy help us better locate Indonesia’s relationship with China within its broader political and historical contexts. For much of its history the bilateral relationship has been fraught with acrimony and ambivalence. Despite similarities in their formative revolutionary experiences, Indonesia’s relationship with China lacked warmth and substance from the outset. The post-independence political elite in Jakarta proved hostile toward Communism and suspicious of Beijing’s relationship with the country’s small but economically influential ethnic Chinese population. Additionally, Beijing’s support for the Indonesian Communist Party or PKI (until its destruction in 1965–1966) made China a polarizing yet powerful domestic political player; much like the United States was during the 1950s and 1960s.

The Indonesia-China bilateral relationship nonetheless reached a nadir in the latter half of the 1960s and early 1970s when, following an alleged attempted coup by a group of military officers and the PKI on October 1965, Indonesia suspended diplomatic relations with China. Not coincidentally, Washington subsequently played a critical role in the post-1965 destruction of the PKI as well as the subsequent restoration of economic assistance and investment into Indonesia. As such, for much of the 1970s up until the end of the Cold War, many considered Jakarta to have been aligned with Washington in a limited way.

By the mid-1980s, however, Jakarta gradually moved to normalize its relations with Beijing, enticed by the growing potential of the Chinese economy. Yet, Indonesia’s initial outreach to China was tepid and tinged with suspicion, even after diplomatic relations were restored 1990. This ambivalence was partly a product of unresolved issues over the state of ethnic Chinese Indonesians, including their repression and discrimination under the authoritarian “New Order” regime, and was partly due to mounting unease within Indonesia’s defense establishment over China’s military modernization and assertive South China Sea behavior in the 1990s. This ambivalence was further shaped by broader structural considerations including China’s geographic proximity and how the history of Chinese expansionism is taught in Indonesian schools, and by the controversial role of ethnic Chinese in the country’s economy (and the history of violence against them).

These economic, political, and historical factors must be taken into account when assessing the progress in Indonesia-China relations over the past decade, including the 2013 signing of the Indonesia-China Comprehensive
Strategic Partnership between Presidents Susilo Bambang Yudhoyono and Xi Jinping. As the following sections will show, domestic political considerations, rather than geopolitical ones, continue to shape the broader ambivalence and inconsistencies in Indonesia’s approach to China, especially as it relates to the South China Sea.

Key Trends and Drivers

Recent Developments and Flashpoints

Despite their rocky start following the restoration of diplomatic relations in 1990, China climbed the ranks of Indonesia’s strategic priorities following the 1996–1997 Asian financial crisis. President Megawati Soekarnoputri (2001–2004) and her administration considered China to be central to Indonesia’s economic recovery as Beijing expressed interest in Indonesian energy exports, partially to reduce Beijing’s dependence on Middle Eastern supplies forced to transit the Strait of Malacca. Additionally, Indonesia’s resilient economy and growing market, as well as its leadership role within ASEAN, further incentivized Beijing to pursue a strategic partnership and execute a wide-ranging “charm offensive” with Jakarta.

In the two decades since, China has become Indonesia’s largest trading partner and third-largest investor (at least in terms of commitments). However, as the two economies have grown increasingly intertwined and interdependent, Indonesian policymakers have confronted new economic challenges. While China has offered major economic opportunities, it has also raised various concerns about its penetration into the Indonesian market, provoking economic nationalism and protectionism.

First, both countries have been vying for the same export markets and seeking to attract the same set of foreign investors. Second, there is widespread belief in Indonesia that China benefits more from the economic relationship than Indonesia does. For example, China enjoys comparative advantage in a broad range of trading products while its current investment realization rate in Indonesia stands at a paltry 14 percent. Third, the implementation of the ASEAN-China Free Trade Agreement, which took effect in 2010, generated domestic controversy with local business interests arguing the trade pact damaged their interests and hampered their competitiveness.

China’s growing economic profile in Indonesia has thus once again positioned it as a controversial domestic political issue for Jakarta; one further complicated by the role of ethnic Chinese Indonesians. While reliable figures on the size, value, and ownership of so-called ethnic Chinese Indonesian
businesses are hard to come by, some parts of the local business community have been complaining that Beijing seems more interested in doing business with these conglomerates at the expense of “indigenous” companies.\textsuperscript{12}

Such concerns are even more widespread beyond the business community. Indeed, in the post-authoritarian era there are still widely held stereotypes about “ethnic Chinese wealth” despite the fact the vast majority of Chinese Indonesians are not wealthy tycoons. Many of them are indeed poor and live a rural existence. Yet, according to a recent survey almost 60 percent of Indonesians polled felt Chinese Indonesians are “more likely to be wealthy” than indigenous (\textit{pribumi}) people.\textsuperscript{13} Discussions of China’s growing economic role and profile in Indonesia therefore often hit a raw nerve within the Indonesian elite and public.

Nevertheless, in recent years political ties between Indonesia and China have witnessed a trend of steady improvement. In 2005, President Susilo Bambang Yudhoyono and President Hu Jintao signed a three-pronged “Strategic Partnership” agreement to formalize strengthening security, economic, and social/cultural ties.\textsuperscript{14} This agreement provided a framework to pursue various political, security, and economic cooperative activities to strengthen both government-to-government as well as people-to-people relations.

State visits, economic and investment projects, and defense cooperation activities have all increased since 2005.\textsuperscript{15} Jakarta lifted strict visa controls for visiting Chinese nationals in 2014, who are now able to obtain visas on arrival. Indonesia has also been attracted to China’s technological prowess, with joint initiatives to promote science and technology cooperation, including the formation of a joint committee to boost exchanges in aerospace surveying and satellite development, launch, and application.\textsuperscript{16}

Jakarta has also begun diversifying its energy sector partnerships with Asian investors, including Chinese investors, beyond its traditional Western counterparts.\textsuperscript{17} For example, an “Energy Forum” between Indonesia and China was established in 2002 and China’s three big oil companies—the China National Petroleum Corporation (CNPC), the China Petrochemical Corporation (Sinopec), and the China National Offshore Oil Corporation (CNOOC)—have been increasing their presence in Indonesia in recent years.\textsuperscript{18} By 2015, China’s energy investments in Indonesia reached $4.8 billion exceeding Chinese investments in any other sector of the Indonesian economy.\textsuperscript{19} In 2016, reports suggested four Chinese companies were planning to invest over $2 billion in Indonesia’s renewable energy industry.\textsuperscript{20}

In the realm of defense cooperation, Jakarta has sought to build a broader relationship with Beijing in what many analysts see as an attempt to reduce the country’s longstanding dependence on U.S. military hardware and train-
The 2005 strategic partnership, for example, was later accompanied by complementary agreements on bilateral defense consultations and defense technology cooperation.\textsuperscript{22}

In 2007, two PLA (People’s Liberation Army) Navy destroyers made their first port visit to Indonesia in over a decade and the following year both sides agreed to jointly produce military transport vehicles and aircraft. In 2010, the Indonesian Air Force agreed to continue training Sukhoi jet fighter pilots in China while the first bilateral joint special forces exercise, dubbed “Sharp Knife,” was inaugurated in 2011.\textsuperscript{23}

In 2012 Indonesia agreed to purchase and jointly manufacture C-705 guided anti-ship missiles from Beijing while mutual exchanges of military officers are now conducted on a near-annual basis. According to one former Indonesian defense official, military cooperation with China should be based on “mutual trust, mutual respect, and mutual benefit in an air of equality.”\textsuperscript{24}

While nominally much broader, the practical deliverables of bilateral defense cooperation remain limited. Beyond the transfer of anti-ship missiles China has had little success exporting arms to Indonesia.\textsuperscript{25} Most of the Indonesian armed forces’ weapons platforms remain sourced to Western countries. There is also a widespread belief in Jakarta that Chinese military hardware is of poor quality and durability, while post-sale servicing on Chinese weapons platforms is inadequate.

Long-term officer exchanges, meanwhile, have been limited in scope and no joint military training exercises have been conducted by the Indonesian military (TNI) and PLA at the tri-service level. Whereas the United States and Australia train dozens of TNI officers annually, the scale of officer exchanges with China, totaling only a handful of officers per year, remains small by comparison.

At the broader bilateral level, however, Jakarta and Beijing remain committed to expanding the relationship. In 2013 Indonesia and China agreed to elevate their 2005 Strategic Partnership to the level of Comprehensive Strategic Partnership (building on the 2010–2015 Plan of Action for the Strategic Partnership).\textsuperscript{26} Among other things the two agreed to

1. maintain regular exchange of visits between the senior leadership and further optimize the various bilateral consultation mechanisms;
2. further enhance defense and security consultations and advance cooperation in joint military exercises and training, maritime security, and non-traditional security areas;
3. enhance information and intelligence sharing as well as bilateral counter-terrorism consultations;
4. work toward a target of $80 billion in bilateral trade; and
5. encourage greater participation of Chinese enterprises in Indonesian infrastructure and connectivity projects.

Concerns and Consequences

The general improvement in diplomatic relations throughout the 2000s has thus far proven incapable of fully dispelling a broader sense of ambivalence if not suspicion in Jakarta. As of late, the principal security concerns in Jakarta relate to Chinese behavior and policies in the waters around Indonesia’s Natuna islands bordering the South China Sea. For Jakarta, the issue has become an important test for its broader relationship with China and for whether the cohesion and centrality of ASEAN—considered the cornerstone of Indonesia’s foreign policy—can be sustained.

ASEAN Unity

As one former ASEAN secretary general admitted, with respect to the South China Sea in particular “there seems to be a difference in outlook between China and ASEAN with respect to the role of ASEAN.” Specifically, they differ on whether China should “deal with individual Southeast Asian claimants or with ASEAN as a group.” Considering Beijing’s role in orchestrating the failure by ASEAN to issue a joint communiqué in 2012—and the strong-arm tactics it’s deployed at the group’s various annual meetings since—it is increasingly difficult to ignore China’s “divide-and-conquer” strategy toward ASEAN.

The Chinese threat to ASEAN’s cohesion and centrality over the South China Sea has direct implications for Indonesia’s strategic environment and regional leadership credentials. According to one senior Indonesian diplomat, the South China Sea “is a challenge for Indonesia to show her leadership in the region and how to preserve ASEAN unity.”

Jakarta needs a cohesive ASEAN to boost its global profile as Indonesia is a more significant actor and attractive partner in the eyes of extra-regional powers when leading a united ASEAN. Jakarta also considers ASEAN and its related institutions, such as the ASEAN Regional Forum (ARF) and East Asia Summit (EAS) to be useful diplomatic tools to engage with and balance major powers in the region, ensuring what former Foreign Minister Marty Natalegawa calls “dynamic equilibrium.”

The Natunas

The Indonesian military, meanwhile, has historically considered the country’s northernmost territories, including the Natuna Islands, as among its
most vulnerable regions. Since the 1990s Jakarta has been cognizant of the po-
tential overlap of maritime claims there presented by China’s Nine Dash Line
claims. Indonesia has repeatedly sought official clarification from Beijing on
the matter and has outright rejected any Chinese claims to the maritime space
near the Natunas in the absence of such clarification.

Concerns over the South China Sea began to coalesce after the so-called
Mischief Reef Incident in 1995, when China quietly seized and established
structures on an underwater shoal claimed by the Philippines in the Spratlys.
In the aftermath of the incident, a senior Indonesian official observed, “[I]f
the Chinese want, they can [also] take the Natunas, and the Indonesian elite
knows it.” It is telling that the first combined exercises of Indonesia’s three
armed forces were held a year after the Mischief Reef incident, simulating a
campaign to recover occupied territory in the Natunas. Subsequent military
exercises have followed a similar template.

During the term of President Yudhoyono (2004–2014), concerns about
China and the Natunas were included in a broader assessment of Indonesia’s
national security policy and environment. While a direct military invasion
by Beijing was deemed unlikely, defense planners remained concerned about
China’s claims to, and actions around, the Natunas. They also expressed
concern about any “spillover effects” from a U.S.-China conflict that could
destabilize or disrupt the region’s vital sea-borne trade.

Under the current administration of President Joko Widodo (popularly
dubbed “Jokowi”), Indonesia has become increasingly concerned with develop-
ments in the South China Sea, including China’s militarization of its artificial
islands in the Spratlys. The first Defense White Paper of the Jokowi administra-
tion, released in 2016, argued the conflict-prone situation in the South China Sea
was destabilizing given (1) the deployment of military assets by claimants; (2) the
involvement of non-regional states such as the United States in the dispute, and;
(3) the absence of a credible international organization for resolving disputes.

Indonesia’s concerns over China’s South China Sea activities largely paral-
lel those of its neighbors and other claimants. First, the South China Sea is
one of the most productive fishing zones in the world, with roughly half of
the world’s fishing vessels plying the area. As a result, the region has suffered
widespread overfishing and depleted fishing stocks in recent years. Indonesia
has suffered significant losses—amounting to roughly $20 billion annually—
to illegal, unregulated, and unreported (IUU) fishing by Chinese, Malaysian,
Thai, and Vietnamese fishermen, among others.

The waters around the Natunas are particularly rich in marine resources
with an annual recovery potential of roughly 500,000 tons according to gov-
ernment estimates. Unsurprisingly, countering IUU fishing is a stated pri-
ority for the Jokowi administration, as is its policy of seizing and destroying
foreign fishing vessels in its EEZ.
Unlike Vietnam, Malaysia, and the Philippines, Indonesia does not have any claims to disputed territory in the South China Sea and often highlights its non-claimant status to avoid direct confrontation with Beijing over the issue. However, security experts in Jakarta remain alarmed by the possibility of a gradual Chinese encroachment on Indonesia’s maritime rights and interests as well as the growing number of encounters between Indonesian maritime security agencies and the Chinese Coast Guard.

Two incidents in 2016 were particularly noteworthy and concerning from Jakarta’s perspective. After Indonesian authorities captured a Chinese fishing vessel illegally operating in the country’s 200 nautical mile EEZ near the Natunas in March 2016, a Chinese coast guard ship intervened to recapture the fishing vessel, provoking a sharp protest from the Jokowi administration.42

Months later, in May 2016, Chinese coast guard ships lingered nearby while the Indonesian navy arrested another Chinese fishing vessel illegally operating in Indonesian waters. The Indonesian navy was forced to use live ammunition after the Chinese vessel ignored various warnings during a hot pursuit across Indonesia’s EEZ around the Natunas—which led to stern protests by Beijing.43

The pair of incidents are part of a growing number of confrontations involving Chinese fishermen in recent years, though it’s worth noting illegal fishing from Vietnamese and Filipino vessels have also been a source of concern. That said, a former Indonesian foreign minister claims China has been reacting more strongly to the country’s arrests of its fishermen since 1999, either verbally or through diplomatic notes and “soft ultimatums.”44

Meanwhile, Indonesia’s response to the two incidents differed substantially, underscoring its complex relationship and ambivalent history with China discussed in the previous section. Following the detention of eight Chinese crew members during the March incident, in mid-April Indonesia’s cabinet secretary announced the matter had been resolved following a visit by a Chinese Communist Party delegation to the presidential palace.45

By contrast, following the May incident President Jokowi staged a visit to the Natunas in which he presided over a cabinet meeting aboard the Indonesian warship that fired on the Chinese fishing vessel. The trip was staged after a Chinese foreign ministry spokesperson claimed that China and Indonesia “have overlapping claims for maritime rights and interests,” which Indonesian officials rejected immediately.46

Following the cabinet meeting, the Jokowi administration outlined new priorities for the Natunas, including the development of hydrocarbon infrastructure, the boosting of the local fisheries sector, the speedy upgrade of military facilities, and the deployment of advanced weaponry. Legislators
also approved additional defense budgetary requests, some of which were allocated for military facilities in the Natunas.47

**UNCLOS**

Aside from security concerns, Jakarta also views any challenge to the legitimacy or relevance of the UN Convention on the Law of the Sea (UNCLOS) as a challenge to its hard-fought recognition as an Archipelagic State. This status, established by UNCLOS in 1982, permitted Indonesia to draw straight baselines connecting the outermost points of its outermost islands by which Indonesia was granted expansive sovereign rights over “internal waters” enclosed.

By providing a legal framework for the sovereign domain of the Indonesian state, UNCLOS is thus central to Indonesia’s identity and strategic thinking. If maritime law enforcement authority stems from the sovereign rights over a country’s EEZ granted by UNCLOS, then Chinese encroachments into the Natunas’ EEZ are equivalent to challenging UNCLOS and, consequently, Indonesia’s status as an Archipelagic State.

A landmark ruling by an UNCLOS Arbitral Tribunal in July 2016 in a case brought by the Philippines against China had several implications for Indonesia and the region. Perhaps most important, it reaffirmed and provided a legal basis for Jakarta’s longstanding rejection of China’s Nine-Dash Line map. Beijing, however, rejected the Tribunal’s decision and Indonesia issued a decidedly bland statement following intense pressure from Beijing and haphazard policy formulation process.

In another demonstration of the importance of domestic politics in Indonesia’s China policy, Jakarta issued a new official map in mid-2017 that explicitly cited the 2016 Tribunal award as one basis for drawing the country’s maritime boundaries. The new map was released at a time Jokowi was under pressure domestically for being seen as increasingly “pro-China” in his outlook. However, after Beijing publicly protested the move, one of Jokowi’s most powerful ministers, Luhut Pandjaitan, later tried to backtrack by saying the map was “merely an intellectual exercise.” In reality, it was the product of months of inter-agency meetings.

**Motivations and Ambitions**

Given the historical ambivalence, domestic politics, and strategic concerns mentioned above, Indonesian views of the ambitions, goals, and motivations underpinning China’s more assertive behavior are not particularly coherent. Official statements tend to avoid the subject altogether, focusing instead on
either the potential benefits of the Strategic Partnership or the need for a speedy conclusion of the ASEAN-China Code of Conduct.

Indonesian analysts remain divided on the subject. Some believe, for example, that China’s behavior in the South China Sea is more a function of domestic sensitivities and politics, while others believe Beijing has grown increasingly “hegemonic” in its behavior. Ultimately, Jakarta has yet to witness a coherent public discussion on China’s ambitions and motivations, and whether its goals include an end to America’s military presence in the region or simple territorial expansion in Southeast Asia.

Similarly, there are divisions between Indonesia’s maritime security establishment and the foreign ministry over how to best deal with China’s activities in the Natunas. Those who stand to benefit from economic cooperation with Beijing are prepared to publicly endorse a growing Chinese sphere of influence at the expense of the United States while downplaying Beijing’s revisionist designs and policies in the South China Sea. On the other hand, most of the defense and security establishment, and increasingly maritime policy stakeholders, are growing restless over China’s behavior.

Balancing under the Microscope

Indonesia has faced lofty expectations, both domestically and among its neighbors, that it would lead efforts to promote and defend a rules-based order. To date, however, the Jokowi administration has proven incapable of or unwilling to form a coherent consensus on how to best deal with Chinese challenges in the Natunas and the South China Sea. Any attempt to do so would likely arouse numerous vexing domestic political problems over ethnic Chinese Indonesians, the role of the business community, and even the specter of “communism” that has haunted the country since 1965.

Given these domestic imperatives and complexities, Indonesia’s approach to China, particularly as seen through recent developments in the maritime domain, cannot be clearly characterized as simply Balancing or Bandwagoning. In the theoretical literature Balancing often refers to the creation or accretion of military power through internal mobilization (Internal Balancing) or the forging of alliances (External Balancing) to prevent or deter territorial aggression or political and military domination by a foreign power.

Seen in this light, Indonesia might be closer to hedging or “Under-Balancing” as far as its recent China policy is concerned. This is largely the product of: ambivalence within the broader bilateral relationship (across political, economic, security, and social issues); President Jokowi’s personal disinterest in foreign policy; the presence of pro-China elites within the president’s inner
circle; the lack of elite consensus; and Indonesia’s limited military options as discussed above.

In any case, Indonesian foreign policy broadly, and toward China specifically, tends to be disproportionately shaped by domestic politics and the personal politics and priorities of the president in office. The public, meanwhile, remains relatively uninformed about foreign policy developments and their strategic implications. A recent survey by the University of Indonesia, for example, noted that less than 12 percent of the public knew about the South China Sea problem and its significance for Indonesia.51

Meanwhile, domestic discussions about China are often framed in economic terms or in relation to the ethnic Chinese community in Indonesia, with political and business elites invoking identity politics for pragmatic gain. The president’s political enemies, meanwhile, often manipulate and exploit legitimate security concerns about China to personally attack the president. This manifest in the rise of anti-communist rhetoric that includes references to Jokowi and his political party as “Beijing’s puppets” for not standing up more forcefully against China after the Natuna incidents of 2016.52

Internal Balancing

Despite the lack of clear strategic direction from the president, observers note that Indonesia seems to have begun responding “militarily” to Chinese activities in the Natunas by building and upgrading defense installations in the islands and conducting large-scale military exercises.53 These developments dovetail with the more than doubling of Indonesia’s defense budget over the past decade and substantial upgrades to the Indonesian Navy and Air Force including new frigates and submarines.

However, there are reasons to doubt Indonesia’s military modernization has been designed specifically in response to perceived threats from China. Rather, it appears to be geared more toward fulfilling the Yudhoyono administration’s goals of “Minimum Essential Forces” (MEF)—a force posture capable of meeting the country’s daily baseline operational requirements. This includes a priority on replacing aging equipment, reforming the defense industrial base, and integrating tri-service operations to meet day-to-day operational demands, which range from counter-trafficking to disaster relief.54

While some consider military plans in the Natunas proof of Internal Balancing,55 a closer examination reveals they were not designed nor implemented directly in response to Chinese behavior. Rather, the plans were conceived in the early to mid-2000s as part of the post-authoritarian reform of the Indonesian military, including the MEF blueprint and the “Flashpoint-based Defense” posture that focuses on the country’s “outer islands” in general.56
These plans have not been substantially altered or abandoned under the current Jokowi administration.

In fact, the Indonesian military has used recent developments in the South China Sea and the Natunas to advance those preexisting plans at a time of domestic criticisms over military purchases and upgrades. Ultimately, the Indonesian armed forces recognize they have limited military options for affecting Beijing’s strategic calculus, and there is little evidence to date to suggest Indonesia is engaged in significant levels of Internal Balancing directly and specifically in response to China’s behavior.

The United States

Indonesia remains adamantly opposed to the concept of alliances for a host of historical and domestic political reasons. On the other hand, Jakarta believes that given the lack of viable military options to deter China, the United States may be the only military power capable of changing China’s strategic calculus. In this regard, Indonesia is supportive of a sustained American regional military presence, but its support carries conditions.

Just as Jakarta has struggled to form a consensus on how to view and approach China, so too does it remain conflicted about America’s role in the region. The two countries’ rocky Cold War relationship and concerns over America’s reliability have contributed to Jakarta’s cautious approach to the United States at different junctures. More recently, various domestic political actors—from Islamic parties to civil society organizations—have voiced concerns about America’s since-renamed Global War on Terrorism, particularly its counterterrorism efforts in Southeast Asia.

At the elite level, Washington is seen to be both a potential threat as well as the main guarantor of regional stability, according to at least one poll. Public opinion is similarly torn. A 2007 Chicago Council on Global Affairs poll showed 64 percent of Indonesians lacked trust in the United States “to act responsibly” in the world while a 2009 World Public Opinion poll found 63 percent agreed that “the U.S. abuses its greater power to get Indonesia to do what it wants.”

In a 2010 Pew poll, favorable opinions of the United States rose to over 60 percent after the election of President Obama, who had personal roots in Indonesia. However, Indonesian perceptions of the United States declined again after the election of President Trump. In a poll taken at the end of 2017, only 48 percent had a favorable view of the United States and only 23 percent expressed confidence in the U.S. president.

Notably, Indonesia did embrace President Barack Obama’s “Re-Balance to Asia” initiative in part because it was billed as not just as a military initiative
but as a diplomatic and economic commitment to the region, including to ASEAN and regional multilateral institutions. While many in Jakarta understood American geopolitical interests would dominate Washington’s strategic calculus, Indonesia wants to see an America engaging Southeast Asia on its own merits, beyond the confines of the U.S.-China strategic competition.

Ultimately, Jakarta does not wish to see an escalation of tensions between the United States and China or between China and its Southeast Asian neighbors. Indonesia has thus been reluctant to endorse any initiatives or coalitions viewed as hostile to, or promoting competition with, China. Notably, Indonesia has withheld public support for American Freedom of Navigation Operations (FONOPs) in the South China Sea and remains generally opposed to “any power projection in the region.”

On the other hand, Indonesia has tacitly supported and facilitated some aspects of America’s regional military presence in an attempt to indirectly deter potential Chinese aggression or domination. Jakarta participates in the annual Cooperation Afloat Readiness and Training military exercises with the U.S. Navy and regularly hosts visiting U.S. naval vessels, for example. In 2010, the two countries signed a Defense Framework Agreement that covered a wide range of items including security dialogues, military education and training, maritime security cooperation, and military equipment procurement.

Finally, the election of Donald Trump as the U.S. president has not substantially altered Indonesia’s strategic approach to the United States or China. Indonesia’s approach to Balancing, to the extent it has one, will depend less on Washington’s policies and more on Jakarta’s domestic political considerations.

External Balancing

Successive post-authoritarian governments since 1998 have tried to avoid the impression of leaning too much toward any one major power by pursuing bilateral strategic partnerships with multiple parties while elevating Indonesia’s multilateral profile. Indonesia signed eighty-six bilateral defense and security agreements and partnerships with thirty-one countries between 1999 and 2016. Yet, Jakarta’s defense diplomacy has been geared toward confidence-building measures, capability enhancements, and defense industrial development, rather than any anti-China military partnerships or coalitions.

Indonesia’s “independent and active” philosophy continues to breed a deep aversion to military alliances. It prefers to engage with regional powers through the strengthening of regional institutions such as ASEAN—what scholars have dubbed as “Soft” or “Institutional” Balancing—over
the pursuit of treaty alliances. Its preference for engaging multiple great powers to further socialize them into regional norms can be described as a form of “omni-enmeshment.”

To the extent Indonesia has been engaged in External Balancing, it has been done through the country’s leadership in ASEAN, which it has used to constrain or oppose destabilizing behavior by external powers. Indonesia has made significant efforts to strengthen multilateral institutions broadly, crafting the ASEAN Political Security Community blueprint and promoting ASEAN cooperation with extra-regional powers. It has also been a proponent of the ASEAN Regional Forum (ARF), East Asia Summit (EAS), Asia Pacific Economic Cooperation (APEC), and more recently the ASEAN Defense Ministers’ Meeting Plus (ADMM+).

Under Jokowi, however, Jakarta has been reluctant to further leverage these forums to push for a legally binding China-ASEAN Code of Conduct (COC) in the South China Sea or generally push back against Chinese assertiveness. Instead, Jakarta has focused on forming consensus and achieving “lowest common denominator” joint statements from ASEAN. Similarly, Indonesia has yet to promote any serious initiatives at the EAS designed to change China’s calculus in the South China Sea.

Coalitions and New Initiatives

It’s difficult to conceive of Indonesia supporting any multilateral coalitions or institutions designed explicitly or implicitly against China. Given the country’s historical role and leadership profile in ASEAN, it has shied away from any institutions or coalitions separate from, or in competition with, ASEAN-related mechanisms and processes, including the ARF, EAS, and ADMM+.

At times Jakarta has sought to energize preexisting non-ASEAN multilateral commitments, such as when it led an effort to strengthen and reform the Indian Ocean Rim Association (IORA) in 2017. Indonesia’s efforts there, however, seemed more focused on promoting multilateral norms as opposed to reforming the grouping into a more geopolitically agile organization.

More often, Indonesia has preferred to distance itself from any high-profile Balancing or military initiatives, especially those seen as targeted against a specific state or threat. For example, Jakarta rejected Saudi Arabia’s offer to join an anti-ISIS coalition of Muslim states and has even been wary of embracing Japan’s “Free and Open Indo-Pacific” proposal.

Foreign minister Retno Marsudi argued that while Japan’s proposal aligns with Indonesia’s traditional beliefs and interests, Jakarta should be cautious about the possible contradictions with China’s Belt and Road framework
and the potential destabilization stemming from the dueling visions and the
"influence competition" in the region. Indonesia should be expected to take
a similarly ambivalent approach to the recently revived "Quad" joining Aus-
tralia, India, Japan, and the United States.

Conclusion

Jakarta often refers to China as a "challenge" rather than a "threat" and this
chapter has underscored Indonesia’s traditionally ambivalent position vis-
à-vis China and the United States. Indonesia’s approach to the region’s two
great powers tends to be governed more by domestic politics than geopolitical
logic. It is thus unsurprising Indonesia’s "Under-Balancing"—when a threat-
ened state fails to accurately assess the threat posed by another state or does
not respond appropriately—is driven at least in part by President Jokowi’s
domestic political calculations.

To the degree that Indonesia is engaged in External Balancing it prefers
to do so through the promotion of ASEAN-centric multilateral institution-
building and support. Indonesia has also opted for a wide-range of bilateral
security partnerships rather than a smaller set of more potent partnerships in
part to avoid the impression it is targeting a particular country.

Meanwhile, Indonesia’s principal security concerns remain internal in na-
ture and its defense modernization is driven more by the desire to implement
organizational reforms rather than countering a military threat from China.
Ultimately, Jakarta believes that there are few viable military options available
to change China’s calculus given the wide and growing gap in the military
balance between China and the rest of Southeast Asia.

There are a few future scenarios that might potentially change Indonesia’s
strategic calculus. Although Jakarta has never formally declared as much,
many government officials believe any effort to harness hydrocarbon re-
sources around the Natunas by an external power constitutes a "red line." Similarly, any attempt by Beijing to challenge Indonesia’s rights to explore
or develop the hydrocarbon resources in its EEZ would likely provoke a
strong reaction from Jakarta. Meanwhile, an armed conflict or clash between
China and another ASEAN member, particularly one that disrupted regional
trade and commerce around the Malacca Strait for example, would prove
highly alarming to Indonesia. Ultimately, however, Indonesia’s responses to
such contingencies—much like its overall China policy—will remain gov-
erned by the domestic political logic of the president and his inner circle.


Chapter 7


3. Both countries experienced revolutionary and civil wars associated with or against external powers during their birth as modern states.


8. This included providing significant assistance during the 1997 economic crisis and the December 2004 tsunami. In 2005, China announced that its investment in Indonesia could triple up to $20 billion within five years; this was on top the fact that China’s aid by then was already double to what the United States provided. See Joshua Kurlantzick, *Charm Offensive: How China’s Soft Power Is Transforming the World*


10. Indonesia mining exports increased to USD 5.82 billion or 41.4 percent of the total export to China in 2010. The contribution of the manufacturing sector, in contrast, has been in a continuous decline. This pattern constitutes a major source of Indonesia’s trade deficits, which reached an all-time high in 2012 and why, consequently, Indonesia has become increasingly reliant on natural-resource sectors for exports to China. See Atje and Gaduh, *Indonesia-China Economic Relations*, 58; Dewi Kurniaiwati, “Indonesia’s Complicated Relations with China,” *Asia Sentinel*, August 5, 2016, https://www.asiasentinel.com/politics/indonesia-china-complicated-relations/.

11. Many of them then pressured the government to renegotiate terms, often evoking nationalist rhetoric in doing so. See Kosandi, “Shifting Paradigms and Dynamics of Indonesia-China Relations,” 186.


18. In 2002, Petrochina acquired six oil fields and the following year, it bought a 45 percent stake in ship operators in Indonesia’s oil fields. Sinopec signed a joint oil exploration agreement in East Java in 2005; and in 2007, it announced an additional US$14 billion in oil and natural gas investment. CNOOC took over five oil fields in 2002 and simultaneously invested in the US$8.5 billion-worth liquefied natural gas project in Papua. By 2008, it controlled or had shares in 33 gas fields and 85 offshore facilities, and produced crude oil from 420 wells, which placed it among the top oil and gas companies operating in Indonesia. More details in Peter Gammeltoft


22. The strategic partnership also committed initially to extend credit and loans for $300 million worth of infrastructure projects and more than $10 billion of private-sectors investments. This agreement came a few weeks before a U.S.-Indonesia memorandum of understanding for a $74 million aid package.


32. In a *note verbale* provided to the UN Commission on the Limits of the Continental Shelf (CLCS) in response to China’s 2009 submission that included the map, Jakarta said that the map “clearly lacks international legal basis and is tantamount to upset the UNCLOS 1982.” Permanent Mission of the Republic of Indonesia to the United Nations, Note No. 480/POL-703/VII/10, Unofficial Translation.
33. Cited in Daniel Novotny, *Torn between America and China: Elite Perceptions and Indonesian Foreign Policy* (Singapore: Institute of Southeast Asian Studies, 2010), 221.

34. In his term, the Ministry of Defence released two major policy documents addressing the potential conflict flashpoints stemming from the unresolved issues in the South China Sea. See Kementerian Pertahanan, *Strategi Pertahanan Negara* (Jakarta: Direktorat Jenderal Strategi Pertahanan, 2007); and Kementerian Pertahanan, *Buku Putih Pertahanan Negara* (Jakarta: Direktorat Jenderal Strategi Pertahanan, 2008). These concerns were part of a larger contingency planning around the country’s outermost islands—three (out of a total of ninety-two) of which are located near or around the South China Sea.

35. An assessment by the Presidential Advisory Council further suggested that the military should prepare for such scenarios by realigning its defense, including strengthening military posts in the Natunas, and technological development, such as procuring maritime patrol aircraft. See Dewan Pertimbangan Presiden, *Kajian Penataan Postur Pertahanan Negara Menghadapi Eskalasi Keadaan di Kawasan Perbatasan RI dengan Laut Cina Selatan* (Jakarta: Dewan Pertimbangan Presiden Bidang Pertahanan dan Keamanan, 2012).


38. In 2012, fisheries landings in the area were estimated at around ten million tons, or about 12 percent of the global catch, worth some $21.8 billion. Further, about 150 million people in the region depend directly on fisheries for food and income with roughly another 60 million working in associated industries. See U. Rashid Sumaila and William W. L. Cheung, *Boom or Bust: The Future of Fish in the South China Sea* (Ocean Asia Project, University of British Columbia, 2015); Robert Pomeroy, John Parks, Kitty Courtney, and Nives Mattich, “Improving Marine Fisheries Management in Southeast Asia: Results of a Regional Fisheries Stakeholder Analysis,” *Marine Policy* 65 (2016): 23.


44. Personal conversation with a former Indonesian foreign minister, Jakarta, April 2016


47. See details in Aaron Connelly, Indonesia in the South China Sea: Going It Alone, Lowy Analysis Paper (Sydney, NSW: Lowy Institute for International Policy, 2016).


57. In recent years, civil society groups have been publicly scrutinizing and criticizing the military’s corruption-prone defense procurement. Furthermore, unlike the previous Yudhoyono administration, Jokowi is personally less interested in defense and military policies and does not consider them as priorities for his government.


59. Novotny, *Torn between America and China*.


67. Goh, “Great Powers and Hierarchical Order in Southeast Asia.”


69. Schweller, *Unanswered Threats*. 

Chapter 8


9. Agreement Between the Government of the United States and the Government of the Republic of the Philippines Regarding the Regarding the Treatment of United