



UNIVERSITY OF CALIFORNIA PRESS
JOURNALS + DIGITAL PUBLISHING

Indonesia-China Relations: The Politics of Re-engagement

Author(s): Rizal Sukma

Reviewed work(s):

Source: *Asian Survey*, Vol. 49, No. 4 (July/August 2009), pp. 591-608

Published by: [University of California Press](#)

Stable URL: <http://www.jstor.org/stable/10.1525/as.2009.49.4.591>

Accessed: 11/01/2013 23:12

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at
<http://www.jstor.org/page/info/about/policies/terms.jsp>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.



University of California Press is collaborating with JSTOR to digitize, preserve and extend access to *Asian Survey*.

<http://www.jstor.org>

INDONESIA-CHINA RELATIONS

The Politics of Re-engagement

Rizal Sukma

Abstract

Indonesia's relations with China began to improve in 1998. This paper argues that recent improvements in bilateral relations have been primarily the function of changes in Indonesia's domestic politics and China's policy toward South-east Asia, which contributed to the creation of an atmosphere of trust and comfort in Jakarta's re-engagement with China.

Keywords: China, Indonesia, domestic politics, re-engagement, ethnic Chinese

Introduction

Indonesia was the first Southeast Asian country that established official diplomatic relations with China, in July 1950. The first 15 years of that relationship, however, were replete with problems and suspicion, which culminated in Indonesia's decision to freeze diplomatic ties in October 1967, convinced that Beijing's interference in Indonesia's domestic affairs could no longer be tolerated.

It took 23 years for Indonesia to finally resume its diplomatic relations with China, in August 1990. The decision to re-engage, however, did not mean that China was forcing Indonesia to immediately forge better ties. The years since the resumption of ties continued to be marred by uneasy management of the bilateral relationship. It was only after 1998 that Indonesia-China relations began to show significant signs of improvement and closer cooperation. Such positive developments coincided with dramatic changes

Rizal Sukma is Executive Director at the Center for Strategic and International Studies, Jakarta. Email: <rsukma@csis.or.id>.

Asian Survey, Vol. 49, Issue 4, pp. 591–608 ISSN 0004-4687, electronic ISSN 1533-838X. © 2009 by The Regents of the University of California. All rights reserved. Please direct all requests for permission to photocopy or reproduce article content through the University of California Press's Rights and Permissions website, at <http://www.ucpressjournals.com/reprintInfo.asp>. DOI: AS.2009.49.4.591.

in Indonesia's domestic politics since May 1998 and China's changing policy toward Southeast Asia, especially on the ethnic Chinese issue. Equally important, China's "good neighbor" policy toward Southeast Asia—as demonstrated in the aftermath of the 1997 crisis and during the 2004 tsunami—has further consolidated the bilateral relationship.

This paper seeks to understand the dynamics of interactions between the two countries since 1998, which paved the way for significant improvements in ties, by examining three cases: China's responses to the 1997 economic crisis, the May 1998 riots in Indonesia, and the 2004 tsunami disaster. The paper argues that recent improvements in bilateral relations have been primarily the function of dramatic changes in Indonesia's domestic politics. Moreover, China's changing policy toward Southeast Asia in general and toward the ethnic Chinese issue in particular have also helped create an atmosphere of trust in Jakarta's re-engagement with China. Despite these improvements, however, the future course of Indonesia-China relations will continue to be subject to Indonesian ambivalence toward China, emanating from the question of the ethnic Chinese minority and from Indonesia's perceptions of Beijing's intentions and policies in Southeast Asia.

This paper is divided into four sections. The first provides a brief overview of the tenuous nature of Indonesia-China relations within Indonesia's domestic political context. The second section examines the turning point in the management of bilateral relations since 1998, using the three case studies. The third section explains how the dynamics of interaction contributed to the improvement of relations. The fourth examines the prospects for relations within the context of persistent domestic ambivalence in Indonesia toward China.

Indonesia-China Relations in Perspective

The Politics of a Troubled Relationship

Managing its relations with the People's Republic of China (PRC) has been one of the most difficult challenges in Indonesia's foreign policy. The history of the relationship since diplomatic ties were established in August 1950 has been characterized by a difficult beginning, followed by close friendship, then turbulence, and eventually mutual hostility and suspicion. More strikingly, those relations were primarily subject to pressures stemming from Indonesia's domestic political arena. From the outset, relations had been marred by Beijing's policy of actively seeking political and financial support from the ethnic Chinese domiciled in Indonesia and of providing political and financial support to the Indonesian Communist Party

(Partai Komunis Indonesia/PKI).¹ Because the position of both ethnic Chinese and the PKI in Indonesian domestic politics had been problematic, China's meddling served as a source of repeated tensions and upheavals in Jakarta-Beijing relations.

Attempts by Indonesia and China in the early 1960s to forge a radical political alignment, expressed mainly in the form of a united front against the West, failed to withstand the pressure emanating from Indonesia's domestic politics. That political alignment was brought to an end when an abortive coup in October 1965, in which the PKI was seen as the main perpetrator, led to a regime change in Jakarta. In the aftermath of the attempted coup, Indonesia-China relations deteriorated sharply as an inevitable consequence of the anti-communist momentum that arose in Indonesia. The Indonesian Armed Forces quickly crushed the PKI and eventually removed President Sukarno from power. The new Indonesian government led by Major-General Suharto accused China of complicity in the coup. Bitter diplomatic exchanges erupted, and on October 23, 1967, diplomatic relations were declared "frozen" by Indonesia. On October 28, Beijing formally announced the suspension of its own ties with Indonesia.²

For Indonesia, China's revolutionary foreign policy of actively supporting communist insurgencies in Indonesia and other Southeast Asian countries only served to confirm China's determination to export communism and instill instability in non-communist states of the region. The New Order government, especially the Indonesian military, portrayed China's subversion, to be carried out via the remnants of the PKI and the ethnic Chinese minority, as the main threat to Indonesia's national security. This government derived its legitimacy by being seen as the savior of the Indonesian state from a communist takeover. For its officials, the public representation of the presumed linkages between China, the ethnic Chinese, and the Communist Party was essential for preserving the basis of regime legitimacy. An early restoration of diplomatic ties with communist China

1. For a comprehensive discussion on China's earlier policies toward Indonesian ethnic Chinese, see Stephen Fitzgerald, *China and the Overseas Chinese: A Study of Peking's Changing Policy, 1949-1970* (Cambridge, U.K.: Cambridge University Press, 1972); and Wang Gungwu, *China and the Chinese Overseas* (Singapore: Times Academic Press, 1991). On China's policy toward the PKI, see Justus M. van der Kroef, "Indonesia, Communist China, and the P.K.I.," *Pacific Community*, no. 6 (Winter 1970); David Mozingo, *Chinese Policies Toward Indonesia* (Ithaca, N. Y.: Cornell University Press, 1976); and Rizal Sukma, *Indonesia and China: The Politics of a Troubled Relationship* (London: Routledge, 1999).

2. For an excellent discussion on the breakdown of Sino-Indonesian diplomatic relations, see Justus M. van der Kroef, "Sino-Indonesian Rupture," *China Quarterly*, no. 33 (January-March 1968), pp. 17-46.

would undermine that claim of legitimacy. Indeed, it was this logic of “triangular threat”—the PRC, PKI, and ethnic Chinese—that prevented Jakarta from restoring diplomatic ties with Beijing for almost 23 years.³

Positive changes in the regional and international environment from the mid-1970s onward, especially in the nature of Beijing’s relations with non-communist states, failed to alter Indonesia’s perceptions and attitude. Even after China abandoned its Maoist revolutionary foreign policy and replaced it with a peaceful policy of promoting its “Four Modernizations,”⁴ Indonesian leaders were not impressed. Diplomatic relations remained “frozen” until August 1990. Although the opportunity to tap the benefits from China’s growing economy had been taken up from July 1985 with the resumption of direct trade relations, Indonesia’s policy toward China remained subject to domestic political calculations. The dynamics within Indonesia’s domestic politics, which required an anti-communist ideology as part of the basis of regime legitimacy, continued to dominate Indonesia’s policy toward China.

Diplomatic relations between Indonesia and China were finally restored in August 1990.⁵ However, this did not mean a complete break from the old pattern. Nor did it reflect a significant change in Indonesian perceptions of China. For Indonesia, the newly restored relations did not point to the opening of a complete new chapter. In the years immediately following restoration, Indonesia-China relations did not improve significantly. It took a while for both sides to adjust themselves to the reality that the new relationship would continue to be overshadowed by the unhappy history of their past. During this period, four main characteristics of the relationship can be identified.

First, the resumption of diplomatic relations did not immediately remove the thorny issues between the two countries. Suspicion and sensitivity continued to characterize Indonesia’s attitude toward China. For example, when China’s Ministry of Foreign Affairs issued a statement of “concern” over an anti-Chinese riot in Medan in April 1994,⁶ Indonesia’s government accused China of interfering in Indonesia’s internal affairs and warned that “China had better mind its own internal affairs.”⁷ For its

3. For a more detailed analysis of this “triangular threat” in Indonesia’s perceptions of China, see Sukma, *Indonesia and China*, pp. 47–53.

4. The Four Modernizations are agriculture, industry, science and technology, and defense.

5. The decision to restore diplomatic relations with the PRC was in fact taken in February 1989 when President Suharto met Chinese Foreign Minister Qian Qichen in Tokyo while they were there to attend the funeral of Japan’s Emperor Hirohito.

6. *Jakarta Post*, April 22, 1994.

7. Agence France-Presse, dispatch from Jakarta, April 26, 1994.

part, Indonesia was also slow in learning about the importance of the Taiwan issue in Beijing's domestic and foreign policy. A diplomatic row had occurred in February that year when Taiwanese leader Lee Teng-hui visited Indonesia on the pretext of taking a vacation, and met with President Suharto.

Second, Indonesia tended to take a wait-and-see approach in developing its newly restored relations with China. As other Association of Southeast Asian Nations (ASEAN) countries began to deepen their relations with Beijing in the early 1990s, Indonesia pretty much sat on the sidelines. Such a cautious attitude has been manifested in Indonesia's indirect approach to strategic engagement with China. Instead of developing its political-security relations directly, Indonesia preferred to deal with China within a multilateral framework, either through ASEAN or the ASEAN Regional Forum (ARF). It has been noted that ASEAN "has been regarded in Jakarta as likely to be a more effective instrument for managing relations with a China [that is] regarded with apprehension and some foreboding."⁸ Similarly, the ARF has been seen by many Indonesian policy makers as an instrument to secure China's respect for international norms of inter-state relations.

Third, any immediate improvement in bilateral relations was delayed by the persistent ambiguity in Indonesia's perceptions of China.⁹ Although Indonesians began to recognize the importance of China, the problem of their country's ethnic Chinese minority continued to affect perceptions of China. Indonesia still worried about the possible link between the PRC and the ethnic Chinese minority. The perceptions of the general public and political elite also continued to be colored by various stereotypes associated with the minority. Worse, there was a new dimension in Indonesia's view: worry about China's regional role and policies in Southeast Asia, especially regarding Beijing's behavior in the South China Sea and China's growing military capability.¹⁰

Fourth, despite the slow progress on political security, bilateral relations experienced a steady growth in economic cooperation. From 1991–98,

8. Michael Leifer, "Indonesia's Encounters with China and the Dilemmas of Engagement," in Alastair Iain Johnston and Robert S. Ross, eds., *Engaging China: The Management of an Emerging Power* (London: Routledge, 1999), pp. 98–99.

9. For a detailed discussion on Indonesia's perceptions of Indonesia's ethnic Chinese minority, see Rizal Sukma, "Indonesia's Perceptions of China: The Domestic Bases of Persistent Ambiguity," in Herbert Yee and Ian Storey, eds., *The China Threat: Perceptions, Myths, and Reality* (London: RoutledgeCurzon, 2002).

10. Hadi Soesastro, "Hakikat 'Kemitraan Strategis' Indonesia dan China" [The nature of 'strategic partnership' between Indonesia and China], *Kompas*, August 1, 2005. *Kompas* is the largest daily newspaper in Indonesia.

Indonesia's non-oil and gas exports to China increased from around \$580 million to over \$1.32 billion. Indonesian imports from China grew from around \$800 million in 1991 to around \$1.27 billion in 1997.¹¹ That year Indonesian total exports to China reached \$2.7 billion, a significant jump from only \$834 million in 1990.¹² Despite such improvements, however, it was noted that "trade and investment flows between China and Indonesia are expected [to remain] relatively low in the near future."¹³

Since 1998, however, Indonesia-China relations have entered a new period of active re-engagement and cooperation. A newly democratizing Indonesia seemed to pursue a very different attitude and policy course toward China. The imperative for improving relations had suddenly become a matter of urgency in the foreign policy discourse of successive governments in Jakarta. President Abdurrahman Wahid, who became the country's first democratically elected president in October 1999, made China his first destination for a state visit. During the first year of the Wahid presidency, Indonesia-China relations improved significantly. President Megawati Sukarnoputri, who replaced Wahid in July 2001, continued to improve ties with China. During Megawati's presidency, Indonesia also became more sensitive to Beijing's concerns over Taiwan. In December 2002, for example, Foreign Minister Hassan Wirayuda refused a request by then-Taiwan President Chen Shuibian to visit Indonesia.

The policy of seeking active re-engagement with China continues to occupy the foreign policy agenda of President Susilo Bambang Yudhoyono, who became Indonesia's sixth president in October 2004. By that year, China had become the fifth-largest trading partner for Indonesia, whose exports to China increased by 232% from 2003 levels, amounting to \$12.6 billion. The total volume of trade surged to \$16.8 billion in 2005.¹⁴ Cooperation between the two countries has also rapidly expanded to include areas beyond trade such as energy, security, and defense. The basis for bilateral cooperation received a stronger impetus when, on April 25, 2005, Yudhoyono and President Hu Jintao signed an agreement to establish a

11. Raymond Atje and Arya B. Gaduh, "Indonesia-China Economic Relations: An Indonesian Perspective," Center for Strategic and International Studies (CSIS), CSIS Working Paper Series, no. 052 (September 1999), p. 9.

12. Imron Husin, "The Emergence of China: Some Economic Challenges to Indonesia," paper presented at ATIO Research Conference, Tokyo, February 3-4, 2004, p. 5. See <<http://www.tcf.or.jp/materials/authors.html>>.

13. Atje and Gaduh, "Indonesia-China Economic Relations," p. 10. The 1997 financial crisis had certainly hindered the efforts to promote trade between the two countries.

14. "China, Indonesia Agree to Intensify Economic Cooperation," Xinhua News Agency, October 10, 2006, at <<http://english.sina.com/china/1/2006/1006/91073.html>>.

strategic partnership. During Yudhoyono's visit to China that July, officials concluded several major agreements covering not only traditional areas of cooperation in trade and investment but also defense technology cooperation. With these agreements, Indonesia-China relations seem to have come full circle.

The Turning Points: External and Internal

Sources of Improved Bilateral Relations

The Indonesia-China relationship began to improve significantly in 1998. What are the turning points that led to better ties? For one, dramatic changes in Indonesia's politics since May 1998 seem to have served as a turning point for both countries. For its part, China's "good neighbor" policy and "charm diplomacy" toward Southeast Asia, including Indonesia, has also begun to bear fruit. A closer look at the dynamic interactions between Jakarta and Beijing in managing the problems of the May 1998 riots, as well as Indonesia's perceptions of China's positive role in the wake of the 1997 financial crisis and 2004 tsunami disaster, reveals a greatly matured relationship.

The Management of the May 1998 Riots

May 1998 was a major turning point in Indonesia's domestic politics. Months of anti-government demonstrations in the aftermath of the economic crisis that struck Indonesia in mid-1997 prompted one of the most devastating mass riots in Indonesia's history. While the riots can partly be seen as a result of a popular uprising against Suharto's New Order government, the ethnic Chinese community became the main target of brutal attacks by the rioters. It was estimated that several hundred Chinese were killed or wounded, several dozen Chinese women were reportedly raped, and hundreds of mainly Chinese-owned shops and houses were burned. Hundreds of thousands of ethnic Chinese Indonesians fled the country, as well as many billions of dollars of Chinese capital.¹⁵

The attacks on Indonesia's ethnic Chinese minority drew worldwide condemnation and protests, including from Hong Kong and Taiwan. Within mainland China, students staged demonstrations in front of the Indonesian embassy in Beijing and called on China's government to put pressure on Indonesia. The rise of nationalist sentiment in China, especially among students and youth, reinforced expressions of sympathy among

15. International Crisis Group (ICG) (Jakarta), "Indonesia's Crisis: Chronic but Not Acute," *ICG Report*, no. 2 (May 31, 2000), p. 19.

overseas Chinese around the world to the plight of the ethnic Chinese minority in Indonesia.¹⁶

The initial reaction by the Chinese government to the riots was muted: Beijing seemed to understand the sensitive nature of the problem in its relations with Indonesia and took great care not to risk a serious diplomatic blunder. Given strong public pressure, however, the Chinese government had no choice but to express its concern over anti-Chinese riots, urging Jakarta to investigate the rapes and calling for punishment of the perpetrators.¹⁷ After more than two months of silence, Foreign Minister Tang Jiaxuan finally raised the issue on July 28 with Foreign Minister Ali Alatas during an ASEAN meeting in Manila.¹⁸ The highest expression of concern was conveyed by President Jiang Zemin, who raised the issue with Suharto's successor, President B. J. Habibie, in November 1998.

Unlike during the anti-Chinese incidents in Medan in April 1994, however, China's expression of concern in 1998 did not provoke angry reactions from Jakarta. Alatas simply maintained that such protests would not settle the problem of the ethnic Chinese minority. He also maintained that Indonesia would not specifically reply to concerns expressed by Beijing.¹⁹

Two reasons help explain Indonesia's calm reaction. First, despite the public pronouncements, Beijing's strategy was intended to downplay the impact of the May riots as well as the significance of the overseas Chinese issue for bilateral relations. Prior to the May riots, China's leaders repeatedly stated that anti-Chinese incidents in Indonesia were Jakarta's internal affair. China's understanding of the sensitive nature of the problem in Indonesia's domestic context was demonstrated when Jiang pledged that China would "never try to use people of Chinese origin living in Indonesia to seek political or economic gain there."²⁰

After the riots, China continued to emphasize the incident as being Indonesia's internal affair.²¹ When China's government was forced to make

16. For an interesting discussion on how the rise of nationalism, as expressed in the reactions by Internet users in China to anti-Chinese riots in Jakarta, threatened the nationalist credentials of the Beijing government, see Christopher Hughes, "Beijing Rides a Nationalist Cyber-Tiger," *Asian Wall Street Journal*, September 21, 2000.

17. *Straits Times* (Singapore), August 4, 1998.

18. Daojiong Zha, "China and the May 1998 Riots of Indonesia: Exploring the Issues," *Pacific Review* 13:4 (November 2000), p. 563.

19. "Protests over Anti-Chinese Violence Will Not Settle Problem: Alatas," Agence France-Presse, August 25, 1998, quoted in *ibid.*, p. 564.

20. Zha, "China and the May 1998 Riots," pp. 562–63.

21. "RRCina Berharap Situasi RI Pulih" [China hopes Indonesia would stabilize], *Suara Karya* [Voice of the Functional], May 18, 1998.

any reference to the plight of Indonesian Chinese who suffered during the May riots, it avoided using the term *Huaqiao* (overseas Chinese) and instead used *Yinni Huaren* (Indonesians of Chinese descent). As Chinese Ambassador to Indonesia Chen Shiqiu made clear, the problem “is a part of Indonesia’s domestic politics. Its resolution must come from the Indonesian government itself. The Chinese government must not act as if it could be the chef in somebody else’s kitchen.”²²

Second, despite its concerns, the Chinese government also made it clear that it had no intention to allow the issue to affect overall bilateral relations. Beijing in fact sought to emphasize its willingness to help Indonesia cope with the impact of the financial crisis on its economy. In August 1998, for example, China agreed to sell 50,000 tons of rice to Indonesia and provided a \$3 million grant for medicine. China also provided a \$200 million economic loan package to Indonesia and participated in the International Monetary Fund’s rescue plans.²³ Economic cooperation was also high on the agenda of bilateral talks during visits by Chinese government officials. In other words, Beijing emphasized the importance of stable relations by not getting involved too deeply in what Beijing considered to be Indonesia’s internal affairs. At a time of dire economic difficulties, such support was clearly welcome in Jakarta.

China’s efforts to deemphasize the ethnic issue certainly contributed to the absence of a strong reaction from Indonesia to Chinese concerns over the riots. China’s attitude also coincided with Jakarta’s increasing recognition of the negative impact of anti-Chinese riots on Indonesia’s international image and the prospects for economic recovery. To alleviate the concerns from the international community, especially from overseas Chinese, President Habibie reportedly suggested that officials from China, Taiwan, and Hong Kong were welcome to participate in investigating the alleged rapes.²⁴ Indonesia’s calm reaction to China’s expression of concern could also be attributed to the fact that Indonesia was preoccupied with internal political turmoil at the time and “had little stomach for international controversy which might have aggravated its dire economic circumstances.”²⁵ Whatever the real reason that Indonesia responded to the riots differently than it had in 1994, it is important to note that this time both Jakarta and Beijing managed to prevent the issue from complicating bilateral relations.

22. Zha, “China and the May 1998 Riots,” p. 564.

23. *Ibid.*, pp. 562, 564.

24. *Ibid.*, p. 567.

25. Leifer, “Indonesia’s Encounters with China,” p. 92.

*China's Charm Diplomacy:
The Financial Crisis and the Tsunami*

The improvement in Indonesia-China relations has also been a function of China's diplomatic overtures to Southeast Asia since the early 1990s, which has contributed to the changing perceptions of China in Indonesia. As mentioned earlier, China had loomed large in the Indonesian perception of a threat to national security. The resumption of diplomatic ties had not led Jakarta to abandon its vigilant approach toward Beijing. The reason for this, among others things, was the fact that Indonesia's decision to re-engage China in August 1990 was not carried out in perfect circumstances. The move did not receive unanimous support at home. For Indonesia, "vigilance" remained the code word in dealing with China. President Suharto, preparing for the official restoration of diplomatic ties, still maintained that Indonesia "must remain alert to the possibility of a PKI revival after the normalization of ties with China"²⁶ and "should continue to be vigilant."²⁷ Similar warnings also came from military and Muslim leaders. Such views clearly suggest that Indonesia's political elite, especially the military, remained suspicious of China.

Suspicion of China's intentions was also perpetuated by China's assertive policy toward territorial disputes in the South China Sea. In that context, Indonesia had expressed its concerns over the rise of China's military capability and how China would use it in the future.²⁸ For Indonesia, this growing assertiveness "was also interpreted as an indication of how an economically strong and militarily powerful China might act in the future."²⁹ The clearest manifestation of Indonesia's perception of China's regional intent was expressed by Vice Governor of the Institute of National Resilience (Lemhannas) Juwono Sudarsono³⁰ in August 1996, when he stated: "[M]y pessimistic projection is that barring the possibility that China can gain access to resources other than the South China Sea area, then ASEAN countries will have to face the possibility of imminent military confrontation with China."³¹ The large joint military exercise conducted by Indonesia's armed forces in Natuna Island shortly after Sudarsono's remarks was partly

26. *Jakarta Post*, February 27, 1989.

27. Antara News Agency, February 27, 1989.

28. See, for example, statements by Indonesia's Military Commander-in-Chief General Faisal Tanjung, Antara News Agency, November 20, 1995; and *Straits Times*, November 22, 1995.

29. Storey, "Indonesia's China Policy," in Yee and Storey, eds., *The China Threat*, p. 164.

30. Juwono Sudarsono is now Indonesia's minister of defense.

31. *Jakarta Post*, August 7, 1996.

driven by this “China factor.”³² Indonesia was concerned that China’s claim in the South China Sea might also infringe upon Indonesian sovereignty over Natuna Island.

Indonesia’s wariness of China, however, began to subside when China began to project itself as a responsible major power seeking a friendly relationship with its neighbors in the south. Indeed, by the mid-1990s China began to discover the utility of participating in ASEAN-led multilateral processes in the region, notably within the ARF.³³ China’s willingness and growing commitment to support ASEAN’s central role in “managing” the post-Cold War strategic environment in the wider Asia-Pacific was clearly welcomed by Indonesia. In this context, it has been noted that “Indonesia has been encouraged by the extent to which the ARF is itself predicated on the security model and experience of ASEAN and to a degree by China’s willing and sustained participation in inter-sessional dialogues on confidence-building.”³⁴

The Asian financial crisis provided an opportunity for China to put its new diplomacy of friendship into concrete action. In addition to refraining from devaluing its currency, China quickly offered aid packages and low-interest loans to several Southeast Asian states. For example, China contributed \$400 million in stand-by loans as part of an IMF rescue package for Indonesia.³⁵ Beijing also provided export credit facilities amounting to \$200 million.³⁶ As mentioned earlier, China agreed to sell Indonesia 50,000 tons of rice and gave it \$3 million worth of medicine. China’s policy and its assistance to the countries hit by Asian financial crisis, as David Shambaugh has noted, “punctured the prevailing image of China in the region as either aloof or hegemonic and began to replace it with an image of China as a responsible power.”³⁷

This image received a further boost during the tsunami disaster that struck Indonesia and Indian Ocean countries in December 2004. China responded rapidly to provide relief for victims and announced initial emergency aid of \$3 million. On January 5, 2005, Prime Minister Wen Jiabao

32. See Rizal Sukma, “Indonesia Toughens China Stance,” *Far Eastern Economic Review (FEER)*, September 5, 1996; and Rizal Sukma, “Indonesia’s *Bebas-Aktif* Foreign Policy and the ‘Security Agreement’ with Australia,” *Australian Journal of International Affairs* 51:2 (1997).

33. David Shambaugh, “China Engages Asia: Reshaping the Regional Order,” *International Security* 29:3 (Winter 2004/2005), p. 69.

34. Leifer, “Indonesia’s Encounters with China,” p. 100.

35. Storey, “Indonesia’s China Policy,” p. 150.

36. Ignatius Wibowo, “China Wins Hearts in Southeast Asia,” *Jakarta Post*, February 5, 2007.

37. Shambaugh, “China Engages Asia,” p. 68.

arrived in Jakarta to attend the Special ASEAN Leaders' Meeting on the Aftermath of the Earthquake and Tsunami, and pledged over \$60 million in aid for the affected countries, especially Indonesia. He also promised that China would be committed to helping reconstruction and long-term development of tsunami-hit areas in Indonesia. Wen reportedly remarked that China would provide "unselfish assistance within our capacity and [would] have no added conditions."³⁸ For China, the participation in the relief efforts reflected "the friendliness of the Chinese government and people towards the governments and people of the disaster-hit countries."³⁹

During his meeting with President Yudhoyono in Jakarta, Wen promised that in addition to sending epidemic prevention experts and medical teams, China was ready to help build roads, bridges, and power stations.⁴⁰ In April 2005, Minister of Commerce Bo Xilai announced that China would provide another \$2 million worth of cash and goods, bringing total Chinese tsunami aid to Indonesia to around \$25 million.⁴¹ During the emergency relief operations, China also sent medical teams, built temporary medical facilities, and helped evacuate the bodies of victims. China also promised to collect around \$30 million from its private companies, non-governmental organizations, and civil institutions.⁴²

The Indonesians were grateful. Minister of Trade Mari Pangestu stated that "the commitment from China has been very generous, and China is helping in many ways, not just in funding, but in more specific areas."⁴³ Foreign Ministry Spokesman Yuri Thamrin said that China was an example of "a friend in need is a friend indeed."⁴⁴ Coordinating Minister for People's Welfare Alwi Shihab said the relationship between Indonesia and China would be further strengthened in the face of the tsunami and cooperation would grow closer.⁴⁵

Indeed, providing aid has been an important part of China's "charm diplomacy" in Southeast Asia.⁴⁶ When a devastating earthquake hit Java

38. Srikanth Kondapalli, "Tsunami and China: Relief with Chinese Characteristics," at <http://www.niaslinc.dk/gateway_to_asia/Asia_insights/Tsunami_disaster.as>.

39. *People's Daily*, online, January 5, 2005.

40. *China Daily*, online, at <http://www.china.org.cn/english/features/tsunami_relief/116981.htm>, January 6, 2005.

41. Xinhua, April 22, 2005.

42. *Jakarta Post*, February 1, 2007.

43. *China Daily*, January 8, 2005.

44. *Ibid.*

45. Xinhua, January 12, 2005.

46. Joshua Kurlantzick, "China's Charm: Implications of Chinese Soft Power," *Policy Brief*, no. 47, Carnegie Endowment for International Peace, June 2006, p. 3, at <www.carnegieendowment.org>.

in 2006, China was also quick to provide \$2 million in cash aid and also sent a team of 44 medical and earthquake experts.⁴⁷

The Dynamics of Indonesia-China Interaction

Growing Comfort amid Uncertainties

One clear trend in Indonesia-China relations has been Jakarta's growing comfort and confidence in dealing with Beijing. I have argued elsewhere that the state of Indonesia-China relations has been influenced primarily by factors emanating from Indonesia's domestic politics.⁴⁸ In this context, the problem of perceptions constitutes one of the most difficult barriers to mature and closer bilateral relations.

As mentioned earlier, Jakarta's attitude toward Beijing has been influenced not only by Indonesia's perceptions of mainland China but also by public and elite perceptions of Indonesian ethnic Chinese within Indonesia's domestic context. However, as interactions between the two countries have intensified and Indonesia's politics has become more democratic, there have been some positive developments.

First, greater interaction since 1998 has begun to create a more positive mutual image. Most Indonesians no longer see China as a threat to national security. China is now seen more as both an economic opportunity and a challenge. Under President Yudhoyono, for example, Indonesia clearly sees China as an important partner that could help with economic recovery. The president realizes that bolstering the economy will likely determine the fate of his government, especially in the run-up to the 2009 general elections. Yudhoyono faces the same problem as his predecessors, in that accelerating economic growth requires Indonesia to spur international confidence, the inflow of foreign investment, and burgeoning international trade. China's growing economy fits well with Indonesia's current requirements. As Yudhoyono has stated, "[O]ur target in [developing relations with] China is to look for an opportunity to fulfill our national interests. We have to get something from the rise of China, especially in economic terms."⁴⁹

Since the opening up of Indonesia's politics, the barriers to interaction between Indonesia and China have been lifted. Government officials and

47. Robert Sutter and Chin-hao Huang, "China-Southeast Asia Relations: Military Diplomacy and China's Soft Power," *Comparative Connections*, CSIS Pacific Forum, August 2006, p. 3.

48. For a comprehensive study on the domestic sources of Indonesia's policy toward China, see Sukma, *Indonesia and China*.

49. *Media Indonesia*, October 27, 2005.

private citizens are now free to travel to China, and Chinese officials and citizens who want to travel to Indonesia are no longer subject to various immigration restrictions. As exchanges of visits among government officials, business persons, and even private citizens have become more frequent, a more positive image of China has begun to emerge. Most Indonesians no longer see China as an ideologically threatening state. They are now in fact impressed by the pace of economic development there. China has become a reference for success and, for many activists in non-governmental organizations, China is seen as a good example for combating corruption.⁵⁰ A recent poll by the Sydney-based Lowy Institute suggests that 56% of Indonesian respondents thought that China could be trusted.⁵¹

For its part, because of the changes in Chinese domestic politics and priorities since the early 1980s, China's perceptions of Indonesia have also changed significantly. As the obsession with the threat of communism has faded away from Indonesia's political agenda, and as China itself has departed from an ideology-driven revolutionary foreign policy, a major barrier in bilateral relations has been removed. Beijing clearly appreciates the fact that new governments in Jakarta no longer need to cultivate the China threat thesis, practiced for more than two decades by Suharto's regime,⁵² as the basis of regime legitimacy. In Chinese eyes, Indonesia's image as an anti-Chinese nation has also begun to fade away, even though some residual negative perceptions remain because of the anti-Chinese riots in 1998. Today, China sees Indonesia as a critical country in Southeast Asia; a close relationship, which would greatly benefit China's economic, political, and strategic interests in the region, is an integral part of Beijing's engagement policy with Asia.⁵³

Second, the evolution of mutually positive perceptions between Indonesia and China is reinforced by their growing convergence of interests, both bilaterally and in views on many regional and global issues. Bilaterally, Indonesia continues to adhere to the "One China" policy, while the PRC has repeatedly assured Jakarta of its support for Indonesia's territorial integrity. Indonesia clearly appreciated China's diplomatic support in the U.N. during the East Timor saga.⁵⁴ For China, the improvement of relations

50. Regardless of the actual reality about corruption in China, many Indonesian elites believe that China is serious in combating corruption.

51. Murray Goot, *Australians and Indonesians: The Lowy Institute Poll 2006* (Sidney: Lowy Institute for International Policy, October 2006), p. 6.

52. On this point, see Sukma, *Indonesia and China*.

53. Shiping Tang, "Grand Strategy: Searching for China's Ideal Security Environment," *Zhanlue yu Guanli* [Strategy and Management], no. 6 (December 2000), pp. 42–49.

54. See Patrick Nathan, "Indonesia's Relations with China: Analyzing Strategic Orientation, Jakarta's Motivation, and Beijing's Strategic Value," *Pointer* 27:2, at <<http://www.mindef.gov.sg>>.

with Indonesia constitutes an important element in its policy of securing trust from, and building positive relations with, Southeast Asian nations.⁵⁵ In this regard, Indonesia's positive view of China has helped facilitate China's participation in ASEAN-driven regional processes such as the ARF and ASEAN Plus Three (APT).

Third, despite some improvements, the question of the ethnic Chinese minority remains problematic. Despite improvements since 1998, it is too early to say that the ethnic Chinese factor is no longer relevant in Indonesia-China relations. It is not immediately clear whether Indonesia's calm response to China's expressions of concern over the May 1998 riots reflects a fundamental change in perceptions of the ethnic Chinese minority. To date there has been no significant legal or political resolution to the 1998 riots. The results of official investigations have been inconclusive; the case seems to have been put aside. Moreover, there is a tendency among the political elite and the general public to downgrade the event.⁵⁶ Many even supported the view that the brutal attacks against the Chinese were "understandable" because of existing economic disparities. Even though the overall level of anti-Chinese violence declined drastically after the riot, "anti-Chinese sentiments [in Indonesia] have remained strong."⁵⁷

The perceptions of the general public and political elite also continue to be colored by various stereotypes associated with the ethnic Chinese minority. They are still seen as a group exercising the principle of "the ends justify the means" in conducting business. A Muslim intellectual, Zaim Uchrawi, argued that the presence of ethnic Chinese Indonesians has "not entirely brought about positive consequences. Some of them bring about negative impacts on the nation, both on the state of the economy and on the nation's morality."⁵⁸ Resentment and suspicion against the Chinese, especially against big business leaders of Chinese descent, remain strong. Their loyalty to Indonesia continues to be questioned, especially when those who fled the country after the May riot began to return.⁵⁹ National Police Chief General Roesmanhadi, for example, stated that "fleeing the country is not ethical in

55. I. Wibowo, "Indonesia Itu Penting" [Indonesia is important], *Kompas*, January 24, 2004.

56. An editorial in a tabloid, for example, wrote, "[O]nly three Chinese women were raped during three days of rioting," while "in Jakarta, more than 10 women are raped every day." See *Adil [Fair]*, November 12–18, 1998.

57. ICG, *Indonesia's Crisis: Chronic but Not Acute*, p. 19.

58. See Zaim Uchrawi, "Gus Dur Menoleh Tionghoa" [Gus Dur is looking to the Chinese], *Adil*, November 12–18, 1998, p. 3.

59. For a report that reflects this feeling, see "Awat, Taipan 'Perampok' Balik Lagi" [Beware, the Taipan 'robbers' are back], *Sabili* 7:12 (December 1, 1999), pp. 64–78.

terms of nationalism. When the country is in turmoil, they flee abroad, and return only when the situation has returned to normal.”⁶⁰

Overall, it is not yet clear how much negative perceptions of Indonesian Chinese have changed. Altering perceptions and prejudices takes time. Long after May 1998, for example, there were reports regarding local resentment toward workers from Mainland China working in Indonesia.⁶¹ A *Kompas* poll in mid-2004 revealed that only 39% of Indonesians believed that Indonesian Chinese business persons run fair and honest businesses. Moreover, 56% of respondents believed that the Indonesian Chinese were responsible for fostering a culture of bribery in Indonesia.⁶² Constant media reports about unresolved cases of corruption involving some merchants of Chinese descent also perpetuate the negative image of this ethnic community among the general public in Indonesia.

Despite the continuing prejudices and stereotyping, however, an explicit anti-Chinese attitude in Indonesia is less apparent today than seven years ago. The democratization process is clearly helping to resolve the problem. The government has introduced a number of political moves to address the problem of discrimination against the Indonesian Chinese. A special mark in the identity cards of Indonesian Chinese has been removed. A new law on citizenship outlawing discrimination against any citizen based on his or her ethnicity, race, or religion was passed by Parliament. Even a controversial article in the Constitution, which stipulated that only a native Indonesian can be president (thus implying that an Indonesian of Chinese descent cannot), has been amended. More important, the unwritten restrictions on cultural and political rights that were imposed on the Indonesian Chinese during the New Order era have now long gone. Restrictions on the celebration of the Lunar New Year have been rescinded, and the day is now a national holiday. More and more, Indonesian Chinese have entered politics and become activists at non-governmental organizations.

Resolution of the Indonesian Chinese problem would remove an important barrier to smooth future relations with China. The prospect for such resolution would be enhanced if Indonesia succeeds in consolidating its democratization. Within a democracy, the rights of minority groups would be better protected and respected. As Indonesia democratizes, perpetuating the “Chinese threat” as the basis of regime legitimacy would no longer be tenable. As demonstrated in the 2004 elections, the legitimacy of the government now comes primarily from its ability to deliver on campaign

60. *Pos Kota* [City Post], Jakarta, May 20, 1999.

61. *Tempo Interaktif*, June 15, 2006.

62. “Sulitnya Menghapus Citra Buruk” [The difficulty of eradicating a bad image], *Kompas*, May 22, 2004.

promises. As the position of the Indonesian Chinese continues to improve, it is expected that this factor will become less intrusive in the future of Indonesia-China relations.

For Beijing, resolution of the ethnic Chinese problem in Indonesia would reduce one potential problem that could become a domestic political issue for China. As demonstrated in the wake of the May 1998 riots, pressures from within China and from overseas Chinese put the regime in Beijing in a difficult position. On the one hand, China's indifference to the plight of the Chinese in Indonesia—despite the fact that they were Indonesian citizens—could be seen as a lack of patriotism and solidarity. On the other hand, the Chinese government was aware that any reaction could easily be interpreted as an act of interference in Indonesia's domestic affairs. As the drive toward populism grows increasingly evident in China's politics, Chinese leaders would find such a dilemma more difficult to handle in the future. In other words, the resolution of the ethnic Chinese problem in Indonesia would be positive for overall bilateral relations.

At the bilateral level, Indonesia has become more comfortable and confident toward China. However, in the regional context, a degree of wariness toward this major power is still evident among leaders and policy makers. Indonesia, for example, remains uncertain about China's long-term intentions in Southeast Asia. There is no guarantee that in the future a powerful China, both in economic and military terms, would continue to be a status quo power. Indonesia, like other ASEAN member states, would not want to see China seeking to dominate the region, nor defining its relations with ASEAN states in terms of competing with other major powers.

Indonesia's view and position on the East Asia Summit (EAS) can be seen in this context. Indonesia was not comfortable with Malaysia's initial proposal that the EAS be limited to the APT countries, namely, the 10 ASEAN countries and China, Japan, and South Korea. In Indonesia's view, there was a need to expand the membership to include Australia, India, and New Zealand so that the EAS could really function as an inclusive process of East Asian regional community-building. The unstated logic, however, was that the more actors involved in the EAS, the harder it would be for any single party to dominate. Indonesia's support for including India and Australia was interpreted by many analysts as an expression of its uncertainty about the role and intentions of China, not only in building regional community but also in the region itself. However, it is important to note that China has so far pursued positive foreign policy measures, assuring Southeast Asian states that it has no intention of dominating the region. Indonesia therefore expects that China will continue to strengthen its commitment and engagement in a web of multilateral security cooperation and dialogues.

Concluding Remarks

Over the past decade, Indonesia-China relations have seen tremendous improvement. Although economic ties remain the key focus, cooperation has expanded rapidly into other areas. Trade continues to increase, and political and cultural interactions have intensified, with positive impact on mutual perceptions. Indonesia has been very appreciative of China's "charm diplomacy" toward Southeast Asia and now sees China more as an opportunity than a threat. China's policy toward Indonesia during the 1997 Asian financial crisis and May 1998 riots, and also in providing emergency aid during the tsunami disaster, has contributed to the growing perception in Indonesia that China can be trusted as a partner. For its part, China sees Indonesian support as important in facilitating China's integration into Southeast Asian regional processes.

Despite recent improvements, however, Indonesia-China relations are not without problems. Their future course will continue to be subject to the persistence of Indonesia's ambiguity toward China, emanating from the issue of the ethnic Chinese minority and Indonesia's perceptions of China's intention and policy in Southeast Asia. For example, if there is a resurgence of anti-Chinese feeling, and if the ethnic question again becomes a political issue in Indonesia, then bilateral relations might also be affected. Likewise, with Indonesia still uncertain about China's long-term policies toward Southeast Asia, any sign indicating that Beijing plans to be a dominant power in the region would certainly revive Indonesia's sensitivity.

The prospect for a better relationship is clearly there. A growing mutual favorable view forms an important basis for building future relations between Indonesia and China. If both countries can seize the current encouraging environment, a more robust bilateral relationship is certainly within their reach.