

# ➤ Indonesia and the Emerging Sino-US Rivalry in Southeast Asia

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**R**ecent developments in the relationship between the United States (US) and China have heightened a sense of uncertainty about the future of East Asia. The two major powers seem to be on a path towards strategic rivalry, competing for influence. The US, for example, has begun to undertake several initiatives to deepen its alliance system and military presence in the region. China's policy towards the region has also created the impression that it, too, is seeking to expand its power projection and influence. As signs of strategic rivalry between the two great powers became increasingly evident, Southeast Asian countries began to ponder the future directions of regional politics. The Association of Southeast Asian Nations (ASEAN), which had tried to provide a web of multilateral platforms for major powers' engagement and interaction in the region, now has to face the possibility that a Sino-US rivalry might polarise ASEAN, turning the region once again into a theatre for great power competition.

As a member of ASEAN, Indonesia certainly feels this predicament. Jakarta cannot escape the imperative of having to conduct its foreign policy in the context of the complex relationship between the US and China. Leaning to one side is not an option. Indonesia needs and wants both the US and China as friends and partners, and would not want to see the superpowers become rivals, competing for influence in its neighbourhood. Moreover, Indonesia still believes that Southeast Asia should be free from any competition among extra-regional powers. However, Indonesia's strategic choices and responses are limited. As Jakarta is not in the position to dictate the strategic directions of Beijing-Washington relations, it pursues a policy of 'independence' by building close relationships with both powers. At the same time, Indonesia also works with other ASEAN countries to prevent Sino-US relations from sliding into a strategic rivalry. This is a position that reflects not just geopolitical realities, but that has been influenced by the primacy of domestic politics in Indonesia's foreign policy.

## INDONESIA'S STRATEGIC INTERESTS

For most Indonesian elites, Southeast Asia and ASEAN constitute the main area of interest in Indonesia's foreign relations. While the region has been described as 'the first concentric circle' of Indonesia's foreign policy, ASEAN is referred to as its *sokuguru* (cornerstone). Consequently, the stability, security and prosperity of Southeast Asia are Indonesia's core strategic interests. Indonesia continues to promote the idea of an independent Southeast Asia, capable of maintaining its autonomy in the face of rivalry and competition for influence among extra-regional powers. It presents itself as a strong advocate of 'regional solutions to regional problems' and affirms that the security of Southeast Asia cannot be genuinely attained through military alliance and collective defence arrangements either among regional states or between a regional state with extra-regional power. Indonesia instead believes that such regional vision can only be attained through a cooperative security system among regional countries, such as ASEAN, and between ASEAN and its regional partners, such as in the ASEAN Plus Three (APT) process and the ASEAN Regional Forum (ARF).

However, the context within which Indonesia has to pursue its vision of regional order has become more complex. East Asia in the 21<sup>st</sup> century is an area of increasingly diffuse power, with significant implications for regional and global power structures. Power shifts taking place in the region point to the redistribution of influence among key players. The rise of China constitutes the most salient aspect of such changes. Over the last thirty years, China has consistently demonstrated its ability to sustain impressive economic growth rates at an average of 10 percent. Along with its economic development, China's military capability has also improved significantly. As its economic power and military might increase, China has now emerged as the most influential actor in the region. India is also catching up as a major player. Japan, while still in deep domestic political and economic trouble, cannot be written off yet. Other regional powers – such as South Korea, Australia, and ASEAN – are not inactive bystanders. Moreover, power is also diffusing to non-state actors – the private sector, civil society organisations, organised crime, and terrorist groups. The US remains the most powerful nation on earth, but others are also on the rise.

Indonesia, like many other regional countries, recognises the potential implications of such changes for the region. That has been manifested in Indonesia's concerns over a number of issues. The first concern primarily relates to the question of China's rise, particularly how China is going to use its new stature and influence to pursue its national interests and objectives in the region. However, for Southeast Asian states, including Indonesia, China's rise is not conceived in terms of 'military threat', but more in terms of China's future role and place in the region, and how it will affect the regional security architecture. While China has consistently demonstrated its commitment to a peaceful rise and played a positive role for the stability and security of the region, the uncertainty surrounding China's rise remains a strategic challenge for regional states. Indonesia therefore remains anxious about how China is going to use its newly-acquired wealth and military power.

Second, the pre-eminent role of the United States in East Asia remains beyond doubt. However, its role and influence in the region are increasingly being limited by the rise of China, both in terms of Anti-Access/Area Denial military capabilities and the incentives China's sheer economic size creates for regional states. The US is therefore confronted by the necessity to maintain and ensure its political primacy, economic interests, and military preponderance, and has declared a renewed commitment and interest to play a more active role in the Asia-Pacific, especially in East Asia. This new intention has been reflected in the Obama administration's 'pivot' strategy towards the Asia-Pacific. The moves to strengthen its security and defence relationships with Australia, Japan, the Philippines, Singapore and Vietnam demonstrate the US' commitment to match such policy declaration with actions. The Pentagon has reinforced its military presence in the region by stationing 2,500 marines in Australia and two littoral combat ships in Singapore, and is planning to station 60 percent of its naval fleet in the Asia-Pacific by 2020. Equally important, the US has also taken some initiatives to deepen its economic role in the region, demonstrated most markedly by its decision to push for the Trans-Pacific Partnership (TPP) fair trade agreement.

Third, as China's rise becomes inevitable, and the US feels obliged to pursue a re-balancing strategy, it is far from certain how the Sino-US relationship is going to evolve in the future. While very few would want to see a strategic rivalry develop between the two great powers, recent developments suggest that this might be the case, indeed, the possibility of Sino-US rivalry is no longer remote, but rather an emerging reality. As a rising power with its own interests, China seems to see the US as the only power that might limit its regional aspirations. Meanwhile, the US is clearly opposed to the rise of a new power that might pose a challenge to its strategic pre-eminence in East Asia. At the same time, strategic rivalry between the US and China over maritime access, supremacy and dominance in two strategic oceans, the Indian Ocean and the South China Sea, is also of a particular concern. Rich in natural resources and crucial for sea

lines of communication, these two oceans are of significant strategic value for fundamental national interests, not only of major powers, but also the entire region and beyond.

These three strategic developments – the rise of China, the US' attempt to retain its primacy, and the implications of both for Sino-US relations – could undermine Southeast Asia's regional autonomy in two ways. First, any Sino-US strategic rivalry has the potential to polarise ASEAN, turning the region once again into a theatre for the pursuit of primacy among major powers. For example, differing responses from ASEAN member state to the US' decision to station marines in Darwin, Australia, highlighted the differences in strategic perceptions of individual member states. Second, if ASEAN becomes polarised amid the growing rivalry between the US and China, ASEAN's role as 'a manager of regional order' would become marginalised, which, in turn, would put ASEAN's centrality for regional states under serious stress. Both scenarios would pose a serious challenge to Indonesia's vision of an autonomous Southeast Asia free from rivalry, and extend competition for influence in the region. Therefore, the main challenge facing Indonesia and its regional partners is how to prevent the return of power politics to the region. Indonesia, together with other ASEAN countries, clearly expects both the US and China to exercise strategic restraint and emphasise cooperative elements in their bilateral relationship.

## ELEMENTS OF INDONESIA'S RESPONSE

Indonesia has responded to these emerging dynamics by relying on three approaches. First, ever since the revolution, Indonesia's foreign policy has been committed to abide by the principle of *bebas-aktif* (free and active). This normative principle, first declared in 1948, requires Indonesia not to take sides in any rivalry between great powers. Indonesia's relationship with China, which was suspended in 1967 until the restoration of diplomatic ties in August 1990, has improved tremendously over the last two decades. Significant changes in China's foreign policy since early 1980s, especially the termination of support for communist insurgencies in Southeast Asia and

the change in its policy towards overseas Chinese, effectively removed Indonesia's suspicion of China. In April 2005, Indonesia even concluded a strategic partnership agreement with China, which serves as the basis for what is fundamentally a stable and mutually beneficial relationship. At the same time, Indonesia's relationship with the US, which was strained during President George Bush administration, especially due to differences regarding the war in Iraq and the way the US pursued its 'war on terror', has now taken a new turn. Under the Obama administration, the US has begun to view Indonesia as an important regional partner, and both Indonesia and the US are now committed to forging a closer relationship under the Comprehensive Partnership Agreement (CPA), which has already brought significant agreements in science and technology cooperation, a private investment corporation and a credit facility to facilitate bilateral trade, and a framework contract arrangement on defence cooperation.

Indonesia's second approach elevates the principle of *bebas-aktif* to the regional level and seeks, together with other ASEAN states, to create a 'dynamic equilibrium' among major powers in Southeast Asia. Indonesia realises that no regional country can address emerging security challenges by working alone. In this regard, regional cooperation becomes relevant and important to address security challenges stemming from strategic uncertainties brought about by geopolitical changes. Indonesia has played an active role in shaping the emerging regional architecture in the region by ensuring ASEAN's centrality while encouraging greater participation by other major and regional powers in the regional processes. It supported the inclusion of India, Australia and New Zealand in the East Asia Summit (EAS) and, in 2010, invited the US and Russia to become members of the grouping. Indonesia has also taken steps to encourage the consolidation of ASEAN. Through the EAS process – together with other processes such as the ASEAN Plus Three (APT), the ASEAN Regional Forum (ARF), and the ASEAN Defence Ministerial Meeting Plus (ADMM-Plus) – Indonesia supported ASEAN's initiative to provide an institutional framework that would hopefully facilitate a cooperative relationship among the major powers, especially between the US and China.

Third, Indonesia has sought to improve its bilateral relations with other major and middle powers in the Asia-Pacific. Indeed, Jakarta has signed Strategic Partnership agreements with Japan, India, Australia and South Korea in the past decade. Japan is Indonesia's largest trade partner and continues to occupy an important place in Indonesia's foreign relations, particularly in terms of economic development. The two countries have held regular bilateral summits over the past few years in order to strengthen the concrete areas of cooperation under the Strategic Partnership. The recent partnership with India reflects both Jakarta's analysis that India is increasingly becoming an important East Asian power on its own right, and India's recognition of Indonesia's importance within ASEAN. Australia is Indonesia's closest neighbour and the interests of both countries have long been closely linked, a fact reflected in the depth of substantive cooperation in sectors such as fisheries and criminal law enforcement. South Korea is Indonesia's sixth most important trading partner (after Japan, China, Singapore, the EU and the US) and a major source of foreign direct investment to Indonesia. Since the signing of the strategic partnership in 2006, bilateral relations have expanded beyond the traditional areas of trade and investment cooperation to include security and defence, with South Korea supplying 16 T-50 Golden Eagle trainer jets to Indonesia. Indonesia's partnership with these major and middle powers clearly reflects Jakarta's desire to shape a regional order where other powers than the US and China can also have a role to play.

Indonesia's response to the emerging Sino-US rivalry can therefore be described as a 'hedging strategy' against uncertainty in the intentions of both the US and China. Despite recent improvements in bilateral relations, Indonesia continues to view the US as a hegemonic power with whom it has many converging and diverging interests. For example, while Indonesia welcomes US strategic commitment and regional engagement, Jakarta has been critical of US policy towards Middle East, especially its support to Israel at the expense of Palestine. Until very recently, the relationship with China has long been problematic. Although China's rise to great-power status has become inevitable, Jakarta remains uncertain whether a powerful China will continue to be a 'benign' partner.

Indonesia's hedging strategy is therefore aimed at moderating the potentially negative implications of the rise of China for regional order and simultaneously reducing America's dominance as a hegemonic power in the region. While the US presence and engagement in Southeast Asia is needed for the first objective, the rise of China works to serve the latter. In the tradition of *bebas-aktif*, a central element in Indonesia's response to the rise of China and the primacy of the US in the region has been a familiar sense of distrust toward extra-regional great powers, driven by historical experience that breeds a strong sense of nationalism, competitive domestic politics and a sense of regional entitlement.

### **NATIONALISM, DOMESTIC POLITICS AND REGIONAL ENTITLEMENT**

From the very outset of its post-colonial existence, Indonesia has expressed doubts over the role of extra-regional powers in Southeast Asia. This attitude is closely influenced by the country's experience in securing its independence that, in turn, created strong nationalist sentiments. In the 1950s and 1960s, Indonesia's experience dealing with internal dissident movements with the backing of external powers strengthened the received wisdom in Jakarta that extra-regional powers could pose a problem to its security interests. Second, nationalism manifested in the principle of *bebas-aktif*, still guides the conduct of foreign relations in the more democratic Indonesia of today. Thus, the most striking expression of nationalism in foreign policy has been evident in Indonesia's sensitivity to the role of extra-regional powers. Segments of Indonesia's elite and general public still harbour the view that major powers will always try to reap unfair advantages at the expense of Indonesia's own interests. Conspiracies notwithstanding, the manifestation of nationalism in foreign policy reflects Indonesia's broader rational desire to preserve national autonomy and defend it against any form of external interference and dependence.

Foreign policy in Indonesia has also been subject to competing domestic political forces. In 1952, for example, opposition forces managed to bring down a government by accusing it of deviating from the free

and active principle after it signed a security treaty with the US. As the sense of nationalism remains strong, and domestic politics have become more competitive in a more democratic context, taking sides or aligning itself too closely with any extra-regional great power carries a serious risk for the government, and becomes a divisive issue for domestic politics.

Indonesia's response to the growing rivalry between the US and China can also be seen as a reflection of 'a sense of regional entitlement.' Despite its formidable domestic problems, Indonesia continues to feel that it deserves to exercise a leading role in shaping not only the future course of ASEAN but also the directions of regional politics. Indonesia's sense of entitlement in Southeast Asia's regional politics continues to be reflected in its anxiety over any possible attempt by extra-regional powers to dictate terms of regional relations. Indonesia has always been, and still is, committed to pushing the attainment of an ASEAN Community as an instrument to consolidate ASEAN in the face of external pressures stemming from geopolitical changes in East Asia.

Indonesia, like many other regional states, sees the growing rivalry between the US and China as a challenge not only to its own interests but also to the region. In that context, Indonesia's response is likely to continue to abide by the principle of a 'free and active' foreign policy that is defined by the salient effects of nationalism, competitive domestic politics and a sense of regional entitlement. Consequently, it has opted to maintain strong diplomatic ties with both China and the US, and will continue to pursue a strategy of hedging aimed at moderating the potentially negative implications of the rise of China for regional order whilst at the same time reducing American dominance as the hegemonic power in the region. At the same time, through ASEAN, Indonesia also seeks to lessen the possibility of Sino-US relations drifting into a strategic rivalry. The success or failure of this strategy, however, will ultimately depend on the US and China themselves. ■