



## Why Indonesia is Important to India

*Navrekha Sharma*

*Mrs. Navrekha Sharma is a retired Indian Foreign Service (IFS) diplomat who also served as India's Ambassador to Indonesia till recently.*

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## Summary

The Indian Government, and the Foreign policy establishment in particular, can do more to leverage the vast collective experience of Indians in Indonesia and channel it towards the larger ends of bilateral cooperation. Until that happens, the profound sense of affinity which Indians have towards Indonesians through shared history, culture and aesthetics, language and civilization, will remain dormant. Indian investors, for example, are welcomed in Indonesia not only because of the employment they generate, but also for intangible reasons such as cultural affinity, their willingness to share technological know how with Indonesians, etc., which the Japanese and Westerners are not so willing to do so. Indian businesses are more frugal, which Indonesians appreciate. Despite the monochromatic globalization which is being pressed upon us from all sides today, Indians and Indonesians can and do indulge in less rapacious and more equitable business practices. So they are welcomed in Indonesia for cultural reasons as much as for their sound business plans. Unfortunately, Indonesian businessmen have yet to take a firm decision to invest in India, in fields such as construction and food processing, paper and cosmetics, i.e. lines in which Indonesia is strong. Their investing in India would be a definitive advance for bilateral relations as it would express reciprocal trust in the Indian market. To some extent of course the problem is financial, for *pribumi* Indonesians with capital to spare are few in number. However, being weak in spoken English, they are shy and require more handholding from our investment promotion agencies than others.

In a speech at Canberra on May 6, 2010, the former Defence Minister of Indonesia, Juwono Sudarsono, called Indonesia a "Regional Pivot State" and clubbed it, in geopolitical terms, with Egypt, Nigeria, Pakistan, Saudi Arabia, Turkey, South Africa, Brazil, Argentina, Canada and Australia. Like most Indonesians, Juwono was tending to underplay rather than overplay his case, for I would argue that in terms of size, population, cultural diversity, natural resources and above all, location, Indonesia has an edge over all these other countries.

Not many Indians know that Indonesia is the world's largest archipelagic State. It stretches across three official time zones and contains the world's second, third and sixth largest islands (respectively, Papua, Kalimantan and Sumatra). Ninety per cent of the world's trade is sea-borne and 38 per cent of that passes through four Southeast Asian Straits. Of these, three belong exclusively to Indonesia. Being an island race, Indonesians have from times immemorial been open to foreigners. But their rulers have also been conscious of the strategic importance of their geography. This distinction is important. K. M. Panikkar says in "A Survey of Indian History" that Indonesia guarded the sea routes to India for 700 years and the very name "Indian ocean" may not have existed if the Srivijaya Empire had not kept China at arms length (ironically, it was Soekarno who tried to change it to Indonesian Ocean!).

Not only is Indonesia a giant country, it is exceptionally well endowed with natural resources. It is the world's largest producer of palm oil, the second largest producer of tin, the third largest producer of rubber and cocoa, the fourth largest producer of coffee and the fifth largest in the production of copper and nickel. It has sizeable quantities of timber, bauxite, gold, fisheries and rare earths, and has recently overtaken Australia to become the world's largest exporter of thermal coal. Its proven reserves of natural gas are immense, at 2.8 trillion cubic meters, with possibly more to be discovered. The world is increasingly interested in Indonesia's under water resources of hydrothermal sulphides containing gold, silver, copper, lead and zinc and in its ferro-manganese crusts. During the years of colonization and the Revolution in particular (1945-49), Indonesians became deeply suspicious of all the big powers for coveting their natural resources. India was one of the very few countries then which they trusted. But today, after the long and bitter experience with colonization followed by years of crony capitalism under Soeharto, they have become smarter negotiators of their natural resources in exchange for financial capital which they badly need still.

Until recently, Indonesia was described as a "sleeping giant", the "world's most underrated country", or a "Nation in Waiting". But lately, it has acquired the reputation of being an economic "golden child"! Is this the result of "wishful thinking, a media "spin" for the feel good effect so badly needed in the current global financial crisis? I don't believe so. The country always had natural resources, but its burnished reputation today is based on what the Indonesians call its National Resilience. This is, in turn, composed largely of

two factors, Democracy and Secularism, both of which are of great interest to us in India.

## Democracy

Not only did Indonesia's young democracy survive and surmount the world's longest dictatorship of 32 years, it also survived the worst effects of the Asian Financial Crisis of 1997/98 which brought its GDP down from a heady 7 per cent rate of growth to minus 6 per cent, representing a fall of 13 percentage points in one year! Today, with a GDP growing again at nearly 6 per cent (the result of good governance measures and well thought out policies involving a shift from external trade based growth strategies to domestic consumption based strategies), democratic Indonesia is confidently extending a helping hand to the world to get it out of its financial crisis. How many Indians are aware of Indonesia's magnificently peaceful transition, in 12 years, from the world's longest military backed dictatorship to a functioning democracy? How much interest has our media taken in this phenomenon at its doorstep? I regret to say, very little. As two neighbouring and very similar countries and civilizations, both today on a high growth path but with huge development targets still unfulfilled, Indians should look more closely at Indonesia's success for clues as to what makes its people and Nation so resilient. Indonesians have shown a remarkable capacity to see (and seize), opportunities in the various crises which have confronted them, and the IDSA, with its mandate of strategic thinking and security planning, should study it closely.

On their part, Indonesians are deeply interested in the functioning of Indian democracy. In the early 1990s, when they were an Asian tiger economy and we had not yet opened up our economy, they used to scoff at the idea of democracy and point to India as the example of where it can lead! But three years ago, six parliamentary delegations came to India in a single year to study our democracy and still continue to do so. When I was in Indonesia their leaders used to openly say that in the success of India's democracy lies their own success. I do not know what they are saying today, but for sure they are watching us very closely. Indonesia is at the start of a learning curve as far as Democracy is concerned, while we in India, despite sometimes taking it for granted, still have much to be proud of in ours. Unfortunately, no Parliamentary delegation from India has reciprocated their interest by visiting Indonesia in the last several years.

## Secularism

Of great interest to us is that Indonesia has the world's largest Muslim population. However, because it has several minority religions, ethnicities and languages (of which only one is official), it has chosen to be governed by a uniquely secular Constitution which it calls "Panchashila". It has repeatedly defended this Constitutional choice against populist pressures to convert to Syahriah, the last occasion being in 2000, when Indonesia was "reinventing" herself from a dictatorship back to a democracy after 40 years. In a sense, therefore, Indonesia is a "mirror image" of India, with the majority and minority

religions reversed and the future of Indonesia's secularism should be of great interest to us. Under earlier military rule, Muslim radicalism could be kept at bay easily, but will that still be the case now? For how long will Indonesia's eclectic brand of Islam, an import from India, withstand the encroachments into it of Salafi Islam from the Arab world? Or from Pakistan?

The Concept Note points to Indonesia's history of support to Pakistan in 1965 as a possible reason for our lack of interest in Indonesia. If so, this is sentimental thinking which can land us in trouble. As the country with the world's largest Muslim population, Indonesians are expected to have an affinity with Pakistan, but despite it, they have kept faith with Panchasila and do not describe themselves as a Muslim Country. As Pakistan continues to surprise us with its diminishing standards of public morality (as recently witnessed in the anti-blasphemy law case), we cannot afford complacency on our eastern maritime border. The Indonesians too have an anti-blasphemy law which, to the best of my knowledge, has not been repudiated despite some public protests. Also (as far as I know), their leaders and editorial writers have not publicly condemned the recent events in Pakistan. Indonesia's secularism is defined and practiced somewhat differently from ours and we should engage with them on this vital subject and understand its nuances better in the interests of our own security.

Indonesia won the world's admiration by the way it grappled with terrorism in 2002, 2004 and 2009. And it did so through careful and consistent police work, transparent carriage of justice and strong deterrence, not by using the heavy hand of the military, which would have been easy but would have exacerbated the problem in the long run. We should engage with them on Terrorism seriously, not just by signing MOUs, nor by suspecting them, *ab initio*, of being "loyal" to Pakistan!

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Indonesia shares with China what Amartya Sen has called the "eastern strategy" of going in early for human development by focusing on broad based literacy and healthcare. Rural land has traditionally been well distributed. Parliamentary democracy was interrupted by a dictatorship, which although benign in some ways, was not interested in promoting higher education or education in English as this would have increased Indonesia's contacts with the outside world. This is why its HDI indices (relating to gender, longevity, literacy, health care, etc.) are consistently better than India's, while its IT and Management skills or skills in Mathematics, Science and Technology, etc. are lower. There is scope for Indians to fill in vital gaps while the country catches up in these fields and the widespread presence of expat Indian management in banking, transport, industry and finance sectors in Jakarta is not surprising. It is not only Indian managers who are doing well in Indonesia. Increasingly, our NGOs are meeting, usually in third countries

to discuss various subjects, from environment to women's issues, poverty, etc. All this is good, but not enough.

The Indian Government, and the Foreign policy establishment in particular, can do more to leverage the vast collective experience of Indians in Indonesia and channel it towards the larger ends of bilateral cooperation. Until that happens, the profound sense of affinity which Indians have towards Indonesians through shared history, culture and aesthetics, language and civilization, will remain dormant. Indian investors, for example, are welcomed in Indonesia not only because of the employment they generate, but also for intangible reasons such as cultural affinity, their willingness to share technological know how with Indonesians, etc., which the Japanese and Westerners are not so willing to do so. Indian businesses are more frugal, which Indonesians appreciate. Despite the monochromatic globalization which is being pressed upon us from all sides today, Indians and Indonesians can and do indulge in less rapacious and more equitable business practices. So they are welcomed in Indonesia for cultural reasons as much as for their sound business plans. Unfortunately, Indonesian businessmen have yet to take a firm decision to invest in India, in fields such as construction and food processing, paper and cosmetics, i.e. lines in which Indonesia is strong. Their investing in India would be a definitive advance for bilateral relations as it would express reciprocal trust in the Indian market. To some extent of course the problem is financial, for *pribumi* Indonesians with capital to spare are few in number. However, being weak in spoken English, they are shy and require more handholding from our investment promotion agencies than others.

Some Indians have opened schools in Indonesia which are doing well but they are only for other Indian and expat children, not for Indonesians. There is no reason why, for example, Indian business houses should not open an IIM or an IIT or an Institute of Medicine in Indonesia. Then again, only a couple of hundred Indonesian students are studying in India (and hardly any Indians studying in Indonesia), while thousands are going to China to learn the language and vice versa. This is happening not because our Universities are unattractive, but because they are not promoted adequately. We also have a problem of different Ministries pulling in different directions. The few Indians who have been to Indonesia under ICCR or ITEC Programmes and done well have not returned to India for lack of openings at home! So their experience is lost to the country. Hopefully the CECA (Comprehensive Economic Cooperation Agreement) which Indonesia's President is expected to sign when he comes later this month, will bring some much needed people to people interactivity into the relationship by finally opening up the services sector – tourism, civil aviation, medicine, IT, and so on.

The Concept Note which has been prepared by the IDSA for this discussion points to Indonesia's "competitive approach" with India for membership of the Security Council

as a factor which may have come in the way of better relations. Although it is true that Indonesia's bid for Security Council Membership of the late 1990s has not been withdrawn, Indonesian authorities have been lately describing USA, Japan, China, India and Russia as extra regional powers or World Powers and Indonesia as a regional pivot. Foreign Minister Marty Natalegawa recently again called India a world power in an important speech outlining the tasks before his Department in 2011.

To the extent they have global ambitions, these seem to have shifted for ASEAN as a group and are no longer national. Indonesia assumed the Chairmanship of ASEAN earlier this year with rare alacrity and presented the Organisation an ambitious blueprint of tasks to be accomplished during 2011, the year of Indonesian Chairmanship.

So the question of competition should not arise and the UNSC membership issue is yet another red herring bedevilling our relations! In any case there is no immediacy for opening up the Security Council's permanent membership and I would urge stakeholders to concentrate instead on strengthening bilateral relations with Indonesia, from which we have more to gain than almost any country as I hope this paper has amply established.