Drifting towards Dynamic Equilibrium: Indonesia’s South China Sea Policy under Yudhoyono

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This chapter examines Indonesia’s South China Sea policy under President Susilo Bambang Yudhoyono. For much of his administration (2004–14), Indonesia held on to three interrelated policy concepts: non-claimant, honest broker, and confidence-builder. Indonesia is a non-claimant as it does not stake a claim in the disputed waters of the Spratlys. Indonesia maintained a non-claimant status because China has yet to clarify publicly its infamous “nine-dash line” map. In the absence of such clarification, Jakarta has not acknowledged that any maritime boundary dispute with Beijing exists — which has allowed Indonesia to exploit the hydrocarbon and marine resources of the Natunas’ exclusive economic zones (EEZs). Ambiguity over the nine-dash line thus seemingly benefited both China and Indonesia. A non-claimant position has further allowed Indonesia to play the role of an “honest broker” among the claimants. Indonesia has played that role by becoming a confidence-builder seeking to peacefully manage, rather than legally resolve, the disputes through multilateral
mechanisms to achieve a “dynamic equilibrium”. A dynamic equilibrium is when regional countries would work with others to build institutional mechanisms and architecture — with ASEAN playing a central role — where no power is dominant or excluded and all parties make up part of a web of mutually beneficial relationships.¹

Taken as a whole, these policies were not the product of Yudhoyono’s novel strategic insights. Instead, they are rooted in the broader historical and political contexts of Indonesia’s overall approach to the South China Sea since the 1990s. Specifically, I argue that four dimensions of interests have shaped Indonesia’s South China Sea policy for over two decades: (1) sovereignty and resources, (2) military and security, (3) Indonesia–China bilateral relations, and (4) ASEAN centrality and cohesion. Given these interests, Indonesia cannot afford to be an innocent bystander. Yet, as a non-claimant, Indonesia’s options to actively engage the dispute are limited. Accordingly, it has relied on a combination of multilateral and diplomatic policies to manage the tension in the area and a series of unilateral steps to prepare for and hopefully prevent an all-out regional conflict.

In international relations parlance, Indonesia as a non-claimant with strategic interests carefully combines “external institutional balancing” (engaging the claimants through ASEAN) and “domestic internal balancing” (improving domestic economic and national security institutions to deter or prevent regional conflicts) since the 1990s.

One of the key reasons behind the lack of novel South China Sea initiatives under Yudhoyono is simply the fact that, upon assuming office, the president faced the same strategic conundrum his predecessors did. On the one hand, Jakarta seeks to maintain the “status quo” pertaining to its sovereign rights over the Natuna waters, its increasing strategic partnership with China, and its leadership in ASEAN and the region. But, on the other hand, Jakarta cannot ignore the rapidly changing strategic environment prompted by Beijing’s aggressive behaviour and the growing rivalry between the United States and China threatening to escalate the tension. Consequently, the Yudhoyono administration had few options to maintain Indonesia’s strategic autonomy other than piecemeal steps — basically drifting — towards a “dynamic equilibrium” over the South China Sea.

The following sections expand on and elaborate these arguments. The first section describes the strategic interests that have guided
Indonesia’s South China Sea policy. The second section demonstrates how these strategic interests shape Jakarta’s overall responses and initiatives — whether they were done multilaterally or unilaterally. The policy interests and responses provide us with a broader lens through which we can identify the continuity and change in Yudhoyono’s South China Sea policy. Finally, I conclude by drawing out the broader implications of the analysis and suggest how we could understand and anticipate Indonesia’s South China Sea policy under president Joko Widodo, or Jokowi.

Why the South China Sea Matters for Indonesia

The South China Sea (SCS) dispute lies at the heart of the fluctuating geopolitical, geoeconomic, and geostrategic trends in the Indo-Pacific. The area — about four million kilometres of water consisting of over two hundred islands and atolls — is a major flashpoint for potential conflict between China and several Southeast Asian states due to overlapping maritime claims and could potentially draw in the United States as well. Between 1974 and 2002, there were a total of seventeen military clashes in the area (mostly involving China, Vietnam, Malaysia, and the Philippines) (see U.S. EIA n.d.). In recent years, various incidents have also occurred between, among others, the United States and China, China and Vietnam, and China and the Philippines.

The stakes are further raised by the competition for the abundant hydrocarbon and fisheries resources and the enormous economic value of the cargoes that pass through its major shipping routes. The U.S. Energy Information Administration estimates the SCS holds reserves of approximately eleven billion barrels of oil and 190 trillion cubic feet of natural gas. It is also one of the most productive fishing zones in the world. In 2012, fisheries landings in the area were estimated at around ten million tonnes, or about twelve per cent of the global catch, worth some $21.8 billion. About 150 million people in the region depend directly on fisheries for food and income, with roughly another sixty million working in associated industries. Some 1.77 million fishing vessels — half the world total — have been operating in the South China Sea.
The SCS is also geostrategically critical for regional states. The area comprises strategic sea-lanes of communication (SLOCs) — the Malacca Strait, Sunda Strait, the Philippines Sea, and Lombok-Makassar Strait — vital for military movements and operations between the Pacific and Indian Oceans, and between East Asia, South Asia, Southeast Asia, Australia, the Middle East, and the Western Pacific (see Rahman and Tsamenyi 2010). However, as the disputed SCS islands are too small to support large military logistical facilities, command over the SLOCs may only result from significant naval dominance rather than physical occupation. The irony therefore is that possession of the islands does not augment power projection, but power projection is needed to defend their occupation (see Nathan and Ross 1997, p. 117). This is why the claimants (except Brunei) have occupied and developed military facilities on the disputed islands over the years.5

Meanwhile, rising sea levels induced by climate change might further complicate matters in the future as international law provides no specific answer to the question of what would happen to EEZ claims should an island used as a baseline for demarcating them be submerged (DuPont 2010, p. 36). Finally, but perhaps more importantly, the SCS has now become deeply entangled with the domestic politics and renewed waves of nationalism within regional countries (Emmers 2010, p. 243). At times, such entanglements could pave the way for seemingly unyielding SCS positions or claims, as they may be seen as direct measurements of regime legitimacy. Taken together, these elements of contestation over the SCS have been re-writing the terms of reference for the Indo-Pacific strategic order. In addition to these broader strategic contexts, Indonesia also has specific interests in the SCS.

The Primacy of Sovereignty and Resources

While Indonesia believes that peace in the SCS is “an imperative for economic development and domestic stability”, the prospect of potentially losing the Natuna Islands to China terrifies policymakers (Djalal 1995, p. 395). This is particularly due to one interpretation of the nine-dash line that might include the Natuna gas fields, not
just the waters surrounding them (see, for example, Lo 1989, p. 44). At the very least, tolerating Beijing’s claims would be tantamount to puncturing Indonesia’s hard-fought Archipelagic State principle recognized under UNCLOS — a key component of which is the ability to draw a straight baseline connecting the outermost points of the outermost islands of Indonesia. UNCLOS, by providing the legal framework for the sovereign domain of the Indonesian state, is thus central to Indonesia’s identity and strategic thinking. In other words, for Indonesia’s foreign policy makers, even an implicit acknowledgement of China’s claims might “turn back the clock” on UNCLOS.6

Therefore, Jakarta had initially placed boundary disputes in the area near the SCS as a top priority following the 1956 Djuanda Declaration, even before it initiated efforts to exploit the hydrocarbon resources. Yet, on the areas closest to the SCS, beginning in 1969 and as of 2010, only fifteen coordinates had been agreed upon between Malaysia and Indonesia, while EEZ negotiations are still ongoing (Tabloid Diplomasi, 15 September 2010). After all, the Natunas constitute a chain of some three hundred small islands and atolls spread midway between the east coast of the Malay Peninsula and Northern Borneo — requiring time and resources to fully delineate, manage, and develop.

The natural resource element is also paramount in Jakarta’s thinking over the Natunas. The waters in and around the Natunas are rich in marine resources and fisheries, with an annual recovery potential of roughly half a million tons (Witter et al. 2015, p. 2). Consequently, illegal, unreported, and unregulated (IUU) fishing — involving Thai, Vietnamese, Chinese, and Malaysian fishermen, among others — has become more rampant in the waters around the Natunas and the SCS in recent years. Meanwhile, some estimates put the area’s natural gas reserve potential to be as much as over two hundred trillion cubic feet — roughly equal to forty per cent of Indonesia’s total reserves.7

**Strategic and Security Concerns**

Indonesian defence planners and policymakers have been concerned with the SCS since the 1990s (see Novotny 2010, p. 184–221). Two
major documents published by the Indonesian Ministry of Defence under Yudhoyono argue that the overlapping claims between China and several ASEAN states in the SCS remain one of the top potential flashpoints in the region (see Ministry of Defence 2007, 2008). There are several rationales behind this policy. First, while during the New Order period a direct military invasion by Beijing was considered but ruled out, in subsequent years defence planners have remained concerned over the potential spillover effects of either a Chinese challenge to the Natunas or a conflict among the claimants that could draw the United States into the fray. Indeed, a recent assessment by Yudhoyono’s Presidential Advisory Council specifically highlights such contingencies and how the military should anticipate them through detailed defence posture developments (see Dewan Pertimbangan Presiden 2012).

Second, we cannot disentangle Jakarta’s SCS concerns from its overall border insecurities, especially its unfinished maritime boundaries and Malaysian incursions into Indonesian waters. Particularly noteworthy was the experience of losing the Sipadan and Ligitan islands to Malaysia in 2002. As such, the brewing SCS tension exacerbates Indonesia’s concerns over its outermost islands. Three of these islands (out of a total of ninety-two) are located near the SCS and are considered top priorities by the Ministry of Defence. These outer island “flashpoints” were one of the key underpinnings of the Indonesian armed forces’ (Tentara Nasional Indonesia, or TNI for short) Minimum Essential Force (MEF) concept released under Yudhoyono (see Ministry of Defence 2010). The MEF sought to re-align TNI’s force development, not just qualitatively and quantitatively to obtain the minimum capability needed to deal with the country’s threats, but also geographically by positioning forces in potential conflict areas — some of which border the SCS.

Finally, the rise of armed robbery and piracy in the SCS and around Indonesian waters has increasingly become a source of concern. According to the International Maritime Bureau, while actual and attempted attacks against ships in Indonesian waters (especially near the SCS area) have declined since 2003, this trend was reversed around 2010, and by 2015 the country accounted for almost forty per cent of the year’s recorded incidents (see Goodman 2015). Additionally, there
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were around 3,180 foreign fishing vessels thought to be operating illegally in Indonesian waters each year (see Sumaryono 2009, p. 138). IUU fishing around the Natuna waters is thus about economic loses as well as security concerns. The security concerns are amplified in cases where foreign vessels are armed, escorted by their respective country’s military assets (as an incident with China in 2009 testified), or are involved in arms smuggling. Little surprise that the Ministry of Fisheries and Marine Affairs under Yudhoyono classified the Natuna waters as the most vulnerable to illegal fishing — which was a major theme in the Indonesian navy’s 2011 annual Western Region Maritime Security Exercise (Kompas, 9 March 2011).

Litmus Test in Bilateral Relations

Jakarta sees the SCS as a “litmus test” for both Beijing’s regional ambitions and for its bilateral relationship with China (recently resumed in 1990). In this regard, China’s position within Indonesian public and elite perceptions has always been characterized by persistent ambivalence. On the one hand, China has been seen from time to time as a threat in security and economic terms. But, on the other hand, Indonesia’s prosperity is now closely linked to Beijing, which is now its largest trading partner. Further, a long history of tumultuous mutual interaction, the controversial place of ethnic Indonesian Chinese in Indonesian society, and China’s geographic proximity have all contributed to the structural underpinnings of such ambivalence (see Sukma 2002).

These factors in turn create two interrelated perceptions. The political elite, on the one hand, believes that China is gigantic, arrogant, aggressive, and expansionist — making its rise an important strategic factor to pay close attention to. But the public view, on the other hand, has been more fluid, varied, and less than coherent. While a 2005 poll noted that 60 per cent of Indonesians welcomed the idea of a strong China that could rival American military strength, only 58 per cent had a favourable view of the country by 2010. But four years later, a University of Indonesia poll recorded a favourability rating that roughly equalled Indonesia perceptions of the United States and India (around 70 per cent each) (see details in Soebagjo and
Pattiradjawane 2014). It should also be noted, however, that only 12 per cent of the Indonesian public understood SCS issues and the complexity stemming from the overlapping claims (ibid., p. 40–41).

Given the ambivalence, it is not surprising that China’s seemingly ambitious designs and assertiveness in the SCS that began in the 1990s raised alarm bells in Jakarta. Beijing’s past attempts to assert regional hegemony have only added to these concerns. Indeed, Beijing’s public views of the SCS and the People’s Liberation Army’s apparent strategy of extending strategic depth for offshore maritime operations have reinforced older concerns in Jakarta that “if the Chinese want, they can take the Natunas, and the Indonesian elite knows it” (Novotny 2010, p. 221). China’s assertiveness has also led Indonesia to defend a very narrow interpretation of its obligations under the UNCLOS, which designates sea-lanes for unimpeded passage (or “innocent passage”) in Indonesian waters. In particular, the prospect of a Chinese blue water navy penetrating the Java Sea has been an ongoing consideration in withholding assent to such access in the east/west archipelagic sea lanes.

**ASEAN Centrality and Jakarta’s Leadership**

The SCS dispute poses a serious test for ASEAN unity and centrality. For one thing, it divides the ASEAN claimant states (Philippines, Malaysia, Brunei, and Vietnam) among themselves owing to their overlapping claims. For another, it divides the claimants and the non-claimants (Indonesia, Singapore, Thailand, Cambodia, and Myanmar) over how ASEAN should engage China. As one former ASEAN secretary-general admits, “there seems to be a difference in outlook between China and ASEAN with respect to the role of ASEAN in the matter of the South China Sea”, specifically whether China should “deal with individual Southeast Asian claimants or with ASEAN as a group” (Severino 2010, p. 45). Further, Beijing’s role in orchestrating ASEAN’s 2012 failure under Cambodia’s chairmanship to issue a joint communiqué over the SCS issue — the first time in the group’s history — suggests that the SCS may now be the defining measure of ASEAN’s centrality in regional architecture building.
Initially, however, ASEAN’s effort to engage China seemed to have borne fruit. By the early 2000s, China’s policies on the SCS seemed marked by “multilateralism, mutual respect, and subscription to regional norms; conflict management; as well as an attitude of seeking mutual benefit” (Goh 2007, p. 815). China eventually agreed to the general rules of the 2002 Declaration on the Conduct of Parties in the South China Sea (DOC), which is arguably symptomatic of a trend towards the adoption of peaceful norms in the management of the SCS dispute. But these positive steps towards progress were undone by Beijing’s aggressive military activities in recent years, as well as the fact that efforts to turn the DOC into a formally binding Code of Conduct (COC) have not progressed very far as of 2015.

The way the SCS issue threatens ASEAN’s cohesion and centrality affects Indonesia’s leadership credentials and regional environment. For one thing, the country’s global profile hinges on its leadership role in ASEAN. Indeed, Jakarta is a more significant actor and attractive partner in the eyes of extra-regional powers when leading a united ASEAN (Ruland 2014, p. 196). Conversely, Jakarta considers ASEAN and its related institutions, such as the ASEAN Regional Forum and the East Asia Summit, to be useful diplomatic tools to engage and balance major powers in the region. For another, defence planners consider ASEAN a “security shield of friendship”, a cordon sanitaire protecting the archipelago from possible challenges emanating from outside the region. In short, if the SCS continues to weaken ASEAN, not only will the group have difficulties managing regional change and navigating a U.S.–China strategic rivalry, but Jakarta’s leadership role will be thrown in doubt as well.

Taken as a whole, these interrelated interests, much like Indonesia’s “independent and active” doctrine, are perhaps one of the foundational constants in the country’s approach to the SCS. Indeed, as we will see in the next section, they have been shaping Indonesia’s policy responses from the 1990s onwards. These policies — whether implemented multilaterally or unilaterally — reflect the tensions inherent in Indonesia’s position: it is not a claimant, but it has plenty of strategic interests. The broader foreign policy context of the Yudhoyono era — seeking to boost Indonesia’s post-authoritarian and post-crisis global profile while keeping a “pragmatic equidistance” with major powers courting the country — further complicates this tension.
Jakarta’s Policy Responses: Constant Interests, Varying Tactics

Indonesia’s SCS policy under Yudhoyono focused on diplomacy, acting as a confidence-builder by fostering trust and projecting the norms of a “peaceful and benign manner” of conduct (see CFR 2011). Yet, Indonesia made clear its position regarding China’s nine-dash line in a note to the United Nations in 2010 as a response to China’s submission to the U.N. Commission on the Limits of the Continental Shelf:

There is no clear explanation as to the legal basis, the method of drawing, and the status of those separated dotted-lines. It seems that those separated dotted lines may have been the maritime zones of various disputed small features in the waters of the South China Sea... [but] those remote or very small features in the South China Sea do not deserve exclusive economic zone or continental shelf of their own.... [Thus] the so called ‘nine-dotted-lines map’... clearly lacks international legal basis and is tantamount to upset the UNCLOS 1982. (Government of Indonesia 2010)

Many interpret this position as Jakarta’s way of standing up to Beijing while sending a message that it was ready to play a larger role in managing the dispute. But Jakarta did not change its official SCS approach with this position note. After all, Indonesia’s strategic interests in the SCS have not fundamentally shifted. However, while the basic diplomatic position has not changed, Indonesia has mixed different elements of multilateralism and unilateralism in its broader strategy since the 1990s up until the Yudhoyono era.

Multilateral Responses

Indonesia’s multilateral SCS policies range from advocating the formulation of regional norms, enshrining the discussion of the dispute within an ASEAN–China framework (as opposed to a series of bilateral discussions involving China and each claimant), to a series of informal technical workshops and new cooperation mechanisms. These policies began in the 1990s when Indonesia urged that “regional resilience” — strengthening the domestic stability and economy of
individual countries to create better confidence in accommodating others’ interests — be adopted as a paradigm of conflict resolution in the SCS (see Sunardi 1996, p. 67). While the concept would later form a crucial part of the “ASEAN Way”, it was never practically, explicitly and seriously adopted as policy guidance in regional efforts to manage the SCS disputes.

Instead, one of the earliest significant initiatives came from the series of informal meetings ran by the Ministry of Foreign Affairs called “Workshops on Managing Potential Conflicts in the South China Sea”. The workshops were established in the 1990s as a “track two” initiative promoting cooperation in ecosystem management and cooperative security in the SCS. The main objectives were to promote dialogue, encourage the parties concerned to seek solutions by creating a conducive atmosphere, and develop concrete cooperation on technical matters. The expectation was that in informal settings, the participants (some of whom were government officials), could attend in their private capacities and speak freely over technical matters, and preferably “easier problems”, in a step-by-step manner.

There have been sharp disagreements over the workshops’ merits. Some believe that they have facilitated frank and non-confrontational dialogues between the claimants and explored alternative avenues for cooperation (e.g., search and rescue operations or contingency plans for maritime pollution) (Song 2010, p. 260; Anwar 2006, p. 481). Most importantly, it has been acknowledged that the 2002 DOC originated from the principles laid out in the second series of the workshop held in Bandung in 1991. But critics argue that (1) focusing on innocuous topics such as scientific research means avoiding the “core” issues, (2) the informality of the workshops implies the absence of political weight, and (3) some countries may have been using the talks to bide for time while engaging in such track two events (see Valencia and Van Dyke 1996, p. 223).

In any case, the Foreign Ministry continues to believe in the workshops’ significance. The latest instalments of the workshop were organized in the last years of the Yudhoyono administration in 2013 and in November 2016 under the Jokowi administration. However, it is unclear how the workshops can respond to China’s aggressive building of artificial islands in recent years, or whether Jokowi will continue to have faith in this informal approach. Indonesia also
tried to float another informal initiative in the 1990s, the so-called “doughnut proposal”. Hashim Djalal visited ASEAN nations in 1994 proposing to lop off a large portion of China’s claim to the SCS by extending all littoral states’ EEZs two hundred nautical miles into the sea — resulting in an unclaimed area in the middle (the “hole in the doughnut”), which would then be negotiable for joint development (see the discussion in Johnson 1997, p. 157). The proposal was rejected.

Finally, and perhaps more importantly, since 2002, Indonesia’s multilateral approach has centred on the conclusion of a binding ASEAN–China COC. Indeed, the COC was one of the key priorities of Indonesia’s chairmanship of ASEAN in 2011 under Yudhoyono. According to then Foreign Minister Natalegawa, “President Susilo Bambang Yudhoyono was clear on the matter. The situation in the South China Sea must be resolved through negotiations, and that Indonesia cannot let it deteriorate any further”, although, he added, “at this stage, a lot depends on the cooperation of China” (Antara News, 8 March 2011). Indonesia’s ASEAN chairmanship also led to the adoption of the “Guidelines for the Implementation of the Declaration on the Conduct of Parties in the South China Sea”, which was supposed to be another stepping stone for an eventual COC. Indeed, after the fallout over Cambodia’s failure during its 2012 chairmanship, Indonesia continued to push for the COC, including through a personal shuttle diplomacy by Natalegawa that resulted in the ASEAN “Six-Point Principles on the South China Sea”. Taken together, nevertheless, Yudhoyono’s diplomatic multilateral SCS policies were centred on pushing for the ASEAN–China COC.

For Yudhoyono, these multilateral responses, especially through various ASEAN mechanisms such as the COC framework, represent the “path of least resistance” in managing the SCS. Avoiding a conflictual relationship with China is significant for Indonesia, given the troubled bilateral history and its associated domestic political fault lines, as well as how dependent the region’s prosperity is on economic and financial rapport with Beijing. Further, the slow institutionalization of peaceful diplomacy, while seemingly less conclusive, allows Jakarta to both maintain its leadership role in the region and ensure that
the status quo (i.e., continued exploitation of the Natunas) remains acceptable. However, China’s militarization of the SCS while exploiting and pushing for schisms within ASEAN are increasingly exposing the limits of these multilateral policies.

**Unilateral Responses**

Jakarta’s unilateral policies on the SCS range from official diplomatic protests and population transfer into the islands bordering the SCS to a series of military-related steps and strategic partnerships with regional powerhouses. When China first publicly displayed the nine-dash-line map at a 1993 Indonesian-sponsored workshop, Jakarta sent an official diplomatic note to Beijing. Foreign Ministry officials have since periodically sought clarifications from China, but there has been no consistent, detailed and public response from Beijing. The 2010 *note verbale* to the UN cited above is another iteration of this policy. What seemingly materialized over time, however, was Beijing’s acknowledgment that it did not claim the Natuna Islands and that the problem lay in the demarcation of the maritime border in the area — a position that Jakarta refuses to acknowledge to this day. This is not a policy of acquiescence, but a silent and purposeful rejection of China’s claims (just as Indonesia’s aforesaid official note to the United Nations in 2010 underscores).

Additionally, Indonesia sought to build strategic partnerships and security relationships with other regional powerhouses, including Australia, the United States, India, Russia, and Japan. Overall, Jakarta signed 86 bilateral defence and security agreements and partnerships with 31 countries between 1999 and 2014 (Laksmana 2015, p. 37). Indonesia also conducted 88 defence-diplomatic activities between 2003 and 2008, designed mainly for confidence-building measures, defence capability enhancement, and defence industrial development. These partnerships signal Indonesia’s commitment to build a strong network of partnerships to hopefully prevent or deter future conflicts over the Natuna waters, while focusing on “internal balancing” to strengthen its own capabilities.

The internal balancing includes strengthening the defence infrastructure around the Natunas and conducting military exercises.
In 1996, the military organized a large-scale combined exercise around the area, which at that time reflected the military’s concern about “a potential Chinese military incursion” (Novotny 2010, p. 176). Such scenarios also influenced Indonesia’s force development in the mid-1990s. For example, not only did Jakarta increase surveillance and patrols in the area but it also ordered twelve Russian Sukhoi Su-30K fighter aircraft in 1997, which, according to one officer, would be deployed to “assist the maritime defence of the Natunas” (cited in Leifer 1999, p. 105). While the order was then cancelled until it was re-issued in the mid-2000s (first under President Megawati Sukarnoputri and then later under Yudhoyono), the importance of the Natunas for procurement planning was not insignificant.

Under Yudhoyono’s force development plans, the military organized the largest ever combined exercise in 2008 in several areas bordering or near the SCS: Batam island, Natuna Islands, the waters near the Riau archipelago, Singkawang, the waters near the Makassar Strait, and the Sangatta islands. The exercise took place against the backdrop of Indonesia’s border spats with Malaysia and China’s growing assertiveness. They involved more than thirty thousand soldiers and were based on a maritime invasion scenario by a regional country called “Sonora” (Kompas, 15 June 2008). The specific campaigns focused on addressing future military challenges in Indonesia’s northern frontiers, including the SCS. Subsequently, and building on these exercises, Admiral Agus Suhartono, then TNI commander, said that as Indonesia’s western areas were still “vulnerable and close with the South China Sea”, the government would step up air radar procurements and increase the frequency of patrols (Antara News, 26 February 2011).

As combined exercises, ongoing patrols and operational planning continue to feature in the SCS prominently under Yudhoyono, the TNI has become more outspoken in voicing Indonesia’s concerns over the SCS (see, for example, Moeldoko 2014). However, rather than signalling a fundamental shift in foreign policy, the military’s public assertions are a function of organizational factors. For one thing, many within the TNI are not content with what they believe to be the Foreign Ministry’s lack of a serious challenge over China’s claims. In fact, following the end of the New Order, Foreign Ministry officials
and military officers reportedly do not get along very well, especially after the loss of Sipadan and Ligitan. For another, beating the drum on the SCS allows the military to continue justifying its MEF-driven arms spending, which many civil society groups have increasingly criticized for being corruption-prone and incommensurable with Indonesia’s strategic challenges.

Aside from these military policies, Jakarta also tried to increase the economic stakes of the Natunas by pursuing development plans and increasing its population through a transmigration programme going back to the 1990s. Under the auspices of the then Minister for Research and Technology, B.J. Habibie, the Natunas were slated to be an integral part not just of Indonesia’s national economy but of the region as well. This included plans to establish high-tech industries, a trade and services hub, and prime tourist destinations (Johnson 1997, p. 158). The government also provided tax breaks to investors willing to develop the Natunas. The government sought to resettle three thousand families to the Natunas in 1993 to help protect the islands from would-be rival claimants (Storey 2000, p. 159) — a policy that continues to this day. Most recently, the government promised to provide would-be transmigrants to the islands an income of roughly $1,200 per month on top of two acres of land to cultivate (Arifin 2015). Indonesia has also considered the possibility of bringing in Chinese investments into the Natunas.

Taken as a whole, Indonesia’s unilateral SCS policies are not mutually exclusive from its multilateral approach under Yudhoyono. One can argue that both approaches are complimentary — while the multilateral approach is more diplomatically proactive, the unilateral one is more indirect and preventive. This dual-track strategy, however, has evolved since the 1990s and continued under Yudhoyono as well. The strategy, after all, also seemed to be a perfect fit with his personal non-conflictual approach to problem-solving and his desire to achieve international recognition (Fitriani 2015).

Conclusions and Implications

This chapter has described the inherent tension within Indonesia’s SCS policy that stems from the reality that while it is not a claimant in the
disputes, the country has several strategic interests surrounding them. The preceding analysis has also shown how the overlapping interests — archipelagic state identity, natural resources, strategic and security concerns, bilateral relationship with China, and ASEAN centrality — have all shaped Indonesia’s policy responses. On the multilateral side, it appears that the informal workshop series may have been Jakarta’s most successful initiative to date. Indeed, any future regional solution to the SCS disputes would have to start from the 2002 ASEAN–China DOC built upon the workshops’ deliberations. On the unilateral side, while it is difficult to precisely measure the impact of Jakarta’s approach, the fact that China does not seriously attempt to challenge Indonesia’s rights in the Natuna Islands suggests that there may have been some degree of success, the ongoing problem over contested waters and law enforcement over IUU fishing activities notwithstanding.

These interests and policy responses provide the larger context through which we should understand Yudhoyono’s approach to the SCS. As we have seen above, his policy choices reflect continuity, rather than fundamental change, in Indonesia’s overall SCS approach since the mid-1990s. However, China’s increasingly aggressive behaviour and ambitious designs in the SCS are increasingly exposing the limits of Indonesia’s approach. An ambivalent yet timid policy towards China and an over-reliance on ASEAN mechanisms might lead to an uncomfortable realization that Indonesia has woken up to a new “Chinese lake” on its maritime border.

Unfortunately, Jokowi’s foreign policy track record has been less than encouraging thus far. Some noted the lacklustre performance of his chosen foreign minister, while others note his seemingly hands-off approach to the day-to-day management of foreign policy (see Weatherbee 2015). Indeed, there has been no significant improvement in the Foreign Ministry’s budget under Jokowi, which stood at only roughly US$530 million for the 2016 budget cycle. Meanwhile, Jokowi’s underwhelming response to the July 2016 UNCLOS tribunal ruling after holding a cabinet meeting aboard a warship in the Natuna waters a few weeks before suggests that his SCS policy is inconsistent at best. In this sense, there is a departure from how Indonesia managed the SCS problem under Yudhoyono with the
current Jokowi administration’s approach (see the discussion in Laksmana 2016).

Nevertheless, the fundamentals of Indonesia’s SCS approach — particularly the reliance on the COC and its non-claimant position — will likely remain in place. Jakarta’s ability to stay on top of the day-to-day developments in the SCS, however, will ultimately be limited, if not absent entirely. As such, Jakarta may not have the necessary credibility and leadership to salvage what would be left of ASEAN’s centrality during SCS-related crises, diplomatic, military or otherwise. This is particularly the case when there is a growing perception that Jakarta might be willing to “sacrifice” ASEAN at the altar of “better economic relations with China”, given the high expectations for robust Chinese infrastructure projects — a cornerstone of Jokowi’s development policy. Whether and how his administration will take the SCS problem more seriously, however, depends on whether foreign policy will become a priority. As of 2017, there is no clear sign that Jokowi is taking foreign policy seriously.

Notes

1. See the discussion of “dynamic equilibrium” in Prashanth (2014, pp. 154–56). These views seem to echo Evelyn Goh’s (2007/8, pp. 113–57) theoretical conception of Southeast Asia’s “omni-enmeshment” strategy in dealing with great powers.

2. As sovereignty over the islands entails substantial extensions over the resources of the exclusive economic zones and of the continental shelf, the claimants have used historical arguments and legal interpretations of the United Nations Convention on the Law of the Sea to support their claims. For details, see Chachavalpongpun (2014), Bateman (2009, pp. 15–340) and Hong, Wu and Valencia (2014).

3. As the area has not been fully explored, due to the conflicting claims, resource estimates are not as strong as they could be. See the discussion in United States Geological Survey (2010).

4. Figures in this paragraph are from Sumaila and Cheung (2015) and Pomeroy, Parks, Courtney and Mattich (2016, p. 23).

5. Vietnam is said to occupy 25 features, the Philippines has 8, Malaysia 3, Taiwan 1, and China has at least 8. Other sources claim the total number
of occupied features ranges from 45 to 58, though it seems only 36 of them lie above water at high tide. See Rahman and Tsamenyi (2010).

6. Author’s interview with a Foreign Ministry official, Jakarta, November 2015.

7. The total recoverable reserves stand at around 46 trillion cubic feet (equal to 8,383 billion barrels of oil or around $628,725 billion at $75 per barrel). See Tribun News (20 November 2010) and Dam (2010, p. 128).

8. In the 1970s, defence planners had been concerned with the (distant) possibility of a conventional military assault from the “north”. The concern began as a consequence of doctrinal developments within the Indonesian military incorporating the legacy of the Pacific War of the 1940s. See Roy (2005, p. 317) and Smith (2003).

9. IUU fishing in Indonesian waters are said to be costing the country between five and eight billion dollars annually. See Media Indonesia, 22 August 2010.

10. See the discussion in Novotny (2010, chap. 5).

11. See the discussion of these polls in Laksmana (2011, p. 26).

12. By the mid-1990s, the military concluded that China was “the greatest potential direct threat” to Indonesia’s sovereignty (Lowry 1995, p. 4).

13. On China’s interests and strategy, see Li (2010) and Garofano (2008).

14. “Innocent passage” amounts to the right to pass promptly through a country’s territorial waters, doing nothing that is not directly related to that passage. Trading, fishing, surveying, and military activities are occasionally excluded from the understanding of innocent passage under UNCLOS.

15. Beijing’s position then may have been related to the need for a peaceful neighbourhood to foster economic development, the importance of ASEAN in that effort, and the strategic pressure from extra-regional powers (especially the revitalization of U.S. Cold War alliances and the growing security cooperation with Southeast Asia). See Li (2010, p. 57) and Simon (2008, p. 372).

16. For the workshop’s history, development and accomplishments, see Townsend-Gault (1996), Naess (2001), Djalal (2001) and Song (2010).

17. The activities centered on environmental protection, navigational safety and communications, fisheries assessment and management, non-living resource assessment, political and security issues, territorial issues, and institutional mechanisms for cooperation. See Djalal (2001, p. 98).

18. For a background on the rifts between the foreign ministry and the military during and immediately after the New Order, see Nabbs-Keller (2013).
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