

VARIATIONS ON A THEME:

DIMENSIONS OF AMBIVALENCE IN INDONESIA-CHINA RELATIONS



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When Indonesia signed a Strategic Partnership with China in 2005, many believed that it was finally moving away from its historically strong ties with the United States and straight into Beijing's arms. The growth in military-to-military ties that followed, coupled with an incredible expansion in economic ties, seemed to vindicate this argument. Following the implementation of the China-ASEAN Free Trade Agreement in 2010, China even became Indonesia's largest trading partner. This development is remarkable considering that Indonesia did not resume formal diplomatic ties with China until 1990. Is it finally joining the Chinese bandwagon?

Upon taking a closer look at the evolution in bilateral relations, however, the answer to this question is not so straightforward. Indeed, the picture of Indonesia's policy towards China is not a simple question of hedging, balancing, bandwagoning, or some variation of the three - though many analyses of Southeast Asian responses to "China's rise" focus on these specific strategies.¹ This article

¹ See Evelyn Goh, "Meeting the China Challenge: The U.S. in Southeast Asian Regional Security Strategies," *Policy Studies*

argues that, when located within the broader evolution of Indonesia-China relations, Jakarta's policy towards China is characterized by persistent ambivalence. Scholars have made this argument before.² But they seldom break down the components or dimensions of that ambivalence and explore the rationale behind it.

This article aims to explain the ambivalence in Indonesia-China relations by assessing its four main dimensions: domestic politics, economics, strategic security, and foreign policy. Each of these dimensions is shaped by deeply entrenched sentiments and perceptions of China that pervade both the wider public and the elite in Indonesia. They are influenced by a long history of mutual interaction, the place of ethnic Indonesian Chinese in

16 (2005); Denny Roy, "Southeast Asia and China: Balancing or Bandwagoning?" *Contemporary Southeast Asia* 27, no. 2 (2005): 305-322.

² See for example Rizal Sukma, "Indonesia's Response to the Rise of China: Growing Comfort Amid Uncertainties." In *The Rise of China: Responses from Southeast Asia and Japan*, edited by Jun Tsunekawa (Tokyo: The National Institute for Defense Studies, 2009): 139.

Indonesian society, and China's geographic proximity. One could argue that the Indonesian elite believes that China is gigantic, arrogant, and expansionist - which would explain why the vast majority (78 percent)³ are concerned about the future implications of China's ascendancy. On the other hand, perceptions of China among the wider public are shaped by views of Indonesia's ethnic Chinese as the "other" - a separate "race" with a different religion and special economic privileges, unwilling to change and only concerned with its own well-being.

As such, Indonesia's perception of China is often the projection of its image of domestic ethnic Chinese, a situation compounded by a lack of knowledge about China. While these images may not necessarily be realistic, they still influence how Jakarta engages Beijing. Indeed, one scholar has argued that such perceptions, both within the elite and among the wider public, serve as the most important factor in determining how Indonesia formulates and implements its China policy.⁴

THE DOMESTIC POLITICAL DIMENSION

In domestic politics, ambivalence in Indonesia-China relations initially centered on three factors: The spread of Communism, the role of the Indonesian Communist Party (PKI), and the loyalty of the small but economically powerful Indonesian Chinese. As a result, China has traditionally been viewed as a threat to Indonesia's domestic political stability and national security. This argument prevailed for much of the first four decades of bilateral relations after 1950, which included a period of "frozen" diplomatic relations from 1967 to 1990. China's rise in the 1990s and the advent of democratization in Indonesia in 1998 changed, but did not fundamentally overhaul, this domestic threat perception.

For the first two decades of bilateral relations,

³ Daniel Novotny, *Torn Between America and China: Elite Perceptions and Indonesian Foreign Policy* (Singapore: Institute of Southeast Asian Studies, 2010): 181, 281.

⁴ Rizal Sukma, "Indonesia's Perceptions of China: The Domestic Bases of Persistent Ambiguity." In *The China Threat: Perceptions, Myths, Reality*, edited by Herbert Yee and Ian J. Storey. (London: Routledge, 2002): 138.

Jakarta's ambivalence vis-à-vis China stemmed from two countervailing issues. On the one hand, Jakarta was a newborn state in need of Beijing's support to secure international legitimacy. On the other hand, Jakarta was concerned by Beijing's support for the PKI, and by its potential influence over Indonesian Chinese. These concerns seemed vindicated by numerous incidents in the 1950s where Beijing sought to reorient the loyalty of Indonesian Chinese towards Beijing while providing excessive protection to the PKI leadership.⁵ This apprehension lingered despite the close political alliance between Beijing and Jakarta in the late 1950s and early 1960s.

The alliance was in fact more of a "marriage of convenience". Sukarno used Beijing - which he never fully trusted - to achieve his domestic political goals of balancing the military by strengthening the PKI.⁶ Sukarno was also privately concerned about how Indonesia's economic assets were "controlled from abroad"-referring to the financial strength of the Indonesian Chinese whose loyalty he doubted.⁷ Moreover, Muslim groups and the military were concerned with China's capacity to influence domestic subversion. It is not surprising that by the 1970s nearly two-thirds of the Indonesian elite saw China as a serious threat to Indonesia.⁸ Even so, Sukarno's alliance with Beijing at the time illustrates the pragmatic foundation of Indonesia's engagement.

These concerns over Beijing's intentions and possible interference reached their peak after the attempted coup of September 1965. It was attributed to the PKI, allegedly with the assistance of Beijing and Indonesian Chinese. While the

precise details of the event remain shrouded in mystery, the New Order under President Suharto subsequently

⁵ In 1951, for example, a serious row erupted when the Chinese embassy condemned Jakarta for a raid against PKI and granted diplomatic protection to a PKI leader who had taken refuge there.

⁶ See Franklin B. Weinstein, *Indonesian Foreign Policy and the Dilemma of Dependence: From Sukarno to Suharto* (Ithaca, NY: Cornell University Press, 1976): 297-8.

⁷ Novotny, *Torn Between America and China*, 175.

⁸ Franklin Weinstein, "The Indonesian Elite's View of the World and the Foreign Policy of Development," *Indonesia* 12 (October 1971): 2.

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labeled communism in general and Beijing in particular as the main threats to Indonesia's national security. Bitter diplomatic exchanges ensued. On October 23, 1967, Jakarta "froze" relations with China. Given that the New Order in its initial phase was premised on the regime's ability to maintain social and political order, the perception of the "triple China threat" (Communism, Indonesian Chinese, and Beijing) never fully dissipated.

This argument stood for well over two decades, until Suharto decided to un-freeze diplomatic relations in 1990. Four domestic factors led to Suharto's decision: (1) a change in the domestic basis of legitimacy from political stability to economic development, informed by a need to adjust to China's growing economic power; (2) a change in economic interests, as the drop in oil prices forced Indonesia to emphasize industrialization and manufacturing, partly oriented toward China's growing market; (3) a change in domestic power relations, as Suharto's unchallenged political rule in the 1980s allowed him to go against the anti-Beijing camp in the military; and (4) a desire for Suharto's Indonesia to play a more assertive global role, which necessitated normal relations with China.⁹

However, even after ties were restored, Indonesia remained "vigilant" in its relations with China. Several prominent military figures continued to harbor doubts, while conservative Muslim groups still distrusted China due to tense relations with the ethnic Chinese - though this may be related more to historical business rivalries between Muslim entrepreneurs and ethnic Chinese businessmen than to political factors.¹⁰ As such, suspicion and sensitivity remained prevalent. A rebuke by Beijing over an anti-Chinese riot at Medan in 1994 reminded Jakarta that China was still willing to interfere in its domestic affairs.

Indonesia therefore tended to take a wait-and-see approach in developing the newly restored relations. Indeed, rather than developing direct political-security relations, Jakarta preferred to deal with China within a multilateral framework through either ASEAN or the ASEAN Regional Forum (ARF).¹¹ This reflected Jakarta's concern over Beijing's potential influence among Indonesian Chinese, as well as its growing assertiveness in the South China Sea in the 1990s.

⁹ For more details, see Rizal Sukma, *Indonesia and China: The Politics of a Troubled Relationship*. London: Routledge, 1999.

¹⁰ See Irman Lanti, "Indonesia in Triangular Relations with China and the United States." In *China, the United States, and Southeast Asia: Contending Perspectives on Politics, Security, and Economics*, edited by Evelyn Goh and Sheldon W. Simon (London: Routledge, 2008), 131.

¹¹ The Association of Southeast Asian Nations or ASEAN was established in 1967 and now consists of all ten Southeast Asian states except Timor Leste. The regional grouping established the ASEAN Regional Forum in 1993 as a multilateral security dialogue to promote regional confidence building. It now consists of 28 participants, including all the ASEAN states, China the United States, Japan, India, Russia, Australia, and other regional players.

Although China remained a complex political issue in Indonesia for much of the 1990s, the advent of democracy in 1998 significantly changed perceptions. In general, post-Suharto governments have been more inclusive in their outlook. The abolition of discriminatory practices against Indonesian Chinese effectively removed what had been a "pebble in the shoe" of Indonesia-China relations for decades. The lifting of travel and immigration restrictions enhanced human and cultural exchanges. Still, some members of the elite remained concerned that this would again shift the allegiance of Indonesian Chinese to China.¹² This has led to widespread reluctance to work with China, despite the fact that the old "triple China threat" has diminished considerably.

Among the general public, perceptions of China are more varied and contradictory than among the elite. A 2005 poll by the Pew Research Center noted that 60 percent of Indonesians welcomed the idea of a strong China that could rival American military strength. Seventy percent thought that China's growing economy was good for Indonesia.¹³ A 2006 poll by the Lowy Institute suggested that over half of Indonesians thought that China could "somewhat be trusted".¹⁴

However, in a 2010 Pew poll, only 58 percent of respondents had a "favorable" view of China, down from 73 percent in 2005.¹⁵ In a 2008 survey by the Chicago Council on Global Affairs, nearly half of respondents worried that

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China could become a military threat in the future. Only 27 percent were comfortable with the idea of China being the leader in Asia in the future.¹⁶ These two sets of figures suggest strong ambivalence toward China among the wider public, even a decade after the resumption of diplomatic

¹² Novotny, *Torn between America and China*, 206.

¹³ See The Pew Research Center, "American Character Gets Mixed Reviews" in *16-National Pew Global Attitudes Survey* (Washington, DC: The Pew Global Attitudes Project, 2005): 33.

¹⁴ Murray Goot, *Australians and Indonesians: The Lowy Institute Poll 2006* (Sydney: Lowy Institute for International Policy, 2006): 6.

¹⁵ See Pew Global Attitudes Project, "Key Indicators Database," accessed on February 24, 2011, <http://pewglobal.org/database/?indicator=24&survey=12&response=Favorable&mode=chart>.

¹⁶ See *Soft Power in Asia: Results of a 2008 Multinational Survey of Public Opinion* (Chicago, IL: Chicago Council on Global Affairs, 2008): 2.

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THE ECONOMIC DIMENSION

The economic dimension of the ambivalence in Indonesia-China relations has internal and external facets. Internally, the elite and general public often argue that Indonesian Chinese (five to seven percent of the population) control 70 percent of the economy - though there has never been conclusive evidence to support this myth. The fact that Indonesian Chinese figured among

With the fear of Chinese economic dominance looming large, Indonesia listed nearly 400 categories of sensitive and highly sensitive goods to be excluded from the 2010 China-ASEAN Free Trade Agreement (CAFTA).

the closest partners and most rewarded businessmen of Suharto's New Order certainly did not help to dispel it.¹⁷

Externally, economic relations were muted for much of the first three decades of the bilateral relationship. Indeed, up until the 1980s, China was not seen as a significant contributor to the country's economic development.¹⁸ However, China's growing economic power and openness in the late 1980s changed this. By then, Indonesia's economy was experiencing a downturn and was in danger of losing out to Malaysia and Thailand in terms of exports to China. Therefore, when relations were reestablished between Beijing and Jakarta in 1985, trade was the primary catalyst. With economic ties slowly expanding, Indonesia's China threat perception began to take on an economic dimension: China's international competitiveness and economic dominance, given the lack of complementarity between the two economies, posed a danger to Indonesia's growth.

This threat perception is due in part to Jakarta's prioritization of economic over political relations since the 1990s. From 1991 to 1998, Indonesia's exports to China, excluding oil and gas, increased from roughly US\$580 million to over US\$1.32 billion, while imports from China

¹⁷ For a discussion on ethnic Chinese businessmen in Indonesia before and after the New Order and their role, see for example, Marleen Dieleman, Juliette Koning, and Peter Post (eds.), *Chinese Indonesians and Regime Change*. Boston, MA: Brill Press, 2010.

¹⁸ Ian James Storey, "Indonesia's China Policy in the New Order and Beyond: Problems and Prospects," *Contemporary Southeast Asia* 22, no. 1 (2000): 147.

grew from around US\$800 million in 1991 to over US\$1.2 billion in 1997.¹⁹ In the early 2000s, energy started to feature more prominently in overall economic relations. In 2002, Petrochina acquired six oil fields in Indonesia from Devon Energy. In the following year, it bought a 45 percent stake in ship operators in Indonesia's oil fields. By 2004, it owned 25 percent of operational rights at the Sukowati oil field, along with several others in Jambi, Papua, and East Java.²⁰ It also launched an official bid to operate or control ten oil and gas blocks by 2012 and aims to operate 58 oil wells by then.

Another Chinese oil company, Sinopec, signed a joint oil exploration agreement in East Java in 2005 and recently focused on deals for developing alternative energy sources and oil exploration infrastructure.²¹ Its total investment in biofuels, for example, has reached US\$5 billion. In 2007, it announced an additional US\$14 billion in oil and natural gas investment. China National Offshore Oil Corporation (CNOOC) has also been increasing its presence by taking over five of seven oil fields controlled by RepsolYPF in 2002 and simultaneously investing in the US\$8.5 billion-worth liquefied natural gas project in Tangguh, Papua. By 2008, it controlled or had shares in 33 gas fields and 85 offshore facilities, and produced crude oil from 420 wells. This placed CNOOC among the top five oil and gas companies operating in Indonesia.

Bilateral trade has also expanded. China went from Indonesia's fifth largest trading partner in 2004 to its largest in 2010 - with an annual trade volume of over US\$40 billion.²² However, Jakarta is concerned by the fact that its trade deficit with China in the first 11 months of 2010 was more than US\$5.3 billion.²³ Local industries specializing in textiles, food processing, electronics, and other manufactures are losing out to Chinese products. With the fear of Chinese economic dominance looming large, Indonesia listed nearly 400 categories of sensitive and highly sensitive goods to be excluded from the 2010 China-ASEAN Free Trade Agreement (CAFTA).

More than 800 Chinese-owned businesses worth around US\$2 billion were operating in Indonesia by 2004. By 2005, China had invested in 84 major projects worth over US\$200 million and ranked eighth in the list

¹⁹ Raymond Atje and Arya B. Gaduh, "Indonesia-China Economic Relations: An Indonesian Perspective," *CSIS Working Paper Series 52* (Jakarta: Centre for Strategic and International Studies, 1999): 9.

²⁰ See Tirta N. Mursitama and Maisa Yudono, *Strategi Tiga Naga: Ekonomi Politik Industri Minyak Cina di Indonesia* (Jakarta: Center for East Asian Cooperation Studies, University of Indonesia, 2010): 117-8.

²¹ Figures in this paragraph are from Mursitama and Yudono, *Strategi Tiga Naga*, 138.

²² See "Perdagangan Indonesia - China," *Kompas*, February 2, 2011, 44.

²³ See "Produk Cina Mengancam Industri Lokal," *Gatra*, February 3-9, 2011, 40.

of the country's largest investors.²⁴ But China seems most interested in natural resource investments, particularly in oil and gas. These investments are undertaken by state-owned enterprises (SOEs), not private companies.²⁵ This adds to anxieties about Beijing's control over the Indonesian economy.

While China presents huge economic opportunities, surveys indicate that over half of the domestic elite views it as a competitor.²⁶ Given Indonesia's underdeveloped economy, many fear that a growing engagement with China might someday translate into dependency, especially if China's SOEs gain control of Indonesia's energy sector. Others worry about the increasing number of Indonesian Chinese investing in Mainland China. An Indonesian diplomat stated that, thanks to the ethnic Chinese community, "China already controls Indonesia's economy to a certain extent".²⁷ Anthony L. Smith, an influential scholar on the subject, finds that China's economic prowess may become "conflated with economic jealousy" in Indonesia.²⁸

However, these concerns are largely offset by China's economic aid to Indonesia. During the 1997 Asian financial crisis, it contributed US\$500 million to the IMF's US\$43 billion bailout package and provided US\$200 million in export credits.²⁹ It provided US\$3 billion worth of emergency aid after the 2004 Tsunami. It has also used soft loans to finance 40 percent of the total cost (over US\$500 million) of a major bridge linking Java and Madura, and will help finance a US\$1 billion railroad project in Kalimantan.³⁰ China has agreed to invest in five major power plants across Java that will have a combined capacity of over 3,300 megawatts.³¹

China's dual role as economic competitor and provider of assistance underpins the "economic ambivalence" in Indonesia-China relations. It further suggests that, while pragmatic concerns have compelled

the Indonesian elite and public to take advantage of China's booming economy, longstanding apprehensions still loom large.

THE STRATEGIC SECURITY DIMENSION

After the resumption of diplomatic ties in the 1990s, however, the primary concern was no longer domestic stability but China's territorial ambitions in the South China Sea.

Ambivalence in strategic security centers on the potential threat that China's military force poses to Indonesia. It may be characterized in the following terms: (1) a conventional assault by the People's Liberation Army (PLA) from the north, (2) maritime disputes in the South China Sea, where China's claims affect regional stability and Indonesia's Natuna Islands, and (3) China's role in inciting domestic instability in Indonesia.³² As mentioned

before, the first decades of Indonesia-China relations were primarily driven by the domestic security concerns inherent in the "triple China threat": Beijing's support for the PKI, its attempts to spread communism, and its connection with the small but economically powerful Indonesian Chinese. Such perceptions were more prevalent within Indonesia's military and defense establishment, which dominated much of the policymaking towards China until the late 1980s.

After the resumption of diplomatic ties in the 1990s, however, the primary concern was no longer domestic stability but China's territorial ambitions in the South China Sea. As discussed above, the perception of Chinese expansionism had initially taken a back seat to domestic political concerns in the 1970s and 1980s. But doctrinal developments within the military in the same period suggest that the legacy of the Pacific War in the 1940s left a lingering wariness toward incursions from the north.³³ China's attack on Vietnam in 1979, interpreted as an indication that Beijing was willing to use force to achieve its interests, reinforced this perception. China was also involved in many of the 17 military clashes in the South China Sea between 1974 and 2002.³⁴

It is therefore not surprising that China's aggressive behavior in the South China Sea in the 1990s revived the specter of a "China threat" among Indonesian defense and military planners. The 1995 Defense White Paper warned that growth in economic and technological capacity could allow China to become the preeminent military power in

²⁴ Syamsul Hadi, "Engaging the Dragon: The Dynamics of Indonesia-China Relations in the Post-Suharto Era," *Indonesian Social Science Review* 1, no. 1 (2010): 63.

²⁵ David M. Lampton, *The Three Faces of Chinese Power: Might, Money, and Minds* (Berkeley, CA: University of California Press, 2008): 187.

²⁶ Novotny, *Torn between America and China*, 214.

²⁷ Ibid.

²⁸ Anthony L. Smith, "From Latent Threat to Possible Partner: Indonesia's China Debate," *APCSS Special Assessment* (Honolulu, HI: Asia Pacific Center for Security Studies, 2003): 5.

²⁹ Storey, "Indonesia's China Policy," 150.

³⁰ See "Berburu Fulus dari Utara," *Tempo*, May 2, 2010, 70.

³¹ See "Capailah Listrik Sampai Cina," *Tempo*, May 2, 2010, 77.

³² Smith, "From Latent Threat to Possible Partner," 2.

³³ Denny Roy, "Southeast Asia and China: Balancing or Bandwagoning?" *Contemporary Southeast Asia* 27, no.2 (2005): 317.

³⁴ See Energy Information Agency, "South China Sea Dispute," accessed on February 23, 2011, http://www.eia.doe.gov/e/emeu/cabs/South_China_Sea/pdf.pdf.

the region.³⁵ Jakarta has associated China's expansionist agenda in the South China Sea with attempts to dominate the region. Thus, by the mid-1990s, the military seemed to have reached the conclusion that China is "the greatest potential direct threat to [Indonesia's] sovereignty".³⁶

Beijing's attempts to assert hegemony across Southeast Asia, including over ancient Javanese kings, in the pre-modern era lend historical legitimacy to these concerns.³⁷ Indonesia's relations with China, dating back to the third century, have rarely been smooth sailing. During the Yuan Dynasty (AD 1279-1368), for instance, Kublai Khan sought to extend China's territory and influence to Java. Stories of Javanese "resistance" to Chinese "expansionism" are still passed down through school textbooks. This narrative constitutes a small but formative element in Indonesia's perceptions of China. As such, in the eyes of many Indonesians, China has always wanted to create a "sphere of influence in Southeast Asia", and it is believed that it will continue to do so.³⁸

In contrast to the New Order, current military leaders tend to describe China as a "challenge" rather than a "threat". However, the substance of their security concerns has not changed much, especially not in regard to geopolitics. Nothing is more sensitive than China's ambitions in the South China Sea. This concern stems from the publication of a controversial map by Beijing in 1993 laying claim to parts of the territorial waters surrounding Indonesia's Natuna islands, and extending the demarcation of China's territory to include major natural gas fields in Indonesia's jurisdiction.³⁹ Jakarta has sought clarification from Beijing but has received no clear or consistent response until now.

Consequently, the Indonesian military organized a large-scale tri-service military exercise in 1996 around the Natuna islands involving some 20,000 troops, 40 aircraft, and 50 warships. According to a former high-ranking officer, the exercise reflected the military's concern about "the defense of the Natuna islands against a potential Chinese military incursion".⁴⁰ Indonesia's force development in the mid- to late 1990s was also influenced by the Natuna

³⁵ See Ministry of Defense and Security, *Kebijakan Pertahanan Keamanan Negara Republik Indonesia* (Jakarta: Ministry of Defense and Security, 1995): 4-5.

³⁶ Cited in Robert Lowry, *The Armed Forces of Indonesia* (St. Leonards, NSW: Allen & Unwin, 1995): 4.

³⁷ See Alan Whiting, "ASEAN Eyes China: The Security Dimension," *Asian Survey* 37, No. 4 (1997): 302.

³⁸ Sukma, "Indonesia's Perceptions of China," 191.

³⁹ Details on how the map affects the Natunas are in Chi-Kin Lo, *China's Policy Towards Territorial Disputes: The Case of the South China Sea Islands* (London and New York: Routledge, 1989): 44.

⁴⁰ Cited in Novotny, *Torn between America and China*, 176.

flashpoint. Jakarta not only increased surveillance and patrols in the area, but also purchased twelve Russian Sukhoi SU-30K fighter jets in 1997. Although this purchase was only completed in 2007, military officials have stated that it will be deployed to "assist the maritime defense of the Natunas".⁴¹ Major General Subiyakto, former governor of the National Resilience Institute, has suggested that Indonesia's straits should be closed to Chinese vessels in the event that China becomes too aggressive in its claims over the Spratly Islands.⁴²

This line of thinking is bolstered by China's secretive defense spending and its growing naval arsenal. In recent years, it has acquired second-generation nuclear and conventional submarines, frigates, destroyers, and various platforms for amphibious force projection. Viewed in conjunction with the PLA's strategy of extending strategic depth for offshore maritime operations, China seems to be gearing up for a preponderant naval and air presence in the South China Sea.⁴³ This reinforces the concerns among defense planners that "if the Chinese want, they can take the Natunas".⁴⁴ China's assertiveness in the area has also led Indonesia

to defend a very narrow interpretation of its obligations under the United Nations Convention on the Law of the Sea (UNCLOS), which designates sea-lanes for unimpeded passage (or "innocent passage") in Indonesian waters.⁴⁵ In particular, the prospect of a future Chinese navy penetrating the Java Sea has been an underlying consideration in withholding access in the east-west sea-lane.⁴⁶

With this in mind, in 2008 the military organized the largest ever combined tri-service military exercise in several areas bordering on or near the South China Sea:

⁴¹ Cited in Michael Leifer, "Indonesia's Encounters with China and the Dilemmas of Engagement." In *Engaging China: The Management of an Emerging Power*, edited by Alastair Iain Johnston and Robert S. Ross (London: Routledge, 1999): 105.

⁴² Cited in Michael Leifer, "Indonesia's Encounters with China and the Dilemmas of Engagement." In *Engaging China: The Management of an Emerging Power*, edited by Alastair Iain Johnston and Robert S. Ross (London: Routledge, 1999): 105.

⁴³ See John Garofano, "China - Southeast Asia Relations: Problems and Prospects." In *Asia Looks Seaward: Power and Maritime Strategy*, edited by Toshi Yoshihara and James R. Holmes (Westport, CT: Praeger Security International, 2008): 167-84.

⁴⁴ Cited in Novotny, *Torn between America and China*, 221.

⁴⁵ "Innocent passage" amounts to the right to pass promptly through a country's territorial waters, doing nothing that is not directly related to that passage. Trading, fishing, surveying and military display are from the understanding of innocent passage under UNCLOS.

⁴⁶ See Leifer, *Indonesia's Encounters with China*, 99. And perhaps explains why the official designation for Indonesia's archipelagic sea-lane passages was legally ratified by Jakarta only in 2002.

Stories of Javanese "resistance" to Chinese "expansionism" are still passed down through school textbooks.

Batam Island, Natuna Islands, the waters near the Riau Archipelago, Western Kalimantan, the waters near the Makassar Strait, and the Sangatta islands. The first such exercise since 1996, it involved more than 30,000 soldiers and was based on a foreign maritime invasion scenario.⁴⁷ The specific campaign exercises focused on addressing future challenges on Indonesia's northern frontier, which borders on the South China Sea. Moreover, the military recently announced that it would increase troop deployment in the small islands bordering the South China Sea.

Other actions appear to reinforce Indonesia's growing vigilance in its archipelagic waters. First, maritime

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patrols have been stepped up. Although concerns over Malaysia's incursions into Indonesian waters have certainly played a role in this, so has the increasing frequency of illegal fishing and maritime piracy. It is alleged that two more submarines and four frigates have been ordered due to the growing tension in the area. Second, since the 1990s, Jakarta has increased the population in the Natuna islands through its transmigration program to "help protect the Natuna islands from any would-be rival claimants".⁴⁸ Finally, Jakarta has sought to ensure that a "friendly" power helps develop its gas fields in the area. In January 1995, state-owned oil company Pertamina signed a contract with the US oil company ExxonMobil to develop the Natuna gas field. The contract was renewed in December 2010.

Despite all these strategic and security concerns, however, Indonesia realizes that China is not only a balancer for American military influence, but also a more dependable supplier of weapons than the West. This was among the key reasons why the 2005 Strategic Partnership Agreement between Indonesia and China included defense cooperation. In July 2006, the first Indonesia-China Defense Dialogue came into being, and by 2007, an agreement was signed to enhance technological cooperation. High-level visits of senior security officials and military officers have also become more frequent. Chinese-made missiles are slowly making their way into the inventory of the military, and there is a possibility of a joint-production venture in

⁴⁷ See "Presiden akan Saksikan Latgab 2008," *Kompas Daily*, June 15, 2008.

⁴⁸ Cited in Storey, "Indonesia's China Policy," 159.

Indonesia.⁴⁹ In return, Indonesia hopes to sell military supplies such as domestically made SS-2 assault rifles to China.⁵⁰

These increasing military-to-military ties have primarily been driven by the need to modernize the Indonesian military's ageing equipment and to diversify its weapons suppliers to avoid repeating the traumatic arms embargo of the 1990s. It would also appear that it was motivated by Jakarta's desire to get Washington's attention. In this sense, the partnership does not manifest an abiding faith in common strategic interests with China, or even a genuine acknowledgement of peaceful intentions toward it - this is still contingent upon how China behaves in the South China Sea in the future.

This suggests that behind the warming of bilateral defense relations, pragmatic considerations and apprehension over Chinese regional ambitions, especially in the South China Sea, still loom large in the minds of policymakers. As former Defense Minister Juwono Sudarsono stated over 15 years ago:

Barring the possibility that China can gain access to resources other than the South China Sea, then ASEAN countries will have to face the possibility of imminent military confrontation with China."⁵¹

THE FOREIGN POLICY DIMENSION

In foreign policy, the ambivalence in Indonesia-China relations is related both to China's relations with ASEAN, as well as to Indonesia's goal of balancing the major powers. With regards to the former, the degree, pace, and scope of China's engagement with ASEAN are critical for Indonesia. This is not just because Jakarta co-founded the regional grouping and uses it to project regional leadership; for defense planners, ASEAN has also served as a "security shield of friendship", a *cordon sanitaire* protecting the archipelago from possible threats emanating from outside the region. Moreover, ASEAN and its related institutions such as the ARF are seen by Jakarta as key tools for engaging and balancing major powers in the region.

China's relations with ASEAN have expanded considerably since Vietnam's withdrawal from Cambodia in 1989. They have become more complex, involving interdependent economic and political-security interests, and a mix of bilateral and multilateral activities.⁵² China has increasingly engaged multilateral security arrangements in the past two decades, especially through ASEAN and ARF.

⁴⁹ See "Chinese Missile Aid for Indonesia: How Strategic a Partnership," *IISS Strategic Comments* 11, no. 6 (2005): 1-2.

⁵⁰ See "Indonesia, China Set to Boost Military Relations," *The Jakarta Post*, May 22, 2010.

⁵¹ Cited in Sukma, "Indonesia's Perceptions of China," 202.

⁵² For a detailed discussion, see Alice D. Ba, "China and ASEAN: Re-navigating Relations for a 21st-Century Asia," *Asian Survey* 43, no. 4 (2003): 622-47.

In 2003, it signed the Treaty of Amity and Cooperation (TAC) and the Joint Declaration on Strategic Partnership for Peace and Prosperity. Beijing considers these multilateral security mechanisms valuable in three respects: (1) to dampen tensions in China's external security environment, (2) to help China extend its regional influence without upsetting its neighbors, and (3) to counter or circumvent US influence and power on the Chinese periphery.⁵³

However, given China's recent assertiveness in the South China Sea, as well as its stonewalling in the discussions surrounding a legally binding Code of Conduct in the area, Southeast Asian states remain unsure of Chinese intentions in the long term. In economic terms, of course, they see China as a vital partner. But there is concern that China might be trying to drive a wedge between those states generally considered to be closer to the United States (Indonesia, Philippines, Malaysia, Singapore, Brunei, Thailand), and those that seem more receptive to Beijing's overtures (Myanmar, Cambodia, Laos, Vietnam). In this regard, there is especial concern with China's economic initiatives in the Greater Mekong Sub-region.⁵⁴ Given this uncertainty, ASEAN will continue to encourage multilateralism in an effort to mitigate Chinese influence.

This line of thinking also prevails among Indonesia's foreign policy elite, albeit in a more specific context. China's rise and its growing relations with ASEAN are embraced insofar as they provide Indonesia with more room to maneuver vis-à-vis the United States and other major powers.⁵⁵ This is manifest primarily in three ways. First, in the post-9/11 world, China is often seen as a balancer to American unilateralist designs in the region, especially following the invasions of Afghanistan and Iraq. This builds on the legacy of the Suharto regime, when China was also a useful ally against Western human rights pressures. Second, in investment, trade, and defense cooperation, China could reduce Indonesia's dependence on the United States, at least to a certain degree. Finally, China's willingness to participate in regional multilateral security mechanisms and institutions has raised the gravitas and profile of ASEAN and further solidified its centrality in the region.

However, even here, Indonesian policy is not one-dimensional. Due to the ambivalent nature of China-ASEAN relations, Jakarta has sought to formalize its bilateral security relations and strategic partnerships with other major powers, including not just China and the United States, but also Australia, Russia, and India. Thus, Indonesia sees multilateral engagement and bilateral partnerships with China and the other major powers as complementary

rather than mutually exclusive. Ultimately, it seeks a "dynamic equilibrium" – the new label for "balance of power" coined by the Ministry of Foreign Affairs. In fact, during Indonesia's chairmanship of ASEAN, one of its top three priorities was to ensure that any future architecture for regional cooperation would be based on this "dynamic equilibrium".⁵⁶

CONCLUSIONS

The preceding analysis assessed four dimensions of ambivalence in Indonesia-China relations. It has shown that deep-rooted sentiments toward and perceptions of China pervade both the elite and the wider public in Indonesia. These are shaped primarily by a long history of bilateral interaction in the Asian neighborhood, as well as by the difficult place of ethnic Chinese Indonesians in Indonesian society. Whether one looks at domestic politics, economics, strategic security, or foreign policy, all these dimensions suggest that Indonesia's responses to a rising China cannot be neatly categorized as strategies of balancing, bandwagoning, or hedging. The dynamics of Indonesia-China relations at the official level essentially reflect a variation of a more pervasive ambivalence toward China in Indonesian society.

At the same time, history shows that Jakarta has always been very pragmatic and flexible in its relations with China. This helps explain many aspects of the relationship that may seem contradictory: despite the persistence of a Chinese security threat perception, there is a warming bilateral defense relationship; despite concerns over Beijing's growing influence over Indonesia's economy, trade and investment continue to expand; and despite the uncertainty surrounding China's regional ambitions, Indonesia retains a preference for multilateral engagement with China in an inclusive regional architecture.

However, the reality of these domestic-driven dimensions of ambivalence implies that there should not be any illusion regarding the warming of overall bilateral relations. For the foreseeable future, Indonesian policy will continue to reflect a negotiation between pragmatic security and economic factors. The government must remain responsive to domestic perceptions, real or imagined, of the potential implications of China's rise to Indonesian prosperity. In the short term, it would behoove China to tread carefully, both in the South China Sea and in bilateral economic relations. If not, it may once again incite deep-rooted anxieties in Indonesia.

⁵³ Bates Gill, *Rising Star: China's New Security Diplomacy* (Washington, DC: Brookings Institution Press, 2007): 29.

⁵⁴ See Geoff Wade, "Could ASEAN Drift Apart?," *Yale Global Online*, February 25, 2011, available at <http://yaleglobal.yale.edu/content/could-asean-drift-apart>.

⁵⁵ Novotny, *Torn Between America and China*, 174.

⁵⁶ Presentation of Djauhari Oratmangun, Director General for ASEAN Cooperation, Indonesian Ministry of Foreign Affairs, at a public seminar on "Indonesia and ASEAN in 2011," organized by the Centre for Strategic and International Studies, Jakarta, January 13, 2011.

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