



**Maritime Fulcrum:
A New U.S. Opportunity to Engage Indonesia**
By Sean Quirk and John Bradford

Issues & Insights
Vol.15-No. 9

Honolulu, Hawaii
October 2015

Pacific Forum CSIS

Based in Honolulu, the Pacific Forum CSIS (www.pacforum.org) operates as the autonomous Asia-Pacific arm of the Center for Strategic and International Studies in Washington, DC. The Forum's programs encompass current and emerging political, security, economic, business, and oceans policy issues through analysis and dialogue undertaken with the region's leaders in the academic, government, and corporate areas. Founded in 1975, it collaborates with a broad network of research institutes from around the Pacific Rim, drawing on Asian perspectives and disseminating project findings and recommendations to opinion leaders, governments, and members of the public throughout the region.

Table of Contents

	Page
Executive Summary	v
Diplomacy: Seas as bridges	1
Economics: Indonesian Upturn	3
Military: To be glorious at sea	5
Policy recommendations: Time to act.....	8
About the Authors	11

Executive Summary

Following decades of U.S. under-engagement with Indonesia, President Joko Widodo's Global Maritime Fulcrum Doctrine provides Washington with new opportunity to prioritize its strategic relationship with Jakarta. Markets and geopolitics of the 21st century will revolve around the maritime domain, and Indonesia is uniquely positioned to play a leading role in the Indo-Asia-Pacific Rim. The Indonesian archipelago's maritime trade routes and its position near the volatile South China Sea ensure Jakarta's role will be center stage for any geopolitical challenge in Southeast Asia. As the U.S. rebalances to the Indo-Asia-Pacific, Washington should devote resources to account for Indonesia's rising importance. A closer U.S.-Indonesian partnership would bring significant political, economic, and security benefits to both nations. In these three domains Washington ought to focus its efforts to build a U.S.-Indonesian relationship that underpins international trade and stability in the region. Failure to embrace current opportunities would be a regrettable strategic error for U.S. policymakers.

Indonesia, home to over 250-million people and the third-largest democracy on earth, is also the world's most neglected titan.

At the geopolitical nexus of the Indian and Pacific Oceans, and with territory protruding into the South China Sea, Indonesia demands U.S. attention more than ever. Washington should significantly deepen its partnership with this strategically located nation with a rapidly expanding economy. It should do so before crisis in the surrounding area necessitates hasty action. Washington has failed to make Jakarta a top priority in its revitalized focus on the Indo-Asia-Pacific, and the major shortcomings of the contemporary U.S.-Indonesia relationship suggest the need for a full-frontal engagement strategy – diplomatically, economically, and militarily. President Widodo's intent to transform Indonesia into a Global Maritime Fulcrum (*Poros Maritim Dunia*) provides new opportunity for such engagement. Such U.S. initiative will not guarantee an immediate strategic success. Indeed, U.S. diplomats and policymakers will need to overcome significant barriers to include memories of U.S. support for Indonesian separatist movements during the Cold War, elements of anti-U.S. nationalist and Islamist popular sentiment, and concerns that working more closely with international partners endangers Indonesia's "Active and Free" foreign policy.¹ However, such challenges should not deter the United States from an Indo-Asia-Pacific rebalance that prioritizes engagement with Indonesia.

¹ Connelly, Aaron. "Sovereignty and the Sea: President Joko Widodo's Foreign Policy Challenges," *Contemporary Southeast Asia*, Vol. 37, No 1, pp. 15, 17.

The Global Maritime Fulcrum: A New U.S. Opportunity to Engage Indonesia

By Sean Quirk and John Bradford²

Diplomacy: Seas as bridges

The U.S. failure to prioritize relations with Indonesia reflects the U.S. public's lack of familiarity with this geopolitically important nation. In fact, Indonesia is at best an awkward archipelago for most Americans. Bali may ring a bell, if only for idyllic beaches and the 2002 bombing that killed 202 people, including seven of their compatriots. Still, when Americans walk into a bookstore, they are more likely to find Bali travel guides shelved under the South Pacific than Southeast Asia. Moreover, a 2006 study found that 75 percent of Americans aged 18 to 24 could neither find Indonesia on a world map nor knew its population is predominantly Muslim.³

A cadre of U.S. specialists and dedicated diplomats has done yeomen's work to strengthen relations with Indonesia as it developed into a vibrant democracy after the fall of Gen. Suharto in 1998. However, the relationship with Indonesia has not received the consistent top-priority foreign policy billing it deserves and, as a result, Washington has missed opportunities. In the aftermath of the Sept. 11 attacks, former President George W. Bush was known to have developed a strong personal relationship with his counterpart, Indonesian President Susilo Bambang Yudhoyono, but the bulk of U.S. foreign policy establishment seemed to regard Indonesia as, at most, a central battleground in the Southeast Asian "Second Front" in the Global War on Terror. Also during the Bush administration, the impressive civil-military relief operations the United States executed on the Indonesian island of Sumatra in the wake of the tragic 2004 Boxing Day tsunami scored a substantial victory for winning Indonesian "hearts and minds." U.S. forces quickly conducted massive relief efforts, while minimizing their footprint ashore and swiftly departing when appropriate. Only 15 percent of Indonesians surveyed by the Pew Foundation in 2003 reported positive opinions of the U.S.; after the tsunami, Pew found that 79 percent of Indonesians had developed a more favorable view of the United States due to the relief efforts.⁴ However, the United States proceeded to squander much of this goodwill through relative inaction.

The election of President Barack Obama, a man known in Indonesia as a "Son of Menteng" in reference to the Jakarta neighborhood where he lived as a boy, missed more opportunities. The Obama administration did significantly strengthen the foundations of the bilateral relationship by forging the U.S.-Indonesia 2010 "comprehensive partnership," and its policies helped buoy Indonesian popular sentiment such that, as of Spring 2015, approximately

² The views expressed in this paper are entirely their own and do not reflect the positions of Pacific Forum CSIS, the U.S. government, the U.S. Navy, nor any other body.

³ "Young Americans Geographically Illiterate, Survey Suggests." *National Geographic*. May 2, 2006. http://news.nationalgeographic.com/news/2006/05/0502_060502_geography.html.

⁴ Bradford, John. "Waves of Change: Evolution in the US Navy's Strategic Approach to Disaster Relief Operations between the 2004 and 2011 Asian Tsunamis." *Asian Security*, 9:1. 2013, 19-37, p 21.

62 percent of Indonesians held a favorable opinion of the United States.⁵ Nevertheless, the president triggered disappointment by cancelling multiple visits to Indonesia when the calendar pitted those engagements against his higher policy priorities. Similarly, the Obama administration has not yet taken full advantage of the opportunities presented in the July 2014 election of President Joko Widodo, a leader of humble origins who prefers his popular moniker “Jokowi.” When Jokowi visited Beijing in May 2015, Chinese President Xi Jinping’s warm hospitality set the table for launching the Sino-Indonesian “Maritime Partnership”; Xi pledged to use the Asian Infrastructure Investment Bank and Silk Road Fund to accelerate Indonesian maritime infrastructure development by constructing ports and railways and fostering its shipbuilding sector.⁶ Secretary of State John Kerry recently announced that Jokowi will make his first visit to Washington as president in October 2015.⁷ This development provides most welcome opportunities, but it remains disappointing that the scheduling took so long, especially considering that Jokowi arrived in office without entrenched foreign policy biases.⁸

Despite the missed opportunities, it is not too late for the United States to seek a deeper bilateral relationship with Indonesia, particularly in the maritime domain. President Jokowi’s Global Maritime Fulcrum Doctrine serves as his centerpiece administration policy and focuses on a domestic reform agenda.⁹ It calls for revitalizing national pride and driving economic growth through five policy pillars: (1) rebuilding Indonesia’s maritime culture, (2) maintaining Indonesia’s marine resources, (3) developing Indonesian maritime infrastructure, (4) conducting maritime diplomacy, and (5) developing Indonesia’s maritime defense forces.¹⁰ The first pillar speaks to national pride, a hallmark of the Jokowi administration’s arrival with a strong popular mandate. The second and third seek to foster economic growth. The fourth and fifth focus on securing Indonesia’s borders and resources against both state and non-state intruders. Such priorities are quite sensible, and both areas clearly need stronger government action. According to President Jokowi, illegal, unregulated, and unreported (IUU) fishing is a matter of vital “food sovereignty” that costs Indonesia more than \$24 billion per year.¹¹ U.S. cooperation to develop maritime infrastructure, improve education and training, strengthen environmental regulation, and plan policy implementation of this huge initiative can buttress the foundations of a civic strategic partnership. China and Japan have already taken the lead in bankrolling infrastructure development, and U.S. policymakers should expect that to remain the case for the foreseeable future. The synergies between the Global Maritime Fulcrum are closely aligned, and Japan continues to expand its support for the maritime connectivity, safety, and security in Southeast

⁵ “Global Indicators Database.” Pew Research Centers Global Attitudes Project RSS. August 2015.

<http://www.pewglobal.org/database/indicator/1/country/101/>.

⁶ Samdhi, Natalie. “Jokowi’s Trip to Tokyo and Beijing.” *The Strategist*. March 30, 2015.

<http://www.aspistrategist.org.au/jokowis-trip-to-tokyo-and-china/>.

⁷ Kerry, John, “Remarks With Indonesian Foreign Minister Retno Marsudi,” Washington DC, Sept. 21, 2015.

<http://www.state.gov/secretary/remarks/2015/09/247114.htm>.

⁸ Connelly, p. 6

⁹ *Ibid*, p. 2.

¹⁰ Witular, Rendi A. “Jokowi Launches Maritime Doctrine to the World.” *Jakarta Post*. Nov. 13, 2014.

<http://www.thejakartapost.com/news/2014/11/13/jokowi-launches-maritime-doctrine-world.html>.

¹¹ “Indonesia Declares War on Illegal Foreign Fishing Boats,” *The Jakarta Globe*, Nov. 18, 2014. As the total volume of the catch is unknown, estimates vary widely. However, the sum is certainly in the billions. The Institute of International Strategic Studies put the cost of IUU fishing to the Indonesian economy at \$8 billion in “Indonesia: An Emerging Maritime Power.” *Asia Pacific Regional Security Assessment 2015*. Institute of International and Strategic Studies, pp. 136-138.

Asian seafarers. Still, as the most successful democracy of Indonesia's scale and a nation with a longstanding maritime-centric outlook, the United States and its legions of highly educated public- and private-sector experts have much to offer in support of Indonesia's growth and governance.

One of the best ways the United States could lend support to Indonesia is with diplomatic power. Washington should reinforce Indonesia's standing on the international political stage by publically reinforcing Jakarta's role as a regional leader within organizations such as the Association of Southeast Asian Nations (ASEAN), Asia-Pacific Economic Cooperation (APEC) Forum, and the Trans-Pacific Partnership (TPP). It is well within U.S. interests to seek alignment with an Indonesia that is becoming an economic and political powerhouse in the heart of the Indo-Asia-Pacific. U.S. leaders should remember that it has been 17 years since the end of the Suharto regime, and Indonesia now has some of the strongest democratic institutions in Southeast Asia. Indonesia's international posture is strongly centered on its non-aligned status, and from that position, the rapidly developing archipelagic nation can be a vital and equal partner in securing safe global trade routes that traverse the seas surrounding Indonesia. The United States should ensure its consistent participation in the Indonesian Navy's high-profile naval diplomacy programs such as the International Maritime Security Symposium and *Komodo* multilateral maritime exercise. According to former Chief of the Indonesian Navy Admiral Dr. Marsetio, these events contribute to Indonesia's international standing and support the government's effort to reinforce national awareness of Indonesia's maritime heritage.¹² By standing with Indonesia in international forums on mutually beneficial prerogatives like Indonesia's maritime infrastructure upgrades, anti-piracy operations, maritime resource management and environmental security, the United States can build that partnership and further empower Indonesian leadership in the booming region.

Economics: Indonesian Upturn

Indonesia's strong economic fundamentals underline the country's expanding influence. Growing around 6 percent annually for a decade, Indonesia has the 16th largest GDP in the world, now ahead of its former colonial ruler the Netherlands.¹³ The vibrant nation joined China and India during the recent global financial crisis as the only Group of 20 (G20) nations to experience growth in 2009.¹⁴ Despite Indonesian growth slowing to just under 5 percent in the first quarter of 2015 and concerns over rising protectionism, accelerating inflation, high income inequality, and persistently high levels of corruption, there remain plenty of indicators that justify optimism for Indonesia's future.

For the investor, Indonesia offers a promising economic outlook. The national government operates under a fiscal deficit of around 3 percent with low inflation rates and a

¹² Marsetio, Tio. "The Indonesian Navy and the World's Maritime Axis; Harnessing the Importance of SLOCS to the Asia-Pacific and Beyond." Sea Lines of Communication (SLOC) Conference: Towards a Common Regional Understanding of SLOC Conference; Identifying Opportunity for Cooperation and Overcoming Security Challenges for a Prosperous Asia-Pacific Maritime Region, Jakarta. Nov. 18, 2014. pp. 14-5.

¹³ "Gross Domestic Product 2014." World Bank. July 1, 2015. Accessed Sept. 8, 2015. <http://databank.worldbank.org/data/download/GDP.pdf>.

¹⁴ "The World Factbook 2014." Central Intelligence Agency. <http://theworldfactbook.info/index.html>.

debt-to-GDP ratio of less than 25 percent.¹⁵ Fitch and Moody upgraded Indonesia's credit rating to "investment grade" in late 2011 and early 2012.¹⁶ Former Goldman Sachs Chairman Jim O'Neill, the economist who coined the term "BRIC" (Brazil, Russia, India, and China) for the developing heavyweights of the global economy, declared that the "MINT" nations (Mexico, Indonesia, Nigeria, and Turkey) are the new "frontier markets" for the world due to favorable long-term socioeconomic demographics.¹⁷ McKinsey & Company project that Indonesia will be the seventh largest economy in the world by 2030, ahead of both the United Kingdom and Germany.¹⁸ The Economist Intelligence Unit predicts Indonesia will be number four by 2050.¹⁹

The United States is largely absent amidst this long-term economic upswing. Trade dynamics encourage the United States to seek competitively priced oil, textiles, and rubber from Indonesia in exchange for the export of U.S. machinery and household commodities. However, the United States lags behind Japan, China, and even tiny Singapore by purchasing only 8.4 percent of Indonesian exports.²⁰ Similarly, just under 6 percent of Indonesian imports are American, lagging behind imports from China, Singapore, Japan, South Korea, and Malaysia. Foreign direct investment (FDI) to Indonesia from Singapore, Japan, and recently Malaysia also consistently exceeds American FDI. In fact, the United States only provides around 6 percent of the total FDI Indonesia receives.²¹

Room for further socioeconomic growth in the developing country is of course vast. Poverty is pervasive, with Indonesian GDP per capita ranked 158th in the world at \$5,200 per person. Over 100 million Indonesians live on \$2 per day or less.²² The education system is undergoing continual overhaul, seeking efficiencies to compensate for budgetary shortages that create shortages of books and educational materials for children of rural schools.²³

¹⁵ Ibid.

¹⁶ Manurung, Novrida, and Berni Moestafa. "Indonesia Wins Second Rating Upgrade, Aiding Investment." Bloomberg.com. Jan. 18, 2012. <http://www.bloomberg.com/news/articles/2012-01-18/indonesia-sovereign-debt-rating-is-raised-to-investment-grade-by-moody-s>.

¹⁷ Boesler, Matthew. "The Economist Who Invented The BRICs Just Invented A Whole New Group Of Countries: The MINTs." *Business Insider*. Nov. 13, 2013. <http://www.businessinsider.com/jim-oneill-presents-the-mint-economies-2013-11>.

¹⁸ "The Archipelago Economy: Unleashing Indonesia's Potential." McKinsey & Company. September 2012. http://www.mckinsey.com/insights/asia-pacific/the_archipelago_economy.

¹⁹ "Long-term Macroeconomic Forecasts: Key Trends to 2050." The Economist Intelligence Unit. http://www.eiu.com/public/topical_report.aspx?campaignid=ForecastingTo2050.

²⁰ Indonesian export partner trade percentages are: Japan 15%, China 12%, Singapore 9.1%, and the United States 8.4%. Indonesian import partners trade percentages are: China 16%, Singapore 14%, Japan 11%, South Korea 6.9%, and Malaysia 6.1%. The United States stood at 6.1% by 2012 data. "The World Factbook - Indonesia." Central Intelligence Agency. September 1, 2015. <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>.

²¹ "Domestic and Foreign Direct Investment Realization in Quarter II and January-June 2014." Indonesia Investment Coordinating Board. July 24, 2014, p.27. <http://www.indonesia-investments.com/upload/documenten/bkpm-domestic-and-foreign-direct-investments-semester-i-2014.pdf>. See also: Rizki, Nilufar, and Gayatri Suroyo. "Indonesia April-June FDI Rises 18.2 Pct, Fastest since 2013." *Reuters*. July 27, 2015. <http://www.reuters.com/article/2015/07/27/indonesia-economy-investment-idUSL3N1042YF20150727?virtualBrandChannel=11563>.

²² Most recent World Bank poverty data from 2011 place the figure near 105 million people (43.3% of the population), "Poverty Headcount Ratio at \$2 a Day (PPP) (% of Population)." The World Bank. <http://data.worldbank.org/indicator/SI.POV.2DAY/countries/ID?display=graph>.

²³ Kuipers, Joel C. "Education." Edited by William H. Frederick and Robert L. Worden. *Indonesia: A Country Study*, Library of Congress Federal Research Division. 2011.

The United States government seems quite unlikely to find the political will to shell out grants for major Indonesian infrastructure projects on par with the support from Japan and China, but there is a strong corporate sector looking for opportunities to invest, as well as countless economists and policy specialists who understand socioeconomic policymaking in a successful democratic state. Washington should better harness these capabilities to enhance U.S. support for Indonesia's development. Expanded U.S.-partnership in the Indonesian economy would help secure the safe flow of goods and services within its territorial boundaries and facilitate Indonesia's drive to become more deeply integrated into the global value chain.

Military: To be glorious at sea²⁴

Situated along the southern shores of the South China Sea and bridging the gap between the Indian and Pacific Oceans, Indonesian geopolitics is of global consequence. Indonesia comprises around 17,000 islands, of which about 6,000 are inhabited.²⁵ The crux of this geopolitical power lies in Indonesia's straits – transit routes that are both arteries of global prosperity and chokepoints of economic vulnerability. Half the world's merchant tonnage²⁶ and a quarter of its petroleum pass through the narrow Strait of Malacca between Malaysia, Singapore, and Indonesia.²⁷ Nestled entirely within the Indonesian archipelago, the Sunda and Lombok/Makassar Straits service vessels travel between East Asia and Australasia, as well as those merchant vessels too large to transit through the relatively shallow Strait of Malacca.

The Chinese are well aware of Indonesia's geographic attributes, as more than three-quarters of China's imported fossil fuels pass through the Strait of Malacca.²⁸ Officials in Beijing – recognizing this exposed jugular as a vulnerability that they refer to as the “Malacca dilemma” – have vigorously pursued alternative routes should an adversary ever exploit the Malacca and Lombok/Makassar Straits as chokepoints.²⁹ Beijing is investing in alternatives that include a new oil pipeline from Myanmar's Bay of Bengal to southwestern Yunnan, China.³⁰ Various pipelines are also in operation and development from Russia and Central Asia to China. Despite these moves toward diversification, maritime trade through Indonesian waters remains a primary source of Chinese imports and a major strategic vulnerability. Close U.S. allies Japan and South Korea are similarly dependent on energy and trade that pass through Indonesian seas.

The Indonesian Navy (Tentara Nasional Indonesia-Angkatan Laut, or TNI-AL) should exercise control over the strategic waters of the archipelago, but it faces steep challenges. Its

²⁴ As president, Jokowi has regularly invoked the Indonesian Navy's motto “Jalesveva Jayamahe,” or “To be Glorious at Sea,” as an ancestral slogan to drive national ambition under the Global Maritime Fulcrum.

²⁵ “The World Factbook 2014.” Central Intelligence Agency. <http://theworldfactbook.info/index.html>.

²⁶ Clinton, Hillary C. “America's Pacific Century.” *Foreign Policy*. Oct. 11, 2011. <http://foreignpolicy.com/2011/10/11/americas-pacific-century/>.

²⁷ Freeman, Donald B. *The Straits of Malacca Gateway or Gauntlet?* Montreal: McGill-Queen's University Press, 2003.

²⁸ Johnson, Keith. “China Tops US as Biggest Oil Importer.” *Foreign Policy*. May 11, 2015. <http://foreignpolicy.com/2015/05/11/china-tops-u-s-as-biggest-oil-importer-middle-east-opec-sloc/>.

²⁹ Storey, Ian. “China's “Malacca Dilemma”.” The Jamestown Foundation, *China Brief*, 6: 8. [http://www.jamestown.org/single/?no_cache=1&tx_ttnews\[tt_news\]=3943#.VTGNiZTF_K0](http://www.jamestown.org/single/?no_cache=1&tx_ttnews[tt_news]=3943#.VTGNiZTF_K0).

³⁰ Pedersen, Jacob. “China Leads Peers in Resolving Malacca Energy Shipping Dilemma.” *The Wall Street Journal*. May 13, 2013. <http://blogs.wsj.com/indonesiarealtime/2013/05/13/china-leads-peers-in-resolving-malacca-energy-shipping-dilemma/>.

fleet is Southeast Asia's largest and composed of ships of various vintages, including modern Sigma-class light frigates purchased from the Netherlands now entering service, remnants of the East German Navy purchased post-Cold War, and Dutch hand-me-downs. Two submarines, around a half dozen frigates, two-dozen corvettes, and four-dozen patrol/fast-attack craft form the bulk of Indonesia's current but growing naval arsenal. Importantly, the TNI-AL also includes over 100 amphibious landing and support vessels with various capabilities. Maintenance and sustainment difficulties plague the force because its eclecticism prohibits economies of scale, corruption remains a major problem, and budgets are insufficient. Furthermore, chronic shortfalls in maritime surveillance capacity mean that ships are inefficiently postured when they go to sea.

The Indonesian Navy has demonstrated professionalism and commitment when rising to challenges in the recent past. A notable example was the 2011 dispatch of the frigates KRI *Yos Sudarso* and KRI *Abdul Halim Perdanakusum* and two amphibious ships in reaction to the seizure of the 8,900-tonne bulk carrier MV *Sinar Kudus* by Somali pirates. This expedition, like the TNI-AL's regular participation in the United Nations Interim Force in Lebanon (UNIFL), impressively showcases the forces' modern capabilities and vision to play a more visible security role abroad. However, the Indonesian Navy would likely be unable to stand up to a modern maritime force threatening Indonesian territorial integrity. Indonesian waters are simply too vast relative to the capacity of its fleet.

Cooperative capabilities are improving as the U.S.-Indonesia comprehensive relationship spurs increased military cooperation. In fact, a great deal of progress has been made since 2005 when the U.S. government began easing limitations on military-to-military engagement that had been put in place by the 1997 "Leahy Amendment," legislation that restricted cooperation with militaries associated with human rights abuses. Demonstrating the distance that the relationship has come in recent years, U.S. and Indonesian defense agencies co-led the first counter-terrorism exercise organized under the framework of the ASEAN Defense Ministers Meeting (ADMM)-Plus, which includes the 10 ASEAN member states and eight dialogue partners: the United States, China, Japan, South Korea, Australia, India, New Zealand, and Russia.³¹ The Center for Strategic International Studies (CSIS) estimates that there are now over 200 engagements between U.S. and Indonesian forces annually.³²

U.S. foreign military sales (FMS) also skyrocketed in recent years. The United States offered Indonesia 24 upgraded *F-16* fighters in 2010 and closed a \$500 million deal in 2013 to sell eight new *Apache AH-64E* attack helicopters and *Longbow* radars.³³ Figures of U.S. FMS to Indonesia were in the tens of millions annually from 2006 to 2011, before ballooning in 2012 to \$700 million with the *F-16* sale.³⁴ Recent tragedies such as the June 2015 crash of an American-made *C-130* transport aircraft and an April 2015 fire aboard an *F-16* fighter newly acquired from the United States have caused Indonesian officials to question both their acquisition system and

³¹ Pellerin, Cheryl. "Hagel Announces US Deal to Sell Helicopters to Indonesia." Department of Defense. Aug. 26, 2013. <http://www.defense.gov/news/newsarticle.aspx?id=120674>.

³² Hiebert, Murray, Ted Osius, and Gregory B. Poling. "A US-Indonesia Partnership for 2020." Center for Strategic and International Studies. September 2013, p. 10.

³³ Hiebert, Osius, and Poling, p. 10.

³⁴ Siboro, Tiarna. "Indonesia, US Deepen Defense Ties Amid Exercises and Arms Deals." *Defense News*. Sept. 30, 2013. <http://archive.defensenews.com/article/20130930/DEFREG03/309300033/Indonesia-US-Deepen-Defense-Ties-Amid-Exercises-Arms-Deals>.

suppliers. Further, President Jokowi's firm insistence that Indonesia's international military purchases include significant transfers of technology for Indonesia's state-owned strategic industries will create additional barriers for U.S. defense contractors. Jokowi has indicated intent to grow the military beyond the goals of the previous administration's Minimum Essential Force program and expand the defense budget from nearly \$7 billion in 2014 to approximately \$20 billion in 2015.³⁵ Even if these aggressive plans do not come to full fruition, Indonesia is almost certain to acquire new generations of sophisticated military technology, not just from the United States, but also from U.S. allies such as Germany, the Netherlands, and the Republic of Korea. As it does so, Indonesia is expected to maintain its commitment to strengthen indigenous defense industries and expand defense industrial cooperation.³⁶ Thus, it will become increasingly important for the United States to share its expertise in developing the doctrine, training programs, maintenance systems, and logistics networks to efficiently sustain and employ such complex systems. Such support should not be limited to the Indonesian military, but also include Indonesian civilians working in defense policy and technology management.

U.S. naval forces should also bolster training with the Indonesian Navy to develop both nations' skills. One such program is the U.S. Navy's bilateral *Coordinated Afloat Readiness and Training (CARAT)* exercise series conducted with nine Southeast Asian partners. While *CARAT* Indonesia is often among the largest of the *CARAT* events when measured by the count of ship hulls and airframes involved, influences such as domestic Indonesian politics, force protection concerns, and divergent strategic visions have prevented it from reaching its potential in terms of complexity and sophistication. Still, the U.S. Littoral Combat Ship (LCS) can play an important role in expanded joint U.S.-Indonesian training and operations, particularly LCS vessels forward deployed to neighboring Changi Naval Base in Singapore.

A particular strength of navy-to-navy training is that, by its fundamental nature, naval units are mobile, visit only temporarily, and ships occupy no territory. Thus, when operating within the archipelago with the invitation of the Indonesian government, the U.S. Navy poses no threat – real or imagined – to Indonesian sovereignty or its non-aligned posture. The Indonesian Navy itself has called for increased joint exercises with the United States in the volatile South China Sea.³⁷ Indeed, such mutual training would only brace Indonesian national strength and further support the goals of the Global Maritime Fulcrum doctrine. Involving other partners, for example naval units from Southeast Asian neighbors or maritime powers such as India or the United Kingdom, would further underscore Indonesia's non-aligned leadership and its position as a key interlocutor between Southeast Asia and the world. Doing so would directly align with what Admiral Dr. Marsetio describes as the Indonesian Navy's "constitutional objective to fulfill our internal commitment to actively participate in multinational collaborations and focusing on security and sovereignty of [our] own territorial waters (*sic*)."³⁸

³⁵ Gindarsah, Iis and Priamarizki. "Indonesia' Maritime Doctrine and Security Concerns," RSIS Policy Report, Apr. 9, 2015, pp. 11.

³⁶ Gindarsah and Priamarizki, p. 3.

³⁷ Kapoor, Kanupriya, and Randy Fabi. "Indonesia Eyes Regular Navy Exercises with US in South China Sea." *Reuters*. April 13, 2015. <http://www.reuters.com/article/2015/04/13/us-indonesia-us-southchinasea-idUSKBN0N400320150413>.

³⁸ Marsetio, p. 16.

The U.S. Marine Corps should also expand its cooperation with Indonesia as its forces turn their attention away from conflicts in the Middle East and Central Asia and back toward its maritime roots.³⁹ The USMC is actively looking for training partners in the region, and the TNI-AL, with its highly respected 23,000-man strong Marine Corps, constitutes an ideal partner. In an interview, General Faridz Washington, then Commandant of the Indonesian Marine Corps, called amphibious capability “an absolute requirement” for defense of the Indonesian archipelago and noted the value of partnership with the United States.⁴⁰

Focusing on sea-to-shore operations will also serve as a driver for joint training and force integration, both of which will make the Indonesian military more effective and more efficient. For example, integrating Indonesia’s new *Apache* helicopters into bilateral amphibious exercises would mark a significant step toward integrated capabilities. To some extent this relationship is already in place. Amphibious operations are a regular feature of *CARAT* Indonesia and during the 2014 *Rim of the Pacific* exercise, Indonesian marines joined partners from the United States and Mexico to storm the beaches of Hawaii. General Washington also noted that interaction with the USMC had enabled Indonesian Marine Corps training events in third party nations such as Thailand and Bangladesh.⁴¹ Defense planners could further reinforce this cooperation by expanding personnel exchanges, training courses, and small unit interactions.

Counterterrorism can continue to be a building block for a U.S.-Indonesia security relationship. Indeed, radicalization and terrorism remain central Indonesian security concerns.⁴² However, counterterrorism should be understood as a mutual necessity, not strategic vision. The future relationship should rest in the maritime domain where Indonesia must secure archipelagic sea lines of communication and the territorial integrity of the national waters surrounding its estimated 17,000 islands. Therefore, an archipelagic security strategy should be the focus of both the U.S.-Indonesia defense relationship and training.

Policy recommendations: Time to act

Washington should orchestrate a multifaceted approach to engage Indonesia politically, economically, and militarily – now. The U.S. ought to seize the opportunity provided by the Global Maritime Fulcrum doctrine to expedite what it should have started at least 17 years ago, when Indonesia shed itself of dictatorship. The People’s Republic of China has easily surpassed the United States as a trading partner of Indonesia and has promised significant infrastructure investments. Nothing stands in the way of Washington closing the gap economically while outmaneuvering Beijing for closer political and military cooperation with Indonesia. In fact, Chinese infrastructure investments will likely encourage Indonesia to look also to its relationship with the United States and its allies as a hedge against dependency – a strategy Indonesia is even more likely to engage in as China flexes its muscles near Indonesian islands⁴³ in the South China

³⁹ Excellent coverage of amphibious training during Rim of the Pacific (RIMPAC) Exercise 2014 can be seen here: “The Future of Amphibious Warfare: War Games.” *VICE News*. Sept. 3, 2014. <https://news.vice.com/video/the-future-of-amphibious-warfare-war-games>.

⁴⁰ “Major General Faridz Washinton,” *Jane’s Navy International*, Oct. 2013, p. 34

⁴¹ *Ibid.*

⁴² Gindarsah and Priamarizki, p. 2.

⁴³ Among the troublesome Chinese activities, its government vessels have been reported interfering with Indonesian fisheries enforcement in the Economic Exclusive Zone around the Natuna Islands. Gidarsha and Priamarizki, p.7.

Sea and Chinese economic volatility calls into question Beijing's ability to follow through with financial promises. The U.S. Trade Representative should work this economic component with the American Chamber of Commerce and other business groups to boost U.S.-Indonesian trade.

As a key Indonesian security partner, the U.S. Department of Defense should advocate for more sophisticated and complex joint training between U.S. and Indonesian forces. The focus should be on developing the capabilities Indonesia needs to defend its sovereign maritime space against both traditional and nontraditional threats without compromising Indonesia's non-aligned policy. Maritime domain awareness, detect-to-engage sequences, equipment maintenance, logistics management, and amphibious operations should be focus areas for naval cooperation, while all military branches continue to assist Indonesia's counterterrorism program. The bilateral partners should avoid temptation to focus on high-profile events that show off military technology and instead focus on the basics of maintaining forces at sea that are able to identify threats and provide the national governments with credible response options. Vision, steadfast commitment, and professional knowledge are resources that commonly pay greater dividends for operational partnerships than hardware and cash.

Within the naval bilateral relationship, the United States should focus on expanding both classroom instruction and side-by-side apprenticeships for members of the Indonesian maritime forces both afloat and ashore. These are competencies where the US Navy stands at the pinnacle of achievement. Although less flashy, such investments will deliver greater return on investment than deploying more high-end naval assets such as *Aegis* destroyers and nuclear submarines to conduct mismatched training evolutions with smaller, less technically sophisticated Indonesian vessels. Indonesian naval personnel should receive more subsidized training courses in the United States and opportunities to observe routine U.S. Navy activities both at sea and ashore. The U.S. Navy should likewise seek to ensure that no U.S. Sailor spends long in the Indo-Asia-Pacific without the opportunity to work directly with an Indonesian counterpart.

Finally, the U.S. government should encourage expanded efforts to expose and educate Americans about Indonesia and its culture. With 250-million people, dozens of languages, and thousands of islands, Indonesia offers a profoundly rich source for cultural exchange. Washington can assist by facilitating academic and youth exchange programs under the comprehensive partnership umbrella, encouraging non-profit and corporate sponsorship, and streamlining visa processes. These students will in turn begin educating the U.S. populace about Indonesian culture. Programs such as the Kennedy-Lugar Youth Exchange and Study (YES) program, which has brought over 800 Indonesian students to the United States since 2003,⁴⁴ are a great start, but resources should be further prioritized toward Indonesia. For a country as important and as poorly understood as Indonesia, U.S. political and business community support should be comparable to the effort led by the 100,000 Strong Foundation that seeks to strengthen U.S.-China relations through educational exchange and the study of Mandarin Chinese.⁴⁵ The mutual understanding and people-to-people bonds formed through student exchange would be essential to a stronger partnership based on common principles, mutual trust, and shared priorities.

⁴⁴ "Indonesia." Kennedy-Lugar Youth Exchange and Study. <http://yesprograms.org/country/indonesia>.

⁴⁵ "100,000 Strong Foundation." 100K Strong Foundation. <http://100kstrong.org/>.

The United States is late to the game. But it is better to be late than to never show up. Washington must play catch-up and play vigorously to make up for lost ground with this dynamic partner. A military crisis is growing frighteningly more likely in the South China Sea.⁴⁶ Beijing's increasingly assertive and expansive territorial claims would be laughable if they were not so foreseeably tragic. Should the powder keg ignite, a last-minute U.S. effort to sway 250-million potential Indonesian friends or foes will be too little too late. Indeed, US partnership will help enable Indonesia to harness its own economic potential and lead the region as an honest broker of security and stability. The political, economic, and strategic importance of Indonesia is obvious today, and strengthening bilateral ties should be a primary focus of the U.S. rebalance to the Indo-Asia-Pacific. For if the United States is going to play in Southeast Asia, it will only win with Indonesia on its side.

⁴⁶ See Kaplan, Robert D. *Asia's Cauldron: The South China Sea and the End of a Stable Pacific*. Random House, 2014.

About the Authors

Sean P. Quirk, Lieutenant (junior grade), USN, is a Surface Warfare Officer stationed in Pearl Harbor, Hawaii. Sean participated in Coordinated Afloat Readiness and Training (CARAT) naval exercises with the Philippines and Singapore in 2013 while serving onboard USS FITZGERALD (DDG 62). He is also a Young Leader and non-resident WSD-Handa Fellow with the Pacific Forum CSIS. Sean received his BA in Political Science from Columbia University.

John F. Bradford is an adjunct fellow at The Institute for Contemporary Asian Studies (ICAS) operating under the auspices of Temple University, Japan Campus (TUJ) and Chairman of the Pacific Forum CSIS Young Leaders, Alumni and Friends Tokyo Chapters. He maintains an active research agenda focused on Asian security with special attention given to maritime issues and cooperative affairs. A frequent commentator at public events and specialized conferences, he has been invited to give lectures and presentations throughout North America, Asia and the Pacific. His written work can be found in publications such as *Contemporary Southeast Asia*, *Asia Policy*, *Asian Security*, *Asian Survey*, *Naval War College Review*, and *Naval Institute Proceedings* as well as in online outlets and stand-alone volumes published by leading international think tanks. John received his BA in Asian Studies and Government from Cornell University. During his undergraduate experience he also earned a Diploma of Indonesian Studies from Malang State University in Indonesia. As an Olmsted Scholar, he studied in the Department of Political Science at Gadjah Mada University in Indonesia and completed an MSc (Strategic Studies) from the Rajaratnam School of International Studies (RSIS) in Singapore. At RSIS, he was awarded the UOB Gold Medal as the top student in Strategic Studies.