

Engaging Indonesia

by Biren Nanda, Senior Fellow, Delhi Policy Group

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ASEAN is at the center of the Regional Security Architecture in East Asia, and Indonesia is at the heart of the ASEAN. Strengthening our Strategic Partnership with Indonesia should be a key objective of India’s “Act East” policy.



Prime Minister Narendra Modi meeting President Joko Widodo of Indonesia in Naypyidaw, Myanmar on November 13, 2014. Source: Sarkaritel.com

What is the historical background of contemporary relations between India and Indonesia? India and Indonesia have had two millennia of close cultural ties. The reflection of these linkages may be seen in different aspects of our civilizational heritage including language, handicrafts, textiles, architecture, customs and even religion.

During our respective struggles for independence Nehru and Sukarno collaborated closely in the movement for decolonization. Together they laid the foundations of the Afro Asian Movement and Non Aligned Movements at the Bandung Conference in 1955.

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In keeping with the growing dynamism of India’s foreign and security policy, the DPG is expanding 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.

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Ambassador Hemant Krishan Singh
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The two countries drifted apart after Sukarno launched the policy of Konfrontasi as Nehru favored peaceful coexistence. Sukarno later drew closer to the left in domestic politics and adopted a pro Chinese stance during India's 1962 conflict with China; flirted with a pan Islamic Agenda; and overtly supported Pakistan during the 1965 war¹.

During the first decade of Gen Suharto's rule, the ties between the two countries were lukewarm as they found themselves in different camps during the cold war. Relations between them warmed up from the 1970s onward. Indonesia cooperated more closely with India in the Non Aligned Movement and Indian investors were invited to establish themselves in Indonesia's textile industry. There were differences over the Vietnamese invasion of Kampuchea, but visits by President Suharto in 1980, Mrs Indira Gandhi in 1981 and Rajiv Gandhi in 1986 did manage to raise the profile of the relationship.



The President of the Republic of Indonesia, Dr. H. Susilo Bambang Yudhoyono, inspecting the guard of honour during the ceremonial reception at Rashtrapati Bhavan in New Delhi on January 25, 2011. Source Photo Division, Government of India

“Relations between the two countries rapidly warmed up with the establishment of multiparty democracy in Indonesia. Every elected Indonesian President has visited India since 2000. ...”

Relations between the two countries rapidly warmed up with the establishment of multiparty democracy in Indonesia. Every elected Indonesian President has visited India since 2000². During President Yudhoyono's visit in 2005 the two countries signed a Joint Declaration on establishing a Strategic Partnership. President Yudhoyono supported India's entry into the EAS as a founding member in 2005 in an effort to balance the presence of China. President Yudhoyono visited India again

in 2011 as Chief Guest on the occasion of India's Republic Day. During this visit 16 inter-governmental agreements were signed. Prime Minister Manmohan Singh visited Indonesia in October 2013. During the visit the two leaders agreed to a Five Pronged Initiative for Strengthening the Strategic Partnership comprising of Strategic Engagement, Defense and Security Cooperation, Comprehensive Economic Partnership, Cultural and People to People Links and Cooperation in responding to common challenges.

What is the significance of our Strategic Partnership with Indonesia? First, Indonesia is an immediate neighbor and the distance between the Andaman and Nicobar Islands from the northern tip of Sumatra is only 90 nautical miles.

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Second, Indonesia straddles the most significant Sea lanes 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.

Third, Indonesia with 250 million people is a pluralistic and democratic country, 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, Indonesia is the largest economy in the ASEAN with a GDP nearing a trillion US dollars³. It has recovered well from the Asian economic crisis of 1997 and is on the path of self-sustained growth. The country is enormously rich in natural resources – coal, coking coal, gold, copper and crude oil- and commodities like palm oil. India has been a major importer of coal and palm oil from Indonesia. In the recent past, Indonesia like other resource exporting countries has been affected by the decline of commodity prices. Indonesia has been a major recipient of FDI 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.

Fifth, given its preeminent size and status in the ASEAN, Indonesia should be our key interlocutor in the grouping. It has consistently been an advocate of an open regional

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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.

What can we do to strengthen our Strategic Partnership with Indonesia?

Indonesia is one of our most important Strategic Partners in the context of our Act East Policy. Our bilateral relations are rich in potential and growing rapidly. As two large democracies and major emerging economies, we have many convergent interests in bilateral, regional and global forums. As maritime neighbors in one of the most critical sea-lanes in the world, we have shared interests in maritime security. We can further our interests and give further heft to our Strategic Partnership in a number of ways:

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First, High Level Engagement is the most important building block for our strategic ties. We must endeavor to have annual meetings of our leaders either at bilateral summits or on the sidelines of major multilateral meetings. We must also make strenuous efforts to broaden our engagement at the Ministerial level in accordance with commitments made in the Joint Statement issued in January 2011.

Second, promoting Democracy and Electoral Governance must form a key element in our bilateral engagement. We should consider Ministerial participation in Indonesia’s Bali Democracy Forum on a sustained basis. India and Indonesia should work together in this area involving the two Parliaments and the election commissions. The discussions and dialogue could include foreign policy, economic policy and electoral governance issues.

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Third, we must work to support the East Asian Security Architecture. We should engage with and coordinate positions with Indonesia more

closely on strategic and security issues such as the freedom of navigation and unimpeded maritime commerce in the South China Sea, combatting piracy in the Indian Ocean and in the Malacca Straits and disaster management during discussions in regional forums like the ARF, EAS and the ADMM+.

Fourth, we should continue to jointly promote and support Indian Ocean Regional Cooperation. Indonesia is the current Chair of the IORA. We should actively support the activities and agenda of the IORA and work closely with Indonesia in this area. We should also build on this cooperation within the IONS. The work of the IORA and IONS should be in tandem and there should be an explicit linkage between the two since maritime security is a key objective of both the organizations.

Fifth, we must identify common interests and strengthen cooperation in multilateral Forums like the United Nations. We must identify areas where Indonesia and India can find common benefit and work together on issues which are discussed at the United Nations in New York, both in the Security Council and in the General Assembly, including

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reform of the UN Security Council. Indonesia supports efforts at reforming the Security Council but it is not clear on support for India’s candidature for a permanent seat on the UNSC.

Sixth, the two countries signed a bilateral Defense Agreement in 2001 though it was not ratified by the Indonesian Parliament till 2009. Since then we have established the Biennial Defense Ministers Dialogue (BDMD) and the Joint Defense Cooperation Committee (JDCC) at the level of Defense Secretary. Naval Ship visits, training exchanges and reciprocal visits of Service Chiefs and uniformed officers need to be enhanced. Defense sales need to be progressed beyond their current modest levels. India has offered a line of credit of USD \$ 60 million and a range of military equipment to Indonesia. The two countries have also conducted biannual patrols between Belawan port and the Andaman Islands involving ships and aircraft of the two navies (IND-INDO CORPAT).

Seventh, on the South China Sea, President Jokowi has declared that the “ Nine dashed line” has no basis in international law. China claims a portion of Indonesia’s EEZ off the Natuna Islands. Indonesia has destroyed a number of foreign fishing trawlers poaching in Indonesian waters including a Chinese fishing vessel. India and Indonesia must be supportive of each other’s territorial sovereignty.

We can strengthen security cooperation in a number of areas including:

(1)Counter Terrorism, where we need to learn from the Indonesian experience in de-radicalization. We can explore ways and means to better utilize the existing Counter

“We can explore ways and means to better utilize the existing Counter Terrorism Dialogue between the two countries. ...”

Terrorism Dialogue between the two countries. We could also establish exchanges with the Jakarta Center for Law Enforcement Cooperation (JCLEC) located in Semarang Central Java,

which functions as a regional resource for Counter terrorism cooperation.

(2)Disaster Management is another area where we could exchange information and share best practices. We could organize joint exercises for capacity building in Humanitarian Assistance and Disaster Relief (HADR). The Indian Navy and Air force had assisted Indonesia with timely and substantial Disaster relief after the 2004 Tsunami and 2006 earthquake.



INS Saryu, an indigenously built NOPV based at the Andaman and Nicobar Command, along with a Dornier Maritime Patrol Aircraft, participated in the 26th edition of the coordinated patrol of the Indian and Indonesian Navies (IND-INDO CORPAT) held in October 2015.

Source Indian Navy

(3) Maritime Security is perhaps the most important area for our security cooperation – The Navies of the two countries have been cooperating well through

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the implementation of initiatives like the IND-INDO CORPAT since 2003. Indonesia is a maritime power and has been providing security for international shipping in the Malacca Straits. India too for reasons of geography is a maritime nation. Most of India’s international trade is carried across the oceans. The maritime orientation of both countries, which are also neighbors, and strategic partners, provides a unique opportunity for bilateral cooperation.

We can consider expanding Defense Cooperation in the following areas related to Maritime Security:

(a) Defense Industrial Cooperation -Since assuming power in October 2014, President Joko Widodo has carried forward his articulation of a new maritime policy for Indonesia⁴ that aims to focus on strengthening maritime security, expand the canvas of regional diplomacy to cover the entire region of the Indo-Pacific, and project the Indonesian Navy as a respected regional maritime power in East Asia. His well-publicized announcement during his election campaign that he aimed to transform Indonesia into a “Global Maritime Axis”, was reaffirmed after his assumption of office. He has assigned high priority to it, seeking full support from the public in recognition of the fact that Indonesia is the world’s largest archipelagic state and must reap the advantages of being a maritime nation. Seen from an Indonesian perspective, this entails development of maritime infrastructure (which is weak), inter-island connectivity, development of an indigenous defense industry, and the upgradation 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. All this opens up new potential for maritime security

and defense industrial cooperation between the two countries.

- (b) Maritime Domain Awareness - There has been some progress in setting up arrangements for real time exchange of information regarding maritime domain awareness in the Bay of Bengal and the Malacca Straits. This cooperation should be expanded to cover the Lombok Straits and the Sunda Straits. There is a need to conclude a "White Shipping Arrangement" with Indonesia formalizing the exchange of information on the movement of Cargo ships through the Bay of Bengal, the Malacca Straits, the Lombok Straits and the Sunda Straits.
- (c) We should strengthen Training Exchanges and consider institutionalizing bilateral and trilateral Naval Exercises – with the latter eventually involving Australia as the third naval power. Regular visits by Service Chiefs should continue along with visits from the Flag Officer Commanding the Eastern Fleet of the Indian Navy and the Commander in Chief of the Andaman and Nicobar Integrated Command. This would lead to better understanding, cooperation and coordination between the two Navies.
- (d) Hydrography - We should seek higher levels of cooperation in the area of Hydrography.

Eighth, as befits a major Strategic Partner, India must seek to establish a Comprehensive Economic Cooperation Agreement between the two countries. Indonesia is already the second largest trading partner of India in the ASEAN. Bilateral Trade has increased from US\$ 6.9 billion in 2007-08 to US\$ 20 billion in 2013-14. India is the largest buyer of crude palm oil and imports coal, minerals, rubber pulp, paper and hydrocarbons from Indonesia.

We need to reenergize and reactivate existing platforms like the Joint Commission, the Trade Ministers Forum and the Energy Forum to kick start the economic dialogue at the strategic level. Similarly we also need to restart the dialogue in other economic areas like agriculture and marine and fisheries.

The negotiations on the bilateral Comprehensive Economic Cooperation Agreement between India and Indonesia have stalled. It is important that these negotiations are restarted and are brought to a successful conclusion considering the trade potential between the two countries. There are a range of non

tariff barriers faced by exporters in both countries that need to be addressed without further delay. Eliminating these barriers could be a win win situation for both countries. For example streamlining procedures for Indian Pharmaceutical exports to Indonesia would help bring down healthcare costs in the future.

"On both the bilateral CECA and the RCEP, we must approach the negotiations from a strategic perspective. ..."

We must also explore ways of cooperating together and searching for common ground in the context of the WTO negotiations and those on the RCEP, even

though our respective negotiating positions may at present appear to be somewhat distant from each other. On both the bilateral CECA and the RCEP, we must approach the negotiations from a strategic perspective.

Ninth, in the spirit of promoting South-South cooperation in our bilateral interactions we must we must continue to stress Science and Technology cooperation and assistance in human resource development under the Indian Technical and Economic Cooperation (ITEC) program in order to strengthen our respective technical capacities and contribute to our economic development and growth as emerging economies. India for its part is committed to enhancing the Space cooperation between the Indonesia Space Agency LAPAN and ISRO under which India operates a ground Station in Biak in eastern Indonesia and launches satellites for LAPAN. India has also contributed to capacity building in Indonesia in IT and Vocational Training under the ITEC program.

Tenth, there are many common challenges where we need to create habits of working together because by their very nature these cannot be tackled by one country. As two of the largest countries in Asia with a shared civilizational heritage, India and Indonesia have a special responsibility to take the lead and show the way. Global Financial Governance, Global warming and the management of natural disasters are three areas where we can coordinate positions, exchange information on policy initiatives, and learn from each other's best practices.

India and Indonesia can work together for the realization of the core objectives of emerging economies in the G20 including: (1) global economic growth and stability, (2) stable financial markets and global trading regimes, (3) employment generation, (4) the creation of next

generation infrastructure (including digital infrastructure), (5) ensuring access to clean and affordable energy and (6) cooperation against black money.

Last, but not the least, we must strengthen people to people links between the two countries who have enjoyed a long history of cultural and civilizational ties. To do this we must promote Track 2 Dialogues, explore ways of enhancing student exchange, set up Chairs of Indonesian and Indian studies in each other's country, enhance cultural exchanges, promote language studies, support sports exchanges, initiate direct flights and promote tourism. Without strong people to people links, we will be unable to generate public support for the strategic ties between our two countries.

Endnotes:

- ¹ Sokarno offered to divert India's attention by attacking the Andaman and Nicobar Islands during the Indo-Pak Conflict in 1965.
- ² Except for President Joko Widodo who is expected to visit this year.
- ³ Indonesia's GDP was US \$ 917 billion in 2015.
- ⁴ I am indebted to my colleague Vice Admiral Anup Singh, Senior Fellow DPG, for information and perspectives contained in paragraphs (a) and (b)



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