Abstract

On April 9, Indonesians elected a new Parliament. In July, they will be back to the polls for Presidential elections. These elections, however, may not bring as many changes to the country’s foreign policy as many would expect. Faces may change in Jakarta, but structural factors will continue to weigh heavily on the country’s international strategy. Indonesia is a rising power, building a buoyant international outlook on the back of a growing economy and changing geostrategic environment. In these times of change, Jakarta is pursuing a consistent agenda, acting with increasing self-confidence on the international stage. But is the country ready to play a prominent role not only in regional but also in global affairs? On what strength can Indonesia build itself? And what are the hindrances to Indonesia’s rise? Is Indonesia indeed poised to become a global power?

Résumé

L’Indonésie : une puissance régionale aux ambitions mondiales

Le 9 avril dernier, les Indonésiens éluisaient un nouveau Parlement. En juillet, ils retourneront aux urnes pour les élections présidentielles. Ces scrutins, pourtant, n’apporteront probablement pas grand-chose de nouveau dans la politique étrangère du pays. Les visages peuvent changer à Jakarta, mais certains facteurs structurels continueront à peser lourdement sur la destinée et la stratégie du pays. L’Indonésie est une puissance montante, se construisant un agenda international ambitieux sur la base d’un fort développement économique et d’un environnement géopolitique en transition. Sa politique internationale est cohérente et démontre la confiance de plus en plus affirmée de Jakarta. Mais le pays est-il prêt à jouer un rôle de premier plan non seulement dans sa région mais aussi dans les affaires du monde ? Sur quelles forces peut-il compter ? Quels sont les obstacles à son ascension ? L’Indonésie est-elle vraiment destinée à devenir une puissance mondiale ?
Introduction

Indonesia is an emerging power. At least, this is the perception among more and more decision-makers and commentators in Indonesia and abroad. According to this narrative, the Southeast Asian state is bound to rise because of its geographic and demographic size, its geostrategic position, and its ample natural resources. Most importantly its economy is growing. Furthermore, the country is home to the largest Muslim majority society in the world, and defines itself – with good reasons – as the engine of ASEAN (the Association of Southeast Asian Nations), a successful regionalist initiative that is now central to most multilateral developments in the wider region of Asia-Pacific. This perception of Indonesia’s rise has been further substantiated by its joining the G20 grouping.

Interestingly, the perceived rise of Indonesia appears to most as genuinely benign, if not “natural”. It did not prompt its neighbours to coalesce against it, and even appears as a much welcomed development on the wider international scene. While most experts agree that Indonesia is not in the same league as China, Russia, India, or even Brazil (the famous BRICs), the country does qualify as a second-tier emerging power, a “middle power” like Turkey or Mexico. What such status implies is that Jakarta is more and more able to play a defining role in most regional affairs, and – this is new for Indonesia – in some issues of global resonance. Capacity does not equate to will however, but the advocates of a stronger, globally-oriented Indonesia get more and more vocal in Jakarta, and elsewhere. Policymakers in Jakarta have traditionally been more concerned with domestic issues. As far as foreign relations were concerned, Southeast Asian affairs dominated the agenda. But bolstered by the proceeds of economic growth and the kudos of its international partners, Indonesia appears to gradually shift its foreign policy effort and outlook from its close neighbourhood to more distant shores, and adapt its strategy to its new status.

The choices made by Jakarta in this transitional period will prove crucial to the future of the region and most probably beyond. What remains to be seen is whether Indonesia will live up to the expectations. As demonstrated by the trajectories of other middle powers, balancing regional clout with global aspirations is a demanding and tricky task.

Is Indonesia indeed tilting the balance toward greater global engagement? Would such a choice be conducive to its interests, and will it be sustainable?

2. A more nuanced view can be found in: Rizal Sukma, “Indonesia needs a post-ASEAN foreign policy”, The Jakarta Post, 30 June 2009.
How strong is the country’s position on the regional and global levels? In order to answer these questions, it is necessary to look at the main power assets the country possesses. But it is equally important to point out the main obstacles to Indonesia’s ascension, and look at how Indonesian policymakers apprehend both sets of factors, and include them in their strategic outlook. This paper will analyse Indonesia’s strength and weaknesses by examining Indonesia’s diplomacy in various geographical contexts. It starts with a short description of Indonesia’s general foreign policy outlook. Subsequently, Indonesia’s bilateral relations and role in ASEAN are discussed. The next section deals with Jakarta’s global standing, including its relationship with the European Union (EU). The main arguments are then summarized in the conclusion.

1. Indonesia’s Foreign Policy Outlook

Indonesia’s foreign policy is based upon a set of important documents that include the Pancasila – the five-pronged national ideology⁵ –, the 1945 Constitution, and the Broad Outlines of State Policy⁶. As important, if not more, is the official principle and strategy of an “independent and active” foreign policy, a concept that frames Jakarta’s international posture and relates it to global developments.

1.1. The imperative of independence

Indonesia’s main foreign policy today, as for the last decades, is known as “bebas dan aktif”, which translates as “independent and active”? The first part of this doctrine demands to guard the country’s independence on the global stage. This implies that questions of sovereignty are of utmost importance to the Southeast Asian state. Considering Indonesia’s colonial past, this is not surprising and the country’s emphasis on national autonomy is indeed shared by its neighbours in the region⁸. What makes Indonesia different is its considerable size. Its territorial and demographic size leads to the notion that Indonesia can rely on itself more than smaller countries do. Indeed, Indonesia’s export-to-GDP ratio is rather low: in 2012 exports in goods and services represented 24 percent of GDP, compared to 201 percent in Singapore, 87 percent in Malaysia, or 75 percent in Thailand⁹. Furthermore, despite its close security relationship with the United States, Jakarta never joined Washington in a formal security alliance¹⁰. And its commitments towards ASEAN are bearable, because of ASEAN’s intergovernmental set-up, which assures every member a veto-player position.

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5. Belief in one God; a just and civilized humanity; unity of Indonesia; a consultative democracy; and social justice.
10. It should also be remembered that Indonesia was strongly involved in the Non-Aligment Movement, which was founded in the Indonesian city of Bandung in 1955.
While it is tempting for Indonesian decision-makers to focus on domestic affairs it is also necessary. Indonesia is not only one of the largest countries in the world, it is also one of the most complex. To just give one indicator of the country’s diversity: more than 700 languages are spoken in Indonesia. To safeguard “Unity in Diversity”, as the national motto demands, has been a major challenge for Indonesian leaders since gaining independence in 1945/1949. In the Indonesian view, reducing internal vulnerabilities can be achieved mainly by strengthening “national resilience”. According to the Indonesian scholar Daud Yusuf “national resilience” is “…an inward-looking concept, based on the proposition that national security lies not in military alliances or under the military umbrella of any great power, but in self-reliance deriving from domestic factors such as economic and social development, political stability and a sense of nationalism.” While Indonesian decision-makers and experts are aware that Indonesia is facing a globalizing world in which countless strings tie states, societies and markets to each other, “resilience” remains a key word in the discourse on foreign affairs.

Avoiding too strict entanglements and relying on its own strength is one way for Jakarta to assure its independence. Another way is to widen its relationships, to engage with as many actors as possible in order to avoid dependence on one particular partner. This logic can be seen in President Susilo Bambang Yudhoyono’s concept of “million friends and zero enemy” (also known as “thousand friends – zero enemies”), described by the President as an “all directions foreign policy”. In addition, Indonesia’s current Foreign Minister Marty Natalegawa introduced the notion of a “dynamic equilibrium” to be achieved in the Asian region, whereby the region’s middle powers would not be forced to choose between Washington and Beijing. Again, this would leave Jakarta with considerable room to manoeuvre.

### 1.2. An active foreign policy

The second part of the doctrine bebas dan aktif calls for an active foreign policy. Thus, Indonesia should not just react to outside demands, be no pawn of external powers. Instead, the country should establish itself as a driver in the international sphere. A certain sense of self-entitlement is to detect here. This claim to prominence is not only based on the country’s size, although this certainly plays a role, but also on its achievements.

Indonesia has always been proud of its successful struggle against Dutch rule. Its independence campaign between 1945 and 1949 – a period referred to in Indonesia as

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revolusi – set a precedent in the decolonization process. In Sukarno’s days, the country had implemented a “lighthouse” diplomacy, flying the flag of anti-colonialism and anti-imperialism as a leader of the Third World movement. His successor Suharto (1966-1998) initially focused on domestic issues, especially the need of socio-economic development, and went for an essentially low-key foreign policy posture. Nevertheless, Suharto pursued an active diplomacy with regards to ASEAN (founded shortly after he had consolidated his power in Jakarta) and as the years passed he too pushed for greater visibility of Indonesia on the international stage.

The country’s struggle against the Dutch remains until today a strong symbol of heroic opposition against oppression. Added to these historical memories are more recent achievements: According to the official view, Indonesia is a model for a successful democratic transition from authoritarian rule, a representation of religious tolerance and peaceful Islam, and an example of economic development. In line with this vision, Jakarta wants to be active especially as a bridge-builder, an intermediary on the international scene.

At first look, Indonesia’s long-standing foreign policy doctrine fits a rising power well. The government can build on a consensus in the elite and the wider public, which supports – even demands – a prominent role for Indonesia in international affairs. A closer look, however, reveals problems and tensions. The two aims of guarding the autonomy of Indonesia and being active on the global stage can be contradictory, because the more active Jakarta becomes the stronger it may be entangled in the affairs of others. There are always strings attached to interactions. One can also question if it is possible to be friends with everyone, especially if Indonesia’s “friends” like China and the United States take on a more confrontational stance towards each other.

Finally, Indonesia’s international activism heavily rests on its domestic success. Indonesia’s size and complexity may quickly turn from an asset to a liability, as Indonesia has witnessed repeatedly since independence. Michael Leifer pointed out that Indonesia inherited from its revolutionary period not only “a sense of regional entitlement” but also a feeling of “national vulnerability.” After all, the formative years were characterized as much by internal strives, rebellions, secession attempts, and meddling from external powers as by heroic resistance. These legacies still yield considerable

20. See on this narrative: Sambhi Natalie, “In his own words: Indonesia and SBY’s speeches”, The Strategist, 14 June 2013.
influence on the choices of contemporary policymakers, torn between global aspirations and structural weaknesses that emerge from their orientations in multilateral economic policy, democracy promotion (or projection22), civilizational outlook and environmental negotiations. Thus, there remains a tension between aspirations and fragility today as a defining trait of Indonesia’s foreign policy.

2. Indonesia’s Regional Position

Indonesia is a composite state, built upon an essentially Malay substrate which historically and culturally puts it at the centre of archipelagic Southeast Asia. Earlier connections to, and influences from external powers and civilizations continue to play a great role in the development trajectory of Indonesia. However, since 1966 (the year Suharto established his hold on power), foreign policy has above all concerned itself with regional issues, with the view to foster a Southeast Asian environment conducive to Indonesia’s development and interests.

2.1. Bilateral relations

Indonesia’s relations with its largest neighbour, Australia, have been seesawing ever since World War II. Australia’s sympathy and assistance during the Revolusi period then earned the country a status of privileged partner23. A status lost and restored throughout the ensuing decades, due to issues and events such as the Konfrontasi, the “Suharto billions” affair or East Timor24, and to subsequent rapprochements... Anti-terror cooperation in the wake of the 2002 Bali bombings, and Australian assistance in tsunami-hit Aceh in 2004 paved the way for a new rapprochement in the early 2000s. Since 2006, a security agreement binds both countries.

The geographical proximity and major trade, investment, and aid ties, make of Australia an inescapable partner for Indonesia. The Australian government under Tony Abbott, in power since September 2013, is also eager to invest in the relationship, depicting its foreign policy strategy as “less about Geneva, more about Jakarta”. Both countries do find in the other a useful partner, if not an ally in their respective bid for status and influence at regional level. Furthermore, the Abbott government needs the cooperation of Indonesia to “stop the boats” of illegal immigrants departing from Indonesian shores to reach Australia, a campaigning slogan of Mr Abbot.

However, several issues continue to put to the test the new foundations of the relationship: Human rights in West Papua continue to be a concern to many in Australia. Fears of increased radicalization among large portions of the Muslim population in Indonesia are another prominent one. Trade issues are yet another... Indonesia, on the other side, is defiant of Australia’s close alliance with the United States, little inclined as it is to see Canberra play the role of Washington’s “deputy sheriff” in the region.

Revelations in November 2013 that Australia spied on Indonesia’s President, his wife and key ministers in 2009 did not help in this regard and led to a serious deterioration in the bilateral relationship. A deterioration that was aggravated by the fact that Abbott initially refused to apologize for Australia’s actions. In order to control the damage Canberra recently struck a more conciliatory tone. But the episode showed once more the complicated nature of the relationship.

Bilateral relations with neighbouring Malaysia and Singapore constitute another crucial part of Indonesia’s foreign policy. Relations with both countries started off badly after Singapore and Malaysia gained their independence from the United Kingdom between 1957 and 1965. Unlike Indonesia, the two countries achieved their freedom not through violent struggle but witnessed a comparatively smooth transfer of power from their former colonial masters. Sukarno portrayed the creation of Malaysia (that included Singapore from 1963 to 1965) as a neo-colonialist plot destined to weaken Indonesia and opposed it through his political and military confrontation policy (konfrontasi). Jakarta ended konfrontasi in 1966, when it was clear that the battle was lost, and that the policy was detrimental to the country’s interest, precipitating Sukarno’s fall. Against this background ASEAN was founded in 1967. But the perception that Malaysia and Singapore received their independence “on a golden platter” would endure in Indonesia for several decades.

Historical perceptions aside, there are more issues that trouble the relationships between Indonesia and its two neighbours. Singapore and Malaysia are viewed by Indonesia as potential rivals, particularly in the economic sphere. The economic success of both countries spurred a form of resentment in Indonesia, a feeling that the two states’ growth is built on the back of Indonesia. Singapore and Malaysia for their part fear to be affected by Indonesian domestic problems, such as the so-called “haze”, the smoke pollution caused by forests fires, mainly in Sumatra. Furthermore, there are still territorial disputes (such as over the Ambalat islands with Kuala Lumpur), and lingering conflicts over the rights of Indonesian migrant workers.

For these reasons, it is unlikely that Singapore and Malaysia uncritically support the rise of Indonesia. On another hand, while relations may not be free of conflicts they are in general stable and sound. All three countries have for instance engaged in effective cooperation over the securing of maritime traffic in the Strait of Malacca. Furthermore, trade between Indonesia and its two neighbours is substantial: Indonesia is among the top ten trading partners of Singapore and Malaysia and the picture is mirrored for

27. On Indonesia’s perception of Singapore and Malaysia see: Novotny, Torn between America and China, p. 282-286.
Indonesia. But most important is the institutionalized cooperation between Indonesia and its neighbours under the ASEAN umbrella.

2.2. ASEAN

A turning point in the history of modern Indonesia was the difficult transition from Sukarno’s rule to Suharto’s “New Order”, whose first priority was to do away with the turmoil of the mid-1960s, and foster a more benign image of the country. This good neighbourhood policy materialized in the signing of the Bangkok Declaration in 1967, which established the Association of Southeast Asian Nations (ASEAN). ASEAN gradually became the main channel and platform to the country’s ambitions to the point that it became referred to as the “cornerstone” of Indonesia’s foreign policy.

Where does the importance of ASEAN lie for Indonesia? According to Dewi Fortuna Anwar, one of the leading Indonesian foreign policy thinkers, ASEAN performs six major political functions for Indonesia, i.e. preserve the country’s international credibility; help preserving regional harmony; provide a buffer for national security; develop a more autonomous regional order; serve as international bargaining tool; and enhance Jakarta’s international stature.\(^29\) Its credibility is enhanced, because ASEAN provides Indonesia with a venue to foster a benign image, one of a country committed to regionalism and to the peaceful management of disputes. And indeed, ASEAN has proven effective in mitigating suspicion of Indonesian hegemonic plans among Southeast Asian countries. This contributed to regional harmony and helped to establish a stable and peaceful environment, as much preserved from external pressure as possible. This in turn, had the corollary effect of allowing Indonesian policy makers to focus on domestic issues, such as economic development. Socio-economic progress was – and still is – in the eyes of Indonesian decision-makers the key to “national resilience” against external and, probably more important, internal security challenges. Strong and stable states in the region in turn lead to more “regional resilience” helping to keep foreign powers out of the region.

Indonesia realized early on, as did other Southeast Asian states, that regional cooperation would enhance its diplomatic clout vis-à-vis outside actors. Indonesia is very successful in this, building on its strong record of commitment to the organization to perceive and portray itself as ASEAN’s main driver. A status and role endorsed by most of its international partners. To a certain extent, Jakarta has managed to integrate and institutionalize some aspects of its domestic and foreign policy schemes in ASEAN. The so-called “ASEAN Way”, an elite-based system of opaque consultation concerned above all with non-interference and face-saving, can be interpreted as substantially inspired by New Order operating techniques and legitimacy strategies. Here, the New Order could draw upon Sukarno’s political use of the traditional norms of musyawarah (consultation) and mufakat (consensus). The shift toward a more rule-based organization, with the entry into force of the ASEAN Charter in 2008, had also much to do with Indonesia’s sponsorship, itself related to the country’s democratization.\(^30\)

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Furthermore, Indonesia’s efforts have indeed been critical in several junctures in the organization’s history, including at the first Bali Summit in 1976 (which established the Treaty of Amity and Cooperation in Southeast Asia or TAC, and gave birth to the Declaration of Concord), the second Bali Summit in 2003 (which established the concept of an ASEAN Community), the signing of the ASEAN Charter in Jakarta in 2007, and the third Declaration of Concord in Bali in 2012. And Jakarta proved instrumental in the setting up of the organization’s human rights declaration and commission in 2009.

ASEAN also puts Indonesia in the driver seat of regional dynamics, through the defence of the organization’s “centrality” in regional institutional developments. Through its oft-cited status of “most successful experience of regional integration after the European Union”, ASEAN represents a platform on which Indonesia can both claim a particular status – as largest and most active member – and build special relations with other powers. Indonesia’s engagement in ASEAN is, therefore, much in line with the “active” principle of its foreign policy. But it also serves its “independent” dimension, in that bolstering ASEAN’s centrality in regional affairs is considered the best way to hedge against external powers meddling and to avoid excessive reliance on one external partner, be it the US, China or any other power. An objective described by Foreign Minister Natalegawa as the quest to a “dynamic equilibrium”. In this sense, ASEAN serves Indonesia’s strategic interests well.

While officials have recently reaffirmed the principle of ASEAN’s being the “cornerstone” of Indonesia’s foreign policy, proponents of a more-globally oriented strategy have turned more vocal in recent years, bolstered by the country’s economic prowess and membership of the G-20. The increasing integration and importance of the country in globalization processes and geopolitical struggles for influence among great powers is a marker for many that Indonesia has now outgrown ASEAN. And the country certainly is going global in some respects. Defense of democracy, interfaith dialogue and human rights have become the flagships of Indonesia engaging the world stage. Yet questions remain as to the sustainability and desirability of such stance with regards to the country’s interests and capacities.

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3. Indonesia on the Global Stage

3.1. Relations with the great powers

Gaining more prominence on the global stage depends on one’s relationship with the great powers. The two most important players at this time are without a doubt the United States and the People’s Republic of China, certainly in the Asia-Pacific. Other actors such as Russia, India or Brazil, perceived to be becoming more influential in global affairs, are not yet of great significance for Indonesia. The same applies to the European Union (EU) that tends to hold Indonesia in benign neglect, considering the country not worthy of a strategic partnership.31 Two questions arise: What does Indonesia have to offer the United States and China? And: what does Jakarta want from these two players?

Starting with the first question of Indonesia’s significance to the two global powers, it may be useful to begin with a look at the map. After all, global powers need to think in terms of geopolitics, i.e. they have to be aware of geographical facts, which may affect their global interests. Indonesia is East Asia’s second largest country, after China, and with its 17,500 islands stretching over a distance of 5,000 kilometres the country is the world’s largest archipelagic state. From Jakarta’s perspective, the seas between its islands are internal waters over which it holds sovereignty, a vision enshrined in its “Archipelagic Concept” (Wawasan Nusantara). It is therefore no coincidence that the Indonesian term for “home country”, tanah air, translates as “land and water”. These Indonesian lands and waters lie like a lock between the Indian and Pacific Oceans. The cost of avoiding Indonesian straits for any ship looking to go from one ocean to the other is a large, and time-consuming detour through Australian waters. The Karimata/Sunda, Makassar/Lombok and Wetar/Ombai routes are all key chokepoints for maritime traffic. But especially important is the fact that Indonesia sits astride the Strait of Malacca, the main sea line of trade and communication linking East Asia with South Asia, the Middle East and Europe. Thus, Indonesia’s position at the centre of Southeast Asia gives it considerable importance in commercial and military terms32.

The question is, however, whether Jakarta can make effective use of its geostrategic location. Claiming sovereignty does not mean de facto control. Only if Indonesia is able to exercise its rights against adversaries can the location become an asset for the government. A look at Indonesia’s military capabilities reveals some weaknesses in this regard. First of all, it should be mentioned that Indonesia’s military (today called Tentara Nasional Indonesia – TNI) is seriously underfunded. While defence spending had increased from 2.12 billion USD in 2003 to 7.74 billion USD in 2012 it still accounts for

only 0.86 percent of GDP. The government of Susilo Bambang Yudhoyono, known in Indonesia as SBY, had promised in 2010 to increase defence spending to 1.5% by 2014, but has failed to deliver. Furthermore, maritime security has never been a priority for Indonesian decision-makers. For long, Jakarta worried more about internal threats than external enemies. Security thinking was dominated by the concept of SARA, standing for suku (ethnic group), agama (religion), ras (race), and antar-golongan (intergroup-relations). Accordingly, the Indonesian military was and still is dominated by the Army. Out of a total force of 395,000 active personnel 304,000 are under Army command, whereas just 65,000 men are assigned to maritime defence (Navy, including marines and aviation). Indonesia’s 213-ship navy becomes even less impressive knowing that more than half of these ships are considered to be non-seaworthy. However, there is gradual shift from inward- to outward-looking in Indonesia’s security debates and the protection of the country’s maritime and airspace has gained more prominence in recent years. Nevertheless, Jakarta is still far from being able to defend its maritime territory.

Indonesia’s relative military weakness undermines the country’s importance for Washington and Beijing. Neither as an adversary nor as an ally does Jakarta rank as a top priority for the two global powers. Nevertheless, Indonesia is too big to be ignored. At least in their competition for influence in Southeast Asia, Indonesia is a pivotal state.

Indeed, Beijing is courting Indonesia. In April 2005 China and Indonesia agreed in a joint declaration to build a strategic partnership and in May 2006 an annual defence and security dialogue was initiated, followed by a defence cooperation agreement in 2007 (a joint action plan to implement the agreement was, however, only decided in 2010). Meeting of defence ministers, visits of naval vessels, joint exercises of Special Forces and training courses for Indonesian pilots in China are all signs of the deepening of the military relationship in recent years. In addition, Jakarta and Beijing are discussing defence industry cooperation, notably in producing anti-ship missiles (of central importance in blocking waterways). Furthermore, a joint naval exercise in Indonesian waters in the South China Sea is currently planned.

Whereas China and Indonesia only recently started to cooperate in security affairs, Washington and Jakarta have been military partners for long. During the Cold War, the anti-communist Suharto-regime has been a key partner for the United States in the region. However, Jakarta never joined in a multilateral or bilateral defence pact with Washington (this would have been contrary to its bebas dan aktif doctrine). With the end of the Cold War, Indonesia’s importance for the United States had declined. What’s more, after the violence that followed the East Timor Referendum in 1999, in which Indonesia’s security forces played a dubious role, Washington imposed an arms embargo on Jakarta. But in 2005 the embargo was lifted, after Jakarta became a key partner of Washington in the fight against terrorism. Today, the US provides Indonesia again with weapon systems that include high-tech platforms such as Apache attack

helicopters and F-16 fighter aircrafts (expanding the fleet of F-16’s bought by Jakarta in the 1970s and 1980s). Cooperation with Indonesia’s Kopassus Special Forces remains however a difficult issue, due to their spotted human rights record. Nevertheless, the two sides are engaged in a significant number of senior visits, staff talks, exercises, and trainings. Maritime security, peacekeeping, humanitarian assistance/disaster relief and reform of the Armed Services are key priorities. With America’s “pivot towards Asia” it is likely that Washington will seek to deepen and widen this cooperation in the future.36

But what are Jakarta’s objective regarding the two great powers? In line with its bebas dan aktif doctrine, Indonesia does not want to choose one over the other. A formal alliance with Washington or China is out of the question. Instead Jakarta aims to “row between two reefs” (mendayung antara dua karang), to keep China and the US at a friendly and equal distance. This balance of power approach is not only seen as the best way to guarantee peace and stability in the region but also as a way to increase Jakarta’s room for manoeuvre.

Not surprisingly, Indonesia’s strategy towards the United States is a difficult balancing act. The anti-communist New Order Regime had been anti-Chinese and pro-American (although never joining in a formal alliance) but these Cold War days are over. The American “war on terror” and the Iraq War in particular never were popular in Indonesia, although Jakarta increased its anti-terrorism cooperation with Washington after the Bali bombings of 2002. Washington’s unilateralism under George W. Bush further undermined the bilateral relationship. Under Obama, who has spent some years as a child in Indonesia, relations improved and in November 2010 Washington and Jakarta launched the U.S.-Indonesia Comprehensive Partnership. Decision-makers in Indonesia see the US as the key external stabilizer to the balance of power in Asia-Pacific but fear at the same time that Obama’s “pivot to Asia” might alienate China and increase the possibility of conflict in the region.

Indonesia’s policy toward China is characterized by the same delicate balancing act between engagement and caution (a form of “hedging” strategy). The “Chinese threat” had been a constant theme of the Suharto regime for decades (in its domestic and its foreign policies). However, from 1989 onwards the regime did seek rapprochement with a People’s Republic that became economically and politically stronger. Today, there is still some suspicion about China’s military modernization and claims in the South China Sea (with the Indonesian EEZ around the Natuna Islands as a potential area of conflict). But in general, the Indonesian foreign policy elites are more concerned with China’s economic threat to Indonesia. Especially as a manufacturer of cheap products, China is seen as a direct competitor to the Indonesian industry. Indeed, the ASEAN-China Free Trade Agreement of 2010 is seen very critically in the Indonesian public. However, China has become in recent years Indonesia most important trading partner (whereas America’s share in imports/exports has declined). Despite the growing interdependence between the two economies, prejudices in the wider Indonesian population against Chinese persist. Indonesians of Chinese descent (a Chinese community existed for

centuries in the country) are still regarded by many as “outsiders” and treated with suspicion. Domestic concerns thus complicate the formulation of Jakarta’s China policy. However, Indonesia hopes – with the help of its ASEAN partners – to embed China in regional institutions and thereby foster a peaceful rise of the Asian giant to its north.

3.2. G20 and the Global Economy

Indonesia’s rise on the global stage is probably best demonstrated by its inclusion in the G20, a developing steering committee of the global economy. Jakarta has enthusiastically integrated in the G20 and portrayed itself in the forum as representative of ASEAN, torch bearer for developing economies, and Muslim majority country. The G20 now forms an integral part of Indonesia’s foreign policy outlook, as a privileged forum where it can weigh on the structure of global economics but also act as bridge-builder between civilizations.

Of course, Indonesia’s membership in the G20 rests on the country’s economic prowess and gigantic domestic market. Indonesia is proud of its growth rates, averaging 6% a year since 2005, and its resilience in the face of the global economic crisis. Indonesia’s growth is indeed mostly driven by domestic consumption, a notable fact in a region where export-led growth is the norm. With a population base of around 240 million, fairly young people with rising incomes, the Indonesian market has great potential. The country is now starting to reap its “demographic dividend”, a consequence of a drop in the national birth rate. Moreover, the government debt-to-GDP ratio has declined from 95.1% in 2000 to a record low of 23.1% in December 2012. The country also sits at the heart of one of the world’s most dynamic regions. Last but certainly not least, its vast reserves of natural resources put it on the radar of many companies and countries, at a time of rising commodity prices. As expressed by the consulting firm McKinsey, “on current trends, Indonesia is on course to become the seventh-largest economy in the world in 2030 from the 16th largest today”.

While the trauma of the 1997/98 Asian crisis remains acutely present in Indonesia’s collective psyche, such growth has encouraged Jakarta to re-embark on a policy of engagement with multilateral economic forums, such as the ASEAN Free Trade Area, the Asia-Pacific Economic Cooperation (APEC), the World Trade Organization (WTO) or the G20. Back in the 1990’s, Indonesia’s support was pivotal to the success of APEC, and the setting up of the Bogor goals of “free and open trade and investment in the Asia-Pacific

37. Although not without some inconsistencies. See: Maria Monica Wihardja, “Strengthening Indonesia’s contribution to the G20”, East Asia Forum, 5 May 2012.
by 2010 for industrialised economies and 2020 for developing economies.”

The 2013 Summit in Bali further confirmed Indonesia’s commitment to this forum, where it invested considerable resources and energy to promote the triple goals of (1) rejuvenating the Bogor goals, (2) fostering sustainable growth, and (3) developing the crucial aspect of connectivity. These goals are closely aligned with what Indonesia is pushing for in the framework of the ASEAN Economic Community, and largely transcend the regional stage. Indonesia taking its economic policy choices to the global stage is further demonstrated by Indonesia’s activism within the WTO. In 2013, SBY nominated an Economics Minister, Dr Mari Pangestu, as a candidate for the position of WTO Director General. The same year, Indonesia hosted the 2013 WTO Summit, leading the negotiations to a successful end, hence breaking the stalemate of the Doha talks.

However, Indonesia will only be able to exercise influence abroad as long it is economically successful. Many commentators in Indonesia point out that Indonesia should “put its house in order first” if it wishes to translate potential into actual power. Indeed, the economic successes of Indonesia remain somewhat fragile. This was demonstrated in mid-2013 when growth slowed, inflation rose, the value of rupiah slumped and the balance of payment got under pressure. Indonesia did nevertheless manage to achieve a growth rate of around 5.7 percent in 2013. Still, the country is considered to be among the “fragile five” emerging markets (together with Brazil, India, South Africa and Turkey), which could suffer most from changes in US monetary policy. It is feared that the tapering of America’s monetary stimulus programme (the end of cheap money) might result in capital outflows from emerging markets. Indonesia’s Finance Minister called in February 2014 for more clarity from the US Federal Reserve in order to allow emerging markets to adjust.

The Indonesian Finance Minister, however, also emphasized the need to attack domestic issues of emerging markets.

Indonesia indeed has a long list of domestic problems. Corruption is still rampant in the country, alongside bureaucratic red tape. Transparency International has ranked Indonesia 114th out of 177 in its Corruption Perceptions Index 2013, a score comparable to that of Egypt or Albania. Stories over high-profile cases of graft and embezzlement are rife in local and national newspapers, and the SBY government is widely perceived as having done too little to effectively curtail the problem of corruption, collusion and

44. Jusuf Wanandi, “Indonesia has to put its house in order to answer E. Asia”, *The Jakarta Post*, 21 December 2000; Maria Monica Wihardja, “Can Indonesia play a leadership role in the Asian century?”, *East Asia Forum*, 3 September 2013.
nepotism (*Korupsi, Kolusi, Nepostime* or “KKN”) in the country. The Doing Business Index 2014 of the World Bank ranks Indonesia only 120th out of 189 economies. Singapore tops this index, while Malaysia and Thailand rank 6th and 18th respectively.

Deficiencies in infrastructures are another key issue in the Indonesian economy. Despite recent strides, the country is still ranked 59th out of 155 on the World Bank’s Logistics Performance Index 2012,\(^{50}\) behind Vietnam, India or the Philippines. Furthermore, Indonesia has built its economic growth on the back of a commodity boom,\(^{51}\) a pattern that could make it vulnerable to the so-called “Dutch disease”, i.e. the crowding out of its non-commodity exports by way of currency valuation. And indeed, its manufacturing sector is lagging behind.\(^{52}\)

In short, much has been achieved since the Asian financial crisis. Indonesia is by far Southeast Asia’s largest economy with a GDP of 878 billion USD in 2012, according to the World Bank, which lists the country as a lower middle income country. But Indonesia still faces huge development challenges. The country for example ranks only 121st out of 187 in the UN Human Development Index 2012. From a socio-economic point of view, the country, which is not yet member of the OECD, still has a long way to go.

### 3.3. The Muslim World

Indonesia’s prominence in international affairs is not only based on its economic achievements. Another factor is religion. The country hosts the world’s largest Muslim majority population. According to the Indonesian census of 2010 around 87% of citizens are of Islamic faith (predominately Sunni), nearly 10% identify themselves as Christians (Protestants dominating with nearly 7% of the total population). Contrary to the “Bali image” of Indonesia popular in the West, less than 1% of Indonesians are Hindus.

In the wake of the *Reformasi*, Indonesian policymakers have strongly argued that their country provides an example of how religion, democracy and modernity can go hand in hand. An argument picked up in 2009 by US Secretary of State Hillary Clinton who then mentioned in Jakarta that “[i]f you want to know if Islam, democracy, modernity and women’s rights can coexist, go to Indonesia”.\(^{53}\) Similar statements were made by German Chancellor Angela Merkel and British Prime Minister David Cameron when they visited the country in 2012. The practice of Islam in Indonesia is often deemed “moderate”, an aspect on which Jakarta has also tried to capitalize, portraying itself as a “bridge” and “connector” between the Muslim and non-Muslim worlds. President SBY voiced this ambition quite clearly in 2010, when saying that “as a member of the OIC [Organisation of Islamic Conference], we can express the true identity of Islam which is moderate, open, tolerant and modern. We can also constructively bridge the gap between Islam and the West”.\(^{54}\)

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50. Available [here](#).
Acting as a link between the Muslim world and the West, however, depends on credibility. Indonesia needs to live up to its rhetoric of tolerance in order to be seen as credible in the West. A closer look reveals that the place of Islam in Indonesian politics is a complex and much-discussed topic. While Jakarta’s elites have on numerous occasions reiterated their vision of Islam as a religion of peace and tolerance, radical groups have taken more space in the public debate over the last two decades. A consequence of democratization has been the greater integration of political Islam into the country’s political landscape and identity, and the consolidation of such groups as favoured constituencies for political staff and institutions. The relationship between the state and militant, radical Islamist groups is, in Felix Heiduk’s terms, “highly ambiguous [...] expressed in operational terms as a parallelism of repression and cooptation”. The state has to accept that for more and more of its citizen religion plays an ever-increasing role in their lives. But the challenge for Indonesia is to ensure that a society which becomes more religious does not become more radical.

While the intricacies of Indonesian politics rarely enter the minds of Western opinion- and decision-makers one topic nevertheless does: terrorism. The country has witnessed terrorist attacks by radical Islamist groups in the past, most notably in Bali 2002 with 202 deaths. Indonesian governments have responded with an all-out, largely effective anti-terror campaign. But while former hierarchical groups such as Jemaah Islamiyah or Noordin Top’s network have been largely neutralized, more decentralized networks and cells have appeared, leaving the issue very relevant today. However, it should be also noted that Indonesia so far has neither been a training ground for international jihadists attacking on Western soil nor has it been a source of finance for terrorists.

Indonesia’s role as a bridge depends not only on its standing in the West but also on its credibility with the Muslim world. And here it must be said that the country is at the margin. Muslims around the globe look to Muslim heartlands in the Middle East, not to Indonesia. Mecca, Cairo and Tehran dominate the discourse on questions of faith, not Jakarta. Furthermore, it is the conflicts in Afghanistan or Syria that act as focal points of the debate on Islam and the West. Events in Indonesia do not arouse emotions in the global Muslim community.

Furthermore, there are domestic constraints on taking an active bridge-builder role between civilizations. The mentioned ambiguity of emphasizing religion while fighting radicalization is bound to weigh on Indonesia’s international dealings. In Sukma’s words, Indonesia’s dilemma of a “dual identity”, i.e. its self-perception as neither a theocratic


state nor a secular one, implies a complex association of both Islam – in form more than substance – and democracy in the country’s foreign policy. The Indonesian government cannot simply proclaim an “Islamic foreign policy”, because it is not an Islamic state. After all, Indonesia’s foreign policy remains by and large based on secular platforms. But neither can the elected government be ignorant to a Muslim majority population that asks for solidarity with fellow Muslims around the globe. Indeed, with issues such as the Israeli-Palestinian conflict, the wars in Iraq and Afghanistan or the Iranian nuclear programme, i.e. the most pressing concerns in the Muslim world, Jakarta has been careful to not upset its Muslim community.

3.4. Part of the Democratic Club

What makes Indonesia special is not only its economic success and its huge Muslim community but these two factors in combination with a democratic system. Emerging, Muslim and democratic is a rare mix on the international scene (except for Indonesia probably only Turkey combines these attributes). The country is proud of its democratic transition, the reformasi, from authoritarian rule to vibrant pluralistic politics. Since the fall of Suharto in May 1998 the country has witnessed three elections for the legislature (1999, 2004, 2009) and two presidential elections (2004, 2009), plus hundreds of elections at provincial, district and municipality levels, all considered to be largely free, fair and peaceful. Under the leadership of President Susilo Bambang Yudhoyono, elected twice with a large majority, the country’s democracy has stabilized. According to the Freedom House Index 2013 the country is considered to be free with a rating of 2.5 (1 equals best, 7 equals worst). Indonesia thus can be seen as a successful example of democratic transition from authoritarian rule. The next parliamentary elections are due in April 2014, followed by presidential elections in July 2014.

Not surprisingly, Indonesia’s democratic transformation affected its foreign policy. The reformasi led to a shift of priority in the foreign policy agenda of Indonesia, less concerned with projecting abroad the regime’s domestic legitimisation strategies based on stability and growth, and projecting instead a new set of values and interests. Since then, Indonesia has championed the cause of human rights and democracy in Asia, launching the Bali Democracy Forum in 2008, and taking a series of related initiatives at regional and global levels. Democracy and political Islam together form the most part of Indonesia’s “soft power assets” today.

A closer look at Indonesia’s democratic credentials, however, reveals that several components of democracy are not full-fledged. Unlike Freedom House, the Democracy

Index 2012 of The Economist listed Indonesia only as a “flawed democracy” with a global rank of 53 (interestingly this positions the country one place ahead of Bulgaria). Measuring democracy is a difficult enterprise and both indexes have their weaknesses, but most observers would agree that there still is room for considerable improvement. Indonesian democracy is both precarious and limited by “the reality of regional politics”.64 The second round of reforms necessary to further institutionalize democracy has not yet been implemented, despite SBY’s strong mandate to do so.65 Elections are fought and won at least as much on personality and personal credentials than on policy platforms. Often, candidates compete with one another not so much for implementing reforms than for acceding to the spoils of power, hence getting the means to provide for and expand their patronage network.66 What’s more, three trends have been noted that contribute to eroding the quality of Indonesia’s democracy: the first is the reduction in numbers of contending political parties, “many of which have become vehicles to achieve the personal ambitions of a powerful political elite”.67 The second is the lack of public financing for political parties, compelling them to turn to alternative, often corrupt sources of funding. And the third is the dysfunctional relationship between the executive and the Parliament.68

Widening the perspective on democracy to include issues of human rights reveals further problems. Amnesty International’s Annual Report 2013 states for example: “Religious minorities – including Ahmadis, Shi’as and Christians – faced ongoing discrimination, intimidation and attacks. In many cases the authorities failed to adequately protect them or bring the perpetrators to justice.”69 Furthermore, the situation in the Western half of New Guinea, consisting of the two Indonesian provinces of Papua and West Papua, remains problematic. In addition, there is the issue of impunity for past human rights violations, committed during the transition period from Sukarno to Suharto in 1965/1966 or in Aceh, Papua and East Timor. It is telling that Prabowo Subianto, a former General which has served in Papua and East Timor, is one of the frontrunners for the July 2014 presidential elections. The former son-of-law of Suharto admitted responsibility for the kidnapping of student activists in 1998 but still is one of the most popular politicians in the country, according to most opinion polls.

The flaws of Indonesia’s democracy might undermine its international standing. Most Western partners of Jakarta prefer, however, to examine Indonesia’s democratic record not too critically. Lecturing Jakarta on human rights and democracy when the country has made substantial progress in this area might not be fair. It is also likely to be counter-productive for a closer engagement. Anyway, the importance the West attaches to democracy in Indonesia should not be overstated. During the first difficult years of

68. Ibid.
Indonesia’s transition, the country was largely neglected by Western powers. There was no democratic dividend for Indonesia after the fall of Suharto. It was only when Indonesia’s economic development gained speed after 2005 that Western actors “re-discovered” the Southeast Asian state. Indonesia’s democratic nature might only be of limited value for Jakarta on the international stage. Even more so, if one considers that many of Indonesia’s ASEAN partners and powerful regional players such as China are not democracies. Indeed, playing the democratic card too offensive might backfire for Jakarta, at least in the region.

**Conclusion**

Indonesia’s rise has been predicted many times before. The country seems to be simply to big not to play a prominent role on the global stage. Nevertheless, even after more than six decades of independence, Indonesia is not yet playing in the international top league. Last time Indonesia was hailed as a “tiger”, the Asian financial crisis ended abruptly the country’s ascendancy. Quickly the success story turned in the eyes of most international spectators (and many Indonesians) into a drama. It took years for the Southeast Asian state to recover and regain reputation internationally. Luckily, Indonesia has weathered the ongoing financial crisis since 2008 astonishingly well, earning itself a new nickname: “komodo dragon” for its quickness and thick-skin. But considering Indonesia’s history it is wise not to take such catchphrases too seriously. As always, reality is much more complex.

An established fact is that Indonesia has inherited a “sense of regional entitlement” from its political achievements, and from the consciousness of its many riches (natural resources, vast population base, strategic location, etc.). In the very words of Michael Leifer, its “international outlook encompassed [...] a proprietary attitude towards the regional environment”.  

Now that its economic prowess put it on the radar screen of most international observers, and that its driving role in the development of ASEAN granted it recognition and status on the global stage (while providing a trust-building platform with its immediate neighbours), Indonesia is more and more concerned with issues of global significance, a level it increasingly considers as more fit to its self-perception and ambitions. While ASEAN will remain the “cornerstone” of Indonesia’s foreign policy, the country is most likely to continue pushing for more visibility, responsibilities and partnerships in wider arenas in the near future. A development welcome by most domestic and international constituencies. In their progressive stepping up from the Southeast Asian scene, contemporary foreign policy elites in Jakarta use four main vehicles, namely economic policy (as member of G20, and a rising economy), geopolitics (as a pivotal state for great powers), faith (as bridge-builder and connector between civilizations), and democracy-promotion (as the fourth largest democracy on earth, and example of a successful political transition). While these various tenets of Indonesia

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70. The Economist, “The Komodo Economy”, 18 February 2012,
taking on the world stage provide Jakarta elites with substantial advantages and arguments, they each comprise considerable challenges as well.

Indeed, Indonesia has a chance to become a global player. But only under certain conditions. These conditions include: (1) Asia-Pacific continues to develop to be the next powerhouse of globalization; (2) stability prevails in regional inter-state relations; (3) Indonesia avoids getting roped into a conflict (hot or cold) between the United States and China; (4) regional integration within ASEAN continues (although predictably slowly); (5) bilateral relations between Indonesia and its neighbours do not turn cold. Not only does the international environment need to be favourable to Indonesia’s rise, but also domestic conditions must be supportive: (1) recent economic growth rates need to be sustained; (2) the peace between religious and ethnic groups must hold; (3) radical Islam should not become more influential; (4) democracy consolidation continues; (5) corruption diminishes. Thus, the list is long and it is unlikely that all conditions will hold. Even if Indonesia witnesses no major setbacks in any of these domains, it will take a long time for the Southeast Asian state to become a truly global actor. Last but not least, the country needs a leadership that is committed to using its assets on the international stage. Being a global power comes with a price and Indonesia has not even started yet to discuss what it is willing to pay for global prominence.

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The authors

Bruno Hellendorff is Research Fellow at GRIP since 2011, where his researches focus on strategic issues in the Asia-Pacific region, with an emphasis on maritime security and military spending. He also pursues a PhD thesis at UCL (Belgium) on Indonesia’s foreign policy and has published on natural resources and conflict in an African context.

Manuel Schmitz, PhD, is teaching in the master programme “European Studies: Transnational and Global Perspectives” at the K.U. Leuven. He was a lecturer at Trier University and has published two books on Indonesian politics in German. Dr. Schmitz is Senior Associate at the Institute for Asian Studies (Brussels). He currently works on a book on EU-Indonesian relations.