

Cooperation amidst Distrust in Indonesia's Foreign Policy Behavior towards China: A Neoclassical Realist Approach

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Indonesia and China, throughout the years, have been able to balance their engagement between high perceptions of threat and a need for pragmatism to achieve specific goals. This pragmatism, however, is nuanced with degree of restraint from both parties. Especially from Indonesian side, the many veto players and check and balances within the system have restrained Jakarta from aligning too closely with China. The veto players also push Indonesia to aspire for policy diversification, despite pro and cons, instead of becoming too dependent on Chinese investment. This

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article explores the relationship between Indonesia and China from a neoclassical realist approach, investigating the impact of domestic politics on foreign policy. The article aims to generate some generalizations on patterns of relations between Indonesia and China. Featuring personal insights from high ranking officials, it seeks to highlight the divergence of elite perceptions with regard to the notion of a China threat. This inability by elites to reach a consensus acts as a further brake discouraging Indonesia from adopting more aggressive balancing behavior, which to a large extent supports Randall Schweller's theory of unanswered threat.

I. BACKGROUND

Indonesia and China have been able to cooperate amid distrust. Beijing and Jakarta throughout the years have been able to toggle between the high perceptions of threat and a need for pragmatism in their relationship to achieve specific goals. On March 19, 2016, tensions boiled over when China's coastguard intervened to prevent a Chinese fishing boat, *Kway Fey*, from being seized by the Maritime and Fisheries Monitoring Task Force for fishing within Indonesia's Exclusive Economic Zone (EEZ). When the boat was being towed towards the Natuna Islands, a Chinese coastguard vessel intervened to free the impounded Chinese fishing boat. Eight Chinese crew members remained detained by the Indonesian authorities. Both countries, however, adopted ambiguous positions in order to preserve a cordial relationship that currently exists between the two countries especially with Indonesia currently courting Chinese investment.¹ In the 1970s, after Sino-U.S. rapprochement, the Indonesian Ministry of Foreign Affairs (KEMLU) saw the merits of adopting a more constructive policy towards China. Such perspectives, however, were hindered by the Indonesian military that saw China as a latent threat. Despite overall negative sentiments against China, President Suharto decided to restore the relations between Jakarta and Beijing.² Following Suharto's resignation in May 1998, and despite frequent tensions, Indonesia and China both maintained strategic ambiguity to preserve status quo for pragmatic reasons.

In the context of international relations theory, the realist school's balance of power theory would predict that Indonesia's natural inclinations under such circumstances would be to adopt a balancing strategy toward China in the face of such a direct threat to its national interests. As explained by Kenneth Waltz, secondary states, with the assumption that they can exercise choice, are more likely to adopt balancing behavior or align themselves to similar secondary states against the threatening power.³ This is particularly true since President Joko Widodo (Jokowi)'s signature foreign policy doctrine has been to transform Indonesia into a *Poros Maritim Dunia* or Global Maritime Fulcrum (GMF) with one of the key pillars placing emphasis on a requirement to uphold sovereignty of its maritime borders.⁴ Other than balancing, another strategy regarded by International Relations theorists as a response by secondary states when faced with a rising power is bandwagoning or a policy of alignment to a stronger adversarial power.⁵ Applying such concepts to a Southeast Asian context, however, is not a straightforward proposition. There is a consensus among scholars that it is difficult to categorize countries in Southeast Asia as adopting one or another form of balancing or bandwagoning behavior.⁶ Hence, analyzing Southeast Asian dynamics requires a theory that can appreciate complexities of behavior exemplified by states in Southeast Asia. In this case, neoclassical realism seems to have great merit due to its ability to incorporate the influence of domestic factors in foreign policy analysis.⁷

Although the relationship between Indonesia and China is marked by pragmatism, it is also nuanced by a degree of restraint on the part of Indonesia due to the presence of many veto players. Particularly from the Indonesian side, following the collapse of Suharto's authoritarian regime in 1998, an infusion of new actors in policymaking circles has contributed to a plurality of views when responding to a certain issue. Such a situation has contributed to a more discursive process of pursuing national interests which engenders a mixed, sometimes contradictory policy signals when responding to an uncertain external environment, especially to actions initiated by a rising power such as China or for that matter the consequences of the U.S. rebalance or pivot to Asia. This

backdrop is crucial to comprehending disjointedness in Indonesia's practice of foreign policy. As explained by Randall Schweller, the presence of many veto players in the foreign policymaking process makes it harder for elites to reach consensus. When elites are unable to form a consensus on what constitutes threat, and then the appropriate balancing response, the prediction is that a state will underbalance by not responding to the threat, or do so in inefficient ways.⁸

This article explores the relationship between Indonesia and China with a focus on understanding the impact of competition amongst elites within the state to produce diverse and at times incoherent foreign policy signals. What explains Indonesia's ability to compartmentalize its threat perceptions and its foreign policy behavior?

II. COOPERATION AMID DISTRUST

Indonesia-China relations could be traced back to the 1950s. The relationship was cordial with common goals to advance non-alignment and advocacy for the interests of the developing world. Fears due to the growing prominence of revolutionary communism in the late 1950s however, complicated the relationship. Beijing was accused of interfering in Indonesia's domestic affairs, triggering a suspension in China-Indonesia diplomatic relations in 1967.⁹ In 1990, the diplomatic relations were restored. Despite the normalization of relations throughout the Suharto years, however, China was viewed as Indonesia's key external threat. Nonetheless, from President Sukarno to Jokowi, Indonesia and China have been able to put aside the negative attitudes, and work together to achieve a common goal. In order to make sense such contradictory relations between attitude and behavior, this article puts forward the neoclassical realism paradigm as its framework of analysis as it takes into account the influence of domestic political factors in its foreign policy analysis.¹⁰

During Suharto's New Order government the authority to pursue a specific foreign policy option rested exclusively with the president and his closest aides.¹¹ Even after the transition to

democracy, however, an Indonesian president continues to have a prominent role in determining the overall direction of foreign policy. Four constitutional amendments ensured Indonesia's evolution from quasi-presidentialism to full presidentialism in 2004 when for the first time, the president was popularly elected. Nevertheless, the constitutional design endows a president with legislative powers and in many instances the authority to issue decrees. These powers make the president a central player in the law-making process. For instance, more often than not during Yudhoyono's administration, he had a penchant for directing the Ministry of Foreign Affairs without reference to any form of institutionalized consultation.¹² Yet the constitutional reforms have created a domestic balance of power environment now that the Indonesian Parliament (DPR, Dewan Perwakilan Rakyat) has significant powers and no longer functions as a rubber stamp legislature. The amendments made to the Constitution granted the House powers of oversight, to amend the budget, and to provide approval for various executive positions. For example, in 2007, the Defence Cooperation Agreement (DCA) between Indonesia and Singapore collapsed due to an unwillingness of the DPR to ratify the agreement.¹³ In 2007, members of the DPR issued a right of interpellation forcing the Indonesian government to switch their position from one that initially supported UNSC Resolution No. 1747 to impose sanctions against the Iran nuclear program.¹⁴

Many other actors (e.g. Government Ministries, civilian agencies, and civil society organizations) were also empowered and often take different positions from that adopted by the President. For instance, in 2013, President Yudhoyono overruled his Foreign Minister Marty Natalegawa by issuing a formal apology to neighboring countries affected by an air pollution crisis due to forest fires emanating from Indonesia a day after Natalegawa stated that the Indonesian government would not issue any apology for Haze.¹⁵

Pre-Reformasi Indonesia and China Relations

Leadership ambitions and common national interests have often become the main driver of the relationship between Indonesia and China. The main approach towards China is to preserve the

status quo, which is close relations with Beijing while maintaining credibility as a regional leader in Southeast Asia. To achieve such contradictory goals, Indonesia has employed a series of strategies towards China with regard to Natuna that combines diplomacy, transmigration, the involvement of foreign companies in the extraction of liquefied natural gas (LNG), and a limited military build-up in and around the islands.¹⁶ In the early 1960s, despite Army Commander General Ahmad Yani's 1965 declaration that China as the main threat to Indonesia, Beijing-Jakarta relations under President Sukarno grew closer. This was because Sukarno's global ambition against neo-colonialism stumbled in the midst of a Moscow-Washington détente and relations with Beijing gave certain benefits as China became the prime diplomatic backer supporting Sukarno's ambitions.¹⁷

In 1990, the normalization of relations with China was not followed by the shift of attitudes, namely, perceiving China as the key external threat. This was primarily due to lingering questions regarding to the status of Exclusive Economic Zone (EEZ) around Natuna Islands. The Natuna Islands are situated about 700 nautical miles north of Jakarta and constitute a chain of roughly three hundred resource rich small islands and atolls spread between the east coast of Malaysia and northern Borneo.¹⁸ In 1947, China published a map with its claims to the South China Sea (SCS) using a dashed line that since the promulgation of the 1992 UNCLOS overlaps with the EEZ waters near the Natuna Islands.¹⁹ On the diplomatic front, Indonesia has sought clarification, but China's response was ambiguous and vague. Foreign Minister, Ali Alatas, had first made an informal query about the map and followed up by issuing a formal diplomatic note to China in April 1995 to inquire the legal basis of the Chinese maritime claim to the waters north of Natuna Island.²⁰ It was only after a meeting in 1995 that both countries reached consensus on remaining divergence over disputed territories.

Alatas had always taken the view that the nine-dash map was merely illustrative and could not be considered a real map as it lacked coordinates and other illustrative features. China's Foreign Ministry spokesperson Chen Jian in June 1995 had wanted to

undermine Alatas's attempts to ignore China's historic claims by stressing that Indonesia and China had no dispute over the ownership of Natuna Islands but wanted to discuss demarcating their common border area. Alatas though contended that China's distance from Indonesia meant that there was no common border. Furthermore, Alatas was confident that UNCLOS' definition of what constitutes an archipelago signified that China as a continental power was not permitted to draw baselines around the Nansha Islands.²¹ Nevertheless, the sea border line was not clearly defined between the Nansha Islands and the surrounding areas, which added further ambiguity over whether it overlapped with Natuna's EEZ.²² Kemlu's current strategy of ignoring China's claims has its origins in foreign policy decision-making of that era.

After China passed a Territorial Law on the sea claiming sovereignty over the SCS in 1992 followed by an assertion of its right to use military force to prevent any violation of sovereignty by foreign warships and research vessels²³ Indonesia responded by announcing that it would increase its military presence over the local economy in the Natunas. Indonesia purchased 39 second-hand naval vessels from the former East German Navy in 1993 and purchased two German Type-209 diesel submarines.²⁴ In addition, Indonesia also purchased 24 ground Hawk jet fighters from the United Kingdom.²⁵ According to General Feisal Tanjung, the Armed Forces Commander, the Hawk aircraft was purposefully purchased to protect the Natuna region.²⁶ In 1995, high profile Indonesian elites such as Hashim Djalal, KEMLU's international law of the sea expert stated that conflicts with China over the EEZ surrounding the Natuna Islands were a possibility.²⁷ Then in 1996 Indonesia conducted what was then regarded as its largest ever combined military exercise in the Natuna Islands involving 19,000 troops, 50 naval vessels, and 41 fighter jets.²⁸

Whilst strengthening its grip in Natuna, Indonesia invited regional players such as United States and Japan to invest in Natuna to bolster and deepen Indonesia's economic hold on the Natuna region. In January 1995, Indonesia signed an agreement, worth an estimated US\$40 billion, with the US firm Exxon Corporation for rights to the largest Natuna gas block.²⁹ Anxiety towards China

was also exacerbated by increasing anti-Chinese sentiment that was used as part of the government's propaganda campaign to cement aggressive nationalism, and may have been a contributing factor to anti-Chinese riots in 1998 at various cities in Indonesia.³⁰

Despite such posturing against China, Jakarta and Beijing kept their diplomatic relations close. Indonesia had China's support for its bid to be the chairman of Non-Aligned Movement (NAM), later acquired by Indonesia in 1992. Despite huge domestic anti-Indonesia sentiment at home, China had shown unwavering willingness to continue a constructive bilateral relationship, and helped Indonesia cope with the impact of the financial crisis. In the wake of 1998 anti-Chinese riots, Beijing took a low profile approach and restrained itself from criticizing Indonesia, asserting that anti-Chinese incidents in Indonesia were Jakarta's internal affair. In August 1998, China agreed to sell 50,000 tons of rice to Indonesia and provided a US\$ 3 million grant for medicine. China also participated in the International Monetary Fund's (IMF) rescue plans, and importantly agreed not to devalue the yuan which would have had a detrimental impact on Indonesian exports.³¹

Sino-Indonesia Relations after Reformasi

In a post-*Reformasi* setting, Indonesia continues to adopt a range of strategies towards China. An interview with a high ranking diplomat working in the Coordinating Ministry of Maritime Affairs in 2017 revealed that Indonesia remained conscious over China's increasing assertiveness, and its possible repercussions in Natuna's EEZ. Although the diplomat stressed that Indonesia will continue to build credible deterrence in Natuna, he went on to reiterate that it will not do so to the extent of confronting China.³² Such an approach not only highlights a continuity of engagement despite growing domestic concerns that China remained a latent threat, but was also a testament to the pragmatism evident in the relationship between the two countries. In 2005, President Yudhoyono and President Hu Jintao signed a joint declaration for a "strategic partnership" demonstrating the priority Indonesia placed in developing its relationship with China.³³ Regarding military relations, both countries have engaged in joint training since the

2000.³⁴ One of the important milestones was the establishment of the Defense Consultation Forum in 2007 and defense industrial cooperation in 2011 that would lead to more intense and various forms of high-level meetings between Chinese and Indonesian military officials.³⁵

Despite China's generous helping hand in the aftermath of 1998 Asian Financial Crisis, Indonesia still remains cautious, as it gauges Beijing's intentions following its increasing assertiveness in South China Sea. In June 2009, the Indonesian Navy detained eight Chinese boats and 75 fishermen for fishing illegally in the Natuna EEZ. Beijing reacted strongly demanding their immediate return.³⁶ After reconciliatory bilateral talks, while still processing 16 fishermen through its domestic legal structures, Indonesia released 59 fishermen. Indonesia pursued such conciliatory gestures in order to not upset China, considering that both countries are pursuing a strategic partnership agreement.³⁷ Incidents occurred in the Natuna area on May 15, 2010 and on June 23, 2010, where an Indonesian patrol boat from the Ministry of Maritime Affairs and Fisheries was forced by China's maritime law enforcement (MLE) to release a Chinese fishing vessel after it was caught fishing illegally in Indonesia's EEZ near the Natuna Islands.³⁸ This triggered a response from then Armed Forces Commander, General Agus Suhartono, emphasizing that "our[Indonesia's] defence strategy... is preventing foreign encroachment on our EEZ," which was perceived as a reference to China.³⁹ This state of vigilance only became more acute after another incident occurred in June 2013, when the *Yuzheng 310*, China's MLE, confronted an Indonesian patrol vessel *Hiu Macan* 001 of the Ministry of Maritime Affairs and Fisheries that had detained nine illegal Chinese fishermen. The Chinese vessel was able to reverse what Indonesia deemed as a law enforcement action by threatening the use of force.⁴⁰ These negative acts notwithstanding need to be juxtaposed against a wide range of positive diplomatic initiatives embarked upon by both states.

In 2013, Jakarta and Beijing signed a Comprehensive Strategic Partnership covering various sectors from education to security cooperation.⁴¹ Several important related events here need to be underlined, namely, in 2013, President Xi Jinping was the first

foreign leader to address the Indonesian parliament. Additionally, Jakarta was chosen as the first official destination during his Southeast Asian tour, and it was on this occasion that China unveiled its plan “to develop maritime partnership in a joint effort to build the Maritime Silk Road of the 21st century”.⁴² President Xi’s speech was fraught with symbolism signifying China’s recognition of Indonesia’s importance as a vital partner in its efforts to implement the Maritime Silk Road initiative.⁴³ Following this gesture, as a sign of a good intent, Yudhoyono also issued a Presidential Decree on March 12, 2014, effectively nullifying a 1967 Cabinet Presidium Circular thereby replacing the pejorative term *Tjina*⁴⁴ with *Tionghoa* or *Tionggok*.⁴⁵

III. THE LIMITS OF PRAGMATISM: VETO PLAYERS IN INDONESIA-CHINA’S RELATIONS

With the election of Jokowi in 2014, China has gained new momentum in the bilateral relationship. In comparison to Susilo Bambang Yudhoyono, who exercised a great caution in building a deeper relationship to preserve a semblance of strategic distance with an emerging power – Jokowi adopted a more pragmatic stance preferring a deeper relationship with countries able to provide economic benefits.⁴⁶ This has widened the scope of opportunity for both countries to deepen their relations. China’s growing interest in Indonesia is becoming evident from the intense frequency of high-level engagements since the early days of Jokowi’s presidency. Having seen opportunities to connect the concept of China’s 21st Century Maritime Silk Route (MSR) and Indonesia’s GMF (both seen as maritime initiatives), Jokowi and Xi during the Asia-Pacific Economic Cooperation (APEC) meeting in Beijing in November 2015 declared their interest to deepen the bilateral relationship.⁴⁷ Furthermore, during the 60th Asian African Conference (AAC) Commemoration, President Xi Jinping declared China’s commitment to participate in massive infrastructure development projects in Indonesia. On Indonesia’s part, Jokowi has also openly endorsed the Asian Infrastructure Investment Bank (AIIB) initiative.⁴⁸

Despite the close relations between China and Indonesia owing to Jokowi's desire to court investment from China, the state of the bilateral relationship has been criticized and compromised by many veto players in Indonesia. This has resulted in a two-tracked foreign policy to China: 1) a policy of diversification, and 2) an emphasis on pragmatic and short-term projects instead of long-term investments.

Veto Players in Indonesia

Indonesia's democratization process has created multiple competing actors and interest groups meaning there are more veto players in its foreign policymaking processes. Schweller predicts that democracies are particularly slow in responding to threats due to many "veto players" in the foreign policymaking process, whose agreement is necessary to change the status quo.⁴⁹ During Jokowi's presidency particularly, he is struggled to navigate a political system dominated by party oligarchs and the military. Even Jokowi's own party, the Indonesian Democratic Party – Struggle (PDI-P), has managed to constrict his room for maneuver, and this was evident in the selection of candidates for ministerial posts in his first Cabinet. Jokowi's astute political maneuverings have got him into a position where he has gradually gained the support and trust of public as he battles entrenched interests and power of the oligarchic status quo.⁵⁰ Nevertheless, a lack of elite cohesion and a contentious political environment has had its impact on national interest and has become increasingly evident. One glaring example is evident in the discursive processes conceptualizing the GMF, a concept crafted without substantial deliberation with relevant ministries and announced without clear guidelines and a workable definition resulting in each ministry adopting its own interpretations when translating the concept into concrete action.⁵¹

Presently, it is estimated that Indonesia needs around US\$450 billion to realize its infrastructure development plan, consisting of building roads, railways, ports and power plants.⁵² Indonesia is relying on investors and state-owned companies to fund 70% of its infrastructure needs. Thus far, Indonesia expects to fund a third of that from the China-led AIIB.⁵³ This signifies the importance of the AIIB in terms of funding the project under the GMF.⁵⁴

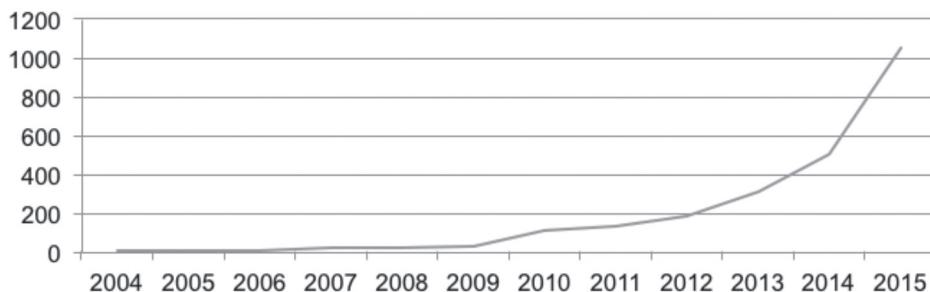


Figure 1: Number of realized Chinese projects in Indonesia between 2004 and 2015⁵⁵

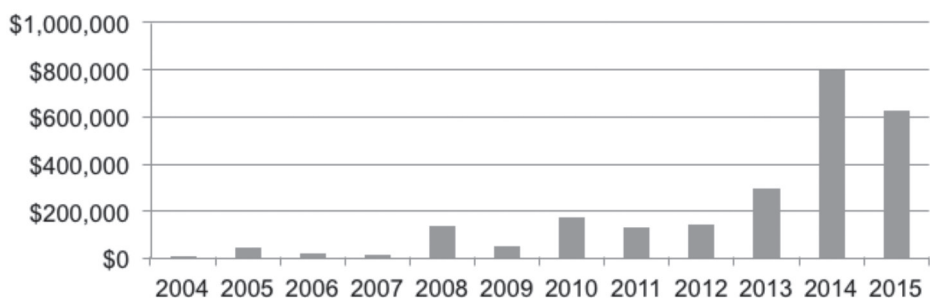


Figure 2: Value of realized Chinese investment in Indonesia (1000 USD) between 2004 and 2015⁵⁶

Investment relations between Indonesia and China have skyrocketed significantly in the last decade. Based on the above Figure 1 from the Indonesian Investment Coordinating Board (BKMP, Badan Koordinasi Penanaman Modal), the number of realized Chinese projects in Indonesia rose from 11 in 2004 to 1,052 in 2005. As evident in Figure 2, the value of Chinese investment also increased around 56 times to US\$ 628,337,300 in 2015. Thanks to the signing of the strategic partnership in 2005, China's investment in Indonesia since 2010 has grown steadily with an exponential increase between 2014 and 2015, arguably after the signing of Comprehensive Partnership in 2013 and the election of Jokowi in 2014.

Public reaction to Jokowi's dependence on China for his many projects is mixed. Many observers and foreign policy scholars have also forewarned Jokowi of the peril of his dependence on Chinese investment primarily because China's track record on infrastructure

projects in Indonesia is varied.⁵⁷ Major opposition in Indonesia to accepting China's development assistance was due to negative reports regarding the quality of Chinese infrastructure projects in Indonesia. For example the 10,000 MW electricity project from the Yudhoyono era was criticised because 90% of the tender was taken up by Chinese contractors with complaints ranging from the low quality of Chinese equipment, to unqualified Chinese contractors, and poor service with respect to maintenance, coupled by delays in completion.⁵⁸

Jokowi thus far seems willing to ignore anti-China sentiment in order to boost infrastructure realization in his quest to secure a second term of office in 2019. During a visit to Hangzhou on September 2, 2016, Jokowi did not raise any issues regarding Natuna or the South China Sea, and stressed that "the partnership between Indonesia and China should be able to contribute to world peace and prosperity."⁵⁹ Here again, of paramount importance is the need to cooperate with Beijing to ensure economic targets are met for the purposes of winning the 2019 presidential election. Nevertheless, criticism from many veto players acts as a brake on the breadth and scope of the relationship that the two countries would like to pursue. Some of the veto players have longstanding relationships with China's international rivals. For instance, after favouring China over Japan, in the contest over who would win the contract for the Jakarta – Bandung high-speed railway project, to balance the ledger and diversify investment relations, on March 2017, Jakarta decided to select Japan as its partner for the revitalization of the railway line connecting Jakarta and Surabaya, East Java.⁶⁰

Another example of huge investment conducted by China in Indonesia is the power plant investment project that amounted to more than US\$ 17 billion. The project was led by State Power Investment Corporation and China's Anhui Conch Cement Company Limited. This by far is the largest power project ever conducted in Indonesia which is targeted to produce 7,000 MW of power from hydropower plants in Borneo.⁶¹ In January 2016, it was reported in *Tempo* magazine that the Indonesian State Electricity Company (PLN) had set up a tender suspected to have favored

Chinese companies. PLN created conditionality that in reality could only be fulfilled by Chinese Consortiums, for example, prospective candidates would have to provide a 10% performance bond which was estimated at 615 trillion IDR (or approximately 47.5 billion USD), 2% cash collateral, 10% of the investment value, and would be constrained by a very short deadline. According to a *Tempo* investigation, these excessively stringent conditions were designated to eliminate competition apart from Chinese consortiums.⁶² Chinese investors had signed an agreement to build a 17,000 MW power generation project out of the 35,000 MW target set by the Indonesian government. Many observers, including Jarman, the Director General of Electricity at Energy Ministry, and PLN board of commissioners led by Kuntoro Mangkusubroto, have warned that the project must not be dominated by technology derived from just one or two countries, yet the PLN CEO Sofyan Basir insisted that cooperating with China Consortiums was more profitable. Basir further explained that the project was pragmatic and short-term in nature.⁶³

IV. MULTI-FACETED PERSPECTIVES OF THE CHINA THREAT THESIS: DIVERGING OF VIEWS AMONG INDONESIAN ELITES

As highlighted in the previous section, a lack of elite cohesion makes it difficult to comprehend what constitutes national interest. Different elite perspectives reflect competition over authority and jurisdictional overlaps. This is often the consequence of disagreements over the nature of external threats and disparate policy prescriptions. As noted by Schweller, elite consensus is important in determining several issues: 1) how a problem is perceived, 2) nature of the problem, and 3) how to approach a problem. Elite cohesion to some extent determines the order of threat hierarchies and the ability to prescribe a coherent and effective strategy when responding to the threat.⁶⁴

The foreign policy debacles that ensued with China in March and June 2016 over China coast guards' activity in Indonesia claimed sovereign territory, namely its Natuna EEZ, were not resisted robustly.⁶⁵ Nevertheless, some elites like the Minister of Marine

Resources and Fisheries Susi Pudjiastuti expressed her disapproval of China's action in intercepting Indonesia's efforts at policing its claimed territory requesting that China return the trawler that it wanted to tow back to be sunk in Indonesian waters.⁶⁶ Conversely, despite a strongly worded statement on the incident, KEMLU has been wary of any efforts at militarizing the dispute as it will compromise longstanding diplomatic efforts to encourage China to accept multilateral approaches to confidence building measures in the South China Sea.⁶⁷ Indonesia's then finance minister Bambang Brodjonegoro also reiterated that “[b]oth the president of China and Indonesia are very close ... In terms of the South China Sea we don't have any issue.”⁶⁸ President Jokowi thus far has also not made a very strong public statement when responding to China's activities in Natuna EEZ, which mirrors a similar approach adopted by presidents Sukarno and Suharto who decided not to balance against Beijing despite domestic perceptions of a growing China threat.

Four Facets of China's Threat

Bureaucratic politics among President Jokowi's key ministers combined with his desire for Chinese investment in infrastructure projects have led to competing interests and views over China policy. Similarly with respect to threat perceptions, there are at least four facets to the China threat perspective implicitly held by the elite:⁶⁹ first, China poses an imagined threat to Indonesia's sovereignty. As explained by Scwheller, the threat is “imagined” when “the threat is real to the perceiver but not supported by an objective reading of the available evidence.”⁷⁰ Some sections of the Indonesian army still harbor suspicion over the threat of China's communist ideology. A recent surge of public anxiety about the spread of communism ideology at the height of Jokowi's attempt at courting Chinese investment is evidence of underlying anxiety in Indonesia over communist ideology.⁷¹

On the maritime front, China's nine-dash line potentially overlaps with the Natuna EEZ. This unease is, for the time being, a supposition as the existence of a sovereignty dispute between Indonesia and China is subject to further definition of what

constitutes China's nine-dash line map. There will be a border conflict between Indonesia and China under the scenario that China's nine-dash line is defined in a way that overlaps with Indonesia's EEZ. Thus far, no explanation on the function of the nine-dash line has been forthcoming, whether China claims it functions as its exclusive economic zone, continental shelf or any other unspecified reason. If for example, the nine-dash line serves to mark China's ownership of the islands inside the nine-dash line, Indonesia still has no dispute with China because Indonesia does not claim any island or features in the South China Sea (or inside the nine-dash line).⁷² Nonetheless, it has recognized the potential of a maritime boundary dispute with China.⁷³

Second, China's increasing use of fishing militias in the South China Sea is often in conflict with Indonesia's efforts to protect its marine resources. China has increasingly used its irregular forces called maritime militia to substantiate its claims in the South China Sea.⁷⁴ In recent years, these militia units have caused skirmishes in international waters, and that includes the previously mentioned March and June 2016 incidents with Indonesian maritime patrol vessels. Third, Indonesian policymakers are concerned with what they perceive as China's frequent disregard for international law in South China Sea. For example, the Permanent Court of Arbitration (PCA) rulings released in July 2016 stated that "China had violated the Philippines' sovereign rights."⁷⁵ Beijing though has rejected this decision.⁷⁶ Lastly, Indonesia is also concerned that China's actions in the South China Sea has become a source of division within ASEAN which undermines the cohesiveness of the regional grouping.

Clashes among Elites: Facing the Threat vs. Institutional Interest

Differing perceptions over the nature of security challenges contributes to discord with regard to policy priorities, whether to focus on security challenges that are on the horizon or to focus on immediate concerns like the need to court investment from China. Institutional differences between KEMLU and the Indonesian military are a good example. KEMLU would prefer to

downplay potential tensions with China when responding to an increasingly assertive China while the Indonesian military adopts a more aggressive approach by planning to reinforce its military deployments on Natuna islands.⁷⁷ In November 2015, Luhut Pandjaitan, the Coordinating Minister of Political, Legal, and Security Affairs, and close confidant of the President Jokowi also made statements that Indonesia would bring China to International Court of Justice if the maritime dispute with China could not be resolved through dialogue.⁷⁸ The spokesperson of the Foreign Ministry though refuted this statement by once again stressing KEMLU's longstanding position – that there is no territorial dispute between Indonesia and China.⁷⁹

Similarly, in April 2014, then Armed Forces Commander General Moeldoko wrote a Commentary in *The Wall Street Journal* revealing a stronger position on the South China Sea without consulting with President Yudhoyono and Foreign Minister Natalegawa.⁸⁰ Moeldoko's approach contradicted KEMLU's efforts to downplay the potential dispute. This divergence of perspectives has allowed Indonesia to preserve its status quo position and avoid adopting a stance that will allow it to directly confront China. For example, Indonesia's response to the PCA rulings was underwhelming.⁸¹ Despite domestic pressure for Jakarta to take advantage of the opportunity and shape an ASEAN consensus to pressure China to adopt the rulings, Jakarta decided not to pursue any action.⁸² As a result, ASEAN has not issued any statements making mention of the ruling nor has it called for compliance by concerned parties.⁸³

Perceptions over risks are also largely shaped by the personality and political capital of an individual elite. For example, Jokowi's pragmatic and accommodating nature shaped by Javanese culture influences Jakarta's attitude towards Beijing. Minister Susi, having a more direct personality style, cancelled the Memorandum of Understanding between Indonesia and China to purchase 1,000 *Super Purse Siene* ships that had been signed two weeks before she assumed office. Despite criticism from various quarters, including some politicians, and the possibility of upsetting diplomatic relations with China, Minister Susi carried her decision stating

that the policy was in opposition to principles and policies that her administration introduced, as the cargo-carrying capacity of the ships reached beyond 1000 gross tonnage and the ships were deemed to potentially have a detrimental impact on the marine environment.⁸⁴ In this context, there is a need to factor in the role of personality in Indonesian elite decision-making. However, while impactful, it may be is short-lived in nature in shaping the bilateral relationship.

V. BRAVADO AND RED LINE: PRESERVING STATUS QUO AMID THE SHIFTING REGIONAL GEOPOLITICS

No Javanese president can afford to be seen as weak in front of his domestic population and be seen as bowing down to China. In Javanese culture, a president, a father, departmental head or a village chief is an embodiment of the groups or institutions they stand for, and therefore it is impossible to separate the person from the group he represents. Their reputation acts as a shield safeguarding the unity of the community. However, Jokowi requires significant support from China to realize many of his ambitious projects. In order to reconcile such conflicting goals, Jokowi employs a mix of strategies, involving elements of bravado to appease his domestic population base coupled with policies to reassure China that Indonesia is still a worthy partner.

After the June 17, 2016 standoff between the Indonesian Navy ship, *KRI Imam Bonjol-383* and the Chinese Coastguard vessel after impounding the Chinese flagged illegal fishing trawler *Han Tan Cou 19038*, together with its seven crew members,⁸⁵ Jokowi on June 23, 2016 utilised a media-catching diplomatic gesture by paying a visit to Natuna accompanied by several ministers and held a meeting on board the *KRI Imam Bonjol-383* in the disputed maritime area. Following the meeting, the Indonesian military formulated plans to reinforce its military deployments on the Natuna islands.⁸⁶ On October 3, 2016, the Indonesia's Air Force held its largest military exercise near some of its islands in the South China Sea, in a show of force to emphasize its ability to protect its sovereignty over the gas-rich area of Natuna.⁸⁷ This action

garnered Jokowi a significant domestic profile with the Indonesian public commending him for making such a bold gesture against China.⁸⁸ These maneuvers appeared to have worked in helping boost public confidence in Jokowi's maritime sovereignty agenda evident in a 2016 national survey conducted by Center of Strategic and International Studies (CSIS) Indonesia released on September 13, 2016. According to the survey, 73.6 percent of the population surveyed endorsed the Administration's strong will to strengthen Indonesia's maritime defence with 69 percent perceiving Jokowi's actions as indicating his commitment to bolstering Indonesia's role in the region as a maritime power.⁸⁹

Despite a symbolically firm stance, the visit to Natuna was accompanied by a series of clarifications from various quarters, such as a reassertion by Jokowi that Indonesia is still hoping to build a strong diplomatic relationship. Minister Luhut also provided a reassuring statement emphasizing that there were no hostile intentions against China.⁹⁰ Foreign Minister Retno Marsudi even went on to say that the military exercise was part of regular training by the Air Force and there was no intention to confront China nor convey an impression that Indonesia was embarking on a military buildup in Natuna.⁹¹ The consistent pattern of clarifications had shown that Indonesia's military build-up and attempts at muscle flexing were not designed at confronting China and did not qualify as a balancing move. Yet Indonesia was putting forth a brave face -- a signaling move to achieve two purposes: first, to reassure its domestic populace that the establishment did not bow down to any foreign party; and second, to reassert Indonesia's strategic distance vis-à-vis China.

The issue of Red Line

While the approach adopted by Indonesian elites betrays a lack of consensus on the existence of a territorial dispute with China, and whether it should adopt a leadership role in shaping an ASEAN consensus against China, they are confronted by new possibilities of conflict. As the security environment in the region is dominated by many flash points, Indonesia is concerned about the issue of strategic autonomy. ASEAN members are no longer able to reach a

consensus on the South China Sea dispute, as previously illustrated through the regional groupings failure to devise a joint *communiqué* in 2012. Moreover, Indonesia also has to react to new claims like the assertion made by Foreign Ministry Spokesperson Hua Chunying on June 19, 2016 that Natuna's EEZ is located in China's 'traditional fishing grounds.'⁹² This has become a new source of tension, as Chinese fishermen take their cue from such statements that the area is within China's nine-dash line territory. The dilemma is that if Indonesia neither protests nor impounds these Chinese fishing vessels then it means tacit Indonesian acknowledgment of China's nine-dash line claims; nevertheless, if Indonesia reacts strongly, it contradicts its strategy of denying that a territorial dispute exists. Likewise KEMLU encourages other agencies not to react strongly beyond this denial, and the ministry continues to deny claims made by China that the disputed waters are part of their 'traditional fishing ground'.⁹³ This also begs the question whether a 'red line' exists that unites the diverse positions held by Indonesian elites and under what conditions Indonesian elites will be forced into a position where they seek to adopt a balancing strategy against China.

History has provided examples of conditions where Indonesia was inclined to react strongly against China: first, when there is a sign of domestic interference. In 1967, just after Soeharto became President replacing Sukarno, Indonesia suspended diplomatic relations with China due to Beijing's alleged involvement in the 1965 Gestapu Affair, an abortive coup attempt carried out by elements of the Indonesian Communist Party (PKI). Many quarters in Indonesia, particularly the Indonesian military, interpreted the event as an attempt by Beijing to turn Indonesia into a communist client state.⁹⁴ After restoring the bilateral relationship, the Indonesian military remained sensitive to any actions deemed as interfering in its domestic affairs. For example, after Chinese Foreign Ministry issued a statement criticizing an incident that occurred in the April 1994 Medan riots targeting ethnic Chinese shops and businesses, this statement received a strong response from Indonesian officials.⁹⁵ Second, it was under such a situation when elites are cohesive and able to reach consensus on the nature of China's threatening

behavior evident in Indonesia's response to escalating tensions in the Natuna region and worried over China's intentions decided on the December 18, 1995 to go against its non-aligned stance by seeking to upgrade its defense relationship with Australia through the signing of the Agreement on Maintaining Security (AMS).⁹⁶ Indonesia denied that the nature of such agreement was a military pact, but some analysts had noted that China's assertiveness in South China Sea was the primary motivating factor in the signing of the AMS.⁹⁷ The AMS was terminated in 1999, as a reaction to Australia's involvement in the internationally sanctioned East Timor intervention.⁹⁸ Nevertheless such actions are an example of how Indonesia solicits help from external parties to enhance deterrence against China, enabled by shared perceptions among elites that China is a threat.

CONCLUSION

Jakarta's ability to insulate its negative attitude towards Beijing and work cooperatively to achieve common goals is a testament of the pragmatic relationship that exists between Indonesia and China. The above explanations are evidence that Indonesia does not purely adopt balancing or bandwagoning strategies. On the one hand, after the normalization of its relations in 1990, although there are times that Indonesia adopts the view of China being a threat, it had yet to take stronger actions to the extent of forming an alliance with other external powers to gain leverage or embark on a dedicated internal military build-up against Beijing. However, on the other hand, Indonesia is also able to maintain its strategic autonomy and position itself in opposition to China, which also means that it refrains from adopting a bandwagoning strategy, as it traditionally involved submission to superior power. Indonesia has adopted a mix of strategies towards China to achieve more often than not conflicting goals – and the benefits range from economic and diplomatic support to preserving its status as a neutral honest broker.

Domestic level variables such as leadership goals, political cohesion, and state structure play an important role influencing

Indonesian foreign policy choices. Our research would support the work undertaken by Neoclassical realist scholars like Gideon Rose, Thomas Christensen, William Wohlforth, and Randall Schweller who sought to explain state behavior by making reference to independent variables that are located at the unit level of analysis. In the case under investigation, Indonesian policymakers do not only view external factors or distribution of power among states as key decision making variables. A greater emphasis on domestic unit analysis such as institutional interest, leaders' personality, and individual interest has also proven influential in shaping the direction of Indonesia-China relations. Indonesian elites more often than not have differing views over the nature and extent of the threat posed by China. This stems from discrepancies when deciding on how imminent or grave the risk is, and takes into consideration whether recognizing Beijing as a threat will create a backlash against institutional interests.

The Beijing-Jakarta relationship is still fraught with ambiguity due to historical baggage and cannot be taken for granted. A diversity of actors within Indonesia's state system has led to diversity of opinions and a sense of pragmatism forces Jakarta to be persistent in engaging Beijing, where it derives a variety of political benefits. This engagement is, however, pursued with caution. The many veto players operating in the country's complex domestic policy environment requires Indonesia to adopt a policy of diversification, rather than becoming overtly dependent on China's support. This is due to three reasons: 1) lingering fear over Chinese's intervention, primarily harbored by the Indonesian military relating to the 1965 abortive coup where Communist Party of China was presumed to have role; 2) looming tensions with China in the security sphere in South China Sea, and 3) expectations from regional countries for Indonesia to preserve strategic autonomy and play a neutral role as an honest broker. Anti-China sentiments at home are also simmering due to various reasons, ranging from persistence of public anxiety towards the expansion of communist ideology in Indonesia; the nature of *pribumi*-ethnic Chinese relations; and to the continuous anti-foreign intervention propaganda campaigns launched by the Indonesian military.

As perspectives on China as a potential threat are still prevalent, the above factors can play out within various constituencies in the context of maritime dispute and add fuel to the fire. It does not mean the relationship between Beijing and Jakarta cannot be improved. Both parties have proven to be able to compartmentalize between negative attitudes and behavior, and see the relationship in a more pragmatic light for profit. The relationship can be further deepened by accumulating greater knowledge and understanding, namely deepening expertise on Indonesia in Chinese academic institutions and think-tanks and vice-versa, in order to promote mutual understanding. Japan has invested significantly in successfully developing local expertise on Indonesia and consequently is able to craft a strong and sustainable interdependence between the two countries. With its wealth of resources, China should be in a better position to do more to improve its relationship with Indonesia.

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