

India and Indonesia Affirm a Shared Vision of Maritime Cooperation in the Indo-Pacific

by Ambassador Biren Nanda



Prime Minister Narendra Modi made his first official visit to Indonesia from May 29-30, 2018. The visit resulted in a number of significant outcomes which augur well for the future of strategically driven relations between the two countries.



Prime Minister inspects Guard of Honour during his Ceremonial Reception in Jakarta (May 30, 2018) Source: Ministry of External Affairs

Prime Minister Modi underlined the importance India attached to Indonesia as the largest country in the ASEAN, both in the context of ASEAN's importance for India's 'Act East' Policy as well as ASEAN's centrality in the regional security architecture in the Indo-Pacific.

The significance of India's Strategic Partnership with Indonesia

India's strategic partnership with Indonesia is significant in a number of ways:

First, India and Indonesia are maritime neighbors. The distance between the Andaman and Nicobar Islands and the northern tip of Sumatra is only 90 nautical miles.

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In keeping with the growing dynamism of India's foreign and security policy, the DPG has expanded its focus areas to include India's broader regional and global role and the strategic partnerships that advance India's rise as a leading power. To support that goal, the DPG undertakes research and organizes policy interactions across a wide canvas, including strategic and geo-political issues, geo-economic issues and defence and security issues. DPG does not take specific policy positions; accordingly, all views, positions, and conclusions expressed in this publication should be understood to be solely those of the author(s).

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Second, Indonesia straddles most strategic gateways connecting the Indian and Pacific Oceans. The Malacca, Lombok and Sunda straits are vital choke points for global shipping sailing from Asian and African ports to the Far East and the Americas. Similarly, India occupies a unique strategic geography and straddles all major shipping lanes crossing the Indian Ocean.

Third, like India, Indonesia is a populous pluralist democracy of 250 million people, which believes in the motto “unity amidst diversity”. With the world’s largest Islamic population, it upholds a moderate, tolerant and syncretic school of Islam.

Fourth, like India, Indonesia enjoys a large and fast growing economy with vast potential. Indonesia is by far the largest economy in the ASEAN, with a GDP nearing a trillion US dollars¹. Richly endowed with natural resources, Indonesia is on the path of self-sustained growth.



*President Joko Widodo welcomes PM Modi to Merdeka Palace.
Source: Zee News*

India has been a major importer of coal and palm oil from Indonesia. Indonesia has also been a significant recipient of FDI from India (more than US \$ 10 billion since 2000) and has a growing modern industry producing a range of products from textiles and electronics to automobiles. Indian companies have made Indonesia a major investment destination in a number of industries including steel, textiles, resources, automotive, mining machinery, banking, IT and consumer goods. Indonesia has made investments amounting to US \$ 626 million in India since 2000.

Fifth, due to its preeminent size and status in the ASEAN, Indonesia is India’s key interlocutor in this regional grouping. It has consistently been an advocate of an open regional security architecture in East Asia that is inclusive in character and has welcomed India’s participation in ASEAN centric institutions like the East Asia Summit.

Indonesia as the Global Maritime Fulcrum

Since assuming power in October 2014, President Joko Widodo has carried forward his promise of transforming Indonesia into a “Global Maritime Fulcrum,” a policy designed to strengthen maritime security, expand the canvas of regional diplomacy to cover the entire region of the Indo-Pacific, and project Indonesia as a respected regional maritime power in East Asia. He has assigned high priority to this initiative in recognition of the fact that Indonesia is the world’s largest archipelagic state and must reap the full advantages of being a maritime nation. Seen from an Indonesian perspective, this entails development of maritime infrastructure (which is weak), inter-island connectivity, building of an indigenous defense industry and upgrading of the Defense Forces – particularly the Navy, which has remained a neglected arm thus far, limited in its potential by a tight budget. President Widodo has raised the Defense Budget to 1.5% of the GDP (up from a paltry 0.9% in the past), which has been welcomed as a proactive move aimed at implementing election promises. These policies open up a new potential for maritime security and defense industrial cooperation between India and Indonesia.

The Shared Vision on Maritime Cooperation in the Indo-Pacific

The major outcome of the Modi-Widodo summit was the “Shared Vision on Maritime Cooperation in the Indo-Pacific.” This shared vision derives from the synergies between India’s ‘Act East’ policy, India’s vision of SAGAR (ie Security and Growth for all in the Region), and President Widodo’s “Global Maritime Fulcrum” policy.

The two sides recognized that both countries are strategically located maritime powers, with India occupying a central position in the Indo-Pacific and Indonesia as the fulcrum connecting the Indian and Pacific Oceans.

The two leaders committed themselves to upholding international law, UNCLOS and the freedom of global commons, which are essential for the maintenance of peace, stability and prosperity of the region.

China’s Rise and Territorial Assertions

Both India and Indonesia are committed to maintaining a stable maritime order in the Indo-Pacific at a time of

disruption and uncertainty caused by China's muscular rise and territorial assertions in the midst of uncertainties regarding the US posture and policies in the region. In the words of Luhut Pandjaitan, Indonesia's Minister for Maritime Affairs, "India and Indonesia relations are important to the balance of power in Asia²"

The New Comprehensive Strategic Partnership

In light of the growing convergence between the two countries in the political, strategic, defense, security and economic areas the two leaders agreed to strengthen their strategic ties by establishing a "New Comprehensive Strategic Partnership".



PM Modi and the Indonesian President leading the delegation-level talks at Istana Merdeka. Source: Zee News

A new Defense Cooperation Agreement was concluded replacing the earlier agreement signed in 2001. It was agreed to promote interoperability by holding periodic exercises of the navies, coast guards and air forces of the two countries. PT Pindad and Tata Motors signed an MOU on collaboration in producing defense equipment, giving a boost to bilateral defense industrial cooperation.

India and Indonesia also established a "Joint Task Force" to develop port infrastructure in and around Sabang island, off Sumatra, and agreed to cooperate in building connectivity between India's Andaman Islands and the Aceh province of Indonesia. The investment in port infrastructure will likely be made by private Indian companies. The potential strategic significance of this proposed venture was not missed in Beijing. *The Global Times*, the pitbull of the Chinese Communist Party mouthpiece, the *People's Daily* warned:

" If India really seeks military access to the strategic island of Sabang it might entrap itself into a strategic competition with China and eventually burn its own fingers³"

Being victims of terrorism, India and Indonesia reaffirmed their opposition to all forms of terrorism including cross border terrorism and agreed to support ongoing efforts to conclude a Comprehensive Convention on International Terrorism. They further agreed to strengthen cooperation in counter terrorism, terrorist financing, money laundering, drug trafficking and cybercrime. In this regard they resolved to strengthen liaison between intelligence and law enforcement agencies of the two countries.

Strong economic ties are essential and underpin the Comprehensive Strategic Partnership between India and Indonesia. Strengthening economic relations between the two countries was therefore, a major objective of the visit. Indonesia is currently India's largest trading partner in the ASEAN with total trade exceeding 18 billion US dollars in 2017 (up 40% for the previous year). It was resolved to target a bilateral trade volume of US \$ 50 billion by 2025. Both leaders made a pitch for an increase in two-way investments between the two countries. MOUs were signed to promote bilateral cooperation and opportunities in the pharmaceuticals, healthcare and railway sectors.

The leaders welcomed the continuation of ongoing cooperation in space between the Indonesian Space Agency LAPAN and ISRO. ISRO operates two ground stations in Biak, Indonesia and has previously built and launched satellites for Indonesia.



Prime Minister being welcomed by Indian Community on his arrival to Jakarta (May 29, 2018) Source: Ministry of External Affairs

Culture, education and tourism were identified as areas for promoting people to people links. The two countries will organize Cultural Festivals on a reciprocal basis. Prime Minister Modi and President Jokowi evoked the close historical and cultural linkages between the two

countries through visits to the Arjun Vijaya sculpture of Krishna and Arjuna on a chariot in central Jakarta portraying the famous scene from the *Bhagwat Gita*, a kite festival on the theme of Ramayana and Mahabharata and a visit to the Candi Prambanan Temples in Jogjakarta.



PM Modi and President Joko Widodo photographed with the Arjuna Vijaya sculpture in Jakarta. The sculpture depicts Krishna and Arjuna in the famous scene from the Bhagwat Gita. Source: Times Now

To manage diversity in their respective societies the two sides stressed the importance of inter-faith dialogue and promotion of the ideals of pluralism, tolerance, rule of law and the values of peaceful co-existence.

Key Takeaways from the Visit

The underlying theme of the Modi-Widodo summit was to respond to defense and security challenges in the maritime domain of the Indo-Pacific. Clearly China was the elephant in the room. India and Indonesia face similar security challenges in the region and have watched with concern China's growing naval presence and aggressive posturing in the Indo-Pacific.

A natural response to these developments has been the resolve of the leaders to upgrade ties between India and Indonesia to a "New Comprehensive Strategic Partnership." As part of the new paradigm of closer strategic ties, it was agreed to cooperate in building port infrastructure in the strategically located Sabang island off Sumatra and to establish connectivity linkages between India's Andaman Islands and the Aceh province of Indonesia. The strategic potential and significance of this initiative, has not been lost on China.

Both leaders also resolved to strengthen cooperation in intelligence sharing on counter-terrorism particularly as both countries have been victims of violence and terrorist attacks in recent years. Defense industrial cooperation was identified as an area of enhanced collaboration in the future.

Strong economic ties will continue to underpin India Indonesia relations. Apart from setting a target of achieving US\$50 billion in bilateral trade by 2025, and encouraging two way investments, pharmaceuticals, healthcare, railways and port and maritime infrastructure were identified as important areas of bilateral economic cooperation.

Strong people to people ties are necessary to build popular support for the strategic partnership between the two countries. A range of initiatives were identified to promote these ties including the promotion of tourism, an enhancement of connectivity, exchange of cultural festivals and encouraging exchanges on managing diversity in the two diverse, pluralistic and democratic societies.

Overall, the impact of this Modi-Widodo summit will be to impart strategic purpose and depth to Indonesia-India cooperation for an open balanced and stable Indo-Pacific.

¹ Indonesia's GDP was US \$ 932 billion in 2016.

² Narendra Modi's Indonesia Visit: Jakarta Key to Countering China's Assertiveness, Securing India's position as a Global Power." First Post May 28, 2018.

³ "Investment in Indonesia's Sabang Port will be a test of India's Diplomatic Wisdom," by Hu Weijia. May 28, 2018.

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