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Stuck in Second Gear: Indonesia's Strategic Dilemma in the Indo-Pacific

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US Secretary of State Antony Blinken delivers remarks on the Biden Administration's Indo-Pacific strategy at the Universitas Indonesia in Jakarta on 14 December 2021. OLIVIER DOULIERY, POOL, AFP.

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EXECUTIVE SUMMARY

- Indonesia has important interests to defend in the Indo-Pacific, from navigating great power politics, and securing its maritime domain and resources, to reviving ASEAN centrality.
- The Indonesian foreign policy establishment has focused its diplomatic resources on implementing the ASEAN Outlook on the Indo-Pacific. Jakarta's strategic resources and political leadership are heavily directed inwards, leaving little bandwidth to invest in non-ASEAN options to address Indo-Pacific strategic challenges.
- Indonesia's strategic response to the Indo-Pacific has been fractured and incoherent due to the stove-piped approach to regional affairs adopted by relevant ministries and the absence of a 'centralised hub' under the President's office to manage cross-issue and inter-agency policymaking processes.
- Indonesia needs to overhaul its strategic policymaking and work with regional partners through both ASEAN and non-ASEAN options, including minilateral arrangements, to defend its interests in the Indo-Pacific.

INTRODUCTION

Sitting at the heart of the Indo-Pacific, Indonesia has a wide range of interests in the ever-expanding region, from great power politics threatening regional stability and the centrality of ASEAN-led institutions, to the daily concerns over trans-national organised crime, illegal fishing activities, and cross-border incursions. With the emergence of duelling strategic visions for the Indo-Pacific by major powers such as Japan, China, the US, Australia and others, Indonesia's Ministry of Foreign Affairs (MOFA) officially pushed to articulate its own Indo-Pacific vision in 2018,¹ although the recent shifting of the country's geopolitical gaze from the Asia-Pacific to the Indo-Pacific has largely been performative rather than strategic.

Thus far, Indonesia's preferred approach to strategic challenges in the Indo-Pacific is anchored on ASEAN-led institutions through the ASEAN Outlook on the Indo-Pacific (AOIP).² Diplomatically, it has not been able to articulate non-ASEAN strategic options for the Indo-Pacific. Indonesian foreign policymakers insist instead on finding ways to better implement the AOIP, even though other ASEAN member states are of the view that the document needs a "dire update".³ Meanwhile, Indonesia's broader instruments of statecraft—military, political, economic, social and others—have not been integrated into a single strategic framework geared towards the Indo-Pacific. President Joko Widodo's Global Maritime Fulcrum (GMF) doctrine is also now considered a hollow shell, if not defunct altogether.⁴

This article analyses the strategic stakes for Indonesia in the Indo-Pacific, the limitations of Indonesia's approach to the Indo-Pacific through the AOIP, and the political and bureaucratic hurdles to the development of an overarching Indonesian Indo-Pacific strategy. It will conclude by suggesting several policy recommendations to remedy the problems.

STRATEGIC CHALLENGES IN THE INDO-PACIFIC

The Indo-Pacific presents a complex set and wide array of long-term strategic and short-term operational challenges for Indonesia. The following should be central considerations for Indonesian policymakers. First of all is the issue of US-China strategic rivalry. While the Indo-Pacific is theoretically about expanding the region's strategic horizons, the centrality of the US-China strategic rivalry acts as a vortex that overrides other major currents, capturing most of the attention and focus of policymakers. The growing polarisation that comes with the US-China dynamics also shapes China's recently worsening relations with regional powers, from Japan to South Korea and Australia. All these trends translate into shrinking strategic space and autonomy for Indonesia. Jakarta increasingly finds it harder to make strategic policy decisions—on infrastructure, technology to diplomacy—without being entangled in some form of competitive dynamics over the Indo-Pacific.

Second is the deteriorating maritime security environment. Aside from the growing pressure of great power politics, Indonesia's maritime environment has seen a wide array of operational challenges, from illegal, unreported and unregulated (IUU) fishing and trans-

national organised crime to armed robbery, as well as strategic ones such as the potential of conflict over the Taiwan Strait, the South China Sea and other regional flashpoints.⁵ These challenges, of course, preceded the rise of the “Indo-Pacific” construct, but they have become pronounced since its arrival.

Third is ASEAN’s increasing lack of strategic relevance in the Indo-Pacific. For one thing, ASEAN was never designed as a problem-solver of regional security issues. It was meant to be a norms-building venue and a gateway to further cooperation. Furthermore, given ASEAN’s process-oriented approach to regional cooperation, countries that seek tangible outcomes, especially in the face of immediate security challenges, are rightly developing non-ASEAN strategic options. The rise of minilateral groupings like the Quad and AUKUS should be seen in this light.⁶ For Indonesia, which has always invested in ASEAN as a primary go-to foreign policy platform, the grouping’s fading relevance in the emerging Indo-Pacific strategic context does not bode well.

Fourth, beyond but not unrelated to the US-China dynamics, are issues and developments involving other major countries, such as the problems between India and China, or between China and Australia. These have implications for Indonesia’s economic and security interests, and adopting a genuine ‘Indo-Pacific outlook’ requires Indonesia to seriously invest in understanding and building relationships with different regional partners beyond ASEAN.

THE DILEMMA OF INDONESIA’S ASEAN-BASED INDO-PACIFIC APPROACH

For the time being, the Indonesian MOFA remains fully invested in finding platforms and ideas to better implement the AOIP. It has tried to promote the AOIP in most meetings with ASEAN’s Dialogue Partners such as the US, Japan, India, and others. AOIP-related ideas have also been discussed across the foreign policy establishment, including AOIP-related programmes or events hosted by ASEAN member states. Some are considering whether existing ASEAN programmes can be relabelled as being part of AOIP. The age-old discussion of revitalising or institutionalising the East Asia Summit has, for example, made a comeback as part of the AOIP’s goals. MOFA is also planning to host the Indo-Pacific Infrastructure Summit as an implementing avenue for the AOIP. AOIP-related policy ideas are likely to be repackaged within the agenda of Indonesia’s ASEAN chairmanship in 2023, albeit that the AOIP will have to compete with other pressing ASEAN issues such as Myanmar, pandemic recovery, or the ASEAN charter review.

Beyond the AOIP, MOFA does not seem eager to explore non-ASEAN options to engage the Indo-Pacific or directly address its many strategic challenges. For one thing, the AOIP fills a discursive gap by articulating Southeast Asian views on the Indo-Pacific amid duelling Indo-Pacific visions by the major powers. Having the AOIP as ASEAN’s starting point to position itself in the Indo-Pacific is perhaps better than having nothing at all. Furthermore, some members of Indonesia’s political and business elites are convinced that Indonesia need not “annoy” China by employing the term “Indo-Pacific” for fear that Beijing would see this as Indonesia carrying the water for the US, Japan or Australia. One could argue that given these domestic voices, MOFA probably has no politically acceptable

choice other than to articulate Indonesia's voice through ASEAN despite the AOIP's inherent limitations, flawed assumptions, and lack of strategy or resources.⁷

However, Indonesia's Indo-Pacific strategy has not, cannot, and should not be determined by MOFA alone. The AOIP, or rather ASEAN-related mechanisms, is only but one diplomatic instrument that MOFA uses to articulate its views on the Indo-Pacific. It should not be viewed as the ideal or ultimate overarching framework for Indonesia to deal with the strategic challenges in the Indo-Pacific. Not all relevant agencies and ministries share MOFA's push to have the AOIP as the primary vehicle for Indonesia's Indo-Pacific strategy. Publicly, non-MOFA policymakers support Indonesia's foreign policy positions articulated by MOFA in the AOIP. But privately, defence and maritime policymakers are aware that the AOIP or ASEAN-related processes alone are not going to fundamentally improve Indonesia's strategic environment. Their main concern regarding the AOIP is that it offers neither path-breaking policies to address maritime tensions and great power politics, nor concrete mechanisms to achieve measurable outcomes.⁸

In this sense, MOFA is caught in a tight spot. That some ASEAN members states are not particularly excited about the AOIP or its potential implementation further exacerbates the document's lack of strategic viability. Indonesia's inability to move beyond the AOIP means that it will remain a strategic spectator in the Indo-Pacific. The recent complaint by Jakarta over AUKUS underlines the fact that Indonesia and ASEAN are increasingly being made strategically redundant despite major powers' lip-service support for ASEAN centrality. MOFA cannot keep pushing ASEAN as the solution to all Indo-Pacific problems, such as, for example, China's acrimonious relations with Australia.⁹ Indonesia's "leadership" of ASEAN should not be equated to "salesmanship" of the organisation, nor should it be conflated with "chairmanship".

POLITICAL AND BUREAUCRATIC HURDLES TO INDONESIA'S INDO-PACIFIC STRATEGY

Indonesia needs to develop an overarching Indo-Pacific strategy that includes a wider range of foreign policy options beyond ASEAN.¹⁰ Ideally, such a strategy should aim to provide Indonesia with the ability and agility to independently shape and influence strategic outcomes in the Indo-Pacific. It should focus on addressing both the long-term strategic and short-term operational challenges mentioned above, and integrate different policy instruments, including diplomatic, political, economic, social, and military tools of statecraft. As such, it should ideally start with an overarching strategic outlook and policymaking process.

The problem remains that President Widodo's GMF doctrine has not genuinely driven that process. The GMF's implementing document, the Indonesian Sea Policy, was a bureaucratic attempt at renaming the existing maritime-related programmes developed by different state agencies and institutions, rather than a strategic effort to integrate them in a holistic manner.¹¹ Furthermore, Indonesia's strategic resources remain directed inwards and the country is left with little bandwidth to invest in non-ASEAN alternatives for managing Indo-Pacific issues. The domestic tasks for the military – from counterterrorism to pandemic

management – continue to grow while its external defence capabilities remain underwhelming.¹² Defence diplomacy has been lacklustre and driven too much by procurement needs. Economic resources are directed toward domestic development, rather than external engagement such as outward foreign direct investment, an area where the country lags behind other regional players.¹³

At the bureaucratic level, Indonesia does not have a ‘centralised hub’ under the President to develop coherent and sustainable inter-agency strategic policymaking processes and options. It does not have a National Security Council-equivalent, for example. Instead, it has three Coordinating Ministers system for (i) economic and industrial affairs, (ii) political, legal, and security affairs, and (iii) maritime affairs and investment. Each of these offices coordinates the policies of a given set of agencies and ministries, but does not integrate or develop cross-agency policy options per se. The power of each minister also does not depend on the statutory authorities as much as it does on the political heft he or she each carry (e.g., how much the President trusts him or her).

How Indonesia deals with China in the North Natuna Sea, for example, is often an indication of how this coordination system does not work. China’s maritime challenge demands the synergy of inputs, resources, and options of various agencies under three different coordinating ministries.¹⁴ The Ministry of Defence and the Ministry of Foreign Affairs as well as the Indonesian Navy (TNI-AL) and the Maritime Security Agency (BAKAMLA) generally fall under the Coordinating Ministry of Political, Legal, and Security Affairs.

Indonesia’s economic engagement with China falls specifically under Luhut Pandjaitan, the President’s “Special Envoy and Coordinator for China Cooperation” and the Coordinating Minister for Maritime and Economic Affairs. His coordinating ministry also coordinates the Ministry of Fisheries. However, the Coordinating Ministry of Economic and Industrial Affairs is also tasked with domestic and international economic engagements. In China-related economic affairs, the Minister for State-Owned Enterprises, Erick Thohir, is increasingly becoming part of the equation. In June 2021, he represented Indonesia at the inaugural meeting of the China-Indonesia High-level Dialogue Cooperation Mechanism, along with Luhut and other officials.¹⁵ Such ministry-level overlap in dealing with China is further complicated by the overlapping authorities of different maritime-related agencies.¹⁶ The regular North Natuna Sea maritime crises between Indonesia and China are emblematic of Indonesia’s broader strategic lethargy, if not paralysis.

The above descriptions point to the lack of a common unifying “threat” that can mobilise all agencies and ministries to develop a shared strategic framework. Anchoring an Indo-Pacific strategy on the “China challenge” may well be a non-starter for Indonesia. Different Indonesian agencies and ministries—and certainly different political, security and business elites—view China differently. The absence of a ‘centralised hub’ that serves as a national security council certainly exacerbates the policy process problem.

More importantly, Indonesia currently has a president that does not seem eager to manage daily geopolitical or strategic affairs, to say the least. He has continued to emphasise Indonesia’s domestic-oriented foreign policy in his second term.¹⁷ Widodo’s personal

detachment from the strategic and foreign policymaking processes has meant that “there has been no captain; no single voice speaking authoritatively from Jakarta to the world, nor giving foreign policy leadership across the ministerial spectrum.”¹⁸ Consequently, bureaucratic politics and interests often drive Indonesia’s strategic policies. Left to their own devices, different ministers or agency heads find ways to expand their corporate interests while presenting their policies as broadly aligned with the President’s vague directives. MOFA is left with little strategic guidance and push in developing creative and unconventional – i.e., “non-ASEAN” – foreign policy options for the Indo-Pacific. Under these conditions, the development of a full-blown strategic process and framework to manage the strategic challenges of the Indo-Pacific remains elusive.

CONCLUSION AND POLICY ASPIRATIONS

Indonesia needs to overhaul its strategic policymaking structure and abandon its stove-piped approach to regional affairs. Without a centralised strategic hub to manage and integrate cross-issue and inter-agency policy processes, Indonesia’s strategic response on the Indo-Pacific will remain fractured, incoherent, and haphazard. While dramatic changes may have to politically wait for a new administration in 2024, there are some ideas that policymakers should already consider.

First, Indonesia needs to develop strategic options beyond ASEAN. Policymakers need to accept that ASEAN is only fit for purpose on areas that involve confidence building and norms-building. For pressing strategic and operational challenges, whether over the South China Sea, Myanmar, or other Indo-Pacific flashpoints like Taiwan, Indonesia needs to invest in non-ASEAN options. These options may include minilateral security arrangements with India and Japan for the Indo-Pacific, or with Vietnam and Malaysia over the North Natuna Sea.

Second, Indonesia needs to invest in its own strategic resources, not just intellectual or normative leadership. This would require Indonesia to rethink how it organises its defence establishment and develop a strategic framework for defence diplomacy. The military, for example, needs to make difficult choices about reducing personnel costs in favour of training and exercises as well as technological modernisation. Defence diplomacy should also be less about military procurement alone and more about developing strategic ties across the region.

MOFA also needs a significant budgetary boost from its underwhelming annual allocation (currently around SGD760 million). Added resources may help MOFA develop better diplomatic investment and resources over a wide range of Indo-Pacific affairs. Trying to better understand the challenges involving the Indian Ocean, for example, requires Indonesia to elevate its diplomatic presence and profile in India and other South Asian states. Trying to have more leverage over Myanmar also requires a stronger influence and investment in the country. In short, if we expect MOFA to develop a genuine Indo-Pacific outlook, the government needs to provide the resources it needs to raise Indonesia’s diplomatic presence and profile across the region.

Third, Indonesia could start establishing an office of strategic affairs under the executive office of the President. The debate about developing a National Security Council has not been moving forward due to the fact that the future institution is attached to a stalled National Security draft bill that has been discussed since the mid-2000s. The bill essentially envisions a “principals’ committee” model of national security council stacked with the ministers of defence and foreign affairs, the police and military chiefs, and others, when what Indonesia needs is in fact an executive office under the President to integrate and develop strategic options. Such a move is easily done, since the President does not need to pass a law to establish the apparatus of his own office.

Finally, Indonesia’s foreign policy establishment needs to move its energy and focus beyond issues with high domestic-political salience but low regional-strategic saliency, e.g., the Israeli-Palestinian conflict. While MOFA naturally must follow the President’s domestic proclivities, it should still invest time and resources into broader Indo-Pacific strategic affairs, whether over the India-China border problems, Myanmar, or great power politics involving the US and China. Shying away from geopolitical affairs in favour of domestic ones is not only misplaced but also potentially cuts down Indonesia’s strategic options when regional or bilateral crises arise.

¹ Analysts should be cautious in drawing a straight line from the so-called “Indo-Pacific Treaty” idea proposed by then-Foreign Minister Marty Natalegawa in 2013 to the current AOIP. In the early days of current Foreign Minister Retno Marsudi’s first term, the term “Indo-Pacific” only appeared once in the ministry’s 2015-2019 strategic planning document. So MOFA did not initially consider the Indo-Pacific as a priority theatre or strategic focus early in Marsudi’s term; one can also argue that as the new foreign minister, Marsudi may have wanted to distance herself from the predecessor’s signature idea. The AOIP, in short, remains the preferred concept of Marsudi’s MOFA and its importance within the ministry explains why the “Indo-Pacific Treaty” idea rarely, if ever, makes an appearance in recent policy pronouncements.

² See David Scott, “Indonesia grapples with the Indo-Pacific: outreach, strategic discourse, and diplomacy.” *Journal of Current Southeast Asian Affairs* 38.2 (2019): 194-217.

³ See Thomas Daniel, “How Asean should defend its primacy”, *New Straits Times*, 11 December 2021. Available at <https://www.nst.com.my/opinion/columnists/2021/12/753286/how-asean-should-defend-its-primacy> (accessed on 12 December 2021). It should also be noted that other than from Indonesia, we have not seen high-level public urgency by other ASEAN leaders to call for a speedy implementation of the AOIP.

⁴ See Evan A. Laksmana, “Indonesia as “Global Maritime Fulcrum”: A post-Mortem Analysis”, *Asia Maritime Transparency Initiative*, 8 November 2019.

⁵ See Ioannis Chapsos and James A. Malcolm. “Maritime security in Indonesia: Towards a comprehensive agenda?” *Marine Policy* 76 (2017): 178-184.

⁶ See for example Bhubhindar Singh and Sarah Teo (ed), *Minilateralism in the Indo-Pacific: The Quadrilateral Security Dialogue, Lancang-Mekong Cooperation Mechanism, and ASEAN* (London: Routledge, 2020).

⁷ See Pou Sothirak, “Re-thinking ‘Asean Outlook on Indo-Pacific’”, *The Bangkok Post*, 20 July 2019. Available at <https://www.bangkokpost.com/opinion/opinion/1715795/re-thinking-asean>

outlook-on-indo-pacific (accessed on 10 December 2021); Evan A. Laksmana, “Flawed Assumptions: Why the ASEAN Outlook on the Indo-Pacific is Defective”, *AsiaGlobal Online*, 19 September 2019. Available at <https://www.asiaglobalonline.hku.hk/flawed-assumptions-why-the-asean-outlook-on-the-indo-pacific-is-defective/> (accessed on 10 December 2021).

⁸ Author private conversation with Indonesian defence officials, Jakarta, 14 October 2021.

⁹ Rizal Sukma, “Is AUKUS a problem or blessing for ASEAN?”, *The Jakarta Post*, 1 October 2021.

¹⁰ See the debate in Dewi Fortuna Anwar, “Indonesia and the ASEAN outlook on the Indo-Pacific”. *International Affairs*, Vol. 96, No. 1 (2020): 111-129.

¹¹ Evan A. Laksmana, “Indonesian Sea Policy: Accelerating Jokowi’s Global Maritime Fulcrum?” *Asia Maritime Transparency Initiative*, 23 March 2017.

¹² Natalie Sambhi, “Generals gaining ground: Civil-military relations and democracy in Indonesia”, *Brookings Institution*, 22 January 2021. Available at <https://www.brookings.edu/articles/generals-gaining-ground-civil-military-relations-and-democracy-in-indonesia/> (accessed 10 December 2021)

¹³ See Maxensius Tri Sambodo, “Indonesia’s Outward Foreign Direct Investment.” in *Outward Foreign Direct Investment in ASEAN* (Singapore: ISEAS Publishing, 2017), 128-151.

¹⁴ See Lyle J. Morris and Giacomo Persi Paoli. *A Preliminary Assessment of Indonesia’s Maritime Security Threats and Capabilities* (RAND, 2018)

¹⁵ See “Wang Yi and Luhut Binsar Pandjaitan Co-chair the Inaugural Meeting of the China-Indonesia High-level Dialogue Cooperation Mechanism”, *Ministry of Foreign Affairs of the People’s Republic of China*, 6 June 2021. Available at https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1881771.shtml

¹⁶ See for example Hadyu Ikrami and Leonardo Bernard. “Indonesia’s Maritime Governance: Law, Institutions and Cooperation.” *The Korean Journal of International and Comparative Law* 6.2 (2018): 134-171.

¹⁷ Shafiah F Muhibat and M Waffaa Kharisma, “Jokowi’s second term needs innovative foreign policy”, *East Asia Forum*, 4 September 2019. Available at <https://www.eastasiaforum.org/2019/09/04/jokowis-second-term-needs-innovative-foreign-policy/> (accessed 10 December 2021).

¹⁸ Donald E. Weatherbee, “Indonesia’s foreign policy in 2016: Garuda Hovering.” *Southeast Asian Affairs 2017* (ISEAS Publishing, 2017), 164.

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