

Aus-CSCAP

44TH MEETING

**INDONESIA'S MARITIME CONCEPT: INTENT,
IMPLICATIONS AND COOPERATION**

Wednesday 24th August 2016

**COMMON ROOM, UNIVERSITY HOUSE
ANU, CANBERRA**

SESSION 1

THE ORIGIN AND INTENT OF INDONESIA'S MARITIME FULCRUM

The 44th meeting of AusCSCAP was held at University House in Canberra on Wednesday, 24 August 2104. Three eminent policy analysts from Indonesia's Centre for Strategic and International Studies (CSIS) and CSCAP were invited to discuss the theme - Indonesia's Maritime Fulcrum and Related Regional Maritime Initiatives - Pak Jusuf Wanandi; Dr Philips Vermonte, and Dr Vidhyandika Perkasa.

The meeting opened with the Co-chair, Professor Tony Milner, introducing Mr Richard Smith to the members present. Professor Milner explained the comprehensive search that had been undertaken to identify an appropriate person to replace the founding Co-chair, Professor Desmond Ball, who was withdrawing on health grounds. Mr Ric. Smith, former Secretary of Defence and senior DFAT Ambassador, had generously agreed to the nomination, and he was unanimously endorsed as the new Co-chair. Mr Smith made a short statement accepting the appointment.

Professor Milner acknowledged the extraordinary contribution that Professor Ball, as founding Chair, had made to AusCSCAP, and asked that this be recorded in the report of the meeting.

Professor Milner then opened the debate, asking our Indonesian guests to comment on the background and intent of Indonesia's maritime doctrine -

- President Jokowi first introduced the Global Maritime Fulcrum (GMF) as part of his foreign policy doctrine during his Presidential campaign in 2014, and it has since been integrated into the mainstream debate in Indonesia.
- The primary purpose of the GMF is to reassert Indonesia's maritime identity, and in so doing, to advance political/economic development within the country.
- Five key pillars of action have been identified:
 - rebuilding the nation's maritime culture;
 - managing sea resources;
 - infrastructure and maritime interconnectivity;
 - maritime diplomacy to resolve conflicts over illegal fishing, conflicting claims of sovereignty, pollution, and territorial disputes, and
 - maritime defence - combining the Coast Guard and Navy.
- It was noted that progress on implementation of the GMF has been slow, and while President Jokowi is viewing it as a 5-year program, it really requires a much longer time frame to implement.
- It was thought that Indonesia needs to find a new doctrine to project strategic interests beyond ASEAN, and the GMF could be such a mechanism. But challenges abound -
 - bureaucratic competition undermining internal coordination;
 - relatively poor economic performance of the nation, making it difficult to increase investment in defence, particularly the Navy;
 - internal confusion particularly with regards to roles of responsibility – for example the overlap between the roles of Minister of Maritime Affairs and the National Maritime Council, and
 - no clear mandate for law enforcement agencies when it comes to the marine domain.

Furthermore, Great Power rivalries in the region act as a constraint on how GMF policies are pursued. To date, Jokowi has focused on land-based development, and has done little in the maritime area in the past two years. It was thought that unless Jokowi demonstrates strong leadership, and ensures adequate resources, there would be no major development in the maritime space over the next five years.

Another participant mentioned additional challenges -

- uncertainty around what ‘rebuilding maritime culture’ actually means;
- Jokowi expressed interest in increasing the capacity of local people, but has not outlined how this could be achieved. For example, the port infrastructure development that was part of the GMF (and financed by China under its OBOR policy-see below), was not partnered to domestic economic development policies;
- difficulties with budget allocation, and
- personalities of leadership - Jokowi may need to change the leadership of certain Ministries in order to enable change.

The question was raised as to recent action by Indonesia to enforce fishing rights in Indonesian waters by destroying foreign fishing vessels. This action was defended by -

- the destruction of vessels sent a strong signal to the region, and the action was popular with the Indonesian population, who resented foreign incursions and loss of fish stocks. But it was noted that action should be equally applied to all foreign fishing boats (note Chinese vessels have not been destroyed, but detained), and tension arises from those Ministers who want to accommodate China, and those who want to take a stand on maritime violations.

Attention turned to the impact of the GMF on Indonesia’s regional leadership role.

Some felt that cooperation in Southeast Asia (SEA) was focused primarily on mainland countries rather than maritime ones. It was felt that the maritime countries of SEA (Indonesia, the Philippines, Brunei and Singapore needed to ensure that their maritime domains were regarded equally as important as land, and ASEAN could provide an appropriate venue for Indonesia to project leadership on maritime issues. One commentator stated that in his opinion, the ASEAN experiment was broken, and the emerging split between maritime ASEAN and continental ASEAN, was irrevocable. Another participant felt that if Indonesia established itself as a regional leader, this will create tension with other nations in the region.

On the issue of the GMF as a defence pillar for Indonesia, one participant noted that the Defence Minister would need to be replaced if Jokowi is going to advance GMF policies. At the moment, almost all of Jokowi’s close confidants were Army men, and the Navy had little advocacy at that level. The prospect of developing the Navy to match GMF objectives was slim given the lack of interest from Jokowi and the army-centric defence posture. Furthermore, there was an inherent conflict between two objectives: (1) settling border disputes; and (2) maintaining territorial integrity. Indonesia needed a coherent policy towards China to strike a balance between these two objectives, but internal divisions within Indonesia make it difficult to generate a single approach. Another factor included increased domestic tension because of a growing Chinese population inside Indonesia, some as a result of direct foreign investment in the country

One commentator felt that Indonesia's Army-centric defence posture made sense given that the Indonesian leadership perceived domestic challenges and national unity as the most significant threat to the nation.

Debate then focused on Indonesia's relationship with China. It was noted that the President has to demonstrate (before re-election in 2019) that he has been successful in infrastructure development, which requires support and investment from China, yet his nationalistic policies mean he needs to be assertive against China. The GMF requires long-term thinking. On the issue of the Permanent Court of Arbitration's ruling on the Nine-dash Line, this was seen as an opening for Indonesia for rejecting Beijing's claim to disputed territory in Indonesia's waters (ie. the Natuna Islands NW of Kalimantan).

In summary, it was stated that maritime issues cut across all sections of Indonesian society. While this makes maritime policies relatable to all Indonesians, the prospect of creating a coherent domestic approach before the next Presidential election in 2019 was slim. The GMF was shaping up as a domestically-oriented doctrine, because Jokowi was not thinking in the long-term. He saw the GMF as part of his legacy, but it would take some time before it can become a concrete idea.

The chair concluded the session with the comment that the GMF had a sensible domestic perspective. If the doctrine leads to better management of waterways internal to Indonesia, this will be a significant development for the country's governance and transparency.

SESSION 2

HOW DOES GMF FIT WITH OTHER MAJOR MARITIME INITIATIVES IN THE REGION?

The several issues listed in the agenda under this session were discussed together, with Ric Smith chairing.

There were very significant shifts in the Asia Pacific such that -

- the unprecedented population/economic growth in Indonesia was projected to continue to such an extent that by 2050 it could be the world's fifth largest country and fifth largest economy;
- at this point however, it was China that was causing a shift in the order of the Asia Pacific;
- Australia and Indonesia had benefited from the U.S.-led 'rules-based order', but both countries must now adapt to the changing geostrategic environment.

In the past, it has been beneficial for Australia to have an Indonesia that had a weak maritime presence. The changing geostrategic environment meant that Australia was now more interested in Indonesia strengthening its maritime presence. It needs to have this capacity to withstand the growing power of China (and to provide a buffer across Australia's maritime approaches). One participant noted that it is very important to Australia that Indonesia remain independent of China, because of Australia's vulnerable northern approaches. Another comment raised the issue of our need to be realistic about what

ASEAN can achieve, especially given weaknesses in its solidarity of late. Others felt that progress has been made with ASEAN - for example the forum has created shared points on importance of international law, notwithstanding that the Permanent Court of Arbitration (PCA) ruling had set a 'game changer' because it nullifies all claims, not just China's. One participant felt that the Scarborough Shoal, in the EEZ of the Philippines, was a critical development - it created new implications about potential for escalation to conflict, and China's intention to rapidly construct military infrastructure on the Shoals (well within range of the US Clarke Airforce base and Subic Bay on Luzon), was a purposeful provocation by China. There was a dangerous window of opportunity for China to militarize the Shoals following the G20 meeting and Obama's exit, and of course the outcome of the US Presidential elections will show how the U.S. might respond to these developments. Others commented that the ambiguity surrounding the PCA ruling left uncertainty. How China reacted to the PCA has much broader significance than just the South China Sea (SCS). To date, media reports claim that China will ignore the Court's ruling, but on the other hand, China has promised that it will cooperate in joint (ie. bilateral) negotiations - one Indonesian participant felt that there was hope for a binding agreement. Another commented that the PCA is a strategic issue for China - the ruling does not provide a face-saving mechanism, and this means that China is likely to continue rejecting the arbitration.

One commentator reminded us that while China was a growing regional power with global ambitions, there was still a major power imbalance between the PLA Navy and the U.S. Navy. The gap was closing, but China is still far behind the U.S in capacity at sea. It knows this, and that will temper any response. Escalation in tensions was obvious, notwithstanding weak leadership by Obama, but the US alliance system was critical to non-proliferation in the region.

Another participant commented that while the Nine-dash Line may represent a lack of hindsight by the Chinese, we now need to think about how all of the claimant states view the dispute, not just China. While it is a positive development that China has indicated that it will re-engage with the Declaration of the Code of Conduct (COC) process, the US needs to consider China's second-strike capability (ie. its land-based nuclear weapons) apart from its maritime capabilities. Another commentator suggested that China was waiting for the Philippines to provide some concession to China as a face-saving measure. He felt that while China is unlikely to take control of Scarborough Shoal because it would not meet any specific policy objectives, it may be forced into a position where it must respond strongly because of domestic and political constraints. Another felt that China's assertive SCS policies are only one element of China's foreign policy, noting that Beijing's foreign policy also has elements of cooperation. The assumption that activities in the SCS represent all of China's foreign policy may lead to miscalculation, and an escalation in rivalries. Solely focusing on the SCS means that many other important facets of China's policy were ignored. This brought the comment that China's militarization of disputed territories is a game changer - U.S. policies therefore need to become not about protecting the status quo, but about reacting to a change of status quo. Another noted that China was changing the status quo to make the nation more secure after a century and more of reduced status and humiliation. This might be destabilizing from our perspective, but we must bear in mind that this is our perspective - China's perspective must also be considered. If China

rejects the PCA ruling by unilaterally declaring an area of sea and air control, it will further erode its lost legitimacy to its claims.

Attention turned to the '**One Belt One Road, and Maritime Silk Road** policy of China.

Objectives with the One Belt Road (OBR) were seen as – economic power projection, an encirclement of Russia, energy and resource assurance by China, a means to exclude the U.S. from Central Asia, and a policy to divert attention from the Trans Pacific partnership (TPP). It was noted that other major powers like India and Japan have their own ambitions for the region.

A participant asked could the GMF be integrated with the OBOR policy? The response included reference to the heavy investment across the region from the Chinese Government. The OBOR was seen as basically a repackaging of something that has been around for some time, and it fulfils domestic and international objectives by contributing to both domestic and regional development. It also represents an important geopolitical development. China is developing its regional influence and excluding the U.S. The Asian Infrastructure Investment bank (AIIB) was discussed, including the possibility of competition between regional infrastructural banks and an overlapping of jurisdictions. One participant noted that Japanese business groups see the AIIB as an important initiative, and China is actively seeking Japanese involvement with the bank – if only because of its experience with the Asian Development Bank (ADB). While the OBOR policy will result in a growth in Chinese influence, it will also help the rise of other states in Asia. At the same time, coercive elements of China's foreign policy limit China's influence, because countries are pushed towards the U.S. The issue was raised of the U.S.-China-Russia triangle – and which two actors are aligning against the other?

This led to the comment that China was very reliant on Russia for military capabilities, raising a resurgence of the use of the term 'heartland' in Russia. Australia needed to understand the Russians more - they have serious disruptive capacity in Europe and Central Asia. Another commentator noted our need to remember the fourth player: Japan. China's rhetoric about Japan is very zero-sum at the moment. Our Indonesian guests pointed out that Indonesian-Japanese ties are positive, but this drew the comment that there was also decreasing interaction between Japan and Indonesia – and this is a result of Japanese inactivity.

It was noted that China's OBOR and maritime silk-road policies are very much economically driven, especially energy security which was a critical issue for China. The U.S. and allies control 80% of the world's shipping - this makes China highly vulnerable, and why China is pursuing land-based pipeline projects.

Our Indonesian guests pointed out that the stability of Indonesian-Chinese relations is dependent on the regime in China. A future democratic China may undermine stability in their relationship. Another comment mentioned that India is attracted by Chinese investment, but has major concerns about Beijing's strategic behaviour, especially the development of overland pathways through Myanmar and Pakistan, and increasing ties between China and Pakistan. Another noted

that Chinese-Sri Lankan relations had been personality-based, and the ousting of President Rajapaksa (possibly with assistance from Delhi) undermined Beijing's ties with Sri Lanka. An Indonesian guest noted that investment by Indonesia in India/Pakistan (and vice versa) is very limited, because India's investment policy makes China a more attractive trade partner for Indonesia. The possible intention of Indian-Japanese close ties, as serving to contain China, was noted.

Attention turned to the U.S. role in the Asia Pacific. The perspective that matters the most is that of a possible President Hillary Clinton (now of course ruled out). She envisages an active U.S. in the region, with both economic and military elements. The goal of TPP – so one participant commented - is to set rules for the region, not to contain China. If TPP doesn't pass, Clinton is likely to arrange a free trade agreement. Part of the rebalance process is to socialize China to U.S. concerns in the region, and the U.S. pivot should not be viewed as a threat to China or anyone else in the region. The U.S. does not intend to force Australia/Indonesia into choosing between U.S./China. (Editorial note- the advent of President-elect Trump raises major uncertainty regarding these issues).

The Indonesian guests – it should be highlighted - noted that President Obama oversaw a gradual withdrawal of the U.S. from the Asia Pacific, and the Indonesian Government is unsure whether this will change under Clinton. The U.S. needs to treat Indonesia and other SEA countries in their own right, not in relation to their China policy. The future of the region is still dependent on the relationship between U.S. and China. The US defence presence has been felt; but diplomatic and development initiatives have been lacking.

An Indonesian guest noted a decline of U.S. interest in SEA because of U.S. strategic interests in the Middle East. The U.S. is therefore unlikely to confront China. Some Indonesians believe that U.S. interest in the Asia Pacific is symbolic only, and there is very little hope that U.S. ties with the region will become more meaningful. Another observer said that the U.S. has been successful in facilitating increased linkages between U.S. allies and partners in the region, as a hedge against China. The U.S. pivot aims at becoming a presence that isn't noticed, but is a source for stability in the region. There was deep regret that Obama had not committed more attention to Indonesia, but the Obama Administration did not want to emphasise the non-American elements of Obama's character. There was some optimism about the balance going forward.

SESSION 3

AN AXIS FOR ENHANCED AUSTRALIA/INDONESIA/ASEAN COOPERATION

CURRENT INDONESIAN-AUSTRALIAN RELATIONS

The Co-chair noted that Australia takes a view of Indonesia that is independent of U.S. interests. While one participant noted that the U.S. may understand Indonesia better, than Australia, Australia has more interest in using that knowledge. Indonesians, according to a recent survey are more open to Australia than Australians are to Indonesia, and there is a need to expand Australian-Indonesian relations. One commentator noted that a survey of Indonesian public opinion showed that of all nations favourable to Indonesia, Malaysia and Australia were the two considered 'least favourable'. Indonesian attitudes towards Australia are related to specific

contexts at certain times. For example, USAID is more popular in Indonesia than AUSAID, despite the latter providing more support. Australia should be more vocal about what assistance it provides Indonesia. The Bali Process has not been expanded because there is little trust between leaders.

Another opinion was that Australia's new amphibious ships (LHDs) are the most important capability for working alongside Indonesia. Another commented that Australia needs to strengthen its relationship with Indonesia if it wants to slow down China's expansion of power in the region. Australia and Indonesia need to develop their interoperability. Our Indonesian guests suggested that some actions that Canberra and Jakarta could pursue if the U.S. withdraws further from Asia included:

- use ASEAN as a vehicle for cooperation;
- expand the activities that ASEAN undertakes; and
- build on the historical experience of bilateral Australian-Indonesian cooperation. They felt that the Bali Process is a good mechanism to promote cooperation between Indonesia and Australia. It could be expanded to include more issues.

Other suggested that we need to think more broadly about how we view Indonesia (and China), and not only in a one dimensional concept with military responses as the only way to respond to crises. There are many communities beyond universities, e.g. public communities and business communities, and these add greater dimension to the relationship. Another participant commented that there should be a forum that discusses different models for ocean management. Australia has some expertise it can share:

- In the Indonesian maritime domain, or the SCS, Australia could contribute knowledge about maritime multiple-use conflicts.
- Australia has good coordinating bodies around maritime surveillance and enforcement.
- Australia and Indonesia must be able to demonstrate that they can cooperate on the sensitive issue of refugees. Migration was a contentious issue, because it affects Indonesia as much as it does Australia, but Australia sees it as a problem stemming from Indonesia, the source of many illegal boat-arrivals. Australia could do better on people-smuggling issues –it was in both Australia and Indonesia's interests to do something about this.
- The Bali Process could include a disaster cooperation body so that Australia and Indonesia could take the lead on disaster recovery throughout Southeast Asia. Several participants felt that Australia is unlikely to face a conventional threat from the north, and Australia and Indonesia hence should focus on building interoperability for responses to major natural disasters.

PROPOSAL FOR NEW FORUM

A proposal for a new forum came forward - MANIS According to the proponent, ASEAN has run out of momentum – there is an inability to build consensus. A proposed Manis Forum of Malaysia, Indonesia, NZ, Singapore and Australia could be Track 2 or 1.5

- Forum would focus on issues that directly affect the 5 parties:
 - Climate Change
 - Fisheries
 - Refugees
 - Illegal trafficking
 - Natural disasters
 - *Not* SCS
- It could involve representatives from police, immigration, legal, environmental, financial and intelligence bodies.
- It would require institutional backing. Probably not Indonesian foreign affairs because they are overstretched. Could be via Defence or Border Security.
- The organization would be more likely to build a consensus on issues because membership is limited, and the contentious issue of SCS would be excluded from the agenda.
- Would not be contentious from China's perspective. Great power politics would not block the advancement of the forum.
- Indonesian dominance could deter Malaysia and Singapore from joining.
- NZ could have a key role.
- Could begin informally and develop from there.

Debate around the MANIS idea followed. Some felt that the grouping had the potential to be overrun by bureaucratic problems. It could begin as a forum for concerned citizens, and could later become political.

Others supported the idea of 'cautious testing'. It should not be led by Australia because of previous track record. Indonesia ought to take the lead on this initiative because of its strategic geopolitical position as the pivot between two oceans. There was a risk that the Manis initiative would just be an addition to the alphabet soup of the region.

- EAS is the most important forum looking to the future.
- There is an issue with organizations like CSCAP being too academic and not producing actual change.
- The Manis initiative might work if there was a trial, and it was not initiated by Australia.
- Should have a specifically maritime focus.

The proposed forum could begin by identifying common risks and shared vulnerabilities.

- There is scope for cooperative endeavours, particularly regarding natural disasters.
- The Manis initiative could include standing groups that do operational exercises together. This would partner discussions with real action.
- CSCAP has the advantage of engaging in debate with people from the relevant region and in the relevant region. It also helps Australia to understand its role in the region.

The debate suggested that the MANIS proposal be further discussed with Indonesia, as a potential major player in the initiative.

The meeting concluded with a short AusCSCAP Committee business report, with reference to the ascension of Ric Smith as the new Co-chair; action by the several on-going Study Groups; including Dr Cordner's comments on the HAMSAR SG, and aspects of AusCSCAP's membership. While the Executive was active in trying to engage younger (and women) colleagues in to AusCSCAP / CSCAP activities, it was felt that success of AusCSCAP should not be judged by the extent of its membership, but by the quality of the debate it generates, and this was fully supported.

The meeting concluded at 16.00