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## Balancing Power in the Asia-Pacific Region: The Role of Indonesia 2010-2014

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### Abstract:

*The twenty first century has been dubbed as the Asian century, indeed the epicentrum of global power now has firmly shifted to the Asia Pacific region. International relations dynamic in this region is very lively with all major powers directly involved. Two of these powers are the United States and the People's Republic of China. US has been the resident dominant power in the region effectively since the end of World War II. US domination in this region is recognized as a key factor in the ability of this region to remain peaceful and stable even at the height of the Cold War. Other powers in the region whether they are middle, small and emerging are somewhat accustomed in having US as guarantor of stability in the region. Come China that has been awoken from its slumber, is confidently reclaiming its ancient place as global power. The rising power of China has put it in direct competition with US for domination in the region. Against this backdrop of power transition in the region, this study will seek the balancing that Indonesia has undertaken as one of the middle power in the region. Indonesia has a direct interest in ensuring that peace and stability are preserved in Asia Pacific region. The study argued that Indonesia has the capacity and ability to play a facilitating role in balancing between the US and China in the region.*

**Keywords:** Balance of Power, Power Transition, Indonesia, Asia-Pacific

### 1. Introduction

The center of gravity of geopolitical and security power held by Europe and the US during the past two centuries has now shifting towards Asia. Asia Development Bank (ADB) in its publication (2011) projected that by 2050 Asia's share of global GDP will reach 52%. This projection however is not something that is given, yet it has to be acquired. A key point is realizing an Asian century is the preservation of stability and security by the powers in the region, thus allowing the region to peacefully grows. In a later part of 20th century mostly focuses in the Asia Pacific region, indeed that region has been the larger part where global political conflict and economic progress were made.

Indonesia is positioned in the center of the Asia-Pacific region. Indonesia together with Thailand, Malaysia and Australia can be defined – geographically at least – as two-ocean countries border in Indian and Pacific Oceans respectively. Naturally Indonesia is concerned of whatever takes place in both of this ocean. The security environment in the Asia-Pacific in 2010-2014 is marked with renewed and increasing tension between US and China as major powers in the region. While previous conflicts in 20<sup>th</sup> century were fought mainly inland, the present escalation of tensions has proven to be formed at sea.

There are two main body of sea in the Pacific that have seen tension escalates namely the East and the South China Sea. Among of the major incident was when in 2010, People's Democratic Republic of Korea (PDRK) sank the Republic of Korea (RoK) corvette Cheonan and shelled the island of Yeonpyeong (The Guardian, 2010); in another front China and Japan entered a cycle of crisis and confrontation over the Senkaku/Diaoyu Islands in the East China Sea, the most serious perhaps after the end of World War II (Panda, 2013). In mid 2014 China unilaterally install and then eventually removed an oil rig in the area which has been claimed by Vietnam as part of its exclusive economic zone in the South China Sea (Vuving, 2014).

Lacking direct territorial interest in the region, the US entry point to the incidents in the East and South China Sea is often associated with its declared role to ensure the freedom of navigation of the international sea lanes that is vital to the global trade. China's every action that was seen as assertive will draw respond from the US government. The most direct respond perhaps occur when within days of China's unilateral declaration on Air Defence Identification Zone (ADIZ) in the East China Sea in November 2013, which requires any aircraft entering ADIZ should register their flight to Chinese authorities, US flown two bombers entering ADIZ without prior notice to China. The possibility of China setting-up similar ADIZ in the South China Sea has been openly opposed by US, Indonesia and other Southeast Asia countries (Kurashige, 2014).

China sees South and East China Seas as its strategic interest and that any intervention may be construed as hostile towards China. This approach is arguably similar to US' Monroe Doctrine in the 19<sup>th</sup> century which pronounced its dominance of Latin America and that any colonial powers intervene in Latin America would be considered hostile toward the US (Gifford, 2014). It can be seen that the increasing tests of will sea incidents in the East and South China Seas were increasingly connected to a larger strategic competition between Washington and Beijing.

In the case of dispute in the two seas, China often promoted the term historical seas, a term unfamiliar to the international regime (Malik, 2013). China, then as Empire of China for the largest part of its history up to early 19th century is the dominant power of Asia. China's influence in this era spread far and wide creating what is called as the silk road both on land and sea. Chinese imperial court received tributes from other countries as sign of submission to the Emperor of China's dominance over "all under heaven". China's rise since 1990s fueled by its economic boom which allows growth of military strength in recent decades has put China as once again undisputed major global power.

The rising tension in the Asia-Pacific region is a cause of concern for every country in the world. Interesting to point out that there are already many forum in the region that has include all the major power in the region, such as East Asian Summit (EAS), ASEAN Regional Forum (ARF), Asia Pacific Economic Community (APEC), ASEAN Defence Ministers' Meeting (ADMM) plus, yet the commitments and the communiqués adopted by these forums had somehow have not adequately address the cause of the rising tensions, which is primarily a territorial disputes, with power transition in the region between US and China in the background.

In navigating international relations dynamic, Indonesia's foreign policy can not be detached from its domestic condition and stakeholders. Indonesia at this period has emerge with stable economic growth and its fully democratic political system. Separatist movements in the provinces which have lasted for decades have been resolved. Natalegawa (January, 2010) explained that Indonesia's domestic stakeholders point of view will also be taken into account in foreign policy formulation. all of these developments has brought Indonesia as able and confident actor in the region and the world.

President of Indonesia serving as the head of government and Foreign Minister, are seen as the major foreign policy makers in Indonesia. The Constitution (1945) gives the President full executive authority as leader of the government and the Commander in Chief of the Armed Forces. The Constitution also stated that the President has the power to declare war, forms international treaty with other states with the consent of the House of Representatives.

The continuous rising tension between major powers in the Pacific is detrimental to the preservation of peace in Asia-Pacific region. Indonesia as part of the region is a direct stakeholder in maintaining peace and stability of the region. Against this background on 16 May 2013, in his speech (Natalegawa, 2013) at Conference on Indonesia held at Washington DC, Minister for Foreign Affairs of Indonesia, Dr. Marty Natalegawa highlighted the problems at hand in Indo-Pacific region which is: trust deficit that is becoming more apparent between countries in the region; unresolved territorial disputes; and managing the impact of change in the region.

As a solution Dr. Natalegawa proposed that a new paradigm adopted in the Indo-Pacific region, an approach that seems to be modeled after what ASEAN did in 1970s with the establishment of Treaty of Amity and Cooperation (TAC) (ASEAN, 1976), which enabled Southeast Asia to enjoy the "peace dividend" that has allowed countries in the region to develop almost unhindered by violent conflict. He further proposed an Indo-Pacific wide "treaty of friendship and cooperation".

The Foreign Minister's proposal signaled that Indonesia is willing and seeking a role to facilitate in the rising tensions in the region. The case of an Indo-Pacific peace treaty (in this study reflected as in term of Asia Pacific) may have carry some weight to ensure security and stability. The proposed treaty certainly will not be easy to accomplished and implemented, yet standing silently as tension remain unresolved may not be the best option either.

However, in an anarchic system it is essentially the ability to strike a balance between great powers in the region to ensure peaceful power transition that accommodates China's role as rising great powers and US continuous role and presence in the region. Indonesia which stand in the center of Asia Pacific and at its heart ASEAN, is poised to play role in moderating the possibility of escalating conflict in this region. The peace and stability of this region is inevitably detrimental for Indonesia development and survival.

There are two major phenomenons that will shape the security landscape of the Asia-Pacific region: (1) the United States of America (US) pivot or rebalancing to Asia, and (2) the rising power of the People's Republic of China (herein after will be referred as China).

For the purpose of this study, Asia-Pacific region is defined as a region comprising the Pacific Ocean western rim which are influenced by the continuing presence of the US and the consequences of the expanding influence of China. Period 2010-2014 is chosen since this is the second term of office of President Dr. Susilo Bambang Yudhoyono with Foreign Minister Dr. Marty Natalegawa.

The study will try to offer a point of view of middle power in the midst of power transition in the Asia-Pacific. Indonesia balancing act may also be reference for other middle or even small powers in Asia-Pacific region to adapt themselves to the international environ that is highlighted by competition between the US and China.

## 2. Indonesia's Significance

Indonesia is the fourth-most populous country in the world, after China, India and the US. It is also the world's largest Muslim-majority country and the third-largest democracy. Its economic growth remain robust throughout the global financial downturn. Presently Indonesia, is arguably the only politically "free" state in Southeast Asia. Since the fall of the authoritarian Suharto regime in 1998, highly centralized political and economic power that previously held by Jakarta, has been substantially transferred to the local administration at the city or regency levels. Limits on political parties, freedom of speech and the press, civil society, have been mostly relaxed. Democratization process further pushed by the advent of social media, Indonesians are the second largest facebook and twitter users in Asia, ideas and thoughts can flow in a matter of seconds. Foreign policy however remain mostly done by the central government.

Decades long conflicts in Papua and Aceh provinces have been successfully managed by granting broad ranging autonomous powers to the local governments. Perhaps the first time since its independence in 1945, from security perspective Indonesia is not somewhat threatened with internal disintegration. Security forces that for decades had been preoccupied with separatist overture, can now be redirected to support Indonesia's international role and project its posture as capable middle power.

East Timor – an issue inherited from Suharto and the Cold War era – has become an independent Timor Leste in 2002, thus eliminating the last hinderance of negative international perspective for Indonesia's foreign policy. As a result by 2010 Indonesia has emerged as a full democratic country ready to bring positive contribution to the world.

These facts has shown that politically and economically Indonesia has come 180 degrees, from bankrupt authoritarian regime in 1998 to a democratic country with robust and confident economy by 2014. President Yudhoyono has reinvigorated Indonesia's role as the undeclared leader of ASEAN, and is building a larger international profile as a member of the increasingly powerful G20 group of large and often quoted as one of the emerging world economies.

### 3. Principle of Independent and Active Foreign Policy

Indonesia's foreign policy is often summarized by the phrase independent and active foreign policy. Indonesia arguably possess characteristic that is unique, even compared to its neighbours in Southeast Asia, that is Indonesia has never been formally an ally of either US or Soviet Union during the Cold War, and can be seen as ally to neither US nor China in the current political competition between the two in the Asia-Pacific region. Other countries in the region may arguably be seen to have inclination either towards the United States (Brunei Darussalam, Singapore, Malaysia, Philippines, Thailand, and Viet Nam) or to China (Myanmar, Cambodia, and Lao PDR).

The principle of independent and active foreign policy came into being for the first time in an address by then Prime Minister Mr. Mohamad Hatta in front of the provisional Parliament on 2 September 1948 (Hatta, 1953) at the height of Indonesia's war for independence against the Netherlands, which stated:

"The Indonesian Government is of the opinion that the position to be taken is that Indonesia should not be a *passive* party in the area of international politics but that it should be an *active* agent entitled to decide its own standpoint. . . . The policy of the Republic of Indonesia must be resolved in the light of its own interests and should be executed in consonance with the situations and facts it has to face . . . . The lines of Indonesia's policy cannot be determined by the bent of the policy of some other country which has *its* own interests to service"

Legally, the principles are currently described in the Law 37 year 1999 on Foreign Policy. These principles for decades have allowed Indonesia to conveniently pursue its foreign policy according to its national interests, including during the trying days of the Cold War. The Constitution (1945) of Indonesia is somewhat specific about the national interest of Indonesia and its priorities which are:

1. protect all the people of Indonesia and its territorial integrity,
2. to improve public welfare,
3. to educate the people and
4. to participate toward the establishment of a world order based on freedom, perpetual peace and social justice.

The word "independent" means that Indonesia will decide and determine its position on world issues without giving in to external pressures or influence according to its national interests. The word "active" means that Indonesia is prepared and committed to participate in constructive efforts to build and maintain a just and peaceful world, as stipulated in the preamble of Indonesia's 1945 Constitution. It is unacceptable for Indonesia to merely stand in the back while letting other state actors deciding its fate directly or indirectly. In other words, Indonesia shall seek to be the subject in the realm international relations not merely an object.

In his second inaugural address, Yudhoyono (2009) what is to be known as the notion of "*a million friends and zero enemy*" in Indonesia's foreign policy. This notion affirms that Indonesia does not perceive any country as enemy, and likewise Indonesia shall not be perceived as enemy by any country.

Adopting a democratic political system is not without consequences, foreign policy-making in Indonesia became more complicated due to constitutional amendments made between 1999-2002 that has allowed the parliament to review foreign policy decision and process. The parliament now holds constitutional right to conduct inquiries into the country's foreign policy, ratify international agreements signed by the government which has large implication to the people, and review the presidential nominee for ambassadorial posts. Indonesia's political culture, which favours coalition-building between president and political parties in the parliament, have increased the complexities in foreign policy formation. In practice the government still has the lead role in formulating foreign policy and the parliament largely acquiesce to the government policy.

Ministry of Foreign Affairs strategic planning for the period 2010-2014 stated that Indonesia's foreign policy stage and priority is the recovery of Indonesia's important role as a democratic country which is marked by the success of diplomacy in international forums as a means to safeguard national security, territorial integrity, and the protection of natural resources. The above priority is then translated into the Strategic Goals of Ministry of Foreign Affairs as follows as mentioned by Acharya, (2014):

1. Increase Indonesia's role and leadership in the creation of an ASEAN Community in political-security, economic and socio-cultural spheres.
2. Increase Indonesia's diplomatic role in handling multilateral issues.
3. Increase cooperation in a variety of fields between Indonesia and other countries and intra-regional organizations within Asia-Pacific, Africa, the Americas, and Europe.
4. Increase the quality of international law and cooperation that is safeguarded from political, juridical, technical and security deterring factors.
5. Increase the quality of protocol and consular services.
6. Increase Indonesia's image before domestic public and the world.
7. Increase the governing quality and total diplomacy.

President Yudhoyono in his keynote address (2012) in Shangri La dialogue, explains Indonesia's views in the changing regional architecture. Indonesia views the proliferation regional organization and cooperation in Asia-Pacific is a positive sign that bringing a sense belonging to a particular region and willingness to work together to maintain peace and achieve common prosperity. The future of peace in the region will also be shaped by peaceful relations among major powers and the ability to accommodate of the rising emerging powers by the established powers. The rise of new powers may be seen as positive impact and applying win-win solution perspective to further increase cooperation among major powers.

It is clear that when peace in the region is jeopardized the effect will not be contained within the parties directly involved, but also to the region as a whole. Therefore, peace in Asia Pacific is essential also for Indonesia's interest. As the global economic development and importance shifted to the Asia Pacific, as the largest country in Southeast Asia, Indonesia fit considerable role as the middle power in the region. Middle powers are essential to play the role to balance the potential struggle for power in the region. Middle powers have the flexibility to approach or build bridges among major powers without having seen as antagonizing or containing a particular side.

#### **4. Indonesia's Power**

The most influential part of Indonesia's power in international arena may not be in the material form of economy or the military might. It is in Indonesia's ability to wield its soft power. Acharya (2014) noted that military and economic power are not the main factors in Indonesia's rise, rather it came from democratization and regional engagement, which allowed Indonesia to gain trust within its immediate region, thus making soft power as its main tool in diplomacy.

Indonesia possesses limited capability of both military and economic means to assert influence to other major powers in the region, as such the best way for Indonesia is to adopt smart power in its role with the major powers in the region. Militarily Indonesia ranked 19<sup>th</sup> in the world. Compared to several countries in the region i.e. Australia (20), Vietnam (23), or Thailand (24) (Global Firepower, 2014), Indonesia's military posture, posses little threat to its immediate neighbours. For decades after its independence Indonesian military deployment has been focused in subduing domestic insurgencies in the provinces, at present with calm and conducive development in the provinces, Indonesia military once again in the market to upgrade its capacity to meet and maintain its Minimum Essential Forces by 2024.

In the soft power side Indonesia shares common values with both China and the US. Historically, before the arrival of Islam from the Middle-East, Indonesia is already a country where Hindhuism and Buddhism live side by side. Values of these religions did not vanish when Islam came. Instead, in Indonesia, the values of different religions are harmoniously co-exist and influence each other.

Indonesia and US shared values perhaps coming from more modern times, as Indonesia embraces democracy, uphold human rights and the rule of law. These values has always been promoted by the US, even more so after the end of Cold War. These shared values to certain extend made Indonesia carrying more weight in conversing with the US. Thus, if Indonesia would make a statement on particular issue, the US will clearly recognize it as coming from a democratic country with open and predominantly moderate Islam population.

Chinese culture with strong Buddhist and eastern tradition that hold dear filial traditions and sharing society is close and similar to the culture of most Indonesians, even after most of them became muslims. Chinese diaspora has been living in Indonesia for centuries, creating a cultural mix which is largely peaceful. This fact further brings Indonesia and China closer, and Indonesian is not new to the concept that China as a major power in the region.

#### **5. Indonesia – US Relation**

In November 2010, the Indonesia-US Comprehensive Partnership was launched to enhance cooperation between the world's second and third largest democracies (US State Department, 2013). This partnership become the highlights of the relations between the two countries and provides the building block for enhancement of cooperation in the future. President Obama (2010) stated that this is partnership of equals based on mutual interest and mutual respect. This signifies the recognition by the US of Indonesia's position and stature as stable democracy and strong political standing and robust economic growth.

Among the feature of the Indonesia-US comprehensive partnership is its recognition that future friendship between the two nations cannot be based on security or economic cooperation alone. Instead, it must focus on three pillars of the relationship: political and security cooperation, trade and economic relations, as well as socio-cultural and science and technology collaboration. Political and security wise Indonesia and the US relations are at a strong point.

In 2013, Indonesia bought a fleet of AH-64E Apache attack helicopters for US\$500 million. As part of the package, the US also will offer training to Indonesian pilots on tactics, techniques and procedures for operating the Apaches. The Indonesian Armed Forces (TNI) expects to receive the first two Apaches by 2014, with final delivery by 2019. In 2011, the US agreed to sell 24 used F-16 Block 25 fighter aircraft for US \$700 million. As part of the deal, the US will upgrade the fighter jets to Block 52, to include supplying 18 air-to-ground missiles and 36 captive air training missiles. The two squadrons of F-16s will join 16 Russian-made Sukhoi fighters (eight Su-27s and eight Su-30s) for the Indonesian Air Force. Another squadron of South Korean-built T-50 Golden Eagle trainer jets is scheduled to arrive in 2014 (Siboro, 2013).

The Indonesian Navy is also undergoing modernization. In 2014, the Indonesian Marine Corps will receive light patrol vessels, amphibious tanks and rockets. Indonesia decided to modernize its weaponry systems by allocating a budget of no less than 57 trillion rupiahs (US\$ 5 billion) during the 2010-2014 fiscal periods out of 156 trillion rupiahs allocated for the defense sector during the period (Siboro, 2013).

The US Ambassador to Indonesia Robert Blake quoted by Antara News (2014) stated its confidence that US will not impose any weapons embargo or similar action against Indonesia. Mr. Blake mentioned that democracy and respect of human rights become the trigger of improvement in military relations between both countries, enabling the US to supply the latest military technology to Indonesia.

From the US perspective maintaining good relation with Indonesia is also imperative and directly connected to the rising of China. Acharya (2014) quoted a senior US diplomat which said that Indonesia is the only country in Asia Pacific that can not be pressured into accommodating China, having the mass and credibility to do so, as such strong and independent Indonesia is in US interest.

In the economic front, Indonesia's intention to join Trans-Pacific Partnership (TPP) has the potential boost closer economic cooperation. Despite the difficulties, the benefits of economic partnership will be worth the effort to establish it. Government initiatives have an indispensable role to play in creating more supportive environment for closer trade and investment ties. Coordinating Board of Investment Indonesia recorded in 2013, the US investment in Indonesia amounting into US\$ 2.4 billion accounting for 8.5% of total foreign direct investment (FDI) in 2013, signaling significant increase from US\$ 1.24 billion in 2012. The Indonesian Ministry of Trade data show that trade between Indonesia and the US in 2013 was US\$ 24.7 billion with surplus of US\$ 6.62 billion in Indonesian side, a downturn compared to US\$ 26.5 billion total trade in 2012.

The other sector of cooperation is the broad category of cultural, people to people, educational, environmental, and scientific or technological collaboration. Security and economic relations are crucial, but it is these other areas of cooperation that cement a sustained long-term partnership. Cooperation such as student exchanges, climate change mitigation, and medical collaboration can build cultural and normative bridges, create relation among its citizens with a lifelong understanding of their international counterparts, and generate invaluable goodwill while improving the quality of human lives. The fact that President Obama spent some time in Indonesia in his early childhood further helped to foster these people-to-people contacts.

As Indonesia embraces the principle of democracy, public perception will also shape the foreign policy decision. In the case of Indonesia-US relations, Indonesian public is somewhat not an easy audience. The US played a considerable mediation role during Indonesian independence war with the Netherlands. In the Sukarno era, the US is perceived as an unwanted outside influence trying to exploit Indonesia. A period of relative calm followed under the Suharto regime. At present, as a democratic country and with the advent of social media and numerous non-governmental organizations that serve the so called civil society, foreign policy and diplomacy in Indonesia too will inevitably be affected by the public opinions and perception.

Pew Global Research Institute conducted worldwide research called global attitudes project in 2014 that ask questions pertaining to the view of the citizens in every country about China and the US (Pew Global Institute, 2014). On the question of opinion about the US, 59% of Indonesians surveyed have favorable opinion about the US. This number rose significantly since 2007 which showed only 29% Indonesians had favorable view about the US, but somewhat less than 2013 figure at 61%. Arguably the ascendancy of President Obama in 2008 may have shed a new light on Indonesians' perception of the US.

On the question of "Will China eventually replace the U.S. as the world's leading superpower?" showed that 27% Indonesian believed that China will eventually replace US as superpower, another 35% opined that China will never replace US as super power. The same project data from spring 2013 showed that 46% of Indonesians believe the US as partner of Indonesia, while only 6% viewed the US as enemy.

The earlier paragraphs have shown that the relation between Indonesia and US though have had its ups and downs, remain strong. Indonesia's democratic values has brought the two countries ideologically closer, although in the economic front there still remain some challenges. Indonesia as the third largest democracy in the world with growing economic weight would have considerable leverage to become the middle and balancing power in the Asia-Pacific region.

## 6. Indonesia-China Relation

Indonesia's relation with China is strong in the economic sense. Chinese investment (excluding Hong Kong) in Indonesia 2013 amounted to US\$ 296 million more than double its investment in 2012 at US\$ 140 million. In November 2010 China announced economic and investment package for Indonesia amounting to US\$ 6.6 billion. Bilateral trade exceeded US\$ 52 billion in 2013, more than double the trade value in 2009 which reached US\$ 25 billion. This significant growth of bilateral trade among other was influenced by ASEAN-China Free Trade Area (ACFTA) coming into effect on 2010. Indonesia is China's fourth largest trading partner in ASEAN, after Singapore, Malaysia and Thailand.

Yudhoyono's visit to China from 22 to 24 March 2012, pushed for even stronger cooperation. On the security front, China and Indonesia relation see improvement with the ongoing ministerial level and armed forces commander consultation between the two countries, including joint exercises military training exchanges. Joint Commission on Bilateral Cooperation (JCBC) at the Foreign Ministerial level was also established. Both countries reaffirmed each other's sovereignty and territorial integrity (Embassy of Indonesia in Beijing, 2012).

Robert Kaplan (2014) stated that East Asia is a seascape instead of landscape and predicted that South China Sea (South China Sea) will become an Asia's cauldron where potential conflicts caused by overlapping maritime territorial claims may take place. The main conflict points in Asia will be maritime, most notable area where the US and China interests may be in collision course is in the East and or the South China Seas.

While Indonesia is not a claimant party to any rocks or islands in the South China Sea, this has allowed Indonesia to play a role in managing the dispute in South China Sea which led to the adoption of Declaration on the Conduct of Parties in the South China Sea (DoC) in 2002 (ASEAN, 2002). The Declaration is further affirmed with the adoption of Joint Statement of the 15th ASEAN-China Summit on the 10<sup>th</sup> Anniversary of the Declaration on the Conduct of Parties in the South China Sea in 2012 (ASEAN, 2012).

There is however a somewhat vague indication that China's unilateral claim, the so called nine-dash-line territory in South China Sea overlaps with Indonesian exclusive economic zone in the Natuna Sea, an area rich with fisheries and natural gas resources. Permanent Mission of Indonesia to the UN in its diplomatic note (2010) submitted to the UN dated 8 July 2010, is of the view that the Chinese nine-dashed-line map lacks international legal basis and further has sought clarification from China through the United Nations Convention on the Laws of the Sea (UNCLOS) mechanism on the exact coordinates of China's claimed area, following a 2009 Permanent Mission of the People's Republic of China to the UN (2009) nine-dash-line map, China (also a party of UNCLOS) had so far did not formally respond to Indonesia's request (Murphy,2014). This potential overlapping claim is particularly important for Indonesia as an archipelagic state, UNCLOS archipelagic state principles help to define about 5 million sq km of Indonesian territorial sea, its related exclusive economic zone and continental shelf.

Using another vantage point, it is possible that China in not officially responding to Indonesia's request for clarification, see the value of Indonesia to remain as non claimant to the South China Sea. Providing clarification that may bring territorial disputes with Indonesia, will cause China losing a capable potential mediator in the event of negotiation taking place.

Speaking of China's position on the South China Sea issues during his visit to Indonesia on May 2013, Chinese Foreign Minister Wang Yi (Embassy of China in Jakarta, May 2013) emphasized that the Chinese government has clear, steadfast and consistent resolve in safeguarding China's sovereignty and territorial integrity. However, as a responsible power, China will continue to adhere to its stands on the South China Sea issues, which can be reduced to devoting to maintain the peace and stability in the South China Sea, effectively implementing the DOC, and peacefully resolving relevant disputes through friendly negotiations with sovereign states concerned. China iterated that it has always remained open to discussions on the process of completing the Code of Conduct (COC) in the South China Sea.

President Xi Jinping during his visit to Indonesia in October 2013 further added that Indonesia and China are both influential big developing countries in the region and in the world as well as important emerging market countries. He noted that the international and regional situations are now undergoing significant and complex changes and strengthening strategic partnership cooperation that has been signed in 2005 is an inevitable choice for the two countries. China perceived Indonesia as a priority for its foreign relations with neighbouring countries. China is ready to deepen cooperation with Indonesia to achieve common development, to safeguard long-term prosperity and stability of Asia, and to promote global peace and development (Embassy of China in Jakarta, October 2013).

Another insights into China's intention was stated by Ms. Fu Ying (2014), chairperson of Foreign Affairs Committee, National People's Congress clarified that China for years and decades to come will focus on its economic development to alleviate the living standards of its people. Challenging offensive realists perspective that all state will seek to maximize its power, she stated that conflicts with other countries are neither necessary nor wanted in the perspective of Chinese people.

China's rise has brought prosperity not only for China but also for its immediate neighbours and other countries that benefited from Chinese trade and investment. China also has not given up its principle of putting aside differences in favour of joint development. China affirmed ASEAN centrality and the ASEAN way as suitable multilateral framework and policy for going forward instead of proliferation of bilateral alliances, comment which may supposedly aimed towards Japan-US and somewhat to a lesser degree the Philippines – US alliances.

The statements coming from leaders of China reaffirmed its recognition for Indonesia as a key country in Southeast Asia and even in Asia region as a whole. In acknowledging that engagement through ASEAN is the better way forward China's partnership with Indonesia – the largest ASEAN Country – is indispensable for China, to maintain its credential in wanting peaceful conclusion of South China Sea disputes. While agreeing to discuss South China Sea issue in ASEAN, China has also continued to prefer direct negotiation with individual country to settle territorial disputes. Having Indonesia as one of the party to the dispute will further complicate matters and may resulted in a push for multilateralization, which is contrary to Chinese intention.

Not leaving anything to chances, in the military front, early in March 2014, Indonesian Armed Forces Commander General Moeldoko stated his intention to increase Indonesian military presence in the Natuna Islands in Indonesia's Riau Islands Province including one additional ground troop batallion as well as fighter jets, this statement followed his visit to China to meet his counterparts. General Moeldoko as quoted by Tempo (2014) said that the increase of military presence was to "carefully watch the South China Sea ... if something happens there it could spread to Indonesia".

Indonesia is currently striving to achieve its Minimum Essential Force (MEF) military capability by 2024 with the support of yearly budget of 1-2% of the GDP, with continuous increase in the defense budget during Yudhoyono's administration. Indonesian military build-up however will remain mainly defensive in nature.

Pew Global attitudes project (2014) has also offered data on the perception of Indonesians towards China. The data shows that 70% Indonesians have favourable view of China. 54% of Indonesians believe that China puts consideration to Indonesia's interest in its actions. 53% of Indonesians believe that China is a partner for Indonesia, with merely 3% consider China as enemy. The data shows that Indonesians perceived China in somewhat a better light than the US.

## 7. Indonesia's Balancing Policy through ASEAN

Acharya (2014) recognized that Indonesia puts the foundation of its global status and recognition in the solid good relations in the regional level, in this case is its immediate neighbour which constituted ASEAN. Indonesia took what Prof. Acharya called a "regionalist path to its global role". As the result, Indonesia is seen positively with trust and confident by its region and even referred to as the elder of ASEAN.

Indonesia further used this good regional reputation to further project its global role. As a way to foster this good rapport, Indonesia places ASEAN in high priority and in its immediate concentric circle of foreign policy. However, it is also can be said that Indonesia also used ASEAN as one of a tool of its foreign policy.

During the period of 2010-2014 Indonesia also focuses its effort in maintaining balance in the Asia Pacific region mainly through its work within ASEAN and other related international forums such as ASEAN Regional Forum (ARF) and the East Asian Summit (EAS). Natalegawa (2011) explained that Indonesia's chairmanship of ASEAN in 2011 put forward the theme "ASEAN Community in a global community of nations".

The highlight of Indonesia's ASEAN chairmanship in 2011 in the context of major powers relation in the region is the adoption of the Declaration of the East Asia Summit (EAS) on the Principles for Mutually Beneficial Relations adopted in Bali on 19 November (EAS, 2011) by leaders from ASEAN member states and EAS participants namely: Australia, China, India, Japan, Republic of Korea, New Zealand, Russia, and the United States. Important to note that this meeting was for the first time for US and Russia formally participated in the EAS. The principles for mutually beneficial relations in the Declaration are:

- Enhancement of mutual respect for independence, sovereignty, equality, territorial integrity and national identity.
- Respect for International law.
- Enhancement of mutual understanding, mutual trust and friendship.
- Promotion of good neighborliness, partnership and community building.
- Promotion and maintenance of peace, stability, security and prosperity.
- Non-interference in the internal affairs of another country.
- Renunciation of the threat of use of force or use of force against another state, consistent with the UN Charter.
- Recognition and respect for the diversity of ethnic, religious, cultural traditions and values, as well as diversity of views and positions, including by promoting the voices of moderation.
- Enhancement of regional resilience, including in the face of economic shocks and natural disasters.
- Respect for fundamental freedoms, the promotion and protection of human rights, and the promotion of social justice.
- Settlement of differences and disputes by peaceful means.
- Enhancement of mutually beneficial cooperation in the EAS and with other regional fora.

The adoption of the Declaration during its chairmanship signifies Indonesia's role as capable facilitator in bringing all the powers in East Asia together. The principles adopted in the Declaration although not legally binding, nevertheless provided an important basic for further peaceful relations among powers in Asia and the Pacific.

In 2012, perhaps in the first ever public display of how South China Sea issue has divided ASEAN, for the first time ever in its history ASEAN Ministerial Meeting has failed to produce a joint communiqué following 45<sup>th</sup> ASEAN Ministerial Meeting in Cambodia, over dispute on how the group should handle the South China Sea issue. Indonesia Foreign Minister then carried out shuttle diplomacy between the ASEAN capitals and eventually come up with the ASEAN's Six-Points Principles on the South China Sea (ASEAN, 2012), that somewhat saved the prestige and global perception of ASEAN unity.

For Indonesia, ASEAN is a significant cornerstone, ASEAN has brought South East Asia peace and stability allowing its members to pursue development, enabling alleviation of hundreds of million out of poverty. ASEAN has also been seen as capable forum in bringing major powers in the region. The US and China in many occasions has affirmed ASEAN centrality in the regional architecture.

ASEAN is placed as one of its strategic foreign policy objectives in the Indonesian Foreign Ministry, in the first layer of the so-called foreign policy concentric circle. Clearly Indonesia wishes that ASEAN continue to be united, to this end Indonesia continuously to avail itself in the leadership role in ASEAN including in its relation with major powers in the region. Indonesian leadership in ASEAN is seen as strategically important in an effort to strengthen common peace, stability and prosperity in Southeast Asia through the establishment of ASEAN Community.

## 8. Conclusion

Indonesia has historically always been and independent and active in the conduct of its foreign policy with its primary goals are national sovereignty, territorial integrity, common constructive peace and prosperity, and will continue to do so. Indonesia will aim to ensure its survival in view of the rising tension in the Pacific. Should competition between US and China continue to increase, Indonesia is unlikely to make clear choice of alliance between the two and will rather try to forge cooperation between the two while maintaining equidistant approach to both sides.

The possibility of Indonesia balancing to maintain peace in the region is seen as acceptable by both China and the US. Indonesia and US relation is strong and established in the security sense, with Indonesia has become accustomed to the US presence in the Asia-Pacific region as a 'benign' hegemon. Another positive side is that there is no possible territorial dispute between Indonesia and US.

China and Indonesia relation, is growing positively, encouraged by surging economic cooperation between the two countries. Important factor that may have an adverse impact in the China-Indonesia relation is the possible maritime territorial dispute concerning overlapping claims in the South China Sea. Indonesia views that China's rise is inevitable, and thus the rise of China is therefore needs to be managed properly so that every actor in the region will be at ease. President Obama has stated that the US wants China to succeed and prosper while the US also wants to make sure that everyone is operating in international framework and set of rules (Weisman, 2010). Indonesia promoted a point of view that China's rise is a win-win solution, for the region and the world.

Indonesia has been playing leading role in ASEAN, which has transformed the Southeast Asia from region with huge potential for conflicts to a region of peace. ASEAN has even become an important part of the regional architecture serving as multilateral platform

where all powers are able to discuss and cooperate. In ASEAN, Indonesia invested its time and capabilities alleviating the size and importance of the grouping. ASEAN's success in part is also Indonesia's success.

Indonesia's willingness to accept the ASEAN way and organizational mechanism plays detrimental role in ASEAN's success in maintaining the Southeast Asia region peaceful. Presently when the global dynamics requires that ASEAN plays its role in a wider region, all ASEAN member states must share the burden to act responsibly befitting members global international organization.

This is not aimed to undermine Indonesia's engagement in ASEAN, but rather to continuously strengthen it. ASEAN is Indonesia's immediate neighbourhood, it is in Indonesia's vital interest that ASEAN is united, peaceful and stable. A more cohesive ASEAN is essential for projecting its role to Asia Pacific and global level.

ASEAN ability to come up with common positions in world affairs is essential to truly implement ASEAN centrality, which has been supported by all major powers. Inability to achieve common position may cause ASEAN to simply be a convenient meeting convener without the ability to lead the region.

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